COMPANY INFORMATION

Board of Directors

Mr. Muhammad M. Ismail	Chairman
Mr. Maqsood Ismail	Chief Executive
Mr. Miftah Ismail	Executive Director
Mr. Munsarim Saifullah	Executive Director
Ms. Rashida Iqbal	Non-Executive Director
Ms. Anisa Naviwala	Non-Executive Director
Ms. Nafisa Yousuf Palla	Non-Executive Director
Ms. Uzma Arif	Non-Executive Director
Mr. Jawed Abdullah	Independent Director

Audit Committee Members

Mr. Jawed Abdullah	Chairman
Mr. Muhammad M. Ismail	Member
Ms. Rashida Iqbal	Member
Ms. Nafisa Yousuf Palla	Member

Human Resource Committee

Ms. Uzma Arif	Chairperson
Mr. Jawed Abdullah	Member
Mr. Maqsood Ismail	Member
Ms. Anisa Naviwala	Member

Registered Office
17, Bangalore Town,
Main Shahra-e-Faisal, Karachi

Factory - 1
C-230, Hub H.I.T.E.,
Balochistan.

Factory - 2
B-140, Hub H.I.T.E.,
Balochistan.

Factory - 3
G-1, Hub H.I.T.E.,
Balochistan.

Factory - 4
G-22, Hub H.I.T.E.,
Balochistan.

Factory - 5
38-C, Sundar Industrial Estate
Raiwind Road, Lahore.

Company Secretary
Mr. Ghulam Farooq

Chief Financial Officer
Mr. Saad Younus

Auditor
Anjum Asim Shahid Rahman.
Chartered Accountants

Tax Advisor
Munaf Yusuf & Co.
Chartered Accountants

Legal Advisor
Farooq Rasheed & Co.

Share Registrar
THK Associates (Pvt.) Limited

Intellectual Property Advisor
Ali Associates

Bankers / Institutions
Al Baraka Bank (Pakistan) Limited
Allied Bank Limited
Askari Bank Limited
Bank Al-Habib Limited
Barclays Bank PLC, Pakistan
Bank Islami Pakistan Limited
Bank Alfalah Limited
Burj Bank Limited
Dubai Islamic Bank (Pakistan) Limited
Faysal Bank Limited
First Habib Modaraba
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
Meezan Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
Pak Brunei Investment Co Ltd
Pak Oman Investment Co. Ltd
Samba Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Standard Chartered Modaraba
Summit Bank Limited
The Bank of Punjab
United Bank Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting of Ismail Industries Limited will be held at Hotel Days Inn, Bushra Hall, 164, B.C.H.S. Shahra-e-Faisal, Karachi on Wednesday, October 22, 2014 at 11:00 am to transact the following business.

Ordinary Business

1. To confirm the minutes of the 25th Annual General Meeting of the Company held on October 21, 2013.

2. To receive, consider and approve the Annual Audited Financial Statements of the Company for the year ended June 30, 2014 together with the Directors' and Auditors' report thereon.

3. To approve and declare the cash dividend @ 22.50% (Rs. 2.25 per share) on the Ordinary Shares of the Company as recommended by the Directors for the year ended June 30, 2014. Due to the cash flow requirements of the Company, Directors and their relatives have waived their right to the dividend.

4. To appoint Auditors for the year ending June 30, 2015 and fix their remuneration. The Audit Committee of the Board has recommended the retiring auditors M/s. Anjum Asim Shahid Rahman, Chartered Accountants being eligible have offered themselves for re-appointment.

5. To transact any other business with permission of the Chair.

By order of the Board

Karachi: September 25, 2014

Ghulam Farooq
Company Secretary

Notes

1. Pursuant to the Securities and Exchange Commission of Pakistan (SECP) Notifications dated: January 10, 2014, July 05, 2012 and August 18, 2011, made it mandatory that dividend warrants should bear Computerized National Identity Card (CNIC) number of the registered member or the authorized person except in case of minor(s) and corporate members. With reference to our various advertisements in daily newspapers and letters sent to individual members/ shareholders at their registered addresses, it is hereby informed that the individual members who have not yet submitted photocopy of their valid CNIC to the Company are once again advised to send the same at their earliest directly to The Company Secretary, Ismail Industries Limited, 17-Bangalore Town, Shahra-e-Faisal, Karachi. The Corporate entities are requested to provide their National Tax Number (NTN). Failure to provide the same would constraint the Company to withhold dispatch of dividend warrants.

2. As directed by SECP vide Circular No. 18 of 2012 dated: August 18, 2012 we are giving the opportunity to shareholders to authorize the Company to directly credit in his/her bank account with cash dividend, if any declared by the Company in future, instead of issuing a dividend warrant.

3. Shareholders are informed that Income Tax Ordinance, as amended by the Finance Act, 2014, has prescribed 15% withholding tax on dividend payment to non-filers while filers of Income Tax Returns will be liable to withholding tax @10%. Shareholders are requested to send copies of their NTN at the earliest directly to The Company Secretary, Ismail Industries Limited, 17-Bangalore Town, Shahra-e-Faisal, Karachi. If we don't receive any response alongwith documentary evidence, we will have no option but to deduct 15% withholding tax from the dividend of shareholders, not complying with this requirements.

4. A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxy, in order to be effective must reach the Company Registrar Office not less than 48 hours before the time of the meeting during working hours.

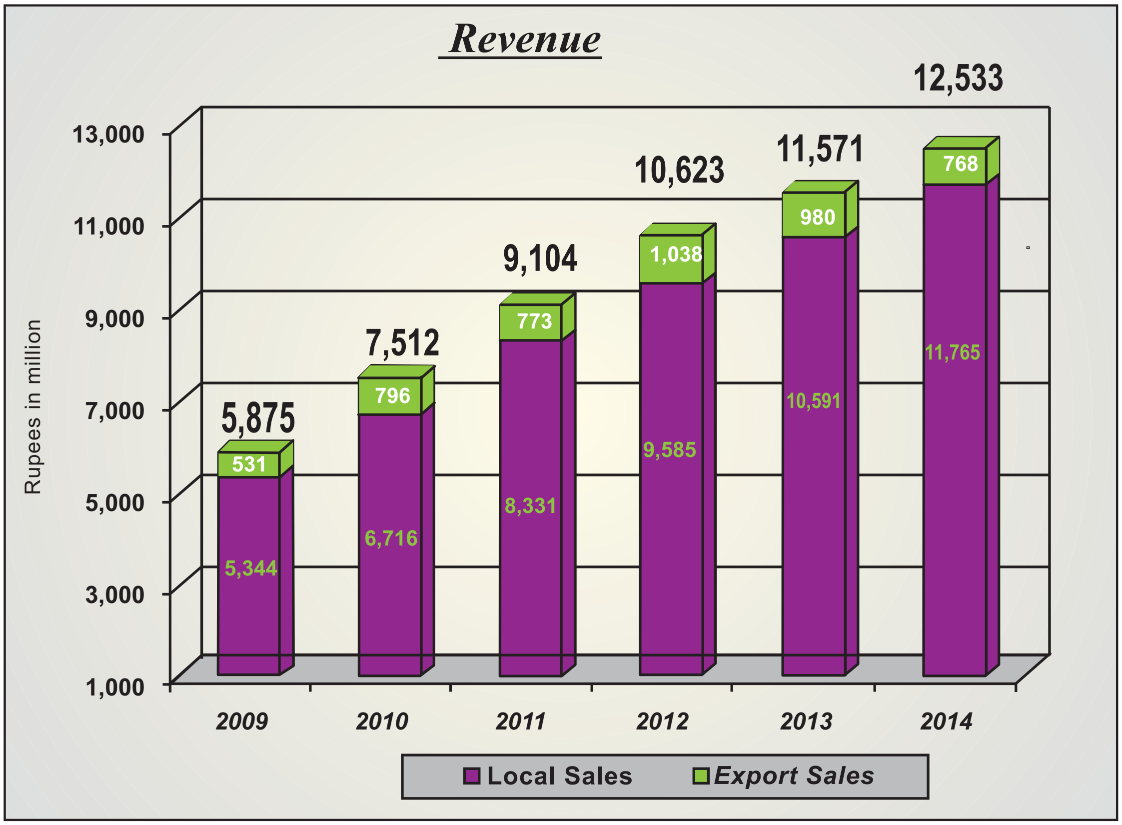
5. The shares transfer book of the Company shall remain closed with effect from October 16, 2014 to October 23, 2014 (both days inclusive). Transfers received at the office of Share Registrar M/s. THK Associates (Pvt.) Ltd, Ground Floor, State Life Building No.3, Dr. Ziaudin Ahmed Road, Karachi, Phone # 021-111-000-322 at the close of business on Wednesday, October 15, 2014 will be considered in time to attend and vote at the meeting and for the purpose of above entitlement to the transferees.

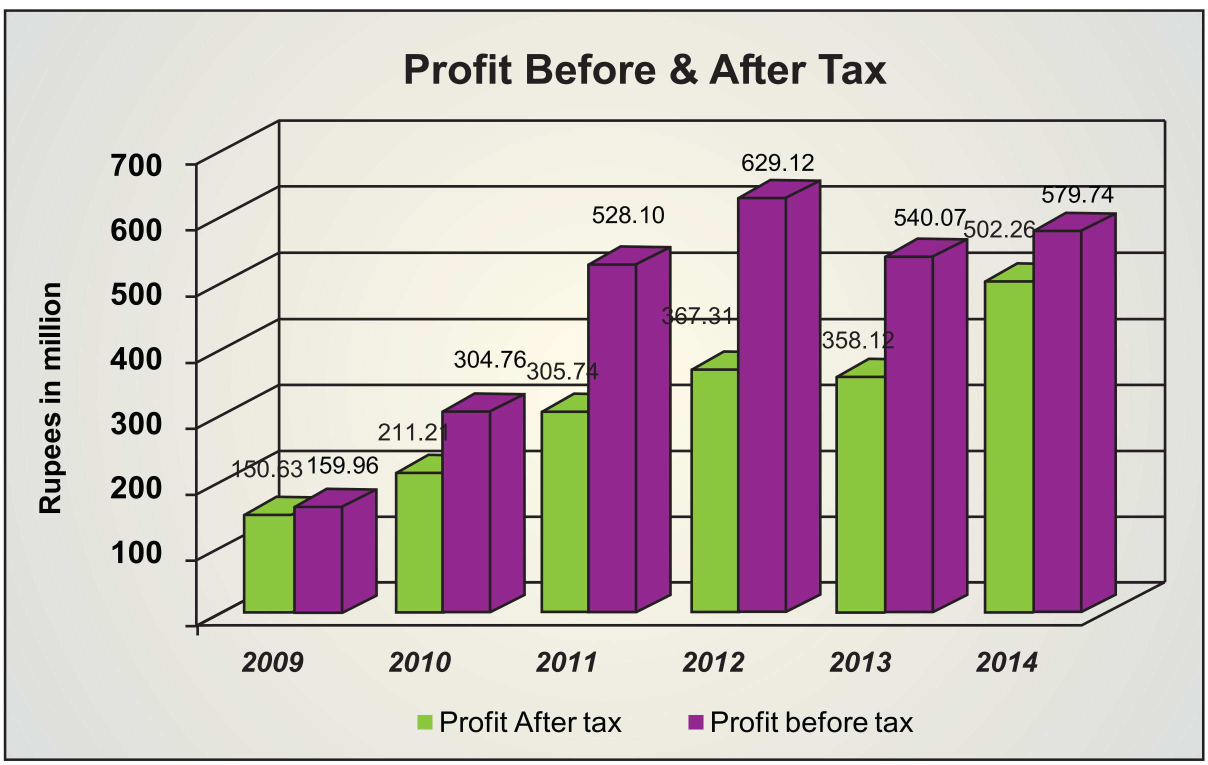
6. The shareholders are advised to notify the Registrar of any change in their addresses.

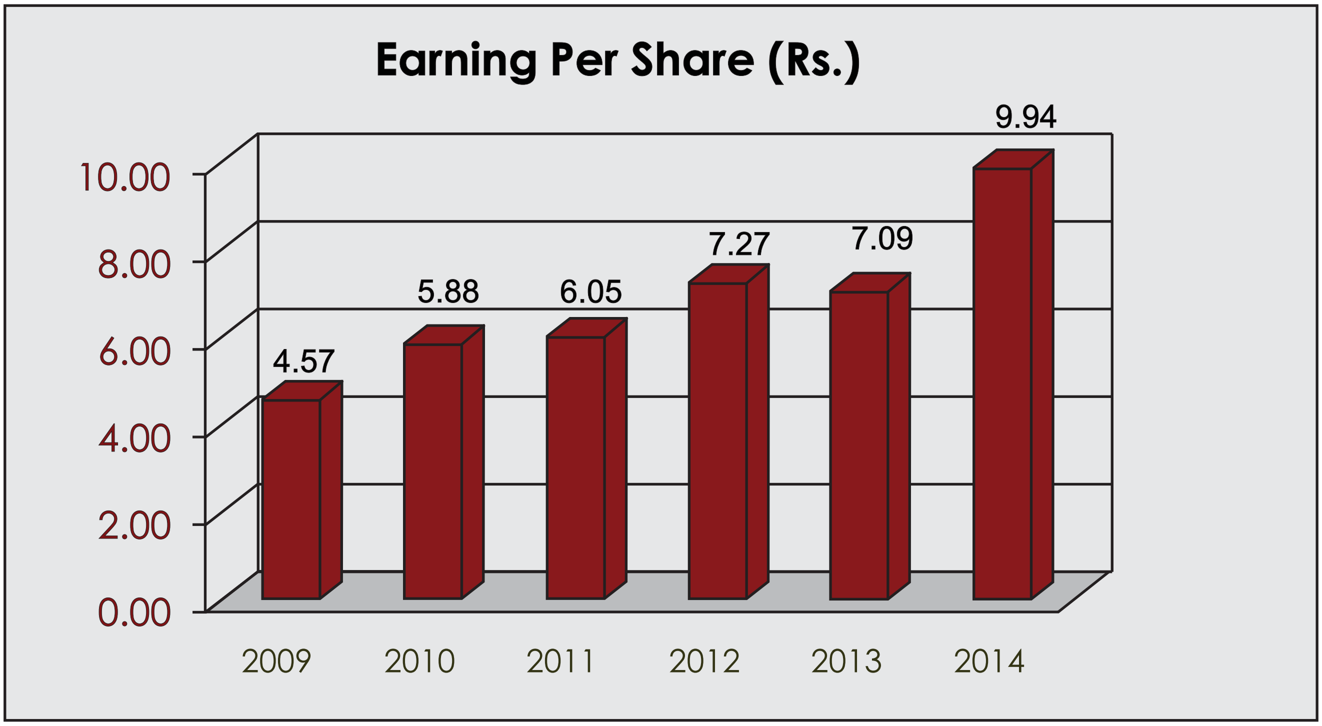
7. In case of CDC Beneficiary Owners, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original CNIC or original Passport at the time of attending the meeting.

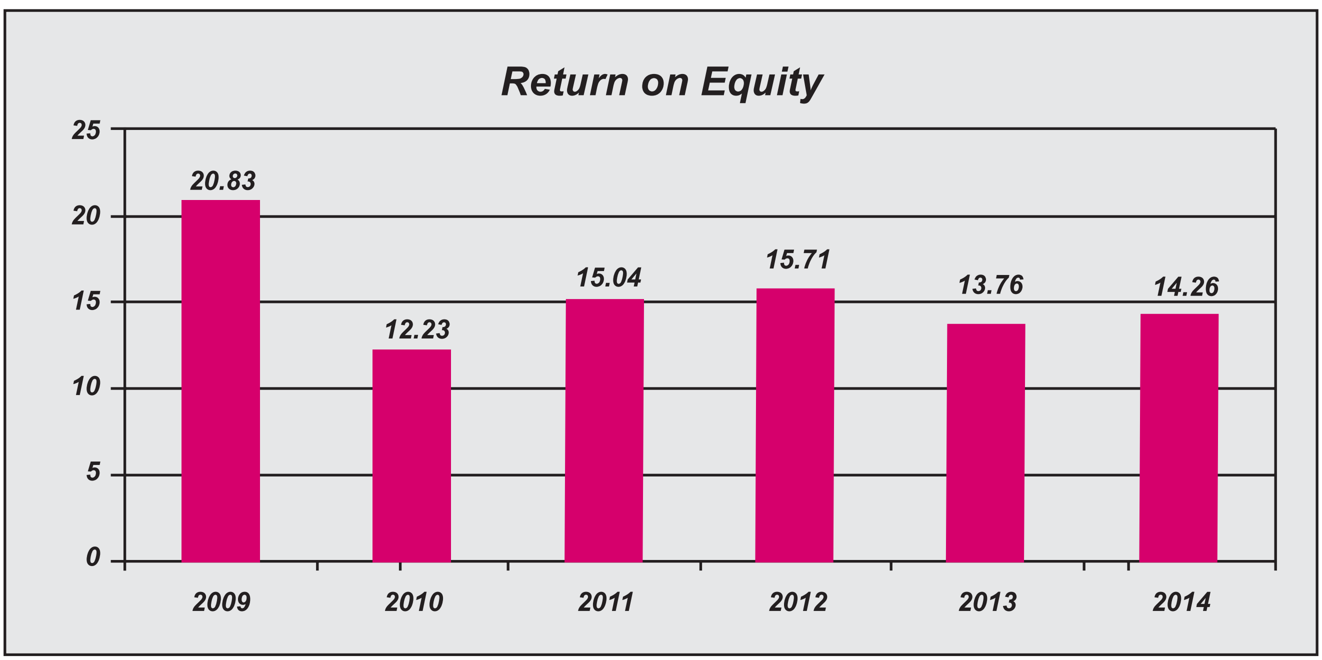
FINANCIAL STATISTICAL HIGHLIGHTS

	2014	2013 (Restated)	2012	2011	2010	2009
Profit and Loss Account						**(Rs. in millions)**
Sales	12,533	11,571	10,623	9,104	7,512	5,875
Gross profit	2,136	1,975	1,831	1,441	1,128	1,116
Profit before tax	580	540	629	528	305	160
Taxation expense	77	182	262	222	94	9
Profit for the year	502	358	367	306	211	151
Balance Sheet						
Share holders' equity	3,253	2,789	2,409	2,033	1,728	723
Capital reserves	593	623	579	579	579	50
Unappropriated profit	2,155	1,661	1,325	948	643	433
Current liabilities	5,541	4,714	5,135	4,560	3,551	2,981
Total liabilities	8,346	6,874	6,687	6,299	4,757	4,928
Current assets	6,388	5,477	5,290	4,867	3,626	3,047
Total assets	11,599	9,664	9,097	8,332	6,485	5,651
Ratios						
Earning per share - basic & diluted (Rs.)	9.94	7.09	7.27	6.05	5.88	4.57
Break up value (Rs.)	64.39	55.41	47.69	40.23	34.20	30.06
Return on equity (%)	14.26	13.76	15.71	15.04	12.23	20.83
Dividend payout (%)	22.50	22.50	20.00	20.00	17.50	15.00


Revenue
Rupees in million
13,000
11,000
9,000
7,000
5,000
3,000
1,000
5,875
531
5,344
7,512
796
6,716
9,104
773
8,331
10,623
1,038
9,585
11,571
980
10,591
12,533
768
11,765
2009
2010
2011
2012
2013
2014
Local Sales
Export Sales


Profit Before & After Tax
Rupees in million
700
600
500
400
300
200
100
150.63
159.96
211.21
304.76
305.74
528.10
367.31
629.12
358.12
540.07
502.26
579.74
2009
2010
2011
2012
2013
2014
Profit After tax
Profit before tax


Earning Per Share (Rs.)
10.00
8.00
6.00
4.00
2.00
0.00
4.57
5.88
6.05
7.27
7.09
9.94
2009
2010
2011
2012
2013
2014


Return on Equity
25
20
15
10
5
0
20.83
12.23
15.04
15.71
13.76
14.26
2009
2010
2011
2012
2013
2014

DIRECTORS' REPORT

On behalf of the Board of Directors of Ismail Industries Limited, we feel immense pleasure to present the annual report together with audited financial statements of the Company for the year ended June 30, 2014.

Business Review

The financial year ended June 2014 was another successful year, where despite a challenging environment, our business grew well ahead of competition. Several innovations were launched to meet the emerging needs and aspirations of our consumers. We expanded our reach and further strengthened our distribution so that we can serve our consumers better with our wide range of product offerings. We are able to leverage our size to create further scale benefits and increased competitive advantage. One advantage that scale gives us is the ability to keep one eye on the longer-term, even as we navigate through shorter-term challenges. That means continuing to invest aggressively in capacities, capabilities, in R&D and our brands.

It was once again business unusual on costs across the board with significant savings in Supply Chain and Overheads and improvements in the effectiveness of our Trade and Marketing spends. These savings helped to sustain competitive investments behind our brands and deliver a steady improvement in the operating margin.

Summary of Financial Performance

	June 30 2014	June 30 2013	Change in %
	PKR Million		
Gross Sales	**12,533**	11,571	8%
Net Sales	**10,777**	10,177	6%
Gross Profit	**2,136**	1,975	8%
% of Net Sales	**20%**	19%	2%
Profit before tax	**580**	540	7%
% of Net Sales	**5%**	5%	1%
Profit after tax	**502**	358	29%
% of Net Sales	**5%**	4%	24%
Earnings per share - Rupees	**9.94**	7.09	29%
Operating cash flows	**1,738**	891	49%

The Company delivered EPS growth of 29%, gross sales grew by 8%, profit after tax improved by 29% due to a positive change in the mix, better cost absorption and savings initiatives. This enabled the business to invest strategically behind our key brands, in an increasingly competitive environment.

Food Segment Operations

The industry has faced a challenging year, with dollar fluctuation impacting raw material costs and energy and water crises affecting production costs and efficiency. However, thanks to the strong demand for hygienically packed products and large consumer base, your Company has shown steady and sustained growth throughout the year with growth of 8% resulting in top line of over Rs 12.53 billion.

The growth has been led by the core confectionery business. CandyLand has shown promising growth, and consumer response to the new expansion in Jellies category has been extremely encouraging. The Company's investment in capacity expansion of Jellies production with state-of-the-art manufacturing equipment has paid dividends and has helped to further consolidate CandyLand's reputation as market leader in this category. In addition, core brands like Fanty, Eclair and Yums continue to post strong growth. The Company is now looking forward towards moving into further new, exciting and profitable segments of the confectionery market and significant investments are being made accordingly.

Bisconni's performance has been promising this year, with flagship brands continuing on the growth trajectory and new brands showing strong potential. Improved capacity utilization and focused marketing and sales' efforts behind specific brands have helped to improve both top and bottom line performance. The Company's brands Rite and Novita have now joined the established brands Cocomo and Chocolate Chip Cookies as consumer favorites. Hence your Company's strategy to develop and invest behind more brands within the portfolio has succeeded and will continue into the future too. The Company has also developed in-house manufacturing of chocolate chips which has provided positive impact to bottom line and also opened up a new industrial market segment. Further plans include expansion of capacity for major brands, as well development of novel and new offerings to maintain consumer interest.

Snackcity, the chips business has had a difficult year due to unexpectedly high price of the primary raw material - potatoes. In view of the difficulty being faced by both industrial and domestic consumers, the government has provided some relief in the form of duty waiver on import of potatoes. As a consequence of this exceptional price fluctuation, Snackcity has faced challenging circumstances. Inspite of this, the business has met growth targets. Kurleez has already established itself as a brand of choice with consumers nationwide. Now Chillz has also followed suit and shown remarkably consistent growth throughout the year to become one of the leading brands of the snacks market.

Your Company is proud to be an ISO 22000 certified supplier of the World Food Program (WFP). The unit set up to produce nutritional supplements for undernourished children under the guidance of WFP continues to show strong growth. This year, we have produced nutritional supplements both in the form of biscuits and liquid paste for WFP and work is continuing on further new developments. The facility has been expanded this year to provide for increasing business volume. Further expansions are also being planned.

Your Company continues to carry out toll manufacturing operations for various multinational customers to their complete satisfaction. Your Company's emphasis on quantity with quality ensures that toll manufacturing operations, though a small niche, continue to grow with each passing year.

Plastic Film Segment

The plastic films segment has placed great emphasis on achieving growth through providing quality solutions to customers. Product mix has improved, resulting in sales of higher-margin products. As a consequence of this quality-driven strategy, improved profitability and better capacity utilization have been achieved.

Product Research & Development (R&D)

Your Company progressed well in implementing its long term manufacturing strategy, with efficient capacity creation and introducing new technologies to support volume growth. Food Segment R&D team focused on achieving a significant increase of the profitability of the Foods product portfolio in combination with a quality increase of product performance as experienced by consumers. This was achieved by applying new technologies and selection of superior raw materials, while maintaining cost levels as same or lower. R&D has further contributed to the Company's sustainability agenda by enabling significant reduction in packaging material consumption through several material efficiency initiatives.

Information Technology (IT)

Your Company continues to invest in IT, leveraging it as a source of competitive advantage. The enterprise wide ERP platform, the backbone of IT, encompasses all core business processes in your Company. It also provides a comprehensive data warehouse with analytical capability that facilitates better and faster decisions. IT tools and solutions are being used across the organization to make employees more productive and efficient. Employees have been equipped with personal computing tools and technologies that allow them to communicate and collaborate more efficiently and in a more agile manner.

Your Company has institutionalized an extensive IT capability for Customer Development function to support front-end execution. All distributors run a standard distributor management system. The sales representatives and field based sales personnel have been equipped with mobility devices for effective and efficient on-ground execution. The available data is mined using analytical tools to fine tune the selling process at each and every outlet. This capability, which has been used for the urban markets, has also been extended to rural markets.
There is a continuous focus on IT security and reliable disaster recovery management processes to ensure all critical systems are always available. These are periodically reviewed, upgraded and tested for efficacy, adequacy, security and reliability.

Risk Assessment & Management

Your Company has an elaborate Risk Management procedure, which is based on three pillars: Business Risk Assessment, Operational Controls Assessment and Policy Compliance processes. Some of the risks relate to competitive intensity and cost volatility. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

Audit Committee

The Board Audit Committee assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to shareholders, systems of internal control and risk management and the audit process. It has the autonomy to call for information from management and to consult directly with the external auditors or their advisors as considered appropriate.

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by Statutory as well as Internal Auditors and cover all offices, factories and key business areas. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems. During the last business year, four meetings of the Audit Committee were held. The Chief Financial Officer regularly attends the Board Audit Committee meetings by invitation to present the financial statements of the Company. After each meeting, the Chairman of the Committee reports to the Board.

Human Resource & Remuneration Committee

The Human Resource & Remuneration Committee meets to review and recommend all elements of the compensation, organization and employee development policies relating to the senior executives remuneration and to approve all matters relating to the remunerations of the executive directors and members of the management committee. It comprises of four members, two of whom are Non-Executive Directors, One Executive Director and one is an Independent Director. The committee met 3 times during the year 2014.

Our People

Your Company's Human Resource agenda for the year was focused on strengthening four key areas: building a robust and diverse talent pipeline, enhancing individual and organizational capabilities for future readiness, driving greater employee engagement and strengthening employee relations further through progressive people practices at the shopfloor. We continue to focus on attracting, retaining and developing the best talent. Personal development is facilitated by empowering the people with bigger as well as challenging assignments, coaching, mentoring and a robust appraisal system. This investment in our people is what will set us apart in the industry and drive us towards our goals with the right people on board. This comes as an endorsement of our people agenda which provides strong support networks, mentoring and learning experiences to develop successful business leaders.

Compliance with Code of Corporate Governance

The Company is committed to high standards of Corporate Governance. There is no departure from the best practices of Corporate Governance. The Company has been and remains committed to the conduct of its business in line with the Code of Corporate Governance and Listing Regulations of Stock Exchanges in Pakistan.

- Financial statements prepared by the management of the Company for the year ended June 30, 2014 present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- The Company has maintained proper books of accounts as required by the Companies Ordinance, 1984.
- The Company has followed consistent and appropriate accounting policies in the preparation of the financial statements. Changes wherever made have been adequately disclosed. Accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any deviation from these has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and continuously monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- The summary of key operating and financial data of the Company of last six years is annexed in this report.

Board of Directors Meetings

During the last business year eight (8) meetings of the Board of Directors were held to cover its complete cycle of activities. Attendance by each Director was as follows:-

Name of Director	Meetings Attended
Mr. Muhammad M. Ismail	8
Mr. Maqsood Ismail	8
Mr. Miftah Ismail	6
Mr. Munsarim Saifullah	8
Ms. Rashida Iqbal	7
Ms. Anisa Naviwala	7
Ms. Nafisa Yousuf Palla	6
Ms. Uzma Arif	7
Mr. Jawed Abdullah*	5

Leave of absence was granted to directors who could not attend board meetings.
*Mr. Jawed Abdullah was elected as Director of the Company in the 25th Annual General Meeting of the Company held on October 21, 2013 hence attended only 5 meetings.

Pattern of Shareholding

A statement of the general pattern of shareholding along with pattern of shareholding of certain classes of shareholders whose disclosure is required under the reporting framework and the statement of purchase and sale of shares by Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, and their spouses including minor children during the year is shown later in this report.

Dividend

The Directors of the Company are pleased to recommend a cash dividend of 22.50% (Rs. 2.25 per share) which will be paid to the shareholders whose names appear on the shareholders' register at the start of 'Closed Period' for the Annual General Meeting. Due to the cash flow requirements of the Company, Directors and their relatives have waived their right to the dividend.

Auditors

The present auditors M/s. Anjum Asim Shahid Rahman, Chartered Accountants are retiring, and being eligible, have offered themselves for re-appointment. The Audit Committee has also recommended their re-appointment as the auditors of the Company for the year 2014-2015.

Future Outlook

In the year ahead, the business environment will continue to remain challenging and competitive intensity is likely to remain high. However, we are confident that they will be overcome through a combination of better consumer understanding, expertise and R&D capability, and powerful innovations. Our key strength lies in strong brand equity as we continue to provide better value that meets consumers' needs. To achieve this, we will continue to leverage our ability to attract, develop and retain the best talent.

Appreciation & Acknowledgment

The directors acknowledge and place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain as industry leaders. The Board also places on record its appreciation for the continued support and co-operation has been receiving from its customer, suppliers, bankers, shareholders and others associated with the Company.

On behalf of the Board of Directors

(Maqsood Ismail)
Chief Executive

Karachi: September 25, 2014

STATEMENT OF COMPLIANCE WITH THE
CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (the Code), set out in the listing regulations of Stock Exchanges in Pakistan 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 Code, in the following manner:

1. The Company encourages representation of independent, non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	**Names**
Independent Director	Mr. Jawed Abdullah
Executive Directors	Mr. Maqsood Ismail
	Mr. Miftah Ismail
	Mr. Munsarim Saifullah
Non-Executive Directors	Mr. Muhammad M. Ismail
	Ms. Rashida Iqbal
	Ms. Anisa Naviwala
	Ms. Nafisa Yousuf Palla
	Ms. Uzma Arif

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 Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-Banking Financial Institution or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred on the Board during the current year.

5. The Company has adopted 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 Company has developed a Vision/Mission Statement and traditionally, maintains and follows the overall corporate strategy and significant policies designed to best practices. The Board considers any significant amendments to the policies, as and when required. However, a complete record of particulars of significant policies along with the dates on which these were enacted has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, based on the significance of the matters involved, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other Executive Directors, have been taken by the Board.

8. All the meetings of the Board were presided over by the Chairman and in his absence, by a Director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least 7 days before the meetings except for meetings held on short notice to discuss the urgent matters. The minutes of the meetings were appropriately recorded and circulated.

9. The Directors have been provided with copies of the Listing Regulations of the Stock Exchange; the Company's Memorandum and Articles of Association and the Code of Corporate Governance and are well conversant with their duties and responsibilities. An in-house orientation course was also arranged to acquaint the board with their duties and responsibilities including the Code and applicable laws. Further, in accordance with the criteria specified in clause (xi) of the Code, all the Directors of the Company are exempted from the requirements of Director's Training Program on the basis of 15 years experience on the Board of a listed company except the Independent Director who has been elected in the Annual General Meeting of the Company on October 21, 2013. The Company would ensure that the said director obtains the certificate by June 2016.

10. There has been an appointment of Chief Financial Officer during the year, his remuneration and terms and conditions of employment were duly approved by the Board. Whereas Company Secretary and Head of Internal Audit were appointed prior to the implementation of the Code. The remuneration and terms and conditions in case of future appointments on these positions will be approved by the Board.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The Financial Statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an Audit Committee. It comprises of four members, three of whom are Non-Executive Directors and one is an Independent Director who is Chairman of the Committee.

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 as required by the Code. 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 (HR&R) Committee. It comprises of four members, two of whom are Non-Executive Directors, One Executive Director and one is an Independent Director. The Chairperson of the Committee is a Non-Executive Director.

18. The Board has set-up an effective Internal Audit function manned by suitably qualified and experienced personnel who are conversant with the policies and procedures of the Company and involved in the Internal Audit function on a full time basis.

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 (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed International Federation of Accountants 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 Exchanges.

22. Material/price sensitive information has been disseminated among all market participants at once through Stock Exchanges.

23. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors.

24. We confirm that all material principles enshrined in the Code have been complied with except for any exception already disclosed hereinabove.

On behalf of the Board of Directors

(Maqsood Ismail)
Chief Executive

Karachi: September 25, 2014

REVIEW REPORT TO THE MEMBERS
ON STATEMENT OF COMPLIANCE WITH 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 June 30, 2014 prepared by the board of directors of the Ismail Industries Limited (the Company) to comply with requirements of Listing Regulation No. 35 Chapter XI of Karachi and Lahore Stock Exchanges, 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 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 inquiries of the Company 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.

The Code requires the Company to place before the audit committee, and upon the recommendation of the audit committee, place before the board of directors for their review and approval it's 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 does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the company for the year ended June 30, 2014.

Karachi
Date: September 25, 2014

Anjum Asim Shahid Rahman
Chartered Accountants
Shahzada Saleem Chughtai

AUDITORS' REPORT TO THE MEMBERS

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

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

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

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

b. in our opinion-

   i. the balance sheet and 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 accounts and are further in accordance with accounting policies consistently applied except for changes as stated in note 3.14 to the 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 June 30, 2014 and of the profit, its 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.

Karachi
Date: September 25, 2014

Anjum Asim Shahid Rahman
Chartered Accountants
Shahzada Saleem Chughtai

BALANCE SHEET
AS AT JUNE 30, 2014

	Note	2014	2013 (Restated)
		Rupees	
ASSETS			
Non-current assets			
Property, plant and equipment	4	3,842,814,891	2,919,481,009
Long term investments	5	1,315,371,870	1,239,701,221
Long term deposits	6	52,788,247	27,466,543
Total non-current assets		5,210,975,008	4,186,648,773
Current assets			
Stores and spares	7	71,759,076	65,992,659
Stock-in-trade	8	4,998,983,520	4,667,565,495
Trade debts	9	889,717,175	477,260,242
Advances - considered good	10	101,205,657	70,757,731
Trade deposits and short term prepayments	11	8,036,058	7,287,399
Other receivables	12	30,840,582	41,824,541
Taxation - net	13	263,935,133	116,775,997
Cash and bank balances	14	23,598,944	29,397,123
Total current assets		6,388,076,145	5,476,861,187
Total assets		11,599,051,153	9,663,509,960

MAQSOOD ISMAIL
Chief Executive

MUNSARIM SAIFULLAH
Director

BALANCE SHEET
AS AT JUNE 30, 2014

	Note	2014	2013 (Restated)
		Rupees	
EQUITY AND LIABILITIES			
Shareholders' equity			
Authorized capital			
100,000,000 (2013: 100,000,000) ordinary shares of Rs. 10 each		1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital	15	505,207,500	505,207,500
Reserves	16	2,747,926,763	2,284,505,936
Total shareholders' equity		3,253,134,263	2,789,713,436
Non-current liabilities			
Directors' loan - subordinated	17	352,151,770	352,151,770
Long term finances - secured	18	1,766,548,890	1,204,524,924
Liabilities against assets subject to finance lease	19	105,548,893	69,183,032
Deferred liabilities	20	580,263,850	533,892,850
Total non-current liabilities		2,804,513,403	2,159,752,576
Current liabilities			
Trade and other payables	21	508,752,407	535,953,378
Accrued mark-up	22	108,807,792	112,235,557
Short term finances - secured	23	4,069,767,289	3,559,194,391
Current portion of:			
- long term finances	18	729,765,756	443,528,159
- liabilities against assets subject to finance lease	19	56,078,661	39,348,736
Advances from customers		68,231,582	23,783,727
Total current liabilities		5,541,403,487	4,714,043,948
Total liabilities		8,345,916,890	6,873,796,524
Contingencies and commitments	24		
Total equity and liabilities		11,599,051,153	9,663,509,960

The annexed notes 1 to 45 form an integral part of these financial statements.

MAQSOOD ISMAIL
Chief Executive

MUNSARIM SAIFULLAH
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013
		Rupees	
Sales	26.1	**12,532,761,732**	11,570,832,831
Sales tax	25	**(1,755,794,117)**	(1,393,356,727)
Net Sales		**10,776,967,615**	10,177,476,104
Cost of sales	26.2	**(8,640,706,279)**	(8,202,594,876)
Gross profit		**2,136,261,336**	1,974,881,228
Selling and distribution expenses	28	**(954,653,048)**	(853,089,419)
Administrative expenses	29	**(115,743,833)**	(102,363,346)
Operating profit		**1,065,864,455**	1,019,428,463
Other operating expenses	30	**(44,565,097)**	(64,213,973)
Other income	31	**71,186,305**	63,541,108
		1,092,485,663	1,018,755,598
Finance cost	32	**(619,105,437)**	(576,547,636)
		473,380,226	442,207,962
Share of profit from associated undertaking	5.3	**106,362,483**	97,866,881
Profit before tax		**579,742,709**	540,074,843
Taxation	35	**(77,478,031)**	(181,956,718)
Profit for the year		**502,264,678**	358,118,125
Earnings per share - basic and diluted	36	**9.94**	7.09

The annexed notes 1 to 45 form an integral part of these financial statements.

MAQSOOD ISMAIL
Chief Executive

MUNSARIM SAIFULLAH
Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013 (Restated)
		Rupees	
Profit for the year		502,264,678	358,118,125
Other comprehensive income:			
Items that will not be reclassified to profit or loss in subsequent periods:			
Loss on remeasurements of post employment benefit obligations - net of tax	20.1.7	(7,279,890)	(7,079,622)
Items that may be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive income from associate - net of tax	5.3	(30,691,834)	32,692,723
Other comprehensive income - net of tax		(37,971,724)	25,613,101
Total comprehensive income for the year		464,292,954	383,731,226

The annexed notes 1 to 45 form an integral part of these financial statements.

MAQSOOD ISMAIL
Chief Executive

MUNSARIM SAIFULLAH
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	1,963,915,040	998,554,443
Gratuity paid	20.1.3	(12,599,826)	(7,838,941)
Income tax paid (net of refund)		(187,847,576)	(115,117,801)
Long term deposits (paid) / received		(25,321,704)	15,355,163
Net cash generated from operating activities		1,738,145,934	890,952,864
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure (including CWIP)		(1,208,041,208)	(529,861,342)
Proceeds from disposal of property, plant and equipment	4.3	6,899,610	12,343,729
Net cash used in investing activities		(1,201,141,598)	(517,517,613)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from long term financing - net		848,261,563	512,287,674
Lease repayments net of sale and lease back		53,095,786	(102,223,517)
Interest / mark-up paid		(622,533,202)	(583,308,679)
Dividend paid		(805,163)	(671,428)
Net cash from / (used in) financing activities		278,018,984	(173,915,950)
Net increase in cash and cash equivalents		815,023,320	199,519,301
Cash and cash equivalents at beginning of the year		(1,303,018,041)	(1,502,537,342)
Cash and cash equivalents as at end of the year		(487,994,721)	(1,303,018,041)
Cash and cash equivalents as at end of the year comprise of:			
Cash and bank balances	14	23,598,944	29,397,123
Running finance utilized under mark-up arrangements	23	(511,593,665)	(1,332,415,164)
		(487,994,721)	(1,303,018,041)

The annexed notes 1 to 45 form an integral part of these financial statements.

MAQSOOD ISMAIL
Chief Executive

MUNSARIM SAIFULLAH
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2014

		Capital reserves		Revenue reserve	
	Share capital	Share premium	Share of AFS remeasurement from associate	Unappropriated profit	Total shareholders' equity
		-----------------------Rupees		--------------------------	
Balance as at July 01 2012 - as previously reported	505,207,500	579,265,000	11,295,402	1,313,694,177	2,409,462,079
Effect of change in accounting policy - note 3.14	-	-	-	(2,689,223)	(2,689,223)
Balance as at July 01 2012 - as restated	505,207,500	579,265,000	11,295,402	1,311,004,954	2,406,772,856
Profit for the year	-	-	-	358,118,125	358,118,125
Remeasurement of defined benefit liability - net of tax - note 20.1.7	-	-	-	(7,079,622)	(7,079,622)
Share of other comprehensive income from associate - net of tax - note 5.3	-	-	32,692,723	-	32,692,723
Transactions with owners recognized directly in equity:					
Final dividend for the year ended June 30, 2012	-	-	-	(790,646)	(790,646)
Balance as at June 30, 2013 - restated	**505,207,500**	**579,265,000**	**43,988,125**	**1,661,252,811**	**2,789,713,436**
Profit for the year	-	-	-	502,264,678	502,264,678
Remeasurement of defined benefit liability - net of tax - note 20.1.7	-	-	-	(7,279,890)	(7,279,890)
Share of other comprehensive income from associate - net of tax - note 5.3	-	-	(30,691,834)	-	(30,691,834)
Transactions with owners recognized directly in equity:					
Final dividend for the year ended June 30, 2013	-	-	-	(872,127)	(872,127)
Balance as at June 30, 2014	**505,207,500**	**579,265,000**	**13,296,291**	**2,155,365,472**	**3,253,134,263**

The annexed notes 1 to 45 form an integral part of these financial statements.

MAQSOOD ISMAIL
Chief Executive

MUNSARIM SAIFULLAH
Director

1 LEGAL STATUS AND OPERATIONS

Ismail Industries Limited (the Company) was incorporated in Karachi, Pakistan as a private limited company on June 21, 1988. On November 01, 1989 the Company was converted into a public limited company. The registered office of the Company is situated at 17 - Bangalore Town, Shahrah-e-Faisal, Karachi, Pakistan. The shares of the Company are listed on the Karachi and Lahore Stock Exchanges. Principal activities of the Company are manufacturing and trading of sugar confectionery items, biscuits, potato chips and cast polypropylene film under the brands of 'CandyLand', 'Bisconni', 'Snackcity' and 'Astropack' respectively.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan 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 Standards, interpretations and amendments to published approved accounting standards

2.2.1 Standards, amendments to published standards and interpretations that became effective during the year ended June 30, 2014:

The main change arising from the amendment in IAS 1 ‘Financial Statement Presentation’ is a requirement for entities to group items presented in ‘Other comprehensive income’ (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment does not address which items are presented in OCI. The amendment only affects the disclosures in the Company’s financial statements.

IAS - 19, 'Employee benefits' was revised in June 2011. The changes and impacts thereof on the financial statements have been explained in detail in note 3.14.

Further, there were certain new amendments to the approved accounting standards and a new interpretation issued by the International Financial Reporting Interpretations Committee (IFRIC) which became effective during the year but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

2.2.2 New standard, amendments to approved accounting standards and new interpretations that is not yet effective and has not been early adopted by the Company:

There are certain amendments to the approved accounting standards and new interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) which became effective after July 1, 2013 but are not considered to be relevant or are expected to have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except certain financial assets and liabilities which have been stated at fair value or amortized cost and staff retirement benefits which have been recognized at values determined by independent actuary (refer note 3.14).

These financial statements comprise balance sheet, profit and loss account, statement of comprehensive income, cash flow statement, statement of changes in equity and notes to the financial statements and have been prepared under the accrual basis of accounting except for cash flow information.

2.4 Use of critical accounting estimates and judgements

The preparation of financial statements in conformity with the approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

		Note
a)	Property, plant and equipment	2.4.1
b)	Stock-in-trade, stores and spares	2.4.2
c)	Trade debts and other receivables	2.4.3
d)	Income taxes	2.4.4
e)	Staff retirement benefits	2.4.5
f)	Impairment	3.2 & 3.6

2.4.1 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 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.

2.4.2 Stock-in-trade, stores and spares

The Company's management reviews the net realizable value (NRV) of stock-in-trade and stores and spares to assess any diminution in the respective carrying values and wherever required, provision for NRV / impairment is made.

2.4.3 Trade debts and other receivables

Impairment loss against doubtful trade and other debts is made on a judgmental basis, where provision may differ in the future years based on the actual experience.

2.4.4 Income taxes

In making the estimate for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

2.4.5 Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 20.1.1 to the financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect the amounts recognized in those years.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented except for change in accounting policy for staff retirement benefits - gratuity (unfunded) maintained for employees as disclosed in note 3.14 below.

3.1 Property, plant and equipment

Owned

Property, plant and equipment including leasehold land and all additions except capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses. Capital work-in-progress is stated at cost. Cost of property, plant and equipment comprises acquisition cost and directly attributable cost of bringing the assets to its working condition. Borrowing cost including the exchange risk fee (if any) that are directly attributable to the acquisition, construction and production of a qualifying asset is capitalized as part of the cost during the period in which activities that are necessary to prepare the asset for its intended use are carried out.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognized. Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized.

Depreciation on assets other than leasehold land is calculated so as to write-off the assets over their expected economic lives under the diminishing balance method at rates given in note 4 to the financial statements. Depreciation on leasehold land is charged to income applying the straight-line method at rates given in note 4.1 to the financial statements whereby the cost is written off over the lease term. Depreciation on additions is charged from the month in which they are put to use and on disposals up to the month of disposal.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as other income or expense.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Leased

Leased assets in terms of which the Company assumes substantially all the risks and rewards incidental to ownership are capitalized at the inception of the lease at the fair value of leased assets or, if lower, at the present value of the minimum lease payments.

The outstanding obligations under the lease excluding finance charges allocated to future periods are shown as liability. Financial charges are allocated to the accounting periods in a manner so as to provide a constant rate of charge on the outstanding obligation.

Capital work-in-progress

Capital work-in-progress is stated at cost. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These expenditures are transferred to relevant category of property, plant and equipment as and when the assets start operation.

3.2 Impairment of non-financial assets

Assets that are subject to depreciation / amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.3 Investment in associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights or common directorship. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the associate after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Company's share of post-acquisition profit or loss is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. From current year the Company has presented share of other comprehensive income of accociate relating to AFS remeasurements separately in 'Share of AFS remeasurement from associate' in statement of changes in equity, the corresponding figures have also been disclosed accordingly. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

3.4 Financial instruments

All financial assets and liabilities are recognized in the balance sheet when the Company becomes a party to the contractual provisions of the instrument, These are initially measured at fair value, and subsequently re-measured at fair value or amortized cost as the case may be.

Financial assets carried on the balance sheet include long term investments (note 5), long term deposits (note 6), trade debts (note 9), advances (note 10), trade deposits (note 11), other receivables (note 12), cash and bank balances (note 14).

Financial liabilities carried on the balance sheet include Directors' loans (note 17), long term finances (note 18), liabilities against assets subject to finance lease (note 19), trade and other payables (note 21), accrued mark-up (note 22) and short term finances (note 23).

Financial assets or a part thereof is derecognized when the Company loses control of the contractual rights that comprise the financial asset or part thereof. Financial liabilities or a part thereof is removed when it is extinguished, i.e. the obligation specified in contract is discharged, cancelled or expired.

3.5 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.6 Impairment of 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 on the estimated future cash flows of that asset. If such evidence exists, the recoverable amount of the asset is estimated and impairment losses are recognized as an expense in the profit and loss account.

3.7 Long term deposits

These are stated at amortized cost which represents the fair value of consideration given.

3.8 Stores and spare parts

All stores, spares and loose tools either imported or purchased locally are charged to income when consumed and are valued at lower of moving weighted average cost and estimated NRV except for items-in-transit which are stated at invoice value plus other incidental charges paid thereon up to the balance sheet date. Provision is made for obsolete and slow moving items where necessary and is recognized in the profit and loss account.

3.9 Stock-in-trade

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

	Types of stock	Valuation method
a)	Raw and packing materials	moving weighted average cost method
b)	Work-in-process	weighted average cost method
c)	Finished goods	lower of weighted average cost and net realizable value
d)	Items in-transit	invoice value plus other charges incurred thereon

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

3.10 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortized cost using the effective interest rate method, if applicable, less provision for impairment, if any. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade debts and receivables are written off when considered irrecoverable.

3.11 Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents comprise of cash in hand and bank balances, short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and running finances under mark up arrangements. In the balance sheet, finances under mark-up arrangements are included in current liabilities.

3.12 Interest / Mark-up bearing loans and borrowings

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

Loans and borrowings are subsequently stated at amortized cost with any difference between the proceeds (net of transaction cost) and the redemption value recognized in the profit and loss account except for any amount included in the cost of property, plant and equipment over the period of the borrowing using the effective interest method.

3.13 Borrowings costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (those that take a substantial period of time to get ready for their intended use) are capitalized as part of the cost of the relevant asset. All other borrowing costs are charged to income in the period in which they are incurred.

3.14 Staff retirement benefits - gratuity

The Company operates an unfunded gratuity scheme covering all its permanent employees with one or more years of service with the Company. Provision for gratuity is made to cover obligation under the scheme in respect of employees who have completed the minimum qualifying period. Provision has been made in accordance with actuarial recommendations summarized in note 20.1 using the projected unit credit method.

Change in accounting policy

IAS - 19 (revised) "Employee benefits" amends the accounting treatment for employment benefits which became effective to the Company from July 01, 2013. The changes introduced by IAS -19 (revised) are as follows:

(a) The amendment requires past service cost to be recognized immediately in profit or loss, however, the Company has no past service cost and therefore, there is no impact of past service cost on these financial statements;

(b) The amendment replaces the interest cost on the defined benefit obligations and the expected return on plan assets with the interest cost based on net defined benefit assets or liabilities and the discount rate, measured at the beginning of the year;

(c) There is a new term "remeasurement of net defined benefit liability (asset)" that comprise:

- actuarial gains and losses;

- the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (assets); and

- any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

(d) The amendment requires an entity to recognize remeasurement immediately in other comprehensive income. Actuarial gains or losses beyond corridor limits were previously amortised over the expected future services of the employees.

The management believes that the effects of these changes have no significant effect on these financial statements except for the changes referred to in (d) above. These changes have been accounted for retrospectively in accordance with the International Accounting Standard - 8 "Accounting Policies, Changes in Accounting Estimates and Errors", resulting in restatement of financial statements of prior periods.

As a result of the above mentioned changes, the gross cumulative balance of Rs. 4,074,581 for unrecognized actuarial losses that existed as at 1 July 2012 has been presented and disclosed as part of the statement of changes in equity net of tax at Rs. 2,689,223 while the corresponding period adjustment through other comprehensive income is restated and disclosed as part of the statement of comprehensive income. The balance sheet also presents the prior year numbers as restated, due to the said change.

The Company has not presented third statement of financial position (i.e. as at the beginning of the preceding period in comparative financial statements) as the retrospective application has no material effect on the information in the statement of financial position at the beginning of the preceding period.

The effect of the change in accounting policy has been demonstrated below:

	Note	30-Jun-13 Rupees
Effect on the statement of other comprehensive income		
Items that will not be reclassified to profit and loss account	20.1.7	(10,726,700)
Related deferred tax		3,647,078
Net of deferred tax		(7,079,622)
Effect on the balance sheet		
(Increase) / decrease in liabilities and equity		
-Staff retirement benefits		(14,801,281)
-Deferred tax liability		5,032,436
-(Increase) / decrease in unappropriated profit and loss		(9,768,845)
Effect on the statement of changes in equity		
(Increase) / decrease in unappropriated profit		
-Impact for the year ended		7,079,622

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

3.15 Taxation

Current

The charge for current tax is based on taxable income at current rates of taxation after taking into account tax credits, rebates and exemptions available, if any, or in accordance with the final tax regime, where applicable, of the Income Tax Ordinance, 2001 (the Ordinance) or the minimum tax under section 113 of the Ordinance or Alternate Corporate Tax (ACT) under section 113C of the Ordinance, whichever is higher.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. The Company takes into account the current income tax law and decisions taken by the taxation authorities.

3.16 Provisions

Provisions are recognized in the balance sheet when the Company has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

3.17 Ijarah

Leases in which a significant portion of the risks and rewards of ownership is retained by the lessor are classified as Ijarah. Payments made under Ijarah contracts are charged to profit and loss on a straight-line basis over the period of the Ijarah.

3.18 Trade and other payables

Liabilities for trade and other payables are measured at cost which is the fair value of the consideration to be paid in future for goods and services.

3.19 Revenue recognition

Revenue is recognized when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably. It is measured at the fair value of the consideration received or receivable and is reduced for estimated customer returns, rebates / discounts, sales tax and other similar allowances. Revenue is recognized on the following basis:

a) Revenue from local sale of goods is recognized when the goods are dispatched and in case of export sales, when the goods are shipped.

b) Processing income is recognized when services are rendered.

c) Gain and loss on sale of investments is taken to income in the period in which it arises.

d) Interest income is recognized on an accrual basis using the effective interest method.

e) Dividend income, other than those from investments in associates, are recognized at the time the right to receive payment is established.

3.20 Foreign currency translation

Transactions in foreign currencies are accounted for in rupee at the rate of exchange prevailing at the date of transaction. Monetary assets and monetary liabilities in foreign currencies as at the balance sheet date are expressed in rupee at rates of exchange prevailing on that date except where forward exchange cover is obtained for payment of monetary liabilities, in which case the contracted rates are applied. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Exchange differences are taken to the profit and loss account.

3.21 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupee, which is the Company's functional and presentation currency.

3.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker for allocating resources and assessing performance of the operating segments.

3.23 Dividend distribution

Dividend distribution to the shareholders is recognized as a liability in the period in which it is approved by the shareholders.

3.24 Related parties transactions

All transactions involving related parties arising in the normal course of business are conducted at arm’s length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the board of directors, it is in the interest of the Company to do so.

3.25 Contingent liabilities

Contingent liability is disclosed when:

a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

b) a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4 PROPERTY, PLANT AND EQUIPMENT

	Note	2014	2013
		Rupees	
Operating assets	4.1	3,426,596,574	2,668,276,718
Capital work in progress - at cost	4.4	416,218,317	251,204,291
		3,842,814,891	2,919,481,009

4.1 The following is a statement of operating assets:

	Owned assets								Leased assets			
2013	**Leasehold land**	**Building on leasehold land**	**Plant and machinery**	**Furniture and fittings**	**Equipments**	**Computers**	**Vehicles**	**Sub-total**	**Plant and machinery**	**Vehicles**	**Sub-total**	**Grand total**
							Rupees					
As at June 30, 2012												
Cost	85,121,744	536,155,164	2,806,151,645	34,653,221	43,041,508	10,607,128	70,092,261	3,585,822,671	233,555,832	75,989,238	309,545,070	3,895,367,741
Accumulated depreciation	(6,984,734)	(172,339,574)	(1,106,566,710)	(12,265,641)	(16,723,812)	(6,017,102)	(37,202,630)	(1,358,100,203)	(31,554,473)	(15,822,382)	(47,376,855)	(1,405,477,058)
Net book amount	78,137,010	363,815,590	1,699,584,935	22,387,580	26,317,696	4,590,026	32,889,631	2,227,722,468	202,001,359	60,166,856	262,168,215	2,489,890,683
Year ended June 30, 2013												
Opening net book amount	78,137,010	363,815,590	1,699,584,935	22,387,580	26,317,696	4,590,026	32,889,631	2,227,722,468	202,001,359	60,166,856	262,168,215	2,489,890,683
Additions / Transfers from CWIP	2,231,251	169,955,483	252,743,877	3,167,396	9,031,771	502,848	2,172,923	439,805,549	-	3,836,684	3,836,684	443,642,233
Transfer from owned assets to leased assets												
Cost	-	-	(13,457,710)	-	-	-	-	(13,457,710)	13,457,710	-	13,457,710	-
Accumulated depreciation	-	-	469,760	-	-	-	-	469,760	(469,760)	-	(469,760)	-
	-	-	(12,987,950)	-	-	-	-	(12,987,950)	12,987,950	-	12,987,950	-
Transfer from leased assets to owned assets												
Cost	-	-	112,303,211	-	-	-	21,271,604	133,574,815	(112,303,211)	(21,271,604)	(133,574,815)	-
Accumulated depreciation	-	-	(22,711,777)	-	-	-	(9,702,844)	(32,414,621)	22,711,777	9,702,844	32,414,621	-
	-	-	89,591,434	-	-	-	11,568,760	101,160,194	(89,591,434)	(11,568,760)	(101,160,194)	-
Disposal												
Cost	-	-	-	-	-	(46,000)	(15,093,620)	(15,139,620)	-	-	-	(15,139,620)
Accumulated depreciation	-	-	-	-	-	13,132	10,805,269	10,818,401	-	-	-	10,818,401
	-	-	-	-	-	(32,868)	(4,288,351)	(4,321,219)	-	-	-	(4,321,219)
Depreciation charge for the year	(1,044,886)	(44,993,577)	(171,912,196)	(2,288,033)	(3,079,525)	(876,158)	(6,202,551)	(230,396,926)	(19,775,751)	(10,762,302)	(30,538,053)	(260,934,979)
Closing net book amount	79,323,375	488,777,496	1,857,020,100	23,266,943	32,269,942	4,183,848	36,140,412	2,520,982,116	105,622,124	41,672,478	147,294,602	2,668,276,718

2014	Owned assets								Leased assets			
	Leasehold land	Building on leasehold land	Plant and machinery	Furniture and fittings	Equipments	Computers	Vehicles	Sub-total	Plant and machinery	Vehicles	Sub-total	Grand total
	Rupees											
As at June 30, 2013												
Cost	87,352,995	706,110,647	3,157,741,023	37,820,617	52,073,279	11,063,976	78,443,168	4,130,605,705	134,710,331	58,554,318	193,264,649	4,323,870,354
Accumulated depreciation	(8,029,620)	(217,333,151)	(1,300,720,923)	(14,553,674)	(19,803,337)	(6,880,128)	(42,302,756)	(1,609,623,589)	(29,088,207)	(16,881,840)	(45,970,047)	(1,655,593,636)
Net book amount	79,323,375	488,777,496	1,857,020,100	23,266,943	32,269,942	4,183,848	36,140,412	2,520,982,116	105,622,124	41,672,478	147,294,602	2,668,276,718
June 30, 2014												
Opening net book amount	79,323,375	488,777,496	1,857,020,100	23,266,943	32,269,942	4,183,848	36,140,412	2,520,982,116	105,622,124	41,672,478	147,294,602	2,668,276,718
Additions / Transfers from CWIP	-	284,601,730	707,366,319	2,428,245	3,253,061	1,502,010	20,142,495	1,019,293,860	6,482,765	17,250,558	23,733,323	1,043,027,183
Transfer from owned assets to leased assets												
Cost	-	-	(87,062,976)	-	-	-	-	(87,062,976)	87,062,976	-	87,062,976	-
Accumulated depreciation	-	-	1,301,120	-	-	-	-	1,301,120	(1,301,120)	-	(1,301,120)	-
	-	-	(85,761,856)	-	-	-	-	(85,761,856)	85,761,856	-	85,761,856	-
Transfer from leased assets to owned assets												
Cost	-	-	28,100,001	-	-	-	7,351,000	35,451,001	(28,100,001)	(7,351,000)	(35,451,001)	-
Accumulated depreciation	-	-	(7,303,029)	-	-	-	(3,344,430)	(10,647,459)	7,303,029	3,344,430	10,647,459	-
	-	-	20,796,972	-	-	-	4,006,570	24,803,542	(20,796,972)	(4,006,570)	(24,803,542)	-
Disposal												
Cost	-	-	-	-	-	-	(7,970,945)	(7,970,945)	-	(776,000)	(776,000)	(8,746,945)
Accumulated depreciation	-	-	-	-	-	-	5,061,337	5,061,337	-	307,311	307,311	5,368,648
	-	-	-	-	-	-	(2,909,608)	(2,909,608)	-	(468,689)	(468,689)	(3,378,297)
Depreciation charge for the year	(1,044,886)	(51,826,131)	(193,492,865)	(2,324,318)	(3,210,021)	(864,624)	(9,448,893)	(262,211,738)	(10,340,504)	(8,776,788)	(19,117,292)	(281,329,030)
Closing net book amount	78,278,489	721,553,095	2,305,928,670	23,370,870	32,312,982	4,821,234	47,930,976	3,214,196,316	166,729,269	45,670,989	212,400,258	3,426,596,574
As at June 30, 2014												
Cost	87,352,995	990,712,377	3,806,144,367	40,248,862	55,326,340	12,565,986	97,965,718	5,090,316,645	200,156,071	67,677,876	267,833,947	5,358,150,592
Accumulated depreciation	(9,074,506)	(269,159,282)	(1,500,215,697)	(16,877,992)	(23,013,358)	(7,744,752)	(50,034,742)	(1,876,120,329)	(33,426,802)	(22,006,887)	(55,433,689)	(1,931,554,018)
Net book amount	78,278,489	721,553,095	2,305,928,670	23,370,870	32,312,982	4,821,234	47,930,976	3,214,196,316	166,729,269	45,670,989	212,400,258	3,426,596,574
Depreciation rate (%)	1 to 3.03	10	10 to 33	10	10	20	20		10	20		

4.2 The depreciation expense has been allocated as follows:

	Note	2014	2013
Cost of sales	27	265,262,427	246,271,898
Selling and distribution expenses	28	5,536,016	5,615,812
Administrative expenses	29	10,530,587	9,047,269
		281,329,030	260,934,979

4.3 Following items of property, plant and equipment were disposed off during the year:

	Cost	Accumulated depreciation	Net book amount	Sale proceeds	Gain	Particulars of buyer
			Rupees			
Mode of disposal - negotiation						
Vehicles						
Honda City						
	1,106,500	727,690	378,810	806,000	427,190	Muhammad Islam Khan
	845,000	687,627	157,373	830,000	672,627	Mrs. Shazia Kamran
Honda Civic						
	1,567,500	1,059,155	508,345	1,120,000	611,655	Shaikh M. Ilyas
Toyota Corolla						
	927,704	736,930	190,774	700,000	509,226	Yaseen Lakha
Suzuki Alto						
	710,000	328,770	381,230	700,000	318,770	EFU General Insurance Ltd
	776,000	323,184	452,816	776,000	323,184	EFU General Insurance Ltd
Suzuki Mehran						
	564,604	281,937	282,667	387,500	104,833	Usman Shahid
	504,000	282,808	221,192	349,500	128,308	Usman Shahid
	509,000	281,828	227,172	386,110	158,938	Usman Shahid
	519,000	275,386	243,614	396,500	152,886	Usman Shahid
	554,604	285,119	269,485	367,500	98,015	Usman Shahid
Sub-total	**8,583,912**	**5,270,434**	**3,313,478**	**6,819,110**	**3,505,632**	
Aggregate of assets disposed off having net book amount below Rs. 50,000 each						
Vehicles	163,033	98,214	64,819	80,500	15,681	
2014 - total	**8,746,945**	**5,368,648**	**3,378,297**	**6,899,610**	**3,521,313**	
2013 - total	15,139,620	10,818,401	4,321,219	12,343,729	8,022,510	

	Note	2014	2013
		Rupees	
4.4 Capital work-in-progress			
Civil works		**64,098,212**	138,042,322
Plant and machinery		**352,120,105**	109,139,969
Equipment and fittings		**-**	4,022,000
	4.4.1	**416,218,317**	251,204,291

4.4.1 Movement of capital work in progress:

	Civil works	Plant and machinery	Equipment and fittings	Total
	Rupees			
Balance as at July 1, 2012	152,872,681	10,254,819	1,857,680	164,985,180
Capital expenditure incurred during the year	157,356,375	351,629,027	14,363,487	523,348,889
Transferred to operating fixed assets	(172,186,734)	(252,743,877)	(12,199,167)	(437,129,778)
Balance as at June 30, 2013	138,042,322	109,139,969	4,022,000	251,204,291
Capital expenditure incurred during the year	210,657,620	950,346,455	1,659,306	1,162,663,381
Transferred to operating fixed assets	(284,601,730)	(707,366,319)	(5,681,306)	(997,649,355)
Balance as at June 30, 2014	**64,098,212**	**352,120,105**	**-**	**416,218,317**

	Note	2014	2013
		Rupees	

5 LONG TERM INVESTMENTS - in related parties

Investment in associated undertakings

	Note	2014	2013
Novelty Enterprises (Private) Limited	5.1	**229,724,069**	229,724,069
The Bank of Khyber	5.2	**1,085,647,801**	1,009,977,152
		1,315,371,870	1,239,701,221

5.1 Novelty Enterprises (Private) Limited

The Company holds 33% (2013: 33%) voting and equity interest in Novelty Enterprises (Private) Limited. The shares of Novelty Enterprises (Private) Limited are not publicly listed on a stock exchange and hence published price quotes are not available. The financial reporting date of Novelty Enterprises (Private) Limited is June 30.

"Total equity / net assets of Novelty Enterprises (Private) Limited as at June 30, 2014 based on un-audited financial statements amounted to Rs. 561.63 million (2013: Rs. 561.66 million based on audited financial statements)."

However, as per report of an independent valuer, Masud Associates report dated August 12, 2011 fair value of fixed assets of Novelty Enterprises (Private) Limited amounted to Rs. 730.48 million resulting in surplus on fixed assets of Rs. 196.767 million. Revised net assets after the revaluation surplus amounted to Rs. 758.40 million (2013: Rs. 758.43 million). Accordingly, the management is of the view that it would be able to recover carrying values of its investment.

Novelty Enterprises (Private) Limited has not commenced operations as of the reporting date and hence the investment is stated at cost.

5.2 The Bank of Khyber

The Company holds 8.6% (2013: 8.6%) voting and equity interest in the Bank of Khyber (the Bank). In addition to this, the Company also has representation on the Board of Directors of the Bank. The Bank concludes its annual financial results on December 31 as required by State Bank of Pakistan for financial institutions. However, respective amounts in these financial statements have been taken from reviewed financial statements of the Bank for the six-month periods ended June 30, 2014 and June 30, 2013.

The market value of holding in the Bank as on June 30, 2014 was Rs. 946.786 million (2013: Rs. 581.465 million). However, fair value based on price earning ratio as on June 30, 2014 was Rs. 1,035.116 million (2013: Rs. 964.456 million) and book value as of June 30, 2014 was Rs. 1,145.286 million (2013: Rs. 1,073.774 million).

5.3 These investments are accounted for under the equity method. The aggregate amount of the associates recognized in these financial statements are as follows:

	The Bank of Khyber		Novelty Enterprises (Private) Limited	
	2014	2013	2014	2013
	Rupees			
Balance as at July 1	**1,009,977,152**	879,417,548	**229,724,069**	229,724,069
Share of profit relating to profit and loss account	**106,362,483**	97,866,881	**-**	-
Share of profit relating to other comprehensive income	**(34,102,038)**	36,325,248	**-**	-
Related deferred tax on OCI	**3,410,204**	(3,632,525)	**-**	-
	(30,691,834)	32,692,723	**-**	-
Balance as at June 30	**1,085,647,801**	1,009,977,152	**229,724,069**	229,724,069

5.4 Summarized financial information in respect of the Company's associates as at June 30 is set out below:

	The Bank of Khyber		Novelty Enterprises (Private) Limited	
	2014	2013	**2014**	2013
	Rupees in 000			
Assets	**108,192,445**	85,559,764	561,764	561,791
Liabilities	**94,894,969**	73,092,752	130	130
Revenue	**3,272,480**	2,895,057	-	-
Profit attributable to the Company	**1,234,843**	1,136,280	-	-

All transfers of funds to the Company, i.e. distribution of cash dividends, are subject to approval by means of a resolution passed by the shareholders of the associates. The Company has not received any cash dividend during the year (2013: Rs. Nil).

The Company has not incurred any contingent liabilities or other commitments relating to its investments in associates.

6 LONG TERM DEPOSITS

	Note	**2014** Rupees	2013 Rupees
Lease		**44,939,230**	20,882,473
Less: Current maturity	11	**(4,371,649)**	(5,119,900)
		40,567,581	15,762,573
Utilities		**9,172,633**	9,815,937
Others		**3,048,033**	1,888,033
		52,788,247	27,466,543

7 STORES AND SPARES

	Note	**2014**	2013
Stores	7.1	**46,670,650**	46,742,541
Spare parts	7.1	**18,642,090**	17,086,432
Diesel and liquefied petroleum gas (LPG)	7.1	**1,759,357**	1,526,781
Others	7.1	**4,686,979**	636,905
		71,759,076	65,992,659

7.1 Reconciliation of provision for slow moving spare parts

	Note	**2014** Stores	**2014** Spare parts	**2014** Diesel and LPG	**2014** Others
		Rupees			
Stock - gross		**53,102,070**	**18,642,090**	**1,759,357**	**4,686,979**
Provision for slow moving					
- opening		**(5,906,420)**	-	-	-
- charge for the year	27.3	**(525,000)**	-	-	-
- closing		**(6,431,420)**	-	-	-
Stock - net		**46,670,650**	**18,642,090**	**1,759,357**	**4,686,979**

	Note	2013			
		Stores	Spare parts	Diesel and LPG	Others
		------------------------------ Rupees ---------------------------			
Stock - gross		52,648,961	17,086,432	1,526,781	636,905
Provision for slow moving					
- opening		(5,006,420)	-	-	-
- charge for the year	27.3	(900,000)	-	-	-
- closing		(5,906,420)	-	-	-
Stock - net		46,742,541	17,086,432	1,526,781	636,905

7.2 The Company has not charged provision for obsolescence in 'spare parts', 'diesel and liquified petroleum gas' and 'others' as the market value of these are more than their stated cost.

	Note	**2014**	2013
		Rupees	
8 STOCK-IN-TRADE			
Raw materials	8.1	**2,815,057,649**	2,748,855,278
Packing materials	8.1	**551,325,405**	461,164,318
Work-in-process	27	**50,192,156**	18,970,972
Finished goods	8.1	**1,582,408,310**	1,438,574,927
		4,998,983,520	4,667,565,495

8.1

	Note	**2014**		
		Raw materials	**Packing materials**	**Finished goods**
		---------------------- Rupees --------------------		
Stock-in-trade (gross)		**2,828,461,927**	**688,145,405**	**1,582,408,310**
Provision for slow moving				
- opening		**(13,404,278)**	**(106,820,000)**	**-**
- charge for the year	27.2	**-**	**(30,000,000)**	**-**
- closing		**(13,404,278)**	**(136,820,000)**	**-**
Stock-in-trade (net)		**2,815,057,649**	**551,325,405**	**1,582,408,310**

8.1.1

	Note	2013		
		Raw materials	Packing materials	Finished goods
		---------------------- Rupees --------------------		
Stock-in-trade (gross)		2,762,259,556	567,984,318	1,438,574,927
Provision for slow moving				
- opening		(7,766,379)	(74,420,000)	-
- charge for the year	27.1 & 27.2	(5,637,899)	(32,400,000)	-
- closing		(13,404,278)	(106,820,000)	-
Stock-in-trade (net)		2,748,855,278	461,164,318	1,438,574,927

9 TRADE DEBTS

	Note	2014	2013
		Rupees	
Considered good			
- secured (export debtors)		43,295,802	30,882,991
- unsecured		846,421,373	446,377,251
		889,717,175	477,260,242
Considered doubtful		28,264,885	23,314,885
Trade debts - gross		917,982,060	500,575,127
Provision for doubtful - opening balance		(23,314,885)	(15,213,824)
Write-off against provision		-	(1,061)
Charge for the year	28	(4,950,000)	(8,100,000)
Provision for doubtful - closing balance		(28,264,885)	(23,314,885)
Trade debts - net		889,717,175	477,260,242

9.1 Certain trade debts were found to be doubtful and provision has been recorded accordingly. The doubtful trade debts are mostly due from customers in the business-to-business market.

9.2 Age analysis

	2014	2013
	Rupees	
More than 45 days but not more than 3 months	51,276,124	64,352,615
More than 3 months but not more than 6 months	50,676,060	63,684,090
More than 6 months but not more than 1 year	21,876,329	23,314,885
	123,828,513	151,351,590

9.3 As at June 30, 2014, trade debts amounting to Rs. Nil (2013: Rs. Nil) are due from related parties including directors, chief executive and executives of the Company.

10 ADVANCES - considered good

	Note	2014	2013
		Rupees	
Secured, considered good			
- advances to employees	10.1	7,541,162	9,025,802
- advance against shares	10.2	10,000,000	-
Unsecured			
- advances to suppliers		79,494,778	58,154,222
- advances to others		4,169,717	3,577,707
		101,205,657	70,757,731

10.1 These include advances to employees against salary. These advances are interest-free and secured against gratuity and are repayable on monthly basis. The reconciliation of amounts due from executives and non-executives of the Company is given as follows:

	2014	2013
	Rupees	
Amount due from executives		
Opening balance	1,230,000	270,000
Disbursement during the year	645,000	1,500,000
Repayments during the year	(1,440,000)	(540,000)
Closing balance	435,000	1,230,000
Amount due from other than executives		
Opening balance	7,795,802	8,735,344
Disbursement during the year	20,700,864	6,651,061
Repayments during the year	(21,390,504)	(7,590,603)
Closing balance	7,106,162	7,795,802

10.2 This represents deposit of margin money on the basis of offer for sale document for Government of Pakistan's (GoP) shareholding in Pakistan Petroleum Limited. The Government of Pakistan through Privatisation Commission of Pakistan is divesting ordinary shares of Pakistan Petroleum Limited through book building process to institutional investors and High-Net-Worth individuals. Subsequent to the balance sheet date 181,500 shares have been allotted to the Company at strike price of Rs. 219 per share. Also refer note 24.2.

10.3 As at June 30, 2014, a sum of Rs. Nil (2013: Rs. Nil) is advanced to a related party excluding directors, chief executive and executives of the Company.

	Note	2014	2013
		Rupees	

11 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2014	2013
Trade deposits - unsecured		**3,241,049**	1,864,999
Short term prepayments		**423,360**	302,500
Current maturity of lease deposits	6	**4,371,649**	5,119,900
		8,036,058	7,287,399

12 OTHER RECEIVABLES

	Note	2014	2013
Export rebate		**26,728,019**	25,857,956
Collector of customs		**-**	14,943,715
Federal excise duty		**656,663**	1,022,870
Other receivables		**3,455,900**	-
		30,840,582	41,824,541

12.1 Other receivables have been reviewed for impairment and none have been found to be impaired.

13 TAXATION - net

	Note	2014	2013
Advance income tax		**304,548,525**	172,664,637
Provision for taxation	35	**(40,613,392)**	(55,888,640)
		263,935,133	116,775,997

14 CASH AND BANK BALANCES

	Note	2014	2013
Cash in hand		**1,663,636**	1,115,919
Cash with banks in:			
- current accounts		**21,935,308**	28,281,204
		23,598,944	29,397,123

15 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2014 (Number of shares)	2013 (Number of shares)		2014	2013
50,520,750	50,520,750	Ordinary shares of Rs. 10 each fully paid in cash	**505,207,500**	505,207,500

16 RESERVES

	Note	2014	2013
Capital Reserve			
- Share premium	16.1	**579,265,000**	579,265,000
- Share of AFS remeasurement from associate		**13,296,291**	43,988,125
Revenue Reserve			
- Unappropriated profit		**2,155,365,472**	1,661,252,811
		2,747,926,763	2,284,505,936

16.1 This represents share premium on right shares issued @ Rs. 20 per share. This reserve can be utilized by the Company for the purpose specified in section 83(2) of the Companies Ordinance, 1984.

	Note	2014	2013
		Rupees	
17 DIRECTORS' LOAN - subordinated	17.1	**352,151,770**	352,151,770

17.1 This represents unsecured interest free loans from the directors of the Company. The directors have entered into agreements with the Company and various banks in which they have undertaken to sub-ordinate their loans and their claims over Company's assets. There has been no movement in the amount during the year. These are long term loans and will be repaid when all the long term borrowings will mature.

18 LONG TERM FINANCES - secured

Financier / Facility type	Installments mode	Repayment period	Mark-up (Rate)	Number of installments	2014	2013
					Rupees	
Loans from banking companies and financial institutions						
Habib Bank Limited						
- Term finance	Monthly	2011-2015	1 month KIBOR + 1.75%	52	**49,999,999**	100,000,000
- Term finance	Quarterly	2012-2017	3 month KIBOR + 1.75%	19	**71,052,631**	102,631,579
- Islamic financing	Monthly	2014-2018	1 month KIBOR + 1% plus 1.75%	48	**200,000,000**	200,000,000
- Term finance	Monthly	2013-2017	1 month KIBOR + 1.60%	42	**138,095,237**	195,238,095
Bank Al-Habib Limited						
- Term finance	Monthly	2014-2019	1 month KIBOR + 1%	48	**150,000,000**	-
- Term finance	Monthly	2011-2015	3 month KIBOR + 1%	48	**-**	7,583,333
- Term finance	Monthly	2011-2015	3 month KIBOR + 1%	48	**-**	6,708,333
MCB Bank Limited						
- Term finance	Monthly	2011-2015	1 month KIBOR + 1.5%	48	**7,500,000**	22,500,000
- Term finance	Monthly	2014-2018	1 month KIBOR + 1.5%	54	**99,556,000**	112,000,000
NIB Bank Limited						
- Term finance	Monthly	2014-2017	1 month KIBOR + 1.5%	42	**117,856,950**	150,000,000
United Bank Limited						
- Term finance	Monthly	2008-2013	1 month KIBOR + 1.2%	60	**-**	4,166,647
- Term finance	Monthly	2011-2016	1 month KIBOR + 1%	60	**17,499,975**	27,499,984
Allied Bank Limited						
- Term finance	Monthly	2015-2020	3 month KIBOR + 1%	60	**244,656,104**	-
- Term finance	Monthly	2011-2016	3 month KIBOR + 1.5%	60	**153,333,358**	233,333,350
- Term finance	Monthly	2011-2016	3 month KIBOR + 1.5%	60	**58,333,318**	108,333,322
Pak Brunei Investment Company Limited						
- Term finance	Quarterly	2011-2015	3 month KIBOR + 1.5%	18	**22,222,216**	44,444,440
Pak Oman Investment Company Limited						
- SBP - LTFF	Quarterly	2014-2018	SBP LTFF rate + 2%	20	**166,566,000**	68,614,000
- Term finance	Monthly	2014-2019	1 month KIBOR + 1%	60	**196,666,667**	-
Bank Alfalah Limited	Monthly	2014-2018	3 month KIBOR + 1%	60	**160,000,000**	200,000,000
Soneri Bank Limited	Monthly	2014-2018	1 month KIBOR + 1%	48	**100,000,000**	-
The Bank of Punjab	Monthly	2014-2018	1 month KIBOR + 1%	48	**200,000,000**	-
Dubai Islamic Bank Pakistan Limited	Monthly	2014-2019	1 month KIBOR + 1%	60	**295,000,000**	-
JS Bank Limited	Monthly	2014-2017	1 month KIBOR + 1.25%	42	**47,976,191**	65,000,000
					2,496,314,646	1,648,053,083
Less: Current portion of long term finances shown under current liabilities					**(729,765,756)**	(443,528,159)
					1,766,548,890	1,204,524,924

18.1 These represent financings for property, plant, and equipment. The above mentioned facilities are secured by way of creation of equitable mortgage and first pari-passu / ranking charge over present and future current assets and fixed assets of the Company and personal guarantees of the sponsoring directors.

19 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

Under the agreements, lease rentals are payable in 36 to 60 equal monthly installments. Taxes, repairs, replacement and insurance costs, if any, are borne by the Company. The financings carry mark-up at rates ranging from 10.30% to 15.31% (2013: 10.30% to 15.31%) per annum approximately which have been used as a discounting factor. The Company has the option to purchase the asset upon completion of the lease period.

The net carrying amount of the assets held under finance lease arrangement is Rs. 212.400 million (2013: Rs. 147.295 million) (refer note 4.1).

These are secured against deposits of Rs 26.131 million (2013: Rs 20.882 million), title of ownership of leased assets and personal guarantees of all the directors of the Company.

The minimum lease payments for which the Company has committed to pay in future under the lease agreements are due as follows:

	2014			2013		
	Minimum lease payments	Financial charges allocated	Present value of minimum lease	Minimum lease payments	Financial charges allocated	Present value of lease payments
	---------- (Rupees) ----------					
Up to one year	**68,696,642**	**12,617,981**	**56,078,661**	47,467,430	8,118,694	39,348,736
Later than one year but not later than five years	**118,430,973**	**12,882,080**	**105,548,893**	75,007,224	5,824,192	69,183,032
	187,127,615	**25,500,061**	**161,627,554**	122,474,654	13,942,886	108,531,768

20 DEFERRED LIABILITIES

	Note	2014	2013
		Rupees	
Provision for staff gratuity scheme - unfunded	20.1	**60,300,119**	46,968,464
Deferred tax liability	20.2	**519,963,731**	486,924,386
		580,263,850	533,892,850

20.1 Staff retirement benefits - unfunded

In accordance with the requirements of IAS-19 "Employee Benefits", actuarial valuation was carried out as at June 30, 2014, using the "Projected Unit Credit Method". Provision has been made in the financial statements to cover obligations in accordance with the actuarial recommendations. Details of significant assumptions used for the valuation and disclosures in respect of above-mentioned schemes are as follows:

20.1.1 Significant acturial assumptions

	2014	2013
Financial assumptions		
Discount rate (per annum)	**13.00%**	12.00%
Expected rate of increase in salaries (per annum)	**13.00%**	11.00%
Demographic assumptions		
Mortality rates (for death in service)	**SLIC 2001-2005**	EFU 61-66
Retirement assumption	**60 years**	60 years

	Note	2014	2013
		Rupees	
			(Restated)

20.1.2 Balance sheet reconciliation

	Note	2014	2013
Present value of defined benefit obligation	20.1.3	60,300,119	46,968,464
Fair value of plan assets		-	-
Net liability in balance sheet		60,300,119	46,968,464

20.1.3 Movement in the defined benefit obligation

	Note	2014	2013
Present value of defined benefit obligation as at July 1		46,968,464	34,073,599
Current service cost		10,021,118	8,133,288
Interest cost		4,880,226	3,657,769
Remeasurement on obligation	20.1.7	11,030,137	10,726,700
Payable - against final settlement		-	(1,783,951)
Payments during the year		(12,599,826)	(7,838,941)
Present value of defined benefit obligation as at June 30		60,300,119	46,968,464

20.1.4 Movement in the net liability in the balance sheet is as follows:

	Note	2014	2013
Opening balance of net liability		46,968,464	34,073,599
Charge for the year	20.1.5	14,901,344	11,791,057
Remeasurements recognised in 'Other Comprehensive Income'	20.1.7	11,030,137	10,726,700
Payments during the year		(12,599,826)	(9,622,892)
Closing balance of net liability		60,300,119	46,968,464

20.1.5 The amounts recognized in the profit and loss account against defined benefit scheme are as follows:

	2014	2013
Current service cost	10,021,118	8,133,288
Interest cost	4,880,226	3,657,769
Expected return on plan assets	-	-
Charge for the year	14,901,344	11,791,057

20.1.6 For the year ending June 30, 2015, expected provisions to the staff retirement benefit scheme is Rs. 18.65 million.

20.1.7 Remeasurement recognised in 'other comprehensive income'

	2014	2013
Experience losses	11,030,137	10,726,700
Remeasurement of fair value of plan assets	-	-
	11,030,137	10,726,700
Related deferred tax	(3,750,247)	(3,647,078)
	7,279,890	7,079,622

20.1.8 Amounts for the current and previous four years are as follows:

Comparison for five years	2013	2012	2011	2010	2009
	Rupees				
Present value of defined benefit obligation	46,968,464	34,073,599	27,785,921	24,927,475	22,444,570

20.1.9 The sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
		--------------Rupees--------------	
Discount rate	1%	(53,542,160)	68,355,847
Salary growth rate	1%	68,278,823	(53,486,926)

20.1.10 The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the staff retirement gratuity recognised within the balance sheet.

	Note	2014	2013
		Rupees	
			(Restated)

20.2 Deferred taxation

	Note	2014	2013
Credit balance arising in respect of:			
- accelerated tax depreciation allowances		565,358,842	531,494,644
Debit balance arising in respect of:			
- provision for gratuity		(20,502,006)	(16,290,949)
- provision for doubtful debts		(9,562,332)	(8,160,210)
- investment in associates		37,932,165	24,026,645
- provision for stock in trade		(53,262,938)	(44,145,744)
Deferred tax liability		519,963,731	486,924,386

21 TRADE AND OTHER PAYABLES

	Note	2014	2013
Trade creditors		326,363,992	377,218,884
Accrued liabilities		89,204,701	82,236,651
Workers' profit participation fund	21.1	32,343,091	31,112,405
Workers' welfare fund		12,097,583	24,601,692
Unclaimed dividend		938,735	871,771
Sales tax payable		43,275,105	17,553,345
Other liabilities		4,529,200	2,358,630
		508,752,407	535,953,378

21.1 Workers' profit participation fund

	Note	2014	2013
Balance at beginning of the year		31,112,405	37,300,607
Contribution for the year	30	31,135,486	30,159,483
Interest on funds utilized in the Company's business	32	1,209,436	954,753
		63,457,327	68,414,843
Less: Payments made during the year		(31,114,236)	(37,302,438)
Balance at end of the year		32,343,091	31,112,405

22 ACCRUED MARK-UP

	Note	2014	2013
Accrued mark-up on:			
long term finances - secured		14,487,394	12,441,624
short term finances - secured		94,320,398	99,779,297
liabilities against assets subject to finance lease - secured		-	14,636
		108,807,792	112,235,557

	Note	2014	2013
		Rupees	

23 SHORT TERM FINANCES - Secured

	Note	2014	2013
From banking companies			
Term finances	23.1	3,178,173,624	1,916,779,227
Export refinances	23.2	380,000,000	310,000,000
Running finance utilized under mark-up arrangements	23.3	511,593,665	1,332,415,164
		4,069,767,289	3,559,194,391

23.1 These represent facilities for term finances arranged from various banks/financial institutions aggregating to Rs. 3,884 million (2013: Rs. 2,145 million). These are secured against pari-passu / ranking hypothecation over stocks and book debts of the Company along with the personal guarantees of the directors. These carry mark-up at the rates ranging from 9.08% to 11.29% per annum (2013: 9.76% to 13.47% per annum).

23.2 These represents facilities for export refinance arranged from various banks aggregating to Rs. 380 million (2013: Rs. 310 million). These are secured against pari-passu hypothecation of stocks, book debts and lien on export letters of credits of the Company along with the personal guarantees of the directors. These carry mark-up at the rate of 1% above the State Bank of Pakistan (SBP) rate per annum (2013: 1% above SBP rate per annum).

23.3 The facilities for running finances available from various banks aggregated to Rs. 2,425 million (2013: Rs. 1,975 million). These are secured against pari-passu / ranking hypothecation of stocks and book debts and personal guarantees of the directors. These carry mark-up at the rates ranging from 9.97% to 11.67% per annum (2013: 10.31% to 13.99% per annum).

24 CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1 The Company has two labour matters pending in different courts of Balochistan for reinstatement. No liability has been booked against these claims as the management of the Company, based on the advice of its legal advisor, is of the opinion that matters will be decided in the Company's favour.

24.1.2 The Company has filed a suit against a debtor for recovery of Rs. 960,450. The suit was decreed in favour of the Company but as the debtor didn't have any tangible property within the territorial jurisdiction of court at Hub the case has been transferred to the District Judge, Lahore for execution. As the case has been decided in favour of the Company and the debtor is being pursued to pay the decretal amount, the amount due has not been written off.

24.1.3 A suit for Rs. 20 million has been filed against the Company and Lasbella Industrial Estates Development Authority for illegal allotment of Plot No. C-386 Hub Industrial Trading Estate (HITE). No provision has been made in these financial statements against this aforementioned amount as the management of the Company, based on the advice of its legal counsel, is of the opinion that the case will be decided in the Company's favour.

24.2 Commitments

	Note	2014	2013
		Rupees	
Outstanding letters of guarantee		135,199,254	115,842,850
Against purchase of shares	10	29,748,500	-
Outstanding letters of credit for:			
- capital expenditure		113,185,773	362,212,368
- others		482,917,920	453,888,334
Against finance lease agreement		3,998,331	-
Rentals under Ijarah contracts			
Not later than one year		44,508,327	-
Over one year to five years		152,476,241	-
		196,984,568	-

	Note	Food segment		Plastic segment		Total	
		2014	2013	**2014**	2013	**2014**	2013
		----------Rupees----------					
25 OPERATING RESULTS							
Sales							
Local sales		**10,821,116,299**	9,994,166,059	**1,488,785,793**	1,187,580,468	**12,309,902,092**	11,181,746,527
Inter-segment sales		**-**	-	**247,881,554**	266,718,597	**247,881,554**	266,718,597
Export sales		**753,413,960**	949,735,655	**-**	14,359,818	**753,413,960**	964,095,473
		11,574,530,259	10,943,901,714	**1,736,667,347**	1,468,658,883	**13,311,197,606**	12,412,560,597
Sales returns and discounts		**(540,341,513)**	(583,957,311)	**(4,458,784)**	(7,205,403)	**(544,800,297)**	(591,162,714)
		11,034,188,746	10,359,944,403	**1,732,208,563**	1,461,453,480	**12,766,397,309**	11,821,397,883
Add: Export rebate		**14,246,362**	15,679,521	**(385)**	474,024	**14,245,977**	16,153,545
Sales tax		**(1,535,873,260)**	(1,230,267,159)	**(219,920,857)**	(163,089,568)	**(1,755,794,117)**	(1,393,356,727)
		9,512,561,848	9,145,356,765	**1,512,287,321**	1,298,837,936	**11,024,849,169**	10,444,194,701
Cost of sales	27	**7,568,812,159**	7,343,317,979	**1,319,775,674**	1,125,995,493	**8,888,587,833**	8,469,313,473
Gross profit		**1,943,749,689**	1,802,038,786	**192,511,647**	172,842,443	**2,136,261,336**	1,974,881,228
Selling and distribution expenses	28	**(917,830,669)**	(819,237,389)	**(36,822,379)**	(33,852,030)	**(954,653,048)**	(853,089,419)
Administrative expenses	29	**(114,947,170)**	(101,161,323)	**(796,663)**	(1,202,023)	**(115,743,833)**	(102,363,346)
		(1,032,777,839)	(920,398,712)	**(37,619,042)**	(35,054,053)	**(1,070,396,881)**	(955,452,765)
Operating profit		**910,971,850**	881,640,074	**154,892,605**	137,788,390	**1,065,864,455**	1,019,428,463
Other operating expense	30					**(44,565,097)**	(64,213,973)
Other income	31					**71,186,305**	63,541,108
Finance cost	32					**(619,105,437)**	(576,547,636)
Share of profit from associate	5.3					**106,362,483**	97,866,881
Profit before tax						**579,742,709**	540,074,843
Taxation	35					**(77,478,031)**	(181,956,718)
Profit for the year						**502,264,678**	358,118,125

		Food segment		Plastic segment		Total	
		2014	2013	**2014**	2013	**2014**	2013
		----------Rupees----------					
25.1	Segment assets	**8,086,076,676**	6,584,631,270	**2,118,257,987**	1,777,793,079	**10,204,334,663**	8,362,424,349
25.2	Unallocated assets	**-**	-	**-**	-	**1,394,716,490**	1,301,085,611
		8,086,076,676	6,584,631,270	**2,118,257,987**	1,777,793,079	**11,599,051,153**	9,663,509,960
			(Restated)				(Restated)
25.3	Segment liabilities	**3,254,581,995**	2,903,404,391	**1,561,277,194**	1,374,731,126	**4,815,859,189**	4,278,135,517
25.4	Unallocated liabilities	**-**	-	**-**	-	**3,530,057,701**	2,595,661,007
		3,254,581,995	2,903,404,392	**1,561,277,194**	1,374,731,126	**8,345,916,890**	6,873,796,524
25.5	Non-cash items						
	-depreciation	**262,059,268**	240,644,498	**19,269,762**	20,290,481	**281,329,030**	260,934,979
	-others	**12,788,533**	9,749,195	**2,112,811**	2,041,862	**14,901,344**	11,791,057
		274,847,801	250,393,693	**21,382,573**	22,332,343	**296,230,374**	272,726,036
25.6	Capital expenditure	**1,185,322,667**	529,735,092	**22,718,541**	126,250	**1,208,041,208**	529,861,342

25.7 Inter-segment pricing

Transactions among the business segments are recorded at estimated cost.

25.8 The Company's export sales have been primarily made to countries in the Middle East, Africa and South Asia. However, no material amount of export sales have been made to any one or more particular countries.

25.9 There were no major customers of the Company which constituted 10 percent or more of the Company's revenue.

26 RECONCILIATION OF REPORTABLE SEGMENT SALES, COST OF SALES, ASSETS AND LIABILITIES

26.1 Sales

	Note	2014 Rupees	2013 Rupees
Total sales for reportable segments	25	12,780,643,286	11,837,551,428
Elimination of inter-segments sales	25	(247,881,554)	(266,718,597)
Total sales		12,532,761,732	11,570,832,831

26.2 Cost of sales

	Note	2014 Rupees	2013 Rupees
Total cost of sales for reportable segments	27	8,888,587,833	8,469,313,473
Elimination of inter-segments purchases	27.2	(247,881,554)	(266,718,597)
Total cost of sales		8,640,706,279	8,202,594,876

26.3 Assets

	Note	2014 Rupees	2013 Rupees
Total assets for reportable segments	25.1	10,204,334,663	8,362,424,349
Administrative capital assets		79,344,620	61,384,390
Long term investments	5	1,315,371,870	1,239,701,221
Total assets		11,599,051,153	9,663,509,960

26.4 Liabilities

	Note	2014 Rupees	2013 Rupees (Restated)
Total liabilities for reportable segments	25.3	4,815,859,189	4,278,135,518
Directors' loan - subordinated	17	352,151,770	352,151,770
Deferred liabilities	20.2	519,963,731	486,924,386
Long term finance	18	2,496,314,646	1,648,053,083
Liabilities against assets subject to finance lease	19	161,627,554	108,531,768
Total liabilities		8,345,916,890	6,873,796,525

	Note	Food segment 2014	Food segment 2013	Plastic segment 2014	Plastic segment 2013	Total 2014	Total 2013
		---Rupees---					
27 COST OF SALES							
Raw materials consumed	27.1	3,775,995,162	3,748,048,644	1,153,020,109	942,191,459	4,929,015,271	4,690,240,103
Packing materials consumed	27.2	2,735,714,263	2,385,441,554	25,473,902	25,179,171	2,761,188,165	2,410,620,725
Stores and spares consumed	27.3	111,309,976	100,772,530	17,082,454	21,115,266	128,392,430	121,887,796
Salaries, wages and other benefits		382,618,092	404,515,455	34,022,565	31,386,186	416,640,657	435,901,641
Electricity, gas, fuel and lubricants		308,500,780	237,388,021	60,440,511	62,910,164	368,941,291	300,298,185
Repairs and maintenance		20,408,985	14,703,193	3,863,734	2,306,478	24,272,719	17,009,671
Cold storage - rent & maintenance		1,854,118	1,823,000	-	-	1,854,118	1,823,000
Printing and stationery		105,885	93,652	6,189	2,057	112,074	95,709
Insurance		13,927,150	12,375,224	1,521,883	1,595,293	15,449,033	13,970,517
Rent, rates and taxes		8,662,414	1,372,051	350,994	373,256	9,013,408	1,745,307
Water charges		11,078,048	6,662,019	265,209	217,158	11,343,257	6,879,177
Postage and telephone		1,534,903	1,259,810	133,570	188,395	1,668,473	1,448,205
Travelling and conveyance		2,397,320	1,014,245	-	2,100	2,397,320	1,016,345
Vehicle running and maintenance		8,468,337	8,201,890	791,331	880,024	9,259,668	9,081,914
Depreciation	4.2	246,051,802	226,044,484	19,210,625	20,227,414	265,262,427	246,271,898
Laboratory expenses		1,301,042	626,039	-	-	1,301,042	626,039
Fees and subscription		998,585	710,807	8,000	-	1,006,585	710,807
Cartage		3,565,836	3,049,120	-	-	3,565,836	3,049,120
Procurement expenses		2,061,349	1,880,092	-	-	2,061,349	1,880,092
Processing charges		-	-	40,535,842	-	40,535,842	-
Other manufacturing expenses		590,954	1,271,795	36,555	-	627,509	1,271,795
		7,637,145,001	7,157,253,625	1,356,763,473	1,108,574,421	8,993,908,474	8,265,828,046
Work-in-process at the beginning	8	12,075,091	11,738,801	6,895,881	19,226,706	18,970,972	30,965,507
Work-in-process at the end	8	(12,541,484)	(12,075,091)	(37,650,672)	(6,895,881)	(50,192,156)	(18,970,972)
		(466,393)	(336,290)	(30,754,791)	12,330,825	(31,221,184)	11,994,535
Cost of goods manufactured		7,636,678,608	7,156,917,335	1,326,008,682	1,120,905,246	8,962,687,290	8,277,822,581
Stock of finished goods at beginning of the year	8	1,435,992,591	1,557,597,346	2,582,336	7,672,583	1,438,574,927	1,565,269,929
Purchase of finished goods		69,733,927	64,795,889	-	-	69,733,927	64,795,889
Stock of finished goods at end of the year	8	(1,573,592,967)	(1,435,992,591)	(8,815,344)	(2,582,336)	(1,582,408,311)	(1,438,574,927)
		(67,866,449)	186,400,644	(6,233,008)	5,090,247	(74,099,457)	191,490,891
		7,568,812,159	7,343,317,979	1,319,775,674	1,125,995,493	8,888,587,833	8,469,313,472

27.1 Raw materials consumed

	Note	Food segment 2014	Food segment 2013	Plastic segment 2014	Plastic segment 2013	Total 2014	Total 2013
Stock of raw materials at beginning of the year	8	1,816,491,733	1,320,892,703	945,767,823	993,950,329	2,762,259,556	2,314,843,032
Purchases		3,801,750,595	4,215,196,397	1,168,834,566	892,505,653	4,970,585,161	5,107,702,050
Cartage inward		28,766,974	25,734,143	-	3,300	28,766,974	25,737,443
Purchase discount		(4,134,493)	(1,420,765)	-	-	(4,134,493)	(1,420,765)
		5,642,874,809	5,560,402,478	2,114,602,389	1,886,459,282	7,757,477,198	7,446,861,760
Provision for the year	8.1	-	4,137,899	-	1,500,000	-	5,637,899
Stock of raw materials at end of the year	8	(1,866,879,647)	(1,816,491,733)	(961,582,280)	(945,767,823)	(2,828,461,927)	(2,762,259,556)
		3,775,995,162	3,748,048,644	1,153,020,109	942,191,459	4,929,015,271	4,690,240,103

27.2 Packing materials consumed

	Note	Food segment 2014	Food segment 2013	Plastic segment 2014	Plastic segment 2013	Total 2014	Total 2013
Stock of packing materials at beginning of the year	8	566,044,414	555,820,076	1,939,904	2,519,569	567,984,318	558,339,645
Purchases		2,579,584,272	2,098,363,312	25,375,766	24,332,606	2,604,960,038	2,122,695,918
Cartage inward		-	25,001	258,000	266,900	258,000	291,901
Inter-segment purchases	26.2	247,881,554	266,718,597	-	-	247,881,554	266,718,597
Purchase discount		(1,750,340)	(1,841,018)	-	-	(1,750,340)	(1,841,018)
		3,391,759,900	2,919,085,968	27,573,670	27,119,075	3,419,333,570	2,946,205,043
Provision for the year	8.1	30,000,000	32,400,000	-	-	30,000,000	32,400,000
Stock of packing materials at end of the year	8.1	(686,045,637)	(566,044,414)	(2,099,768)	(1,939,904)	(688,145,405)	(567,984,318)
		2,735,714,263	2,385,441,554	25,473,902	25,179,171	2,761,188,165	2,410,620,725

	Note	Food segment 2014	Food segment 2013	Plastic segment 2014	Plastic segment 2013	Total 2014	Total 2013
		--------	--------	--------Rupees--------	--------	--------	--------

27.3 Stores and spares consumed

	Note	Food segment 2014	Food segment 2013	Plastic segment 2014	Plastic segment 2013	Total 2014	Total 2013
Stock of stores and spares at beginning of the year	7	52,656,037	45,789,596	17,079,356	11,013,230	69,735,393	56,802,826
Purchases		119,121,264	106,709,380	10,627,038	27,169,503	129,748,302	133,878,883
Cartage inward		322,683	280,822	34,077	12,215	356,760	293,037
Purchase discounts		(226,965)	(251,231)	(1,900)	(326)	(228,865)	(251,557)
		171,873,019	152,528,567	27,738,571	38,194,622	199,611,590	190,723,189
Provision for the year	7.1	525,000	900,000	-	-	525,000	900,000
Stock of stores and spares at end of the year	7	(61,088,043)	(52,656,037)	(10,656,117)	(17,079,356)	(71,744,160)	(69,735,393)
		111,309,976	100,772,530	17,082,454	21,115,266	128,392,430	121,887,796

28 SELLING AND DISTRIBUTION EXPENSES

	Note	Food segment 2014	Food segment 2013	Plastic segment 2014	Plastic segment 2013	Total 2014	Total 2013
Salaries and other benefits		201,900,614	228,948,697	9,230,396	8,271,939	211,131,010	237,220,636
Cartage outward		323,248,869	188,639,873	18,963,136	15,250,317	342,212,005	203,890,190
Export expenses		71,618,985	76,659,966	14,883	237,316	71,633,868	76,897,282
Advertisements		195,842,245	244,318,688	-	-	195,842,245	244,318,688
Entertainment		2,216,532	1,336,564	204,040	184,705	2,420,572	1,521,269
Vehicle running and maintenance		57,195,476	22,953,432	1,173,368	1,141,104	58,368,844	24,094,536
Printing and stationery		4,070,279	6,787,570	95,050	72,513	4,165,329	6,860,083
Postage and telephone		6,998,835	9,539,208	439,237	610,676	7,438,072	10,149,884
Conveyance and travelling		7,607,319	10,911,160	886,240	1,840,215	8,493,559	12,751,375
Samples		492,964	1,089,644	-	-	492,964	1,089,644
Utilities		4,626,199	4,567,297	181,000	156,490	4,807,199	4,723,787
Repairs and maintenance		966,244	858,147	627,535	557,725	1,593,779	1,415,872
Rent		31,137,626	10,894,493	732,050	529,500	31,869,676	11,423,993
Depreciation	4.2	5,478,311	5,554,472	57,705	61,340	5,536,016	5,615,812
Insurance		2,809,263	1,718,915	364,942	434,955	3,174,205	2,153,870
Fees and subscription		-	300,000	-	-	-	300,000
Provision for doubtful trade debts	9	1,350,000	3,600,000	3,600,000	4,500,000	4,950,000	8,100,000
Miscellaneous		270,908	559,263	252,797	3,235	523,705	562,498
		917,830,669	819,237,389	36,822,379	33,852,030	954,653,048	853,089,419

29 ADMINISTRATIVE EXPENSES

	Note	Food segment 2014	Food segment 2013	Plastic segment 2014	Plastic segment 2013	Total 2014	Total 2013
Salaries and other benefits including director's remuneration		67,763,637	50,065,451	553,345	651,053	68,316,982	50,716,504
Conveyance and travelling		2,560,822	9,541,357	64,950	310	2,625,772	9,541,667
Postage and telephone		5,800,833	3,940,169	11,831	147,054	5,812,664	4,087,223
Printing and stationery		2,676,627	3,442,144	3,750	7,100	2,680,377	3,449,244
Repairs and maintenance		2,990,462	2,171,404	-	50,000	2,990,462	2,221,404
Electricity and utilities		5,669,229	5,814,564	-	-	5,669,229	5,814,564
Insurance		2,807,562	1,689,640	24,405	45,741	2,831,967	1,735,381
Advertisement		746,071	593,690	-	-	746,071	593,690
Entertainment		646,010	800,178	255	270	646,265	800,448
Vehicle running and maintenance		7,214,438	5,451,369	22,300	43,885	7,236,738	5,495,254
Rent, rates and taxes		1,323,750	1,243,447	36,000	-	1,359,750	1,243,447
Fee and subscription		1,776,359	1,009,625	62,395	216,883	1,838,754	1,226,508
Legal and professional charges		2,270,527	6,230,479	16,000	38,000	2,286,527	6,268,479
Depreciation	4.2	10,529,155	9,045,542	1,432	1,727	10,530,587	9,047,269
General meeting expenses		171,688	122,264	-	-	171,688	122,264
		114,947,170	101,161,323	796,663	1,202,023	115,743,833	102,363,346

	Note	2014	2013
		Rupees	

30 OTHER OPERATING EXPENSES

	Note	2014	2013
Contribution to:			
- workers' profits participation fund	21.1	31,135,486	30,159,483
- workers' welfare fund		11,831,485	24,517,022
Auditors' remuneration	30.1	1,032,343	941,143
Exchange loss		-	8,438,325
Donations	30.2	540,000	158,000
Other		25,783	-
		44,565,097	64,213,973

30.1 Auditor's remuneration

	2014	2013
- audit fee	700,000	600,000
- fee for other certification	26,000	-
- fee for half yearly review	150,000	150,000
- out-of-pocket expenses	156,343	191,143
	1,032,343	941,143

30.2 None of the directors or their spouses had any interest in the donees.

31 OTHER INCOME

	Note	2014	2013
Profit on cross currency swap		-	3,377,065
Income from non-financial assets			
Recovery from sale of production scrap		38,690,919	25,548,161
Gain on disposal of property, plant and equipment	4.3	3,521,313	8,022,510
Processing income		24,780,109	26,568,524
Exchange gain		3,656,791	-
Others		537,173	24,848
		71,186,305	63,541,108

32 FINANCE COST

	Note	2014	2013
Mark up on:			
- long term finances	18	184,830,572	114,232,722
- short term finances	23	412,452,967	433,846,688
Interest on workers' profits participation fund	21.1	1,209,436	954,753
Finance charge on finance leases	19	12,393,810	18,742,516
Bank charges		8,218,652	8,770,957
		619,105,437	576,547,636

33 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2014			2013		
	Chief executive office	Directors	Executives	Chief executive officer	Directors	Executives
	Rupees					
Managerial remuneration	4,066,664	8,066,660	50,670,520	2,700,000	7,200,000	30,663,724
Gratuity	-	-	31,750,765	-	-	2,881,166
Reimbursement of expenses						
Utilities	-	-	-	413,927	834,144	-
Membership fees	-	-	-	137,993	365,856	-
	4,066,664	8,066,660	82,421,285	3,251,920	8,400,000	33,544,890
Number of persons	1	3	38	1	3	36

In addition to the above, Company maintained cars are provided to the chief executive officer, directors and executives.

33.1 The remuneration has been allocated as follows:

	2014			2013		
	Chief executive office	Directors	Executives	Chief executive officer	Directors	Executives
	Rupees					
Cost of goods sold	-	-	32,441,453	-	-	13,817,019
Selling and distribution expenses	-	-	35,278,732	-	-	16,089,506
Administrative expenses	4,066,664	8,066,660	14,701,100	3,251,920	8,400,000	3,638,365
	4,066,664	8,066,660	82,421,285	3,251,920	8,400,000	33,544,890
Number of persons	1	3	38	1	3	36

34 CLASSIFICATION OF EXPENSES

		2014			
	Note	Local	Export	Common	Total
		Rupees			
Selling and distribution expenses	28	875,992,781	78,660,267	-	954,653,048
Administrative expenses	29	-	-	115,743,833	115,743,833
Finance cost	32	572,847,934	33,863,693	-	606,711,627

		2013			
		Local	Export	Common	Total
		Rupees			
Selling and distribution expenses	28	768,528,843	84,560,576	-	853,089,419
Administrative expenses	29	-	-	102,363,346	102,363,346
Finance cost	32	544,808,753	31,738,883	-	576,547,636

	2014	2013
	Rupees	

35 TAXATION

Current	**40,613,392**	55,888,640
Prior year	**75,048**	-
Deferred	**36,789,591**	126,068,078
	77,478,031	181,956,718

35.1 The relationship between accounting profit and tax expense

The Company is subject to minimum tax under section 113 of Income Tax Ordianance 2001. Under the provisions of the said section the Company can carry forward any excess of minimum tax liability over and above the normal tax liability for subsequent five years. The Company estimates that its normal tax liability will continue to be less than its minimum tax in the future periods considering the fact that minimum tax rate has been increased from 0.5% to 1% (applicable from the tax year 2014 onwards). Therefore, the Company has not recorded deferred tax assets on any excess of minimum tax over normal tax liability which may arise under the provisions of IAS 12 'Income taxes'.

	2014	2013
	Rupees	

36 EARNINGS PER SHARE

Basic earnings per share

Profit for the year	**502,264,678**	358,118,125
	Number of shares	
Weighted average number of ordinary shares during the year	**50,520,750**	50,520,750
	Rupees	
Basic earnings per share	**9.94**	7.09

Diluted earnings per share

There is no dilution effect on the basic earning per share of the Company as the Company has no convertible dilutive potential ordinary shares outstanding on June 30, 2014 (2013: Nil).

	2014	2013

37 NUMBER OF EMPLOYEES

Number of employees as at the year end	**1,148**	1,156
Average number of employees during the year	**1,172**	1,161

	Note	2014	2013
		Rupees	
			(Restated)

38 CASH GENERATED FROM OPERATIONS

	Note	2014	2013
Profit before income tax		579,742,709	540,074,843
Adjustments for non-cash and other items:			
Depreciation	4.1	281,329,030	260,934,979
Gain on disposal of property, plant and equipment - net	4.3	(3,521,313)	(8,022,510)
Provision for staff gratuity scheme - unfunded	20.1.5	14,901,344	11,791,057
Finance cost	32	619,105,437	576,547,636
Share of profit from associated undertaking	5.3	(106,362,483)	(97,866,881)
Provision for slow moving - stores and spares		525,000	900,000
Provision for slow moving - stock in trade		30,000,000	38,037,899
Provision for doubtful trade debts		4,950,000	8,100,000
Exchange (gain) / loss		(3,656,791)	8,438,325
		1,417,012,933	1,338,935,348
Increase / (decrease) in working capital			
(Increase) / Decrease in current assets			
Stores and spares		(6,291,417)	(12,653,320)
Stock in trade		(361,418,025)	(318,371,660)
Trade debts		(413,750,142)	83,902,183
Advances - considered good		(30,447,926)	11,146,226
Trade deposits and short term prepayments		(748,659)	(3,081,751)
Other receivables		10,983,959	61,167,124
		(801,672,210)	(177,891,198)
(Decrease) / Increase in current liabilities			
Trade and other payables		(27,267,935)	(178,038,994)
Short term finances		1,331,394,397	67,141,004
Advance from customers		44,447,855	(51,591,717)
		1,348,574,317	(162,489,707)
Net increase / (decrease) in working capital		546,902,107	(340,380,905)
Cash generated from operations		1,963,915,040	998,554,443

39 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

39.1 Financial instruments by category

	Note	2014	2013
		Rupees	
Financial assets			
Loans and receivables at amortized cost			
Long term deposits	6	52,788,247	27,466,543
Trade debts	9	889,717,175	477,260,242
Advances - considered good	10	21,710,879	12,603,509
Trade deposits	11	3,241,049	1,864,999
Cash and bank balances	14	21,935,308	28,281,204
Total financial assets		989,392,658	547,476,497

	Note	2014	2013
		Rupees	
Financial liabilities			
Financial liabilities at amortized cost			
Directors' loan - subordinated (interest-free)	17	**352,151,770**	352,151,770
Long term finances	18	**2,496,314,646**	1,648,053,083
Liabilities against assets subject to finance lease	19	**161,627,554**	108,531,768
Trade and other payables	21	**508,752,407**	535,953,378
Accrued mark-up	22	**108,807,792**	112,235,557
Short term finances	23	**4,069,767,289**	3,559,194,391
Total financial liabilities		**7,697,421,458**	6,316,119,947

Fair value of financial assets and liabilities

The carrying value of all financial assets and financial liabilities reflected in the financial statements approximate their fair values.

39.2 Financial risk management

The board of directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

39.2.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of 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.

Credit risk of the Company arises principally from the trade debts, loans and advances, trade deposits, other receivables and deposits with banks and financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date is as follows:

	Note	2014	2013
		Rupees	
Trade debts	9	**889,717,175**	477,260,242
Advances	10	**21,710,879**	12,603,509
Trade deposits	11	**3,241,049**	1,864,999
Bank balances	14	**21,935,308**	28,281,204
		936,604,411	520,009,954

To reduce the exposure to credit risk, the Company has developed a formal approval process whereby credit limits are applied to its customers. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

Advances recoverable from employees are secured against their retirement benefits.

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit rating.

As at June 30 the Company has certain trade debts that are past due but are not considered to be impaired. The amounts as at June 30 are as follows:

	2014	2013
	Rupees	
More than 45 days but not more than 3 months	51,276,124	64,352,615
More than 3 months but not more than 6 months	50,676,060	63,684,090
More than 6 months but not more than 1 year	21,876,329	23,314,885
	123,828,513	151,351,590

In respect of trade debts, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade debts consists of a large number of customers. Based on historical information about customer default rates management consider the credit quality of trade debts that are not past due and impaired to be good.

39.2.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

As at reporting date the Company's financial liabilities have contractual maturities as summarised below:

	Note	2014			
		Effective rate of interest	Carrying amount	Maturity upto one year	Maturity after one year
		------------------------------Rupees--------------------------			
Financial liabilities					
Interest bearing					
Long term finances - secured	18	7%	2,496,314,646	729,765,756	1,766,548,890
Liabilities against assets subject to finance lease	19	10.30% to 15.31%	161,627,554	56,078,661	105,548,893
Short term finances - secured	23	9.08% to 11.29%	4,069,767,289	4,069,767,289	-
Non - interest bearing					
Directors' loan - subordinated	17	-	352,151,770	-	352,151,770
Trade and other payables	21	-	508,752,407	508,752,407	-
Accrued mark-up	22	-	108,807,792	108,807,792	-
			7,697,421,458	5,473,171,905	2,224,249,553

	Note	2013 Effective rate of interest	Carrying amount	Maturity upto one year	Maturity after one year
		-----Rupees-----			
Financial liabilities					
Interest bearing					
Long term finances - secured	18	11%	1,648,053,083	443,528,159	1,204,524,924
Liabilities against assets subject to finance lease	19	10.30% to 15.31%	108,531,768	39,348,736	69,183,032
Short term finances - secured	23	9.76% to 13.99%	3,559,194,391	3,559,194,391	-
Non - interest bearing					
Directors' loan - subordinated	17	-	352,151,770	-	352,151,770
Trade and other payables	21	-	535,953,378	535,953,378	-
Accrued mark-up	22	-	112,235,557	112,235,557	-
			6,316,119,947	4,690,260,221	1,625,859,726

39.2.3 Market risk

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

a) Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of financial asset or a liability will fluctuate due to changes in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company primarily has foreign currency exposures in US Dollars.

As at 30 June 2014, if the Pakistani Rupee had weakened / strengthened by 10% against the US Dollar with all other variables being constant, profit before tax for the year would have been lower / higher by Rs. 18.09 million (2013: Rs. 11.37 million) mainly as a result of foreign exchange gains / losses on translation of dollar denominated financial assets.

The maximum exposure to foreign currency risk in Pakistani Rupee at the reporting date is as follows:

	Note	2014	2013
		Rupees	
Export debtors	9	**43,295,802**	30,882,991
Import creditors		**197,966,120**	217,789,426
		241,261,922	248,672,417

b) Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument may fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks, running finance facilities and finance leases. At the balance sheet date the interest rate profile of the Company's mark-up bearing financial instruments is as follows:

	Carrying amount	
	2014	2013
	Rupees	
Fixed rate instruments	-	-
Variable rate instruments		
Financial assets	-	-
Financial liabilities	**(6,727,709,489)**	(5,315,779,242)
	(6,727,709,489)	(5,315,779,242)

As at 30 June 2014, if KIBOR had been 100 bps lower / higher with all other variables held constant, profit before tax for the year would have been higher / lower by Rs. 67.28 million. (2013: Rs. 53.158 million) mainly because of higher / lower interest expense on variable rate instruments.

c) Equity risk

It is the risk that the listed equity securities are susceptible to market price risk, arising from uncertainities about future values of the investment securities. Currently, the Company has no investments which are exposed to such risk.

40 CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue bonus / right shares.

The Company's capital includes share capital, unappropriated profit and reserves. As at balance sheet date the capital of the Company is as follows:

	2014	2013 (Restated)
	Rupees	
Share capital	**505,207,500**	505,207,500
Reserves	**2,747,926,763**	2,284,505,936
	3,253,134,263	2,789,713,436

41 PLANT CAPACITY AND ANNUAL PRODUCTION

	2014 Metric Ton		**2013 Metric Ton**	
	Rated Capacity	**Actual Production**	**Rated Capacity**	**Actual Production**
Food processing	**86,750**	**56,344**	78,350	53,480
Plastic film	**5,720**	**5,697**	5,720	5,624

Reason for shortfall

The shortfall in capacity utilization in food processing segment is due to normal stoppages and during the year new candy and biscuits machines were installed and hence, did not give full year's production.

42 TRANSACTION WITH RELATED PARTIES

Related parties comprise associated undertakings, directors of the Company and key management personnnel. The Company continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements, are as follows:

	2014	2013
	Rupees	
Associated companies		
Plasitflex Films (Private) Limited		
- Payments for purchase of packing material	29,329,548	30,594,600
- Purchases of packing material	31,048,925	24,899,410
- Payable against purchases	1,719,376	-
Astroplastics (Private) Limited		
- Payments metalization of raw material	34,602,247	-
- Metalization of raw material	48,486,125	-
- Payable against purchases	13,883,878	-
Lasbella Chamber of Commerce		
CEO was elected president of the Chamber		
- Services	-	4,000
- Donations	-	12,000
Key management personnel		
Rent paid to chief executive officer	1,485,000	1,320,000

43 NON - ADJUSTING EVENT AFTER THE BALANCE SHEET

43.1 The board of directors in its meeting held on September 25, 2014 has proposed dividend in respect of the year ended June 30, 2014 of Rs. 2.25 per share (2013: Rs. 2.25 per share). The appropriation will be approved in the forthcoming annual general meeting. The financial statements for the year ended June 30, 2014 do not include the effect of proposed dividend which be accounted for in the financial statements for the year ended June 30, 2015.

44 DATE OF AUTHORIZATION

These financial statements were authorized for issue on September 25, 2014 by the board of directors of the Company.

45 GENERAL

The figures have been rounded of to the nearest rupee.

MAQSOOD ISMAIL
Chief Executive

MUNSARIM SAIFULLAH
Director

SHAREHOLDERS STATISTICS AS AT JUNE 30, 2014

	Number of Shareholders	Shareholdings From		Shareholdings To	Total Number of Shares Held
	1293	1	-	100	21,143
	150	101	-	500	42,758
	38	501	-	1000	31,390
	54	1001	-	5000	121,132
	5	5001	-	10000	38,632
	4	10001	-	15000	49,992
	1	15001	-	20000	15,695
	1	20001	-	25000	20,876
	1	30001	-	35000	34,794
	1	210001	-	215000	215,000
	1	435001	-	440000	435,400
	1	495001	-	500000	499,900
	1	605001	-	610000	608,700
	1	635001	-	640000	635,400
	2	995001	-	1000000	2,000,000
	1	1545001	-	1550000	1,547,727
	1	13380001	-	13385000	13,381,286
	1	14755001	-	14760000	14,756,413
	1	16060001	-	16065000	16,064,512
Total	**1558**				**50,520,750**

Shareholder's Category	Number of Shareholders	Number of Shares Held	Percentage
CEO,Directors their Spouses & Children	14	49,713,938	98.40%
Associated Company	1	435,400	0.86%
Modarabas & Mutual Funds	1	10	0.00%
Foreign Companies	1	3,300	0.01%
Others	7	4,629	0.01%
General Public	1534	363,473	0.72%
Total	**1558**	**50,520,750**	**100.0%**

PATTERN OF SHAREHOLDING
AT JUNE 30, 2014

Shareholder Category	Number of Folios	Number of Share Hold	Percentage
Associated Company:			
Uniron Industries (Private) Limited	1	435,400	0.862
Directors:			
Mr. Miftah Ismail	1	16,064,512	31.798
Mr. Munsarim Saifullah	1	500	0.001
Ms. Uzma Arif	1	1,000	0.002
Ms. Rashida Iqbal	1	1,000	0.002
Ms. Nafisa Yousuf Palla	1	1,000	0.002
Ms. Anisa Naviwala	1	1,000	0.002
Mr. Jawed Abdulla	1	500	0.001
Chief Executive Officer:			
Mr. Maqsood Ismail	1	14,929,013	29.550
Chairman:			
Mr. Muhammad M. Ismail	1	14,971,413	29.634
CEO, Directors their Spouses & Children:			
Ms. Reema Miftah W/o. Miftah Ismail	1	499,900	0.989
Ms. Farzana Muhammad W/o. Mr. Muhammad M. Ismail	1	608,700	1.205
Ms. Almas Maqsood W/o. Mr. Maqsood Ismail	1	635,400	1.258
Mr. Hamid Maqsood S/o Mr. Maqsood Ismail	1	1,000,000	1.979
Mr. Ahmed Muhammad S/o. Mr. Muhammad M. Ismail	1	1,000,000	1.979
Others	1543	371,412	0.735
Total	**1558**	**50,520,750**	**100.000**

Shareholders holding 5% or more voting interest

Mr. Muhammad M. Ismail	1	14,971,413	29.634
Mr. Maqsood Ismail	1	14,929,013	29.550
Mr. Miftah Ismail	1	16,064,512	31.798

STATEMENT SHOWING SHARES
PURCHASE, SALE AND GIFT BY DIRECTORS, EXECUTIVES THEIR SPOUSES & CHILDREN

FROM JULY 01, 2013 TO JUNE 30, 2014

S.No.	Name	Designation	Shares Traded		Shares Gifted	
			Purchase	Sale	Received	Given
1	Ms. Rashida Iqbal	Director	-	-	1,905,000	-
2	Mr. Asad Iqbal	Children	-	-	-	1,905,000
3	Ms. Rashida Iqbal	Director	-	-	-	2,529,751
4	Ms. Nafisa Yousuf Palla	Director	-	-	-	624,751
5	Ms. Anisa Naviwala	Director	-	-	-	624,751
6	Ms. Uzma Arif	Director	-	-	-	625,382
7	Mr. Miftah Ismail	Director	-	-	624,751	-
8	Mr. Miftah Ismail	Director	-	-	624,751	-
9	Mr. Miftah Ismail	Director	-	-	2,529,751	-
10	Mr. Miftah Ismail	Director	-	-	625,382	-
11	Mr. Miftah Ismail	Director	-	-	748,227	-
12	Mr. Muhammad M. Ismail	Director	-	-	-	1,000,000
13	Mr. Muhammad M. Ismail	Director	-	-	7,525,594	-
14	Mr. Maqsood Ismail	Director	-	-	-	1,000,000
15	Mr. Maqsood Ismail	Director	-	-		7,525,594
16	Mr. Maqsood Ismail	Director	-	-		748,227
17	Mr. Hamid Maqsood	Children	-	-	1,000,000	-
18	Mr. Ahmed Muhammad	Children	-	-	1,000,000	-
19	Mr. Muhammad M. Ismail	Director	15,700	-	-	-

FORM OF PROXY

The Company Secretary / Registrar

I/We__________________________________ son / daughter /wife of____________________________ , shareholder of **Ismail Industries Limited,** holding ____________ ordinary shares as per register under Folio No.__________ and / or CDC Participant ID __________ and Sub - Account No. ________ hereby appoint ____________ (holding ____________ ordinary shares in the company as per register under Folio No ____________ and / or CDC Participant ID _________________ and Sub-Account No.________)or failing him / her ____________________________________, (holding __________ ordinary shares in the company as per register under Folio No.___________ and / or CDC Participant ID _____________ and Sub-Account No. _____________________) as my / our proxy, to attend and vote for me / us on my / our behalf at the Annual General Meeting of the Company to be held on October 22, 2014 and / or any adjournment thereof.

Signed this _________ day of_______ 2014.

(Signature should agree with the specimen signature registered with the Company)

Sign across Rs. 5/-
Revenue Stamp

Signature of Member(s)

Witness 1:

Signature _________________________________

Name _________________________________

CNIC # _________________________________

Witness 2:

Signature _________________________________

Name _________________________________

CNIC # _________________________________

Note:

1 A proxy need be a member of the Company.

2. In order to be valid, this Proxy must be received to our Registrar / Transfer Agents, M/s. THK Associates (Pvt) Ltd. Ground Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi 75530 Pakistan at least 48 hours before the time fixed for the Meeting, duly completed in all respects.

3. CDC Shareholders or their Proxies should bring their original Computerized National Identity Card (CNIC) or original Passport along with the Participant's ID Number and their Account Number to facilitate their identification. Detailed procedure is given in the Notes to the Notice of AGM.