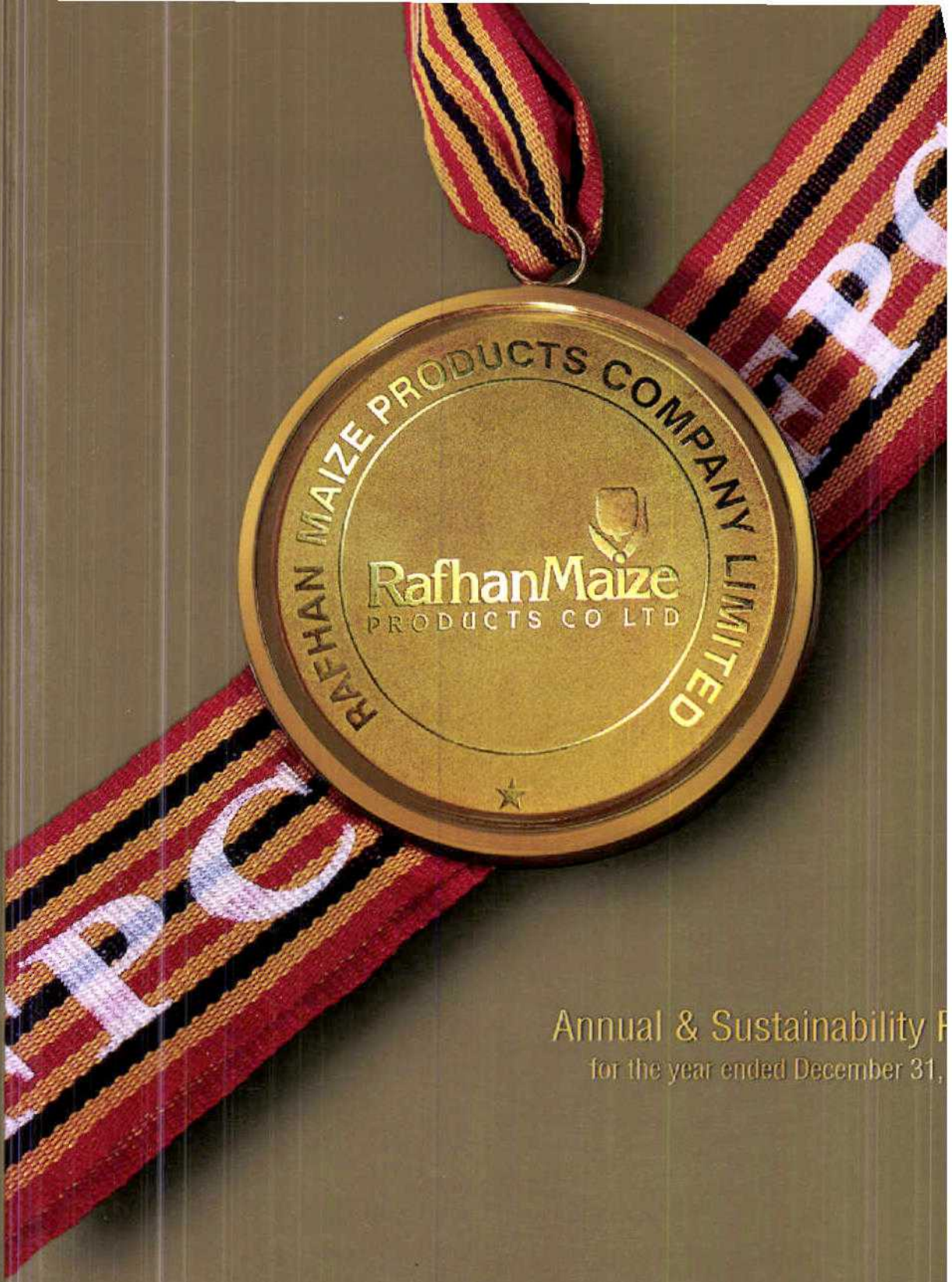
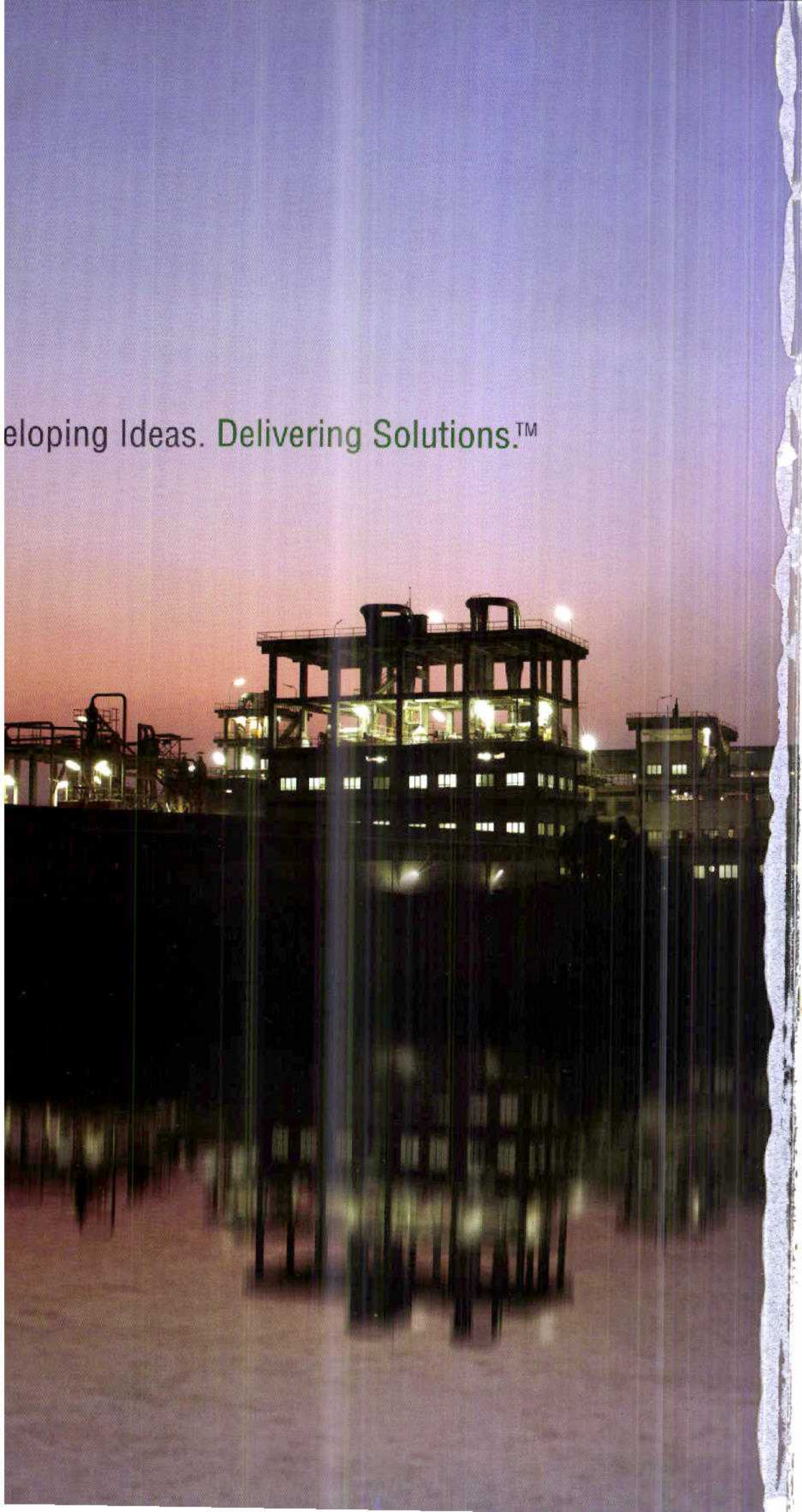


Annual & Sustainability R

for the year ended December 31,

RafhanMaize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بسم الله الرحمن الرحيم

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COMPANY INFORMATION

Board of Directors

Chairman
Martin Sonntag ..... Non-Executive

Vice Chairman
Rashid Ali ..... Non-Executive

Chief Executive & Managing Director
Ansar Yahya ..... Executive

Members:

James P. Zallie	Non-Executive
Jack C. Fortnum	Non-Executive
Christine M. Castellano	Non-Executive
Zulfikar Mannoo	Non-Executive
Mian M. Adil Mannoo	Non-Executive
Wisal A. Mannoo	Non-Executive
Dr. Abid Ali	Executive

Chief Financial Officer
Dr. Abid Ali

Secretary
M. Yasin Anwar

Audit Committee

Zulfikar Mannoo	Chairman
Jack C. Fortnum	Member
Rashid Ali	Member

Human Resource & Remuneration Committee

Martin Sonntag	Chairman
Rashid Ali	Member
Ansar Yahya	Member

Shares Transfer Committee

Rashid Ali	Chairman
Ansar Yahya	Member
Dr. Abid Ali	Member

Bankers
Citibank, N.A
Habib Bank Ltd.
Meezan Bank Ltd.
MCB Bank Ltd.
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Ltd.

Auditors
KPMG Taseer Hadi & Co.
Chartered Accountants
Lahore – Karachi

Legal Advisor
M. Ali Seena
C/o Surridge & Beechero,
Karachi

Shares Registrar
FAMCO Associates (Pvt.) Ltd.
8-F, Next to Hotel Faran, Nursery,
Block-6, P.E.C.H.S., Shahrah-e-Faisal,
Karachi
Tel: (92-21) 34380101-5
Fax: (92-21) 34380106
Email: info.shares@famco.com.pk

Registered Office
1st Floor, Finlay House,
I.I. Chundrigar Road,
Karachi-74000, Pakistan
Ph: (92-21) 32442516 – 32410848
Fax: (92-21) 32428651

Head Office & Shares Department
Rakh Canal East Road, Faisalabad,
Pakistan
Ph: (92-41) 8540121-22-23
Fax: (92-41) 8711016 - 8502197
Website: www.rafhanmaize.com
E-mail: corporate@rafhanmaize.com

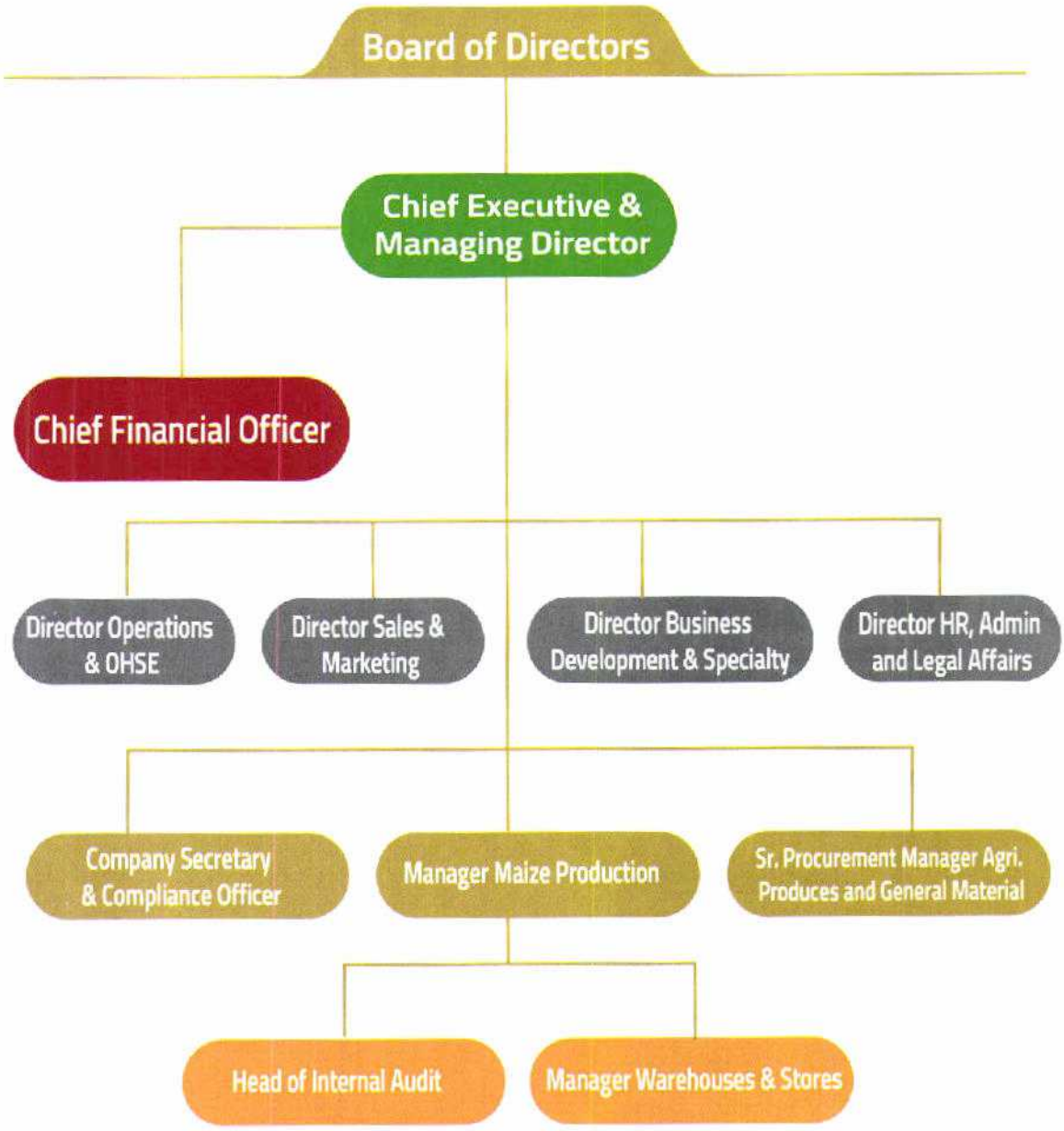
Plants:
Rakh Canal Plant:
Rakh Canal East Road,
Faisalabad
Ph: (92-41) 8540121-22-23
Fax: (92-41) 8711016 - 8502197

Cornwala Plant:
5-KM Jaranwala-Khurrianwala Road,
Jaranwala - Faisalabd
Ph: (92-41) 4316121 - 26

Mehran Plant:
K.B. Feeder Road, Kotri,
Jamshoro, Sindh.
Ph: (92-223) 870894 - 98

(Note: The above information has been updated upto February 17, 2015)

Organogram


Board of Directors
Chief Executive & Managing Director
Chief Financial Officer
Director Operations & OHSE
Director Sales & Marketing
Director Business Development & Specialty
Director HR, Admin and Legal Affairs
Company Secretary & Compliance Officer
Manager Maize Production
Sr. Procurement Manager Agri. Produces and General Material
Head of Internal Audit
Manager Warehouses & Stores

Notice of Meeting

Notice is hereby given that the 123rd General Meeting (Annual Ordinary) of the shareholders of Rafhan Maize Products Co. Ltd. will be held on Friday, March 27, 2015 at 10:00 a.m. at the Overseas Investors Chamber of Commerce and Industry's Hall, Talpur Road, Karachi to transact the following business:

1. To confirm minutes of the last General Meeting (Annual Ordinary) of the shareholders of the Company held on Saturday, March 22, 2014 at Karachi.

2. To receive, consider and adopt the Audited Accounts of the Company for the year ended December 31, 2014 together with the Directors and Auditors Reports thereon.

3. To approve final cash dividend @850% for the year ended December 31, 2014 as recommended by the Board of Directors.

4. To appoint auditors and fix their remuneration. The present auditors Messrs KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Board of Directors, on recommendations of the Audit Committee, has proposed appointment of Messrs KPMG Taseer Hadi & Co., Chartered Accountants for the year 2015.

Special Business:

5. To consider and pass with or without modification the following resolution as a special resolution to approve changes/amendments made in the Memorandum and Articles of Association as recommended by the Board.

   "RESOLVED that the following amendments in the Memorandum and Articles of Association of RafhanMaize be and are hereby approved –

   A) "RESOLVED that 'West Pakistan' in Clause II of the Memorandum of Association of the Company be replaced with 'Sindh, Pakistan."

B) "RESOLVED that the following objects be added to the Objects Clause in the Memorandum of Association:

i) To develop, establish and maintain and aid in the development, establishment and maintenance of laboratories, research stations and programs for the purpose of effecting improvement of foundation stocks of seeds and seed industry and agricultural products in general.

ii) To market and sell seeds of all types through distribution network or directly to farmers including engaging farmers for seeds multiplication.

iii) To purchase, take on lease or in exchange or otherwise acquire and/or supervise, manage, develop and cultivate farms, agricultural land, urban or rural property which the company may think necessary or convenient for the purpose of its business."

C) "RESOLVED that the words "CPI" and "Corn Products International" wherever appearing in the Memorandum of Association and the Articles of Association of the Company be replaced with "INGR" and "Ingredion Incorporated" respectively."

D. "RESOLVED that the address of the parent company be replaced with "Ingredion Incorporated, 5 Westbrook Corporate Center, Westchester, Illinois 60154, USA".

E. "RESOLVED addition in Clause 2(1)(g) of AoA of "Members and Shareholders, appearing in the Members Register," shall have the same meaning."

F. "RESOLVED revision be made in Clause 23 of the AoA from "six months" to "four months".

G. "RESOLVED revision be made in Clause 27 of the AoA from "Corporate Law Authority" to "Securities & Exchange Commission of Pakistan".

H. "RESOLVED revision be made in Clause 63 of the AoA from "at least twice in each year" to "at least once in each quarter".

I. "RESOLVED corrections of typographical errors be incorporated in Memorandum and Articles of Association."

A Statement U/S 160(1)(b) of the Companies Ordinance, 1984 pertaining to the Special Business is attached.

By order of the Board

M. Yasin Anwar
Company Secretary &
Compliance Officer

Karachi
March 6, 2015

Statement U/S 160(1)(b) of the Companies Ordinance, 1984

The Board of Directors has carried out a review of the company's Memorandum and Articles of Association and considers that the reference to the province of Sindh be made to Clause II of the Memorandum of Association of the company and that the words "CPI" and "Corn Products International" wherever appearing in the Memorandum of Association and the Articles of Association of the company be replaced with "INGR" and "Ingredion Incorporated" respectively to better reflect the factual position. For the same reason, it has also been considered that the Address of the parent company be replaced with "Ingredion Incorporated, 5 Westbrook Corporate Center, Westchester, Illinois 60154, USA". Additionally, the company should expand the objects permissible to it under the Memorandum of Association to allow it to explore relevant areas of trade. For this purpose, three new objects, as specified above, have been recommended for inclusion in the Memorandum of Association. Further, amendments/updates as per Companies Ordinance, 1984 like; at least Quarterly Board Meeting and holding of AGM within four months of close of financial year of the company, etc. are to be incorporated in the Articles of Association. Some typographical corrections are also to be made in the Memorandum and Articles of Association.

Consent for Video Conference Facility

Members can also avail video conference facility at Lahore and Faisalabad. In this regard, please fill the following and submit to registered address of the Company 10 days before holding of general meeting.

If the company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of meeting, the company will arrange video conference facility in that city subject to availability of such facility in that city.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.

I/We, _____ of _____ being a member of Rafhan Maize Products Co. Ltd., holder of _____ Ordinary Shares as per Registered Folio No._____ hereby opt for video conference facility at _____.

_____
Signature of Member

Notes:

1. The Share Transfer Book of the Company will remain closed from 20th to 27th March, 2015 (both days inclusive) and no transfer will be accepted for registration during this period.

2. A member entitled to attend, speak and vote at the meeting shall be entitled to appoint another person as his/her proxy to attend, speak and vote instead of him/her, and a proxy so appointed shall have such rights with respect to attending, speaking and voting at the meeting as are available to a member. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting. A proxy need not be a member of the Company. Form of proxy is attached.

3. Shareholders are requested to notify change of address, if any, to Company's Shares Registrar immediately.

4. CDC shareholders desiring to attend the meeting are requested to bring their original Computerized National Identity Cards, Account and Participant's ID numbers, for identification purpose, and in case of proxy, to enclose an attested copy of his/her CNIC.

IMPORTANT NOTES TO SHAREHOLDERS

Dividend Mandate

In accordance with SECP's directives, all shareholders, who have not yet opted for dividend mandate, are requested to authorize the company to directly credit all future cash dividends to their bank account by conveying following particulars to our Shares Registrars M/s FAMCO Associates (Pvt.) Ltd, 8-F, Next to Hotel Faran, Nursery, Block-6, PECHS, Shahrah-e-Faisal, Karachi.

Title of Bank Account	Bank Account No.
Bank Name	Branch Name and Address
Cell/Landline Number of Shareholder	CNIC No.

CDC shareholders will reply to their respective Stock Exchange Broker.

CNIC No.

Pursuant to the directives of the SECP, CNIC number is mandatorily required to be mentioned on dividend warrants. In case of non-receipt of the copy of valid CNIC, the Company would be unable to comply with SRO 831(1)/2012 dated 5 July 2012 of SECP and therefore may be constrained under Section 251(2)(a) of the Companies Ordinance, 1984 to withhold dispatch of dividend warrants of such shareholders in future. Please submit a copy of your valid CNIC (only Physical Shareholders), if not already provided to the Shares Registrar of the Company. Corporate account holders should submit National Tax Number, if not yet submitted.

Deduction of Income Tax from Dividend under Section 150

The Government of Pakistan through Finance Act, 2014 has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

For filers of income tax returns:	10%
For non-filers of income tax returns:	15%

To enable the company to make tax deduction on the amount of cash dividend @10% instead of 15%, all the shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for payment of the cash dividend i.e. March 27, 2015 otherwise tax on their cash dividend will be deducted @15% instead of 10%.

For any query/problem/information, the investors may contact the company and/or the Shares Registrar at the following phone numbers, email addresses –

Company Contact:

Mr. Muhammad Abdullah,
Manager Shareholders Services & CGC,
Rafhan Maize Products Co. Ltd.,
Rakh Canal East Road, Faisalabad.
Tel.No.041-8540121 – Ext.248 & 348
Email: abdullah@rafhanmaize.com

Shares Registrar:

Mr. Hussain Ahmed,
FAMCO Associates (Pvt.) Ltd,
8-F, Next to Hotel Faran, Nursery,
Block-6, PECHS, Shahrah-e-Faisal, Karachi.
Tel.No.021-34380101-05
Email: info.shares@famco.com.pk

The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or its Shares Registrar M/s FAMCO Associates (Pvt.) Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers."

Annual Accounts:

Annual Accounts of the Company for the financial year ended December 31, 2014 have been placed on the Company's website – www.rafhanmaize.com

Pursuant to SECP's SRO 787(I)/2014 dated September 8, 2014 regarding electronic transmission of Annual Report and notice which falls in the sphere of Section 50, 158 and 233 of the Companies Ordinance, 1984, we have attached the request form in our Annual Report and also uploaded on our Company's website – www.rafhanmaize.com

Members desirous to avail this facility are requested to submit the request form duly filled to our Shares Registrar.

Request Form

Consent for Circulation of Annual Audited Financial Statements through e-mail

Folio No./CDC sub-account No. _____
E-mail Address: _____
CNIC No. _____

The above e-mail address will be recorded in the members register maintained under Section 147 of the Companies Ordinance, 1984. I will inform the Company or the Registrar about any change in my e-mail address immediately. Henceforth, I will receive the Audited Financial Statements along with Notice only on the above e-mail address, unless a hard copy has been specifically requested by me.

_____
Name and Signature of Shareholder
(Attachment : Copy of CNIC)

Code of Conduct

The Company's reputation and future prospects are heavily dependent upon the standards of business conduct demonstrated by all our employees. The Company must, therefore, articulate the high ethical standards it expects from its employees concerning such matters as conflicts of interest, payments to outside entities and individuals and the maintenance of proper books, records, and controls. The Public awareness of our consistent commitment to the high standards contained in the Policies on these matters protects both the Company and our employees in their dealings with others.

The terms "gift", "loan", "favour" and "contribution" are used in the broadest sense. They apply to a transmission of, or any express or implied promise to transmit, anything of value, regardless of the form of the transaction, whether in money, property or services, including the use of facilities or personnel.

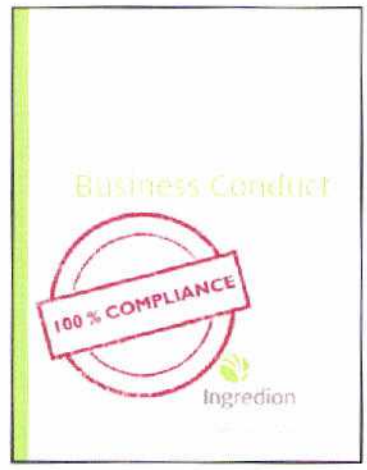
Similarly, a payment which cannot be made by the Company must not be made indirectly through an officer, employee, family member, agent, broker, trade association, consultant, or other third party who is provided or reimbursed with funds for the purpose by the Company or who receives funds from the Company under circumstances giving rise to concern that he or she may be diverting some of them to such purpose.

Business Conduct Policies

It is the responsibility of every employee to follow the Policies. The Company's reputation and business objectives are dependent upon the constant observance of the high moral and ethical standards that are embodied in the following Policies :

Policies on :

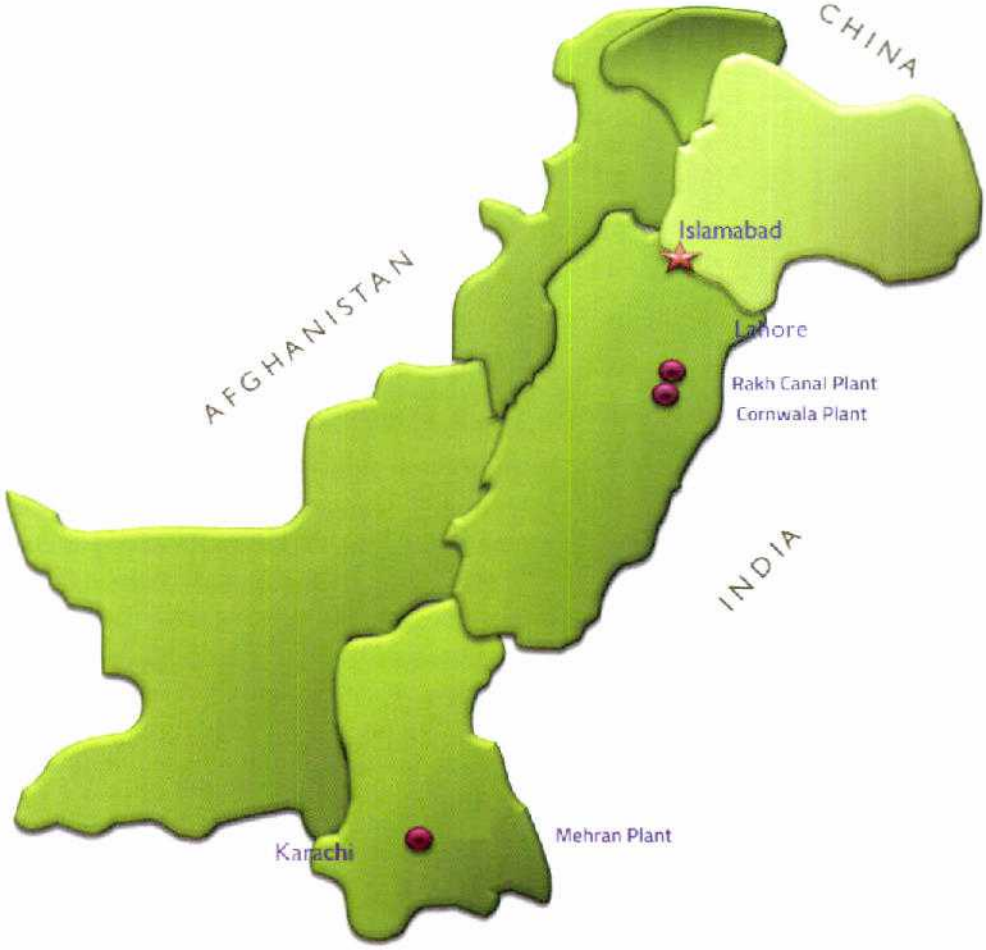
- Quality
- Employee Relations
- Health, Safety and the Environment
- Community Relations
- Compliance with Laws
- Confidentiality, Disclosure and Insider Trading
- Conflicts of Interest
- Commercial, Labor and Government Relations
- Political Contributions
- Books, Records and Controls
- Corporate Guidelines on Social Media



Company Introduction

Geographical Presence

RafhanMaize is an affiliate of Ingredion Incorporated which has strong global presence with commercial and manufacturing operations in more than 60 countries of the world. RafhanMaize has three manufacturing locations in Pakistan two in Punjab: Faisalabad, Jaranwala and one in Kotri, Jamshoro Sindh. The Company has three warehouses in Faisalabad, Jaranwala and Kotri. The commercial and corporate office is located at Karachi.



A view of Mehran Plant - Kotri

Vision

To be the Premier Provider of Refined Agriculturally based Products and Ingredients in the Region.

Mission Statement

To grow business consistently through positive relationship with customers to attain full customer satisfaction and to bring continual improvement by adopting only those business practices which add value to our customers, employees and shareholders.

Our Core Values

Safety Nothing is more important
Our goal: Zero accidents

Quality Of the products we make, the services we provide, the relationships we build

Integrity Honesty & trust are the foundation of our business
We will maintain the highest standards of conduct

Respect We promote openness, teamwork, trust and mutual cooperation

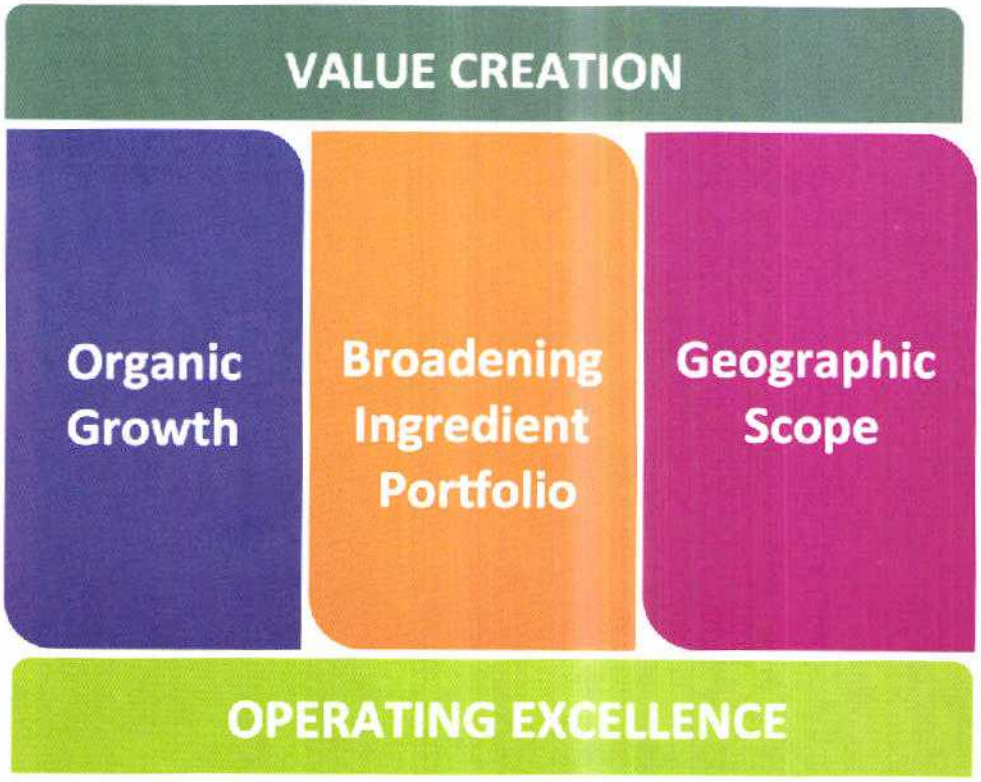
Excellence We will relentlessly pursue excellence in all that we do and give employees the resources they need to excel

Innovation Continue to find new customer solutions and share those breakthroughs around the Ingredion World

Our Strategic Objectives

Your Company has developed comprehensive strategic blue print for sustainable growth and value creation. Our strategy is a unique blend of volume growth and operational excellence drivers. We are pursuing tri dimensional strategy to grow organically, geographically and by broadening ingredients portfolio. Our operational excellence initiatives include bringing efficiencies in operations, reducing controllable costs through continuous improvement, contracting procurement bills by optimizing TCO (total cost of ownership) and conserve energies.

Out Strategy



Corporate Achievements

FPCCI Achievement Award: Gold Medal

Employer of the Year Award - EFP

Chief Executive's Review

It gives me great pleasure to present the Annual Report for the financial year ended 31st December 2014. By the grace of Almighty Allah, RafhanMaize achieved another milestone by surpassing the net sales mark of Rs.25 billion, despite a very challenging business environment marked by severe energy crises, slow industrial demand and inflating cost of doing business. The better performance of our Company demonstrates the capability to perform better even in difficult business conditions.

Economic and Business Environment in Pakistan

With the change in political government, it was a general perception that there will be a turnaround in the economy of Pakistan and a significant improvement in the macroeconomic outlook of the country was envisaged but unfortunately the pace of development remained below expectations. The persistent energy crisis continued casting its dark shadows on the economics of Pakistan along with uncertain political environment, continuity of war against terrorism, increasing cost of doing business and diversion of investments from core business to the alternate energy generation including captive power plants. The consequential impact on trade and business activities resulted in depressed demand from the industry and consumers, decline in foreign and domestic private investment, drainage of talented human resource and variety of other factors.

The performance of agriculture sector remained weak due to devastating floods in Punjab while large scale manufacturing posted a negligible growth of 2.48% during the year 2014. Whereas declining trend of fuel prices in the international markets and corresponding reduction in fuel prices in the local market during the last quarter extended some relief to the industry, the non-availability of gas since November adversely impacted industrial production and overall demand from almost all business segments. As a consequence of this depressed demand, our Company lost sales volume equivalent to 3% of its goals.

In order to face those external challenges, our Company continued to focus on strategic blue print and the constituent strategies for the operational excellence, organic growth, products portfolio extension and geographical expansion into the global markets through continuous improvement and cultivating the culture of high performance within the organization to optimize the utilization of resources.

Operating Results

		2014	2013
Net Sales	Rs. (Million)	25,197	23,673
Net Income After Tax	Rs. (Million)	2,517	2,781
Earnings Per Share	Rs.	272.48	301.14

RafhanMaize continued its growth momentum and 6% growth in the net sales over the last year reflects the strong level of confidence given by our prestigious customers on the Company. Our well-conceived and effectively managed strategies including strong delivery from cost saving initiatives, improved supply reliability, synergy focused business practices, adherence to best management practices, building operational efficiencies, reaping economies of scale, effective product mix management and timely investment decisions helped to achieve this performance. Whereas our Company made best efforts to reduce the impact of increased inputs and utilities costs by improving efficiencies and controlling unproductive costs, however, the profit margins remained under significant pressure due to high energy cost with the usage of alternate fuels and reduced or complete non availablity of power and gas.

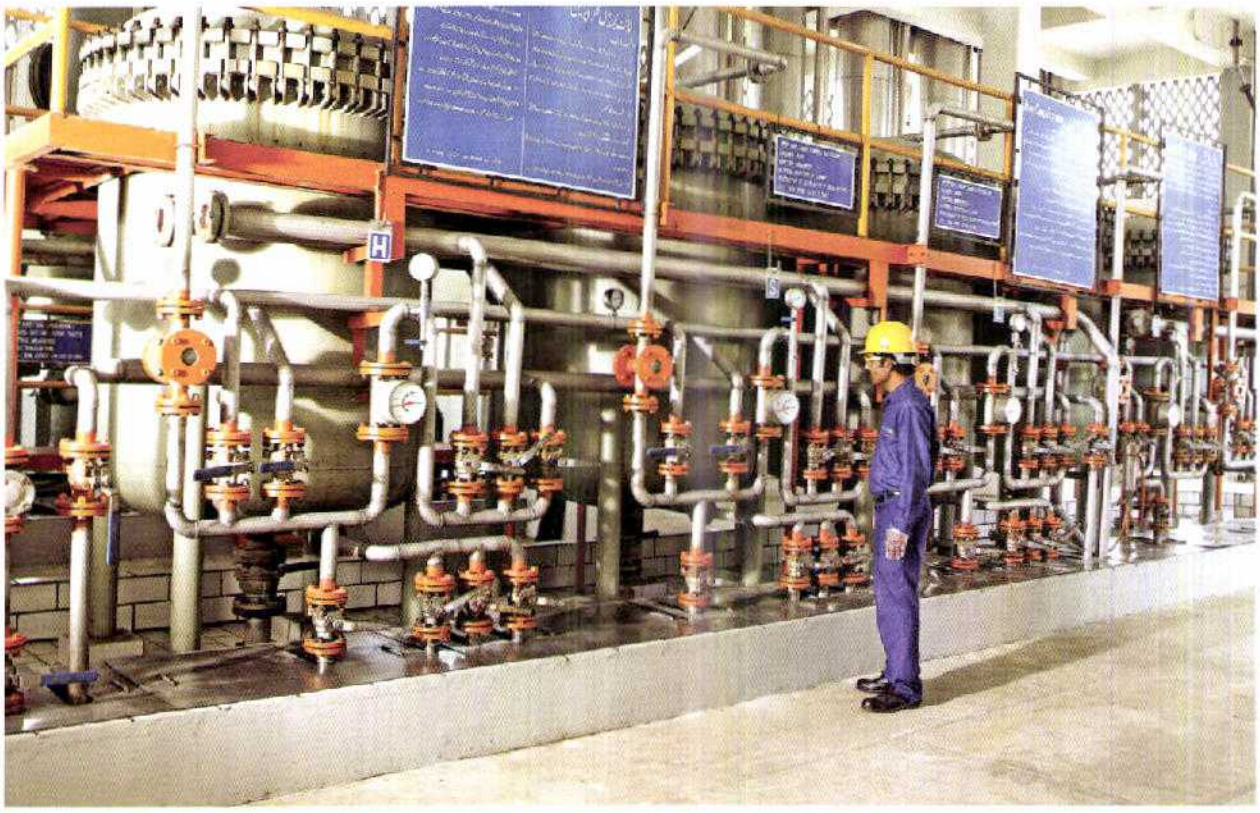
RafhanMaize, as a premier corn refiner of Pakistan, is making all out efforts to enhance its business profile leading to long term value creation, better returns to its shareholders and contribution for the overall growth of the economy of Pakistan.

Our quest for excellence is a strong blend of strict adherence to our Core Values - Safety, Quality, Integrity, Respect, Excellence and Innovation. These values are essential part of our culture and we believe that our firm commitment on these values is vital for sustainable business success.

Business Review

RafhanMaize has travelled a long way in producing agricultural based ingredients and has established itself as a trendsetter and reliable ingredients solution provider to different types of industries. Our long-term relationship with customers is an asset and we provide our customers sustainable solutions to their ever changing needs. Our ingredients and solutions add functionality to the products consumed by our diverse consuming segments.

Our Company's legacy revolves around unbreakable trust with our customers by providing customized solutions; service based selling and building capabilities. We build our products on providing unmatched benefits and solutions to the customers by understanding their needs and



fulfilling their expectations. Our Ingredients mix meet the changing needs of over 60 types of industries including but not limited to textile, confectionery & bakery, paper & corrugation, food & beverages, industrial including pharmaceutical and chemical, poultry, livestock, aquaculture and edible oils.

The Company has profound history of posting solid results and fully resolved to maintain the legacy by seeking deeper understanding of customers, effective marketing campaigns, developing customer driven feedback system, executing Go-To-Market strategy, responding to market dynamics and building the competitive strengths. Our brands are the preferred choice of our highly valued customers and we treat our customers as business partners.

Industrial Business

RafhanMaize is one of the largest provider of quality integrated solutions for different industrial applications such as Textile, Paper, Corrugation, Paper-sack, Pharmaceutical, Chemical, Health and Personal Care etc. 2014 was highly challenging year marked by uncertain economic conditions, deepening recession, massive power breakdowns and high cost of doing business. The challenging environment adversely impacted overall Company's business and dropped demand from most of the consuming segments. The market remained unreceptive and extremely tough for the industrial ingredients business of the Company, especially from downstream industrial customers. Whereas the textile composite mill sector showed resilience despite adverse conditions, the downstream textile sizing and processing units faced difficult working environment due to persistent energy crisis. Our Company offers diversified portfolio of solutions, products and services to Textile including but not limited to renowned brands of Rafhan® Maize Starch, Penetrose® Modified Starch, Amisol® and, Tex-o-Film® Modified Starches and Coratex® Blends.

Paper and Board segment also witnessed adverse effects of energy crises and competition from cheaper imports. Slow demand ultimately led to overall decline in the consumption of industrial grade starches. However, corrugation segment performed normal because of better demand from food, vegetables and fruits packaging and helped to maintain sales volumes of Coragum® Maize Starch and Coragum® Dextrin. Paper converting industry showed improvement with increase in demand for Tex-o-Film® and Coragum® starches. Markets for Chemical & Allied and Home & Personal Care segments continued to deliver favorable sales growth. The working of pharmaceutical industry

also remained normal where our Company has a strong portfolio of products with leading brands of Snow Flake® and Farmal® Maize Starches and Flo-Sweet® Glucose Syrup.

The Company has a strong competitive edge by virtue of the local manufacturer and major supplier for the domestic industry with short delivery time, consistent quality and excellent customer service. The Company effectively implemented business excellence model across all departments. Our strong focus is on developing new products and efficiently working on new applications of our existing industrial products. Our customer relationship management is well equipped to provide the most efficient and personalized service to the customers.

We consider diversification of our product lines as a major success factor in the ever changing market needs. We have built a pipeline of potential new ingredients including Surebond® and, Fluidex® Modified Starches and Amijel® Pregel Starches to meet customer changing needs and to serve our diverse customer base.

Food Business

Food is one of the fastest growing segments in Pakistan due to changing life style, eating habits, demographic boom with 68% below the age of 30 years, growing urbanization and emerging middle class. Our Company continued to lead the market as a trusted supplier to enhance customer base in food segment. RafhanMaize is a leading manufacturer of food ingredients and adding value to different food applications including confectionery, baking, desserts, beverages, ketch-ups, premixes, condiments, soups, ice cream, etc. Our core

food ingredients' line includes Globe®, Snowflake® maize starch, Flo Sweet® Glucose Syrup, Cerelose® Dextrose Monohydrate Powder, Liquid Caramel Colour and Golden Syrup to meet different functionalities.

Our food segment remained under stiff challenges e.g. acute energy crisis, aftermaths of floods, diminishing purchasing power of consumers, rising food inflation, depressed cottage industry and overall difficult business environment. Inconsiderate ban by Punjab Food Authority on usage of Modified Food Grade Starches; especially produced to improve the functional properties of ketchups and sauces disturbed business in this segment.

Large scale and export led confectionery industry has shown consistency in their operations due to increase in export base, consistent demand for candy and stable sugar prices. However, the small and medium size confectionery units remained affected due to growing inflationary pressure from rising input costs, inflating utilities prices and inadequate availability of gas and power. Our Company has successfully managed to maintain uninterrupted flow of supplies to our customers despite all logistical challenges and constraints. We expect overall business environment will continue to remain difficult in the near future and we are confident to make improvement in business with customer centric strategies and product innovations. Our strong commitment to invest in manufacturing technology, business expansion, diversification and R&D has enabled us to remain at the forefront of food ingredient business.

Animal Nutrition & Health Business

RafhanMaize continued its strong position in Animal Nutrition & Health Business with consistent growth during the year under review. Our strategies of price rationalization, increased supplies from the regional plant, contracting with large customers like Military Veterinary Farms, harnessing aquaculture potential and extensive geographical reach contributed towards the favorable results. Our Animal Nutrition Ingredients product portfolio includes Prairie Gold® Maize Gluten Meals, Buffalo® Maize Bran and Rafhan® Maize Germ Cake. Poultry & Livestock business has shown strength despite high inflation and spillover effects of floods. Poultry industry is making investments for mechanization, integrated farming systems, bio-security processing and value addition. A large number of dairy farms are emerging to meet the growing demand for milk and milk based products whereas growing activity in aquaculture is also promising.

We place the highest emphasis on building strong and lasting relationships with our customers while providing improved service level. Despite many challenges being faced by the livestock and poultry markets, our ANI business has maintained growth momentum. We will continue to strengthen our position in the market by capitalizing growing demand from poultry, livestock and aquaculture.

Exports

By the Grace of Almighty Allah, the Company has been able to manage its path of growing performance in 2014 for export business as well. The strong delivery of our performance is the result of paying focus on customers' needs, exploring growth opportunities and making timely shipments of our products across the globe. The Company responded to market challenges by selectively expanding its business activity in exports markets to earn valuable foreign exchange.

We are further exploring international markets in order to increase our export business. Our products have strong demand in international market and we are expecting growth in demand from regional markets through new initiatives combined with our agile network. The Company is fully determined to explore new export markets for maximizing capacity utilization and earning valuable foreign exchange.

Operations

Energy crisis is the biggest challenge in the country; particularly Punjab based industrial units are seriously impacted by gas and electricity shortage. Extended outages and frequent tripping significantly reduced industrial output, product yield and caused process inefficiencies. RafhanMaize was not an exception to this phenomenon and the Company has to adjust its operating capacities to conserve energies, sustain product yields and improve process efficiencies. The overall capacity utilization reduced by 4.5% in 2014 against 2013.

The Company is continuously improving its manufacturing capacities, capabilities and amenities to achieve optimum level of efficiency through strategic capital investment, rolling out continuous improvement and creating high performance culture. The Company is actively pursuing performance enhancement systems, technology up-gradation and cost reduction programs to optimize cost of operation.

Our manufacturing teams remained a key driver behind the sustained growth of our Company. We are benchmarking our costs and process efficiencies to make our products cost effective and superior in quality. The Company is adhering to multifaceted strategies to improve process capabilities, uplift manufacturing facilities, replace inefficient equipment, eliminate manual processes and effectuate innovations in packaging processes.

Business Objectives and Strategies

Our corporate quest is to improve the quality of human life by bringing innovated ingredient from farms to the dining table and things around human life. The Company adheres to a well-structured strategy and planning process for delivery of strong business results in the short term, medium term and long term.

Our base plan envisages effective utilization of existing resources to achieve sales volumes, bring efficiencies in cost driving variables and follow the strategic initiatives like continuous improvement, Lean/Six Sigma philosophy, excellence through procurement cost optimization, energy conservation, network rationalization and progressive marketing strategies. The highest focus is to optimize the return from existing resources, root out inefficiencies from the structure, focus on existing products for organic growth and augment effective utilization of plant capacities.

Short Term Objectives

Our strategy is to accelerate the implementation of projects in hand as well as focus on near term initiatives for seeking accelerated delivery of short term business benefits. Energy crisis is the most severe problem not only for the country but also for RafhanMaize. The Company devised well-structured strategy to improve energy availability rates and has initiated 12MW Co-generation Plant at one of its major manufacturing facility. The plant will start yielding commercial benefits from the year 2016. Our Company is also endeavoring to optimiz the usage of expensive alternate fuels by improving technology and bringing changes in the equipment to save cost on utilities.

Product portfolio increase and geographical expansion are the other core strategies that the Company is strictly adhering to; our research and development teams are working on the new ingredients and optimizing applications of existing ingredients. A number of new products are in the pipeline to meet customers' needs for new

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applications and innovations. The Company started service based export model to improve geographical reach and was successful in expanding its export business. Our teams are effectively working on harnessing new markets for geographical expansions of our products.

Long Term Objectives

Our long term objective is to make RafhanMaize as a premier provider of refined agriculturally based ingredients in the region. A list of projects is being evaluated to bring new technologies for the improvement of existing ingredient portfolio and introduction of new products. Existing Manufacturing facilities are being rationalized to improve geographical reach to our customers. Our Company will continue with its policy to bring expansion in capacity prior to customers' needs to meet their growing demand from local sources.

Since agriculture produce is our major raw material, the Company is focusing to improve storage facilities. The farmers community is one of our major business partners and we are investing on increasing corn production in the country. The Company has developed a highly structured policy to introduce corn sowing in Sindh province. We have already succeeded in increasing corn cultivation area and extended heavy subsidies to farmer community in the Province. We have been quite successful in convincing the farmers in KPK province for using high yield Hybrids instead of conventional seeds to improve the produce yield from less than one ton to three to five tons per acre.

Capital Investment

The Company has highly structured capital investment planning system coherent with strategic blue print. Our focus is to concentrate our resources and investment in the areas that will support our objective of delivering long-term sustainable growth. Our Company has strategically invested to expand production capacity, value addition to the plants and manufacturing systems to meet growing local as well as export market demands. This strategy has given RafhanMaize an edge in gaining the premier market position.

Our new plant at Kotri- Hyderabad was successfully commissioned to transform the way we interact with our customers. The new plant will enable us to increase our geographical reach and serve our highly

valued customers in the south region. A number of process development projects were also undertaken at our production sites to meet growing market demand. Our Company ensures strong commitment to its customers through investment in the best services and products. The Company has been investing on a continuous basis and during the year under review, capital expenditures stood at Rs.471 millions. These investments have enabled our Company to grow in size and maintain the status of key player in the corn refining industry. The Company with its state of the art facilities and strong market presence would support sustained growth in the years to come and fully resolve to invest on high growth areas to strengthen its leadership position.

Corporate Social Responsibility and Sustainability

Our most cherish mission is to create opportunities for our employees, farmers, communities and society and the people of Pakistan to improve the quality of their life. We strive hard to contribute to social welfare through health, education, shelter, environment protection, community development, calamities rehabilitation and related welfare activities/events.

The Company made exemplary interventions in the areas of education, healthcare, poverty alleviation and environmental protection. We consider it our corporate responsibility to make strong contribution to facilitate alleviating the hardships of the people particularly living in and around area of our business. We have executed a long list of projects around Faisalabad and Jamshoro districts as well as in other underprivileged communities across Pakistan. RafhanMaize took an initiative to take part in rehabilitation of villages affected by devastating floods across Punjab and has taken a leadership role in contributing to society through a structured social investment program that aims to integrate the economic, social and environmental needs of the communities. We are working with healthcare partners to provide information, advices and support to employees on health matters and share best practices.

We have provided at our Faisalabad site a bank, a school and a post office to facilitate general public around our premises. Fully equipped dispensaries are also maintained at all manufacturing sites to face any emergency or facilitate general health care. The Company does not employ any child labor and is an equal opportunity employer. Our Intensive drive for tree plantation and development of green fields around the plants shows Company's commitment to the environment. CSR is deeply embedded in our culture and aim to play a positive role in the communities in which we operate.

The Company donated Rs. 5 million to help the less previlidged community.

In order to maintain transparency, all activities were

scrutinized by the CSR Committee and disbursement of the monetary assistance was monitored carefully.

Occupational Health and Safety

RafhanMaize places Health and Safety at the heart of its business agenda and keeps safe working environment at the paramount of its objectives. Employees are our real assets and we take every step including but not limited to educate people on fire safety, road safety and behavior based safety. We mount our continuous focus on safety related people empowerment, people engagement on safety issues and imparting safety trainings to educate our employees on personal safety/health. Our Company is continuously improving its management systems and standards not only at workplace but also through "Off-The-Job Safety" initiatives to create consciousness amongst its employees round the clock.

All our facilities follow the highest standards for maintaining health and safety of all the employees and individuals connected with our businesses. The Company conducts routine overview of operating procedures with specific focus on Health and Safety hazards and safe work practices. Our continuous focus on achieving excellence in health and safety resulted in achievement of zero LTIR (lost time injury rate) and Zero TRIR (total recordable injury rate) in 2014.

We also attempt to ensure that our products are transported in a safe manner complying with applicable safety standards and legal requirements. We are developing new system and processes to make our workplaces more safe and enforced regulations to use of work permit for all maintenance and construction jobs.

Accident reporting and analysis mechanism has been well defined and stiff follow-ups on corrective and preventive actions are being made to avoid recurrence of incidents/incident. Well composed training sessions on OHS are being regularly conducted for employees to enhance the awareness of safety. RafhanMaize has travelled a long way to embed a culture of safety within the organization and the Company has remarkable record of working without LTC (lost time case) for 10 years at Cornwala Plant, 7.4 years at Rakh Canal Plant and Mehran Plant since groundbreaking in 2008.

Environment Protection

Protecting the environment and conserving natural resources are the high priorities for our Company. Our Company is cognizant of its contribution towards environment protection and continued to work relentlessly towards increasing efficiencies and reducing any potential adverse environmental impacts. The Company is effectively aligning its environment management systems and processes with internationally recognized best practices. We have a strong mechanism for regular assessment and audit of our EHS practices by internal auditors as well as through third parties auditors. The Company continues to champion environmental stewardship. We promote responsible use of natural resources through green work practices.

We lay our strong focus on those particular aspects of our activities that have higher potential impact on the environment. Global Earth Day 2014 was celebrated with enthusiasm across the organization with excellent participation from all employees. Sites came up with interesting and innovative ideas to promote the importance of saving environment and conserving natural resources.

For the consecutive six years, RafhanMaize has won Annual Environment Excellence Awards starting from 2009 to 2014 for its excellent environment protection initiatives and successful implementation of environment protection management systems.

Waste Water Treatment Plants

RafhanMaize is a responsible corporate citizen and fully cognizant of its role towards clean safe and secure environment. The Company has constructed waste water treatment plants at Cornwala and Mehran Plants and allocates resources on treating water before drainage. Our highly experienced engineers and professionals manage these water treatment plants.

Energy Conservation

Our operations are highly energy intensive and we are striving hard to manage energy cost and conserve the resources wherever possible. The Company has initiated a blue chip project to conserve energy at each echelon of business. Our energy audits at key facilities helped us to optimize energy utilization and very importantly provided action framework for rectification energy intensive UDEs (undesirable effects).

We strongly believe in technological innovations and embracing new technologies. Our Company has initiated a mega project to install its own co-generation plant which will not only generate electricity but also fulfill 100% steam requirements at our major manufacturing site Cornwala Plant. After commissioning of the Co-generation Plant, our business will reduce dependence on expensive alternate fuels and very importantly the project will help to reduce burden on national grid.

Agriculture Sustainability/Rural Development Program

The Company is aware of the challenges being faced by agriculture in Pakistan and playing remarkable role for agricultural development of the country particularly revolutionizing the corn farming. The Company has a strong team of agronomists and agriculture scientists who stand committed with farming community to help them not only for producing more but also better through the adoption of efficient post-harvest handling practices.

We take the pride for bringing revolution in corn cropping in Pakistan. The country, which has been producing less than one million tons of corn for decades, now with our concentrated efforts, is producing over 4 million tons of corn. We have added one additional crop in the cropping pattern of our central Punjab famers and they are harvesting bumper spring crop. The Company has introduced new varieties of seed which has increased per acre corn yield by manifolds. Also, the Company has engaged and collaborated with large seeds manufacturing companies for the development of corn crop in Pakistan.

Our efforts have been very successful in KPK where the farmers are now using good quality seed and per acre yields have been increased significantly. Our Company has extended agricultural extension services to farmers' community in Sindh for corn cropping. Sindh province has unique atmospheric conditions where corn can be grown and harvested all over the year. With our extended efforts, the area under corn cropping in Sindh province has significantly increased and we hope to make it almost double in the next 2/3 years.

Our field team in collaboration with corn growers has built small on farm corn dryers at various corn growing areas. This is cheaper technology and even small farmers can afford to have such dryers. This technology helped the farmers in managing their produce in good shape particularly in winter season when natural drying is almost impossible due to cold weather.

RafhanMaize is providing unique marketing mechanism to farmer community for the marketing of their corn crop. We directly enter into contracts with the farmers for lifting of their crop. The Company subsidies millions of Rupees by directly lifting corn produce from the fields at premium prices. RafhanMaize provides premium quality seeds to the farmers on credit basis to induce them to grow high quality corn.

RafhanMaize engages farmers as well as rural communities in its area of operations. Our agronomists team regularly conducts farmers' gatherings where the latest information about good farming practices is delivered to the farmers to help them to improve farm economics/qualities.

Certificates Awarded to Post Graduate Students of University of Agriculture, Tandojam

The Company conducts farmers meetings to impart awareness on latest development in agriculture field particularly on new seeds, sowing/harvesting technologies, crop protection and soil enrichment.

Integrated Management Systems

RafhanMaize is a customer focused and quality centric organization, delivering successful performance through a strong focus on quality and takes scores of initiatives to improve product quality. Our quality assurance initiatives are not only improving quality of our products but also helping to reduce process wastes. During the year, we have successfully been passed through a series of third party and customer audits that support our efforts to delivery of high quality, safe and secure products to our valued customers.

The Company has continuous focus on reassessing the changing needs of its customers by investing in product quality and capabilities. In RafhanMaize, quality mean business and we realign our resources and capabilities to augment our product quality and process capability. Our Company is certified for QMS, EMS and OHSAS 18001 and Halal Certifications. We have successfully achieved FSSC which enabled us to raise our standards even higher in the food business.

We initiated implementation of Lean/Six Sigma at RafhanMaize to enhance our competencies, improve efficiencies, reduce waste and create values for our products. RafhanMaize hosted multiple training courses for imparting white, yellow and green belt certifications. This will go long way to help us in determining current and future state of our processes and identifying multiple opportunities that can improve our ways of working. More than 300 employees were designated as Belts with the aim of building excellence in all our systems/processes and upholding our vision and commitment of bringing the best to our customers. Our endeavors are to create cost efficient, borderless organization with deliverable of providing right quality products to our esteemed customers.

Research and Development

Research and development plays significant part in the future growth of any company. RafhanMaize has highly experienced team in R&D dedicatedly working on new ingredients and product applications. The

team is focusing to develop products for our customers and increase product range with additional applications. We are resolved to continue capitalizing business opportunities that improve our competitive position in the market and enhance capabilities.

The Company has strong technical base and our team of experts continues to extend customized services to our valuable customers and the markets. Our strong feedback mechanism and "hear customer voice" strategies are going long way to help us in diversifying product mix, maintaining long term customer relations and enhancing service quality.

The Company uses "voice of customer" as driving force for new product development, market differentiation and making major capital investment. The Company is in the process of building state of the art IdeaLab to further strengthen our research and development aspirations and facilitate its customers in their quest to bring innovations in their product portfolio.

Information Technology

Our IT vision is designed to complement our corporate vision by business transformation through technological innovation. This applies to automation of processes for optimized performance and introduction of best practices to achieve corporate

excellence. Our Company has successfully revamped its internal systems and introduced new systems to improve management oversight and cost controls. Some of the key achievements include successful life-cycle revamping of SAP system and upgrading to the latest version. The production facilities and our offices in different locations are connected through dedicated communication channels. As a part of new technology initiative, old equipment was replaced with the new machines and will bring agility in gathering and interpreting business sensitive information.

Our IT is striving hard to streamline processes, reduce procurement cost (hardware & software) and identify better supply sources while complying with regulatory and policy frameworks. With availability of robust resource management tools and state of the art technologies, we have helped our people work better, faster and smarter. We constantly upgrade our systems to keep abreast with changing technologies and business dynamics.

Information Technology has rendered active contribution by providing strategy-driven solutions and services, built around business objectives. Regular coordination meetings are organized to assess and review the overall working of IT and identify gaps for continual improvements. Our Company has successfully implemented Achieve Recognition, Salesforce.com, Time management and payroll systems. We trust these systems will go long way to improve our ways of working, bring efficiencies and add agility to business processes.

Our Company has well-structured system of analyzing KPIs (Key Performance Indicators) and implemented state of the art business intelligence, data warehousing, dashboards and business planning systems. The Company uses SAP as ERP and BW (Business Warehouse) system fully integrated with all sub systems like FI (Financial Information), CO (Controlling), PP (Production Planning), PM (Plant Maintenance), SD (Sales and Distribution) and MM (Material Management) modules.

Consumer Protection Measures

The Company has strong presence all over the country with a vast distribution network and

diversified customer base. RafhanMaize is a service based organization and has developed variety of ingredients to cater for day to day needs of our highly revered customers. Our technical experts visit the customers' manufacturing premises and guide them on product uses, ingredients' properties consumption efficiency and extend recommendations on cost effectiveness, quality improvement and innovations in their finished products.

We print and engrave our logos, registered products names and trademarks on our product packaging to save our customers from counterfeits. Our brands carry strong legacy and our customers well cognize our products from the fakes and substandard ingredients. We are investing on packaging technologies, bar codes and tractability mechanism to protect our customers from the counterfeiters.

HR Management & Development, Industrial Relations and Employees Welfare

Human resources management plays a key role in recruiting, promoting and retaining the best employees for every position. The Company adheres to well-structured recruitment strategy for hiring people with the relevant qualifications, core professional competencies and desired leadership/soft skills. We believe in our people and strive hard to enable them to adhere to our values every day and in every interaction. The Company strongly believes that its employees are the primary assets and has remained focused on providing the most conducive environment to all employees through best HR practices. RafhanMaize takes pride in the capabilities and abilities of our people to deliver ambitious results in a sustainable fashion and under challenging conditions.

The Company offers a healthy and friendly work environment where people can discover their potentials, build careers and find new challenges, get reward for performance and merit based recognitions. Our Company has one of the best Performance Management Systems and we encourage our employees to develop their own challenging goals and exhibit strong performances for earning performance based bonuses. The results of our Company are the true reflection of our commitment and contribution of our talented employees. Our employees are strongly benefited from scores of our developmental initiatives including training programs on soft skills, leadership framework, technical competencies, new trends in business and profession and changing legal/statutory business environment. We strongly believe in the dignity and value of our people and treat our human resource with respect to create performance based, growth oriented, working environment where people can thrive as per their potentials.

Our Company is an equal opportunity employer and provides fair opportunities to all factions of society without any discrimination or bias. We believe in fair field and no favor principle and treat our employees as our first customers. We have active, live, online recruitment job portal where aspiring candidates can post their applications against the announced jobs.

Our Company believes in continuity of keeping good inventory of business leaders and adheres to well-structured succession planning process. We

Lean/Six Sigma and HR Training Activities

recruit employees, develop their knowledge skills, abilities and prepare them for advancement or promotion into more challenging roles. People capability reviews are normal feature of our HR strategy, we encourage to develop two step succession plans for each critical position. This process has been instrumental in enhancing teamwork and motivation among tour people. We are committed to build high performance culture where all employees are aligned, engaged, empowered and highly motivated.

The Company believes in maintaining cordial industrial relations with its employees and their Collective Bargaining Agent (CBA). Our relationship is based on the principle of mutual trust, respect and open communications. The Company considers its workers as partners in success of the Company and provides a long list of facilities including but not limited to providing subsidized foods at canteens, long service awards, free ration quotas, free medical dispensaries, wheat subsidy, free wearing cloth, uniforms, picnic excursions, scholarships for children, and free cob shell for fuel, besides, extending highly competitive salary packages.

Annual Sports are a regular feature at RafhanMaize and the Company provides excellent platform to all employees for keeping them physically and mentally fit. A large number of employees takes part in different games every year; this year 659 employees participated in the games and won prizes.

The Company offers merit scholarships to children of its employees to appreciate their talent and promote healthy competition. The Company is fully cognizant of the religious obligations of its employees and support 17 Muslim employees to perform Haj and one Christian employee to visit his religious places.

Business Ethics and Anticorruption Measures

RafhanMaize is a highly ethical Company and has a well-structured system to train and guide employees at levels on business ethics and Company values. Al the staff members are required to certify and notify the Company on clearly understanding and adhering to all the policies on business conduct twice a year. All employees have to report gifts details received from the business partners, customers, suppliers, consultants and financial institutions while conducting business with them.

The Company is required to submit SOX 404 entity certification report duly signed by CEO and CFO of the Company on effective system of internal control. The Company has well-structured whistle blower policy wherein employees are encouraged and protected to highlight unethical events or violation of the Company Policies on Business Conduct.

Contribution to National Exchequer

The Company is a responsible corporate citizen and making strong contribution towards national development. Our contribution to national exchequer

has been pride for us and we contributed Rs.3,488 million towards national exchequer in the shape of taxes, duties, cess, levies etc. for the year 2014. Our contributions are much more marked in saving precious foreign exchange by providing indigenous high-tech solutions to our customers besides, exporting approximately 21,000 tons of finished goods and earning foreign exchange amounting to Rs.1,200 million during the year under review.

Challenges and Future Prospects

Macroeconomic indicators of Pakistan are not very encouraging and the country is facing adverse balance of trade, prolonging foreign account deficit, dependency on foreign loans, low tax collection, severe energy crisis, low GDP growth, stagnant disposable incomes and uncertain political situation. Domestic industry will continue to face energy shortages and increased cost of production owing to usage of alternative fuels. Despite all, the Company maintains a strong positive outlook on the country due to rise of the middle class, increasing urbanization and a youthful population. The management of our Company continues to have a long term optimistic outlook for our business. We are confident of the strong potential of Pakistan because of its growing youthful population. The Company aims to counter unfavorable market conditions through customer engagement initiatives, targeted towards new business development and through effective cost management. A long term strategic plan has been developed to sustain growth.

Our strong portfolio, intelligent management of the value equation and appropriate cost reductions measures will help us to sustain our growth rally. The management team at RafhanMaize has continued to focus on key controllable variables and endeavored that operations remain robust and responsive against impending challenges. We will continue to adopt proactive and cautious approach to address paradoxes and have to establish a high performance culture based on a disciplinary approach.

The Company is vertically expanding its manufacturing capabilities to meet growing demands from customers, bringing new ingredients, embrace emerging technologies and deliver unbeatable value to its customers. The Company has the ability to counter impeding threats and challenges from local and international competitors and it has very successfully maintained its position in the country.

Our strategic plans envisage short term growth of 5 to 6% per annum in sales volumes. We have strong belief on our people, processes and products to maintain our existing growth rate and create value for the shareholders.

Outlook

In view of the prevalent market circumstances, the performance of consuming segments may remain below normal to impact the overall demand for our products especially from downstream consuming industries. The Company is foreseeing strong pressure on selling prices of our products. Government has increased the Wheat support price from Rs.1,200 to 1,300/40kgs which may fuel the price of corn in country. Furthermore, upswing in cost of utilities and other overheads may continue. Since the trade barriers are going down, hence, this may impose unfair competition threat and consequently, make it impossible to pass on increasing pressure on cost to our customer thus erode our overall margins. However, our Company will continue to remain focused on its customers to deliver best results and pursue the strategic expansion, controlling costs and integrating the business strategies to combat the current slump in the economy and challenges.

We have firm belief in our efforts, management skills and capabilities to cope with the challenges and to maintain the growth trend in our business through high level of customer service, diversification into new business areas and all round operational efficiencies. With strong corporate image, our Company stands committed to maintain growth pattern and deliver strong values to the shareholders.

Acknowledgment

We greatly value and recognize the support and cooperation received from our all esteemed suppliers, trading partners, bankers and stakeholders who are helping and contributing towards the continued growth of our Company.

We are also thankful for the excellent support and guidance provided by our parent company and the trust reposed by the shareholders on the Management and the Board. This continued support gives us confidence and encouragement. We believe in a transparent relationship with our investors and dissemination of sensitive information to them at given foremost priority.

We take this opportunity to thank our Board of Directors for their visionary guidance and support throughout the year. Their leadership has been the driving force which gave us an outlook for a brighter future for the Company. My sincere thanks are for all employees for their hard working and relentless efforts which have been instrumental in driving the solid operational and financial performance of the Company. The Company's achievement and impressive results could not have been possible without their contributions and the Company is immensely proud of its highly motivated human resource.

Special Remembrance

In November 2014, one of the directors of the Company, Sheikh Gulzar Hussain passed away – Inna Lilahi wa-inna ilayhi rajiaoon. I, on behalf of the Board of Directors, shareholders, management team, staff members and workers wish to place on record the valuable services rendered by late Sheikh Gulzar Hussain. He served RafhanMaize from 1965 to 1998 in different high profile roles of CFO to Deputy Managing Director. He will long be remembered for his strategic vision, dedication to his job, inspiration for the people around him and loyalty to our Company. May his soul rest in eternal peace! A'meen.

Please join me in praying Almighty Allah to give us success in our efforts to achieve Company's future goals and prosperity for all the stakeholders. A'meen!

On behalf of the Board

Ansar Yahya
Chief Executive &
Managing Director

February 17, 2015

ORGANIZER
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Publicity

Board & Chief Executive's Performance Review

Board Performance Review

Rafhan Maize Board comprises of professionals of high caliber with diversified experience in all echelons of business. The Company adheres to highly structured process for the Board performance wherein individual Board members rate overall Board performance by responding to a series of performance evaluation questions.

The Board members individually and collectively have been guiding and, wherever required, complementing management efforts on implementation of corporate strategy. Their contribution on development and implementation of Company's high level strategies, Vision/Mission Statements, Policies on Business Conduct and evaluation of internal control system have been phenomenal. The Board has been proactive in setting up of Committees (Board) with specific jurisdictions, defining specific roles of Chairman and Chief Executive, conducting periodic meetings – at least quarterly, and extending due consideration to significant business issues.

CEO's Performance Review

Chief Executive is captain of the business plane and drives the teams for the delivery of super performances. The track record of exceptional benefit delivery to the shareholders during last five years of his tenure is the first glimpse of his performance. The CEO of the Company acts and performs subservient to the Roles and Powers prescribed by the Board of Directors. The Board has formed various committees to review overall performance of the Company, particularly the CEO and senior executives.

The Company has highly structured performance management system "Successfactors Achieve" wherein all the executives including CEO have to develop SMART goals which are periodically reviewed by hierarchical management and subsequently by Human Resource Committee of Board of Directors. Very importantly, the parent company, Ingredion Incorporated also has its own performance evaluation system of country business heads or CEO of the local companies.

DIRECTORS' PROFILE

MARTIN SONNTAG
Chairman
Non-Executive Director

He joined the Board in 2014. Presently, he is Chairman of the Board. He is also Chairman of the Board's Human Resource & Remuneration Committee. He is representing Ingredion Incorporated, the parent company, on the Board. At Ingredion, he is Vice President and General Manager, EMEA since February 1, 2014.

He holds Bachelor's degree in Chemical Engineering from the Hamburg University of Technology and is a graduate of the INSEAD Advanced Management Program.

Office Address
Ingredion GmBH, Gruener Deich-110,
Hamburg-20097,
Germany

ANSAR YAHYA
Chief Executive & Managing Director
Executive Director

He joined the Board in 2001. Presently he is holding the position of Chief Executive & Managing Director of the Company. He is also member of the Board's Human Resource & Remuneration Committee and Shares Transfer Committee.

Office Address
Rafhan Maize Products Co. Ltd.,
Rakh Canal East Road,
Faisalabad.

RASHID ALI
Vice Chairman
Non-Executive Director

He joined the Board in 1985. Presently he is the Vice Chairman of the Board. He is Ph.D and has Master's Degree in Chemistry and Business Administration. His business experience spans over 52 years. He is also member of Rafhan Maize Board's Audit Committee, Human Resource & Remuneration Committee and Shares Transfer Committee.

He was director on the Board of Faisalabad Electric Supply Company for 10 years and Chairman of its Audit Committee.

Office Address
Rafhan Maize Products Co. Ltd.,
Rakh Canal East Road,
Faisalabad.

JACK C. FORTNUM
Non-Executive Director

He joined the Board in 2014. He is a member of the Board's Audit Committee. He is representing Ingredion Incorporated, the parent company, on the Board. At Ingredion, he is Executive Vice President and Chief Financial Officer since January 6, 2014. Prior to that, he served as Executive Vice President and President, North America since February 1, 2012.

He is Chartered Accountant and holds a Bachelor degree in Economics from the University of Toronto. He has completed the Senior Business Administration Course offered by McGill University.

Office Address
Ingredion Incorporated,
5 Westbrook Corporate Center,
Westchester, IL 60154, U.S.A.

CHRISTINE M. CASTELLANO
Non-Executive Director

She joined the Board in 2013. She is representing Ingredion Incorporated, the parent company, on the Board. At Ingredion, she is Senior Vice President, General Counsel, Corporate Secretary and Chief Compliance Officer since April 1, 2013.

She holds a Bachelor degree in political science from the University of Colorado and a Juris Doctor degree from the University of Michigan School of Law.

Office Address
Ingredion Incorporated,
5 Westbrook Corporate Center,
Westchester, IL 60154, U.S.A.

DR. ABID ALI
Executive Director

He joined the Board in 2012. He is Ph.D and FCMA with over 24 years of experience in diversified business disciplines. Presently he is holding the position of Chief Financial Officer of the Company.

He is also member of the Board's Shares Transfer Committee.

Office Address
Rafhan Maize Products Co. Ltd.,
Rakh Canal East Road,
Faisalabad

JAMES P. ZALLIE
Non-Executive Director

He joined the Board in 2011. He is representing Ingredion Incorporated, the parent company, on the Board. At Ingredion, he is Executive Vice President, Global Specialties and President, North America and EMEA since January 6, 2014.

He holds Master's degrees in Food Science and Business Administration from Rutgers University and a Bachelor of Science degree in Food Science from Pennsylvania State University.

Office Address
Ingredion Incorporated,
5 Westbrook Corporate Center,
Westchester, IL 60154, U.S.A.

ZULFIKAR MANNOO
Non-Executive Director

He joined the Board in 1990. He is alumni of The Wharton School, University of Pennsylvania and Aitchison College, Lahore. He is Chairman of the Board's Audit Committee and is representing minority shareholders on the Board.

He also holds directorship of Unilever Pakistan Foods Ltd.

Office Address
Pakwest Industries (Pvt.) Ltd.,
1st Floor, Ghani Chambers,
Patiala Ground, Link McLeod Road,
Lahore.

MIAN M. ADIL MANNOO
Non-Executive Director

He joined the Board in 1985. He is graduate and alumni of Aitchison College, Lahore. He is engaged in textile business for the last 22 years. He is representing minority shareholders on the Board.

He also holds directorship of Unilever Pakistan Foods Ltd.

Office Address
H.N. Enterprises
Rakh Canal,East Road,
Opp:Rafhan Maize Products Co. Ltd.,
Faisalabad.

WISAL A. MANNOO
Non-Executive Director

He joined the Board in 2006. He is engaged in textile business for the last 22 years. He is representing minority shareholders on the Board.

He is also Member, Executive Committee of All Pakistan Textile Mills Association (APTMA).

Office Address
Wisal Kamal Fabrics
11E-2, Main Gulberg,
Lahore.

Forward - Looking Statements

This Annual Report contains or may contain forward-looking statements. The Company intends these forward-looking statements to be covered by the safe harbor provisions for such statements. These statements include, among other things, any statement regarding the Company's prospects or future financial condition, earnings, revenues, tax rates, capital expenditures, expenses or other financial items, any statements concerning the Company's prospects or future operations, including management's plans or strategies and objectives therefor and any assumptions, expectations or beliefs underlying the foregoing. These statements can sometimes be identified by the use of forward looking words such as "may,""will," "should," "anticipate," "believe," "plan," "project," "estimate," "expect," "intend," "continue,""pro forma," "forecast" or other similar expressions or the negative thereof. All statements other than statements of historical facts in this report or referred to in or incorporated by reference into this report are "forward-looking statements." These statements are based on current expectations, but are subject to certain inherent risks and uncertainties, many of which are difficult to predict and are beyond our control. Although we believe our expectations reflected in these forward-looking statements are based on reasonable assumptions, stockholders are cautioned that no assurance can be given that our expectations will prove correct. Actual results and developments may differ materially from the expectations expressed in or implied by these statements, based on various factors, including the effects of global economic conditions, and their impact on our sales volumes and pricing of our products, our ability to collect our receivables from customers and our ability to raise funds at reasonable rates; fluctuations in markets for corn and other commodities, fluctuations in the markets and prices for our coproducts, particularly corn oil; fluctuations in aggregate industry supply and market demand; the behavior of financial markets, including foreign currency fluctuations and fluctuations in interest and exchange rates; continued volatility and turmoil in the capital markets; the commercial and consumer credit environment; general political, economic, business, market and weather conditions in the various geographic regions and countries in which we buy our raw materials and sell our products; future financial performance of major industries which we serve, including without limitation, the food and beverage, pharmaceuticals, paper, corrugated, textile and brewing industries; energy costs and availability, freight and shipping costs, and changes in regulatory controls regarding quotas, tariffs, duties, taxes and income tax rates; operating difficulties; availability of raw materials, including specific varieties of corn and rice upon which our products are based; energy issues in Pakistan; boiler reliability; our ability to effectively integrate and operate businesses; our ability to achieve budgets and to realize expected synergies; our ability to complete planned maintenance and investment projects successfully and on budget; labor disputes; genetic and biotechnology issues; changing consumption preferences including those relating to Liquid Glucose; increased competitive and/or customer pressure in the starch processing industry; and the outbreak or continuation of serious communicable disease or hostilities including acts of terrorism. Our forward-looking statements speak only as of the date on which they are made and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of the statement as a result of new information or future events or developments. If we do update or correct one or more of these statements, investors and others should not conclude that we will make additional updates or corrections.

Major Events – 2014

January 01	Annual Managers' Meeting
January 08	Annual Operations Meeting - Rakh Canal Plant
January 11	Annual Operations Meeting - Cornwala Plant
January 21	Lean Six Sigma Steering Committee Meeting
January 28	Donated Wheel Chairs/Patient Beds to Allied Hospital, Faisalabad
February 08	Received Export Trophy Award arranged by Federation of Chamber of Commerce & Industry, Karachi from Prime Minister of Pakistan in the category of Special Merit Export Award For Export of Corn (Maize) Derived Products.
February 20	Received Corporate Social Responsibility Award 2014 organized by National Forum for Environment & Health in the category of Employees Health/Safety Program.
March 05	Arranged a session on "Diabetes Awareness Program" by Dr. Arooj Imam at Hotel One, Faisalabad.
March 06	Monthly Sales Meeting at Rakh Canal Plant
March 07	Monthly Procurement Saving Meeting at Rakh Canal Plant
March 22	Shareholders Annual General Meeting
March 29	Safety & Environment Training Program for Contractors and Employees
April 01	Books, stationery and school bags were provided to the students of Government Primary School, Muhammadwala, 216-RB, Faisalabad through Galaxy Welfare Foundation, Faisalabad
April 02	Books, stationery and school bags were provided to the students of Government Primary School, Deenpur, Chak No. 62-GB, near Cornwala Plant, Jaranwala through Galaxy Welfare Foundation, Faisalabad
April 05	Seminar on "Safe Handling & Use of Pesticides"
April 07	Quarterly Sales Meeting
April 12	1,000 Blood Bags were donated to Ali Zaib Foundation, Faisalabad
April 15	Hajj Draw for employees
April 22 – 23	"Search of Excellence" Management Development Program
April 28	Endoscopy (complete unit), Endoscopy Bed and Ultrasonic Cleaner donated to Liver Foundation Trust, Faisalabad. An amount of Rs.720,000/- was incurred on this activity
April 28	Won EFP Award organized by Employers' Federation of Pakistan and International Labor Organization. Rafhan Maize was recognized for the "Best Practices in OSH&E" in the category of Food, FMCG and Pharma ceutical Sector.
May 03	Received "SAFA Award on the Best Presented Accounts Award" from South Asian Federation of Accountants in the category of "Manufacturing Sector".
May 07 – 08	Training on "Finance for Non-Finance Executives"

May 10	Capital Projects Review Meeting
May 13	Maize Procurement & Development Meeting
May 20	Annual Maize Buying Agents Meeting - 2014
May 29	IMS Certification Audit for ISO 9001, 14001 & OHSAS 18001
June 05	Certificate Distribution for LSS Yellow/Green Belt Training
June 07	Long Service Award Ceremony
June 18	CEO Award Ceremony
July 05	Half Yearly Sales Meeting
July 11	Payroll & Time Attendance System Kick Off Meeting
August 21	Agronomist Meeting
August 26	Referendum for CBA
September 02 – 12	LSS Green Belt Training
September 08	Received 'Gold Medal" in FPCCI Achievement Award distribution ceremony from President of Pakistan in the category of "Establishment of Green Field Plant & Export of Maize Starches to USA First Time in the History.
September 15 – 16	SMETA Audit of CWP
September 17 - 18	SMETA Audit RCP
September 19	Received "Best Corporate Report & Sustainability Report Award" orga nized by Joint Committee of Institute of Chartered Accountants of Pakistan/and Institute of Chartered & Management Accountants of Pakistan in the category of "Best Corporate Report Award".
September 22 – 23	SMETA Audit of MP
September 23 – 24	"Managing Change" Managers' Development Course
September 26	Arranged Relief Camp for Flood Affectees at Chiniot
September 27	Recieved "Annual Environment Excellence Award" from Governor of Punjab
October 16	Received EFP Award in the category of Large Organizations.
October 28	Arranged Program for University students on "Women Empowerment Through Corn Development in Sindh" at Hyderabad.
November	November was observed at OHSE Month.
November 07	Third Party Non-GMO Audit 2014
November 18	CEO Awards 2014 Kick Off Meeting
November 18 – 19	Supplier Audit by Abbott Laboratories
November 20	Session on "Stored Pest Control in Maize Activity"
November 26	Mock Exercise Evacuation, Firefighting Drill by Safety Department
November 28	Donated WLXGX-8888 Weili Blood Purification System to Liver Foundation Trust, Faisalabad.
December 02	Blood Donation Camp at CWP by FATIMID Foundation
December 07	Won Corporate Excellence Award from Management Association of Pakistan from President of Pakistan.
December 08 – 13	Rafhan Sports Festival Week at all three plants
December 20	Donation for free medicines to District Anti T.B Association, Faisalabad.

Horizontal Analysis of Profit and Loss Account

	2014	2013	2012	2011	2010	2009
Sales	6%	21%	7%	31%	22%	6%
Cost of sales	6%	25%	8%	36%	18%	12%
Gross profit	11%	6%	5%	15%	35%	-11%
Distribution cost	15%	-39%	152%	11%	13%	-27%
Administrative expenses	11%	5%	19%	20%	13%	13%
Operating profit	6%	11%	-3%	15%	39%	-12%
Other operating income	-56%	119%	-5%	28%	5%	-13%
Finance cost	102%	3%	-3%	83%	-35%	35%
Other operating expenses	14%	6%	-3%	12%	38%	-12%
Profit before taxation	4%	15%	-3%	15%	39%	-12%
Taxation	52%	-25%	-8%	23%	35%	-11%
Profit after taxation	-10%	36%	0%	11%	42%	-13%

Horizontal Analysis of Balance Sheet

	2014	2013	2012	2011	2010	2009
NON CURRENT ASSETS						
Property, plant and equipment	-4%	31%	64%	5%	23%	14%
Intangible assets	-48%	-32%	-11%	-20%	-	-
Capital work-in-progress	85%	-82%	-28%	86%	-2%	96%
EMPLOYEES RETIREMENT BENEFITS	-100%	-67%	16%	-33%	311%	-78%
LONG TERM LOANS	6%	-1%	88%	-27%	-18%	351%
CURRENT ASSETS						
Stores and spares	24%	25%	20%	18%	12%	-1%
Stock in trade	-46%	63%	3%	-4%	168%	-52%
Trade debts	17%	4%	38%	43%	20%	-8%
Loans and advances	25%	-49%	260%	-43%	955%	-52%
Trade deposits and prepayments	-26%	19%	104%	155%	15%	-15%
Other receivables	-28%	64%	86%	-30%	91%	19%
Cash and bank balances	5336%	-89%	704%	59%	-94%	4805%
TOTAL ASSETS	8%	16%	25%	14%	38%	0%
CURRENT LIABILITIES						
Trade and other payables	-14%	-2%	92%	22%	51%	-4%
Mark up accrued on short term running finances	-100%	-56%	-2%	38%	-4%	1%
Short term running finances - secured	-100%	0%	-100%	-37%	-	-100%
Provision for taxation	131%	-49%	10%	28%	-14%	60%
NON CURRENT LIABILITIES						
Deferred taxation	-5%	26%	50%	6%	35%	11%
SHARE CAPITAL AND RESERVES						
Share capital	0%	0%	0%	0%	0%	0%
Reserves	15%	23%	17%	19%	24%	12%
TOTAL LIABILITIES	8%	16%	25%	14%	38%	0%

Note: No percentage has been worked out where there were no figures in current or corresponding year.

Vertical Analysis of Profit and Loss Account

	2014	2013	2012	2011	2010	2009
Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	81.5%	82.2%	79.7%	79.2%	76.3%	78.7%
Gross profit	18.5%	17.8%	20.3%	20.8%	23.7%	21.3%
Distribution cost	1.0%	0.9%	1.9%	0.8%	0.9%	1.0%
Administrative expenses	1.4%	1.3%	1.5%	1.4%	1.5%	1.6%
Operating profit	15.4%	15.4%	16.9%	18.6%	21.2%	18.6%
Other operating income	0.4%	0.9%	0.5%	0.6%	0.6%	0.7%
Finance cost	0.5%	0.2%	0.3%	0.3%	0.2%	0.4%
Other operating expenses	1.1%	1.0%	1.2%	1.3%	1.5%	1.3%
Profit before taxation	14.9%	15.2%	16.0%	17.6%	20.1%	17.6%
Taxation	4.9%	3.4%	5.5%	6.5%	6.9%	6.3%
Profit after taxation	10.0%	11.7%	10.4%	11.1%	13.2%	11.3%

Vertical Analysis of Balance Sheet

	2014	2013	2012	2011	2010	2009
NON CURRENT ASSETS						
Property, plant and equipment	36.7%	41.2%	36.3%	27.6%	29.9%	33.7%
Intangible assets	0.1%	0.1%	0.2%	0.3%	0.4%	-
Capital work-in-progress	3.4%	2.0%	12.7%	21.9%	13.4%	18.8%
EMPLOYEES RETIREMENT BENEFITS	0.0%	0.1%	0.5%	0.5%	0.9%	0.3%
LONG TERM LOANS	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
CURRENT ASSETS						
Stores and spares	5.2%	4.6%	4.2%	4.4%	4.3%	5.3%
Stock in trade	21.1%	42.4%	30.0%	36.3%	43.1%	22.2%
Trade debts	7.0%	6.5%	7.2%	6.5%	5.2%	6.0%
Loans and advances	1.3%	1.1%	2.5%	0.9%	1.7%	0.2%
Trade deposits and prepayments	0.9%	1.3%	1.3%	0.8%	0.4%	0.4%
Other receivables	0.1%	0.2%	0.2%	0.1%	0.2%	0.1%
Cash and bank balances	24.2%	0.5%	4.9%	0.8%	0.5%	12.8%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
CURRENT LIABILITIES						
Trade and other payables	17.1%	21.5%	25.2%	16.4%	15.3%	14.0%
Mark up accrued on short term running finances	0.0%	0.0%	0.1%	0.1%	0.1%	0.2%
Short term running finances - secured	0.0%	0.7%	0.0%	4.8%	8.7%	0.0%
Provision for taxation	2.6%	1.2%	2.8%	3.1%	2.8%	4.5%
NON CURRENT LIABILITIES						
Deferred taxation	5.2%	5.9%	5.4%	4.5%	4.8%	5.0%
SHARE CAPITAL AND RESERVES						
Share capital	0.7%	0.8%	0.9%	1.1%	1.3%	1.8%
Reserves	74.3%	69.9%	65.6%	69.9%	67.0%	74.6%
TOTAL LIABILITIES	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: No percentage has been worked out where there were no figures in current or corresponding year.

Directors' Report

The Directors of our Company feel pleasure in presenting the annual audited accounts along with auditors' report thereon for the year ended December 31, 2014.

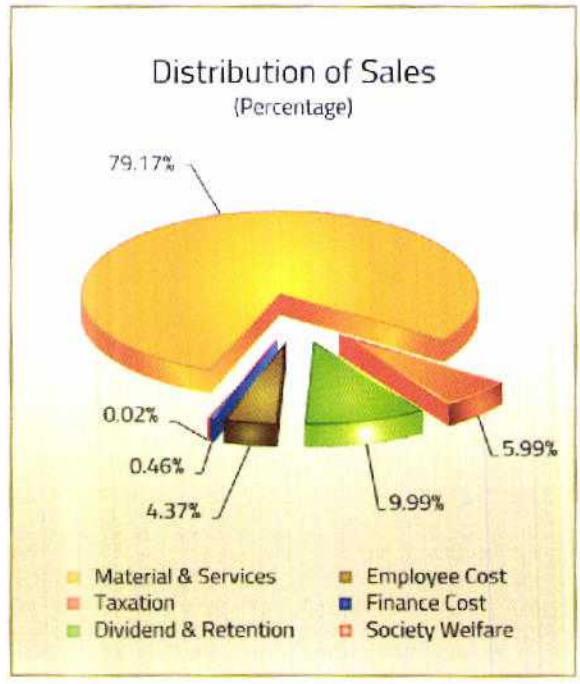
Financial Results

Profit and Appropriations

	Year ended December 31	
	2014	2013
	(Rupees in thousands)	
Profit after taxation	2,516,766	2,781,481
Actuarial gains/(losses) of employees retirement benefits	(11,364)	(21,639)
Un-appropriated profit brought forward	8,292,506	6,733,400
	10,797,908	9,493,242
Appropriations		
Final Dividend 2013 @800% (2012: @750%)	738,914	692,732
1st Interim Dividend 2014 @250% (2013: @250%)	230,911	230,911
2nd Interim Dividend 2014 @300% (2013: @300%)	277,093	277,093
	1,246,918	1,200,736
Un-appropriated Profit	9,550,990	8,292,506
Earnings per Share (Rupees)	272.48	301.14

Chief Executive's Review

The Directors of the Company endorse the contents of the Chief Executive's Review which covers our Company's business performance, salient activities in different fields of operations, investment plans for strategic growth, outlook and disclosures under corporate social responsibilities.



Corporate Governance

Our Company is fully abreast of improved standards of corporate governance. The Directors are pleased to state that our Company is fully compliant with the provisions of the Code of Corporate Governance 2012 as updated thereafter and formed as part of stock exchanges rules and regulations. The statement of compliance with Code of Corporate Governance is annexed.

Disclosures under Code of Corporate Governance

Corporate and Financial Reporting Framework:

(a) The financial statements, prepared by the management of the listed company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity;

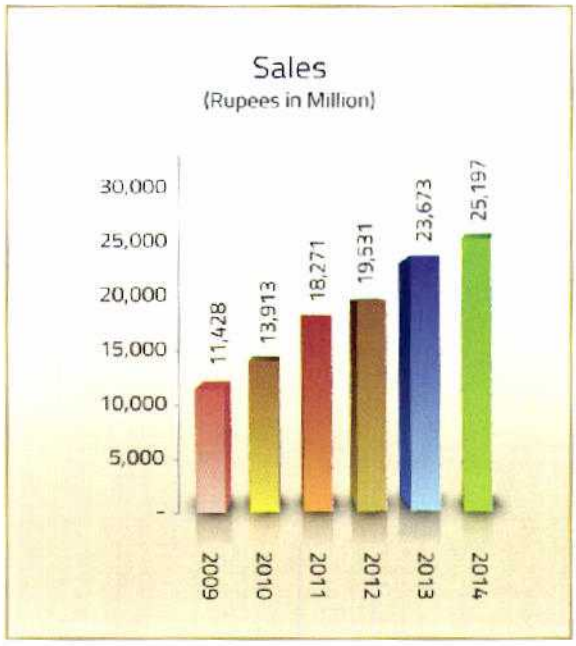
(b) Proper books of accounts of the listed company have been maintained;

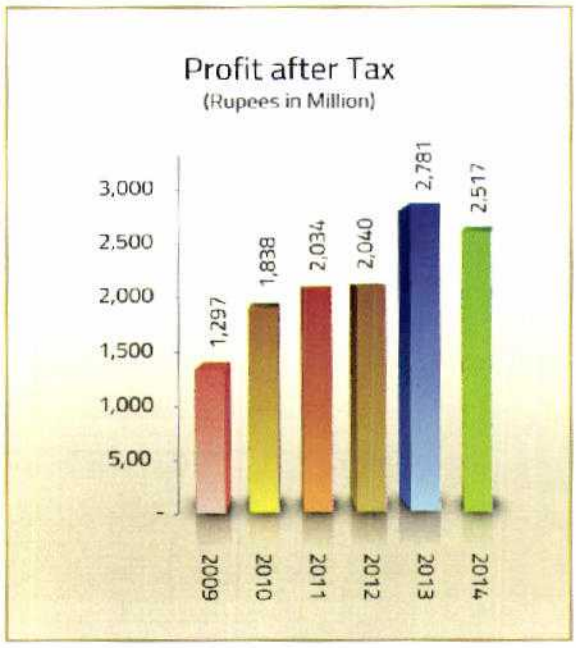
(c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;

(d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained;

(e) The system of internal control is sound in design and has been effectively implemented and monitored; and

(f) There are no significant doubts upon the listed company's ability to continue as a going concern.





Key operating and financial data of last six years are as follows:

		2014	2013	2012	2011	2010	2009
Net Sales	Rs. Million	25,197	23,673	19,531	18,271	13,913	11,428
Cost of Sales	Rs. Million	20,540	19,460	15,557	14,471	10,615	8,993
Gross Profit	Rs. Million	4,657	4,213	3,975	3,800	3,298	2,435
% of Sales		18	18	20	21	24	21
Operating Profit	Rs. Million	3,871	3,652	3,304	3,400	2,955	2,131
% of Sales		15	15	17	19	21	19
Profit Before Tax	Rs. Million	3,754	3,593	3,123	3,216	2,800	2,012
Profit After Tax	Rs. Million	2,517	2,781	2,040	2,034	1,838	1,297
Earnings per Share	Rupees	272.48	301.14	220.86	220.20	198.99	140.43
Dividend Amount	Rs. Million	1,247	1,201	1,062	1,062	924	831
Dividend Percentage		1,350	1,300	1,150	1,150	1,000	900
Capital Expenditure	Rs. Million	471	453	1,185	1,122	582	848

Resources Management

Our business is working capital intensive and bulk of cash resources are required to procure corn from the farmers at harvest time and store till the next harvest season. Agriculture sector of the country is facing difficult time marked by shortage of irrigation water, floods in monsoon and climatic changes. This situation is pushing farming and implements' cost higher thus resulting into hike in food grain prices. Corn consumption/usage by different sectors has increased manifolds over the years and there is a dire need to improve the yield and quality of seeds for sustainable availability. In order to ensure a reliable source of corn for our plants, our Company has evolved a long-term and mutually beneficial relationship with growers, farmers and other commercial partners to secure supply. Food availability needs to keep pace with the expanding populations to ensure survival and healthy growth of human race. Motivating and guiding farming communities for adopting modern agricultural practices are the main drivers behind our approach of serving farmers at grass-root level. Our agriculture team is specifically trained on seed technologies as well as good farm management practice and provides technical support to the farmers to improve their earnings through adaptation of good farm management practices and increase crop yields.

We have a strong distribution and suppliers network and apply clear standards both operational and ethical, to work with them to meet our customers' requirements for quality and ethical standards throughout the supply chain.

Capital Structure

The Company maintains highly balanced capital structure with 100% equity investment and current liabilities accounts for less than 20% of the total assets base. Our current assets are continuously growing to improve the liquidity position of the Company. The Company follows highly structured dividend policy of satisfying shareholders as well as ploughing back sufficient amount of earnings to sustain growth pattern and keep abreast with desired technologies. Our given at infra condensed balance sheet depicts highly impressive state of company's affairs:

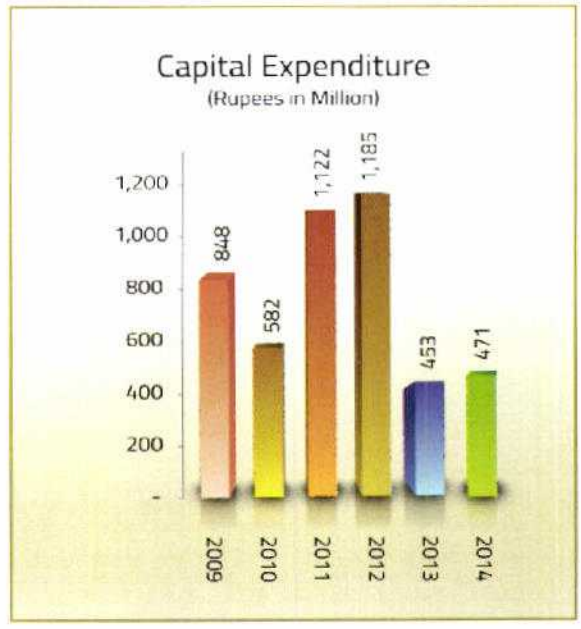
Particulars	2014	2013
	(Rupees in thousands)	
Current Assets	7,721,077	6,742,887
Non - Current Assets	5,177,006	5,177,589
Total Assets	12,898,083	11,920,476
Current Liabilities	2,541,580	2,789,464
Non - Current Liabilities - Deferred Tax	675,055	708,048
Share Capital and Unappropriated Profits	9,681,448	8,422,964
Total Liabilities and Capital Employed	12,898,083	11,920,476

Changes in Financial Position, Liquidity and Performance

The Company is enjoying excellent liquidity position (Current Ratio 3:1). It has been significantly improved over the years from 1.79 in 2012 to 3.04 in 2014. Other measure and performance evaluation indicators depict strong performances and strength of our Company's financial position. Gross Profit Ratio 18.48%, EBITDA 17.16%, Return on Capital Employed 24.3%, Operating Cycle 49.84 days, earnings per share 272.48 and Interest Cover 33.08 times.

Liquidity and Cash Management

Our Company enjoys unique capital structure with no long term debt financing. The Company arranges short term finance from commercial banks as and when need basis at market best financing rates. The Company also entered into contractual arrangements with Islamic banks for procurement of corn under the Islamic system of financing. The Banks procure corn on the behalf of the Company and later on sell to the Company. The Company has internationally renowned treasury management systems for cash management, cash forecasting and treasury risk management. The Company has entered into contractual arrangements with



leading banks for using their cash management systems to accelerate cash collections and easy cash disbursements.

Business Risk Management and Business Continuity Planning

Over the years, Enterprise Risk Management has become highly significant management activity rather strategy. Ability to earn is much dependent on strategy to save business from imposing challenges and threats. Our Company is fully cognizant of this highly important business strategy and over the periods developed a strong enterprise risk management system wherein critical strategic, commercial, operational, financial, end to end supply chain, EHS, product quality and internal control risks are identified through a well-structured process for preparing Risk Logs and Risk Registers.

Board actively oversees the whole risk management process and guides the teams for effective management of the risk management processes. The identified risks are categorized as red, amber and green by using 5*5 (five by five) matrix on the basis of severity of loss and significance of incurrence. Risk mitigation plans are developed by using STPs (situation, target and proposal) process to either reduce the significance of incurrence or manage the severity of the loss. The teams continue their mitigating efforts till the risks enter into green area.

Business Continuity Planning is part of company's risk management process and the Company is fully cognizant of the importance of business continuity planning process for long term sustainability. The Company has developed comprehensive Business Continuity Plan to mitigate the adverse effects of unforeseen disastrous event(s). The Company has well documented Emergency Response & Disastrous Recovery Plans and has well-structured process for timely testing of such plans.

The Company has well balanced three manufacturing sites to maintain continuity of supply alternatively from any plant, in case any unpleasant event happened and any one of the plants is not operational. All the three plants have alternate fuel arrangements to counter with utilities supply failures. The company generally maintained sufficient corn stocks (core material) to coup with draught or mass level of corn supply failure events. The company has good inventory of highly trained work force to move from plant to plant if need arises.

Value of Investments of Employees Retirement Funds:

		Rs. Million	
		2014	2013
Provident Fund	as at June 30	873.512	813.868
Gratuity Fund	as at December 31	739.683	667.984
Superannuation Fund	as at December 31	494.078	449.129

Board of Directors

The Board consists of eleven members including nine non-executive and two executive directors. Out of nine non-executive directors, one was independent non-executive director (who passed away in November, 2014) and three directors represent minority shareholders. Chairman of the Board is other than the CEO. The current members of the Board of Directors have been listed in the Company Information. During the year under review, three casual vacancies occurred on the Board. Two vacancies were filled up within stipulated time. However, replacement of Independent Director will be appointed after evaluation of the candidates in the Board Meeting being held on February 17, 2015 at London.

All local Directors have obtained certification as specified under Directors' Training Program in Code of Corporate Governance 2012.

Attendance at Board Meetings

During the year, four meetings of the Board of Directors were held. Two meetings were held abroad; one in USA and other in UK. Remaining two were held in Pakistan. Attendance of Directors at meetings was as under:

Name of Director	Meetings attended in person	Meetings attended by Alternate Director
James P. Zallie	2	2
Rashid Ali	4	
Ansar Yahya	4	
Jack C. Fortnum	2	1
Christine M. Castellano	2	2
Martin Sonntag	1	
Jorgen Kokke*	1	1
Cheryl K. Beebe*	-	
Zulfikar Mannoo	4	
Mian M. Adil Mannoo	4	
Wisal A. Mannoo	4	
Dr. Abid Ali	4	
Sh. Gulzar Hussain**	1	

*Ms. Cheryl K. Beebe was replaced by Mr. Jack C. Fortnum in January, 2014 and Mr. Jorgen Kokke was replaced by Mr. Martin Sonntag in August, 2014.

**Sh. Gulzar Hussain passed away in November, 2014.

Transactions in Company's Shares

Directors, Executives, their spouses and minor children have made no transaction in the Company's shares during the year except as stated below -

		No. of shares sold	No. of shares purchased
Sh. Gulzar Hussain	Director	1,824	-
M. Tayyab Raza	Executive	839	82
Irfan A. Bhatti	Executive	42	82
Mrs. Riffat Sarwar W/o Muhammad Sarwar	Spouse	240	-
Mrs. Tahira Jabeen Bhatti W/o Irfan A. Bhatti	Spouse	82	-

Parent Company

Ingredion Incorporated is holding majority shares of the Company.

Auditors

The retiring auditors, Messrs KPMG Taseer Hadi & Co., Chartered Accountants, being eligible, offer themselves for re-appointment. The Board of Directors, on recommendations of Audit Committee, has proposed appointment of Messrs KPMG Taseer Hadi & Co., Chartered Accountants for the year 2015.

Audit Committee

The Board of Directors has established an Audit Committee in compliance with the Code of Corporate Governance comprising four Board members. Four meetings of the Audit Committee were held during the year and attended as under.

			No. of Meetings Attended
Sh. Gulzar Hussain	Chairman	Independent Director	4
Jack C. Fortnum	Member	Non Executive Director	-
Rashid Ali	Member	Non Executive Director	4
Zulfikar Mannoo	Member	Non Executive Director	4

The Audit Committee reviewed the quarterly, half yearly and annual financial statements before submission to the Board and their publishing. CFO, Head of Internal Audit and a representative of external auditors attended all the meetings where issues relating to accounts and audit were discussed. The Audit Committee also reviewed resources, appropriate placement of internal audit within the Company, internal audit findings and measures to safeguard Company's assets. The Audit Committee also held separate meetings with internal and external auditors as required under the Code of Corporate Governance. The Audit Committee discussed with the external auditors their letter to the management. Related Parties Transactions were placed before the Audit Committee. Chairman of the Audit Committee, an independent director and a retired senior finance executive, had expert knowledge of finance and accounting. The Internal Auditor has direct access to the Audit Committee. The Audit Committee has fully adopted the terms of reference as specified in Code of Corporate Governance 2012.

Human Resource & Remuneration Committee

The Board of Directors has established a Human Resource & Remuneration Committee comprising following three Board members. During the year, two meetings of the Committee were held -

			No. of Meeting Attended
James P. Zallie	Chairman	Non Executive Director	2
Rashid Ali	Member	Non Executive Director	2
Ansar Yahya	Member	Executive Director	2

The Committee is responsible for –

i) recommending human resource management policies to the board;

ii) recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;

iii) recommending to the board the selection, evaluation, compensation (including retirement benefits) of CFO, Company Secretary and Head of Internal Audit; and

iv) consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO.

Shares Transfer Committee

The Board of Directors has established a Shares Transfer Committee comprising three Board members. Eleven meetings of the Shares Transfer Committee were held during the year and attended as under -

		No. of Meetings Attended
Rashid Ali	Chairman	6
Ansar Yahya	Member	11
Dr. Abid Ali	Member	10

The Committee met from time to time to consider and approve valid transfers and transmissions of shares or any business related thereto.

Pattern of Shareholding

Pattern of Shareholding as on December 31, 2014, according to requirements of Code of Corporate Governance and a statement reflecting distribution of shareholding appears at the end of this report.

Corporate Social Responsibility and Donations

Our most cherish mission is to create opportunities for people of Pakistan, farmers, business communities and general masses where they can improve the quality of their life. We strive hard to contribute to social welfare through providing health, educational, environment community development, calamities rehabilitation and related activities /events.

A detailed portfolio on Corporate Social Activities and our major contribution towards community activities have been detailed in Chief Executive's Review.

Further, following days were observed in the Company at all its three locations with great fervor for creating awareness among employees:

- World Water Day
- Earth Hour
- World Health Day
- Earth Day
- World Day for Safety and Health at Work
- International Firefighters' Day
- World No Tobacco Day
- World Hepatitis Day
- World Environment Day
- World Heart Day
- Global Hand-washing Day
- World Diabetes Day

Dividend

The Company has already paid two interim dividends @250% and 300%. The Directors now propose a final dividend of 850% making the total 1400% for the year.

On behalf of the Board

Ansar Yahya
Chief Executive &
Managing Director

February 17, 2015

Corporate Achievements

Best Corporate & Sustaiability Report Awards 2013

Corporate Excellence Award - MAP

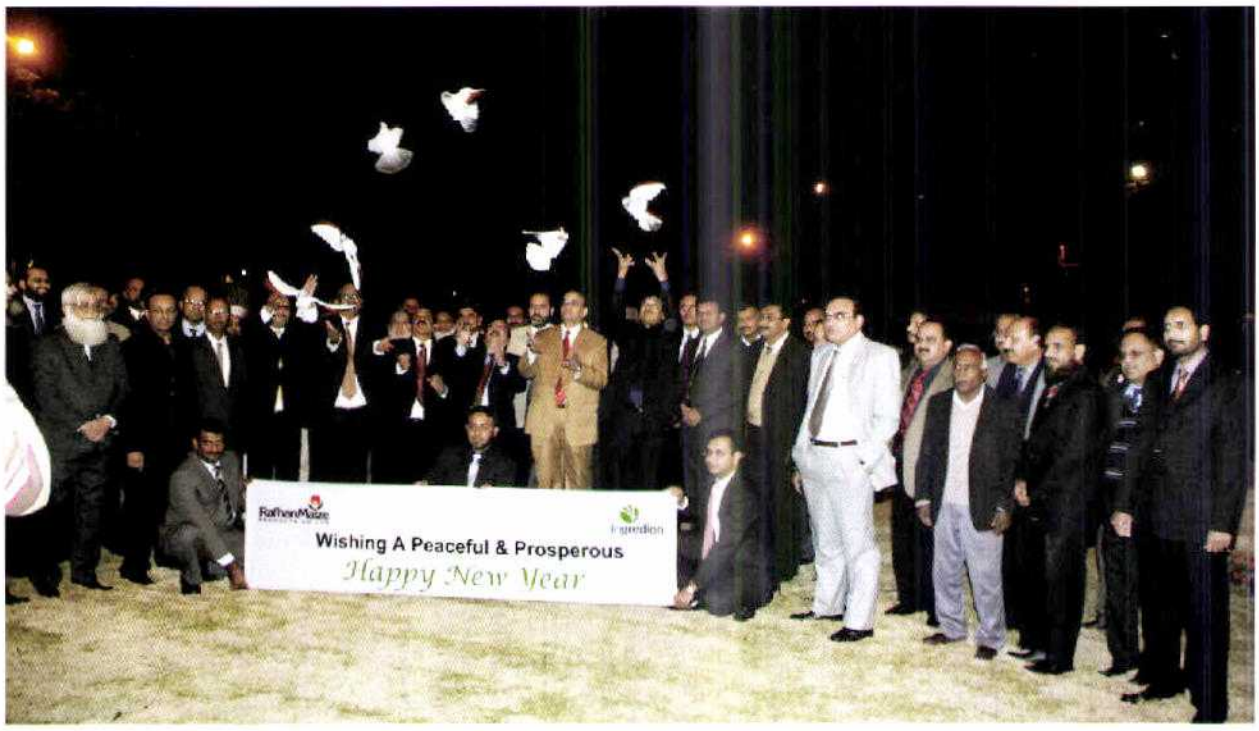
Corporate Achievements

Best Presented Accounts Award - SAFA (South Asian Federation of Accountants)

Best Practices OHSE Award - EFP

RafhanMaize PRODUCTS CO LTD

SUSTAINABILITY REPORT



Company of Choice

Sustainability communication harmonized with -

- Core Values
- Vision
- Mission Statement
- Business Conduct Policies
- Compliance Report
- CCG (SECP)
- The Brand Promise
- The 4Ps of Sustainability

EMPLOYER OF CHOICE

Rafhan Maize considers its workers as partners in Company's success and seeks to have a globally connected team that is inspired to achieve; enabling us to attract, retain and develop talent.

SUPPLIER OF CHOICE

We continually seek to deliver exceptional performance and market leading innovation, and to conduct our operations with respect to those with whom we do business to meet the ever-changing needs of our customers

NEIGHBOR OF CHOICE

We leverage our geographic footprint and diverse organization to engage with stakeholders in the communities in which we operate to create enduring mutual value and enhance our brand in those communities

INVESTMENT OF CHOICE

We embed sustainability into our business strategy in a manner that creates both short-term and long-term shareholder value.

Sustainability Agenda

Key focal areas :

- Safety & Health
- Social Accountability
- Environmental Conservation
- Operational Excellence
- Sustainable Sourcing
- Innovation
- Community Engagement
- Governance, Integrity & Trust

Governance and Good Corporate Citizen

Corporate Governance

Rafhan Maize is fully compliant with the provisions of the Code of Corporate Governance 2012 as updated thereafter and formed as part of stock exchanges rules and regulations. The statement of compliance with Code of Corporate Governance is published in Annual Report every year.

Contribution to National Exchequer

In 2014, RafhanMaize contribution to national exchequer was Rs.3,488 million in the shape of taxes, duties, levies etc. Our contributions are much more marked in saving precious foreign exchange by providing indigenous high-tech solutions to our customers, besides, exporting 21,000 tons of finished goods and earning foreign exchange amounting to Rs1,200 million in 2014.

People

There is nothing more important than the welfare of our people, our business associates and the communities in which we operate. We strive to continually improve our safety performance and develop strong social accountability practices. We believe that promoting good community relationships is our corporate responsibility.

- Promoting Safety and Health
- Demonstrating our Social Responsibility
- Engaging In our Communities
- Listening to our Employees

Planet

As a good corporate neighbor, we recognize the importance of maintaining environmentally sound manufacturing practices. We work to continually improve the management systems that define our environmental stewardship and we understand the value of engaging externally to benchmark ourselves against peers and other key stakeholders.

- Environment
- Biodiversity
- Waste Water Treatment Plant
- Construction and Refurbishment
- Emissions and Discharges
- Better Offices
- Better Community

Product

We are dedicated to producing high-quality ingredients and the relentless pursuit of product and process innovation. Our goal is to deliver value for our customers and our shareholders while incorporating sustainability considerations into our innovation pipeline. We collaborate with our agricultural suppliers to enhance the sustainability of farm-grown raw materials.

- Quality Products
- Innovative Solutions
- Focus on Agricultural Sustainability
- Supplier Sustainability assessment
- Packaging
- Warehousing

Prosperity

We promote the prosperity of our people, customers and local communities through ethical business practices underpinned by our robust governance requirements. As a corporation and as individuals, we are committed to philanthropy and operational excellence, making a difference in those places where we do business around the world.

- Giving Back Through Philanthropy
- Harnessing Continuous Improvement
- Honoring Employee Sustainability
- Maintaining Responsible Governance

Safety

Target : TRIR < 0.22 and LTIR = 0.00
Achievement: TRIR = 0.00 and LTIR = 0.00

Cornwala Plant - since Jan' 2005

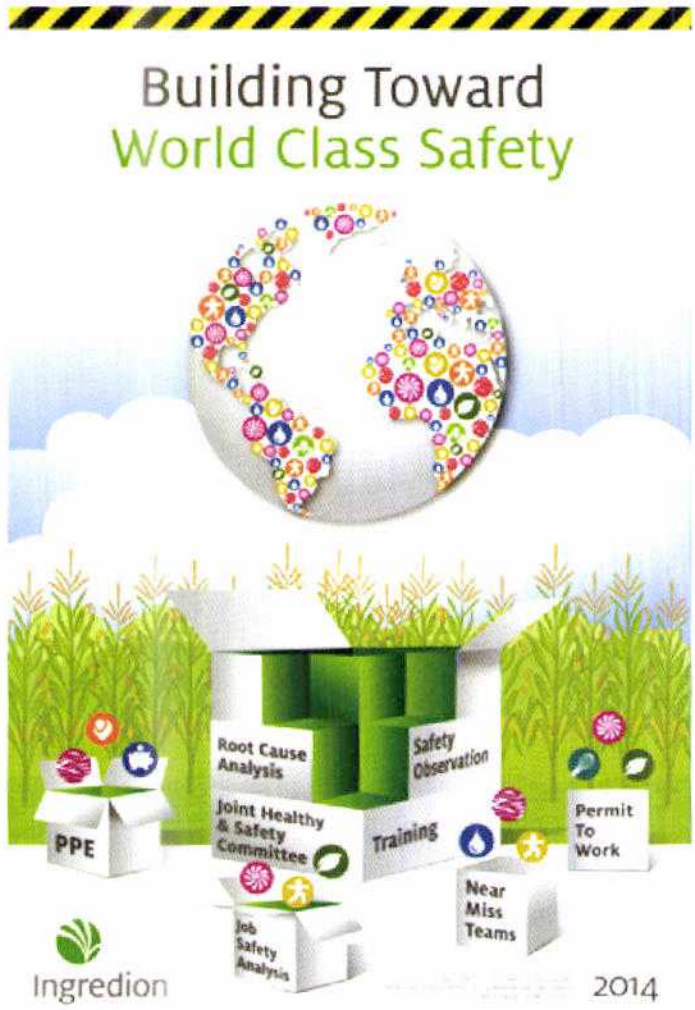
- Employees : 8.9mm man-hours
- Contractors : 18.5mm man-hours.

Rakh Canal Plant -

- Employees : 15.6mm man-hours since Aug' 07
- Contractors : 20.01mm man-hours since Mar' 09.

Mehran Plant - since Jan' 2013

- Employees : 1.2mm man-hours
- Contractors : 2.7mm man-hours.



All Eyes on Safety

- Safety Observations
- Root Cause Analysis
- Joint Health & Safety Committees
- Job Safety Analysis
- PPE
- Lessons Learned from Near Miss
- Permit to Work
- Procedures/Instructions
- Training/Awareness Programs
- Safety Manuals
- Safety Culture

Sustainability Agenda

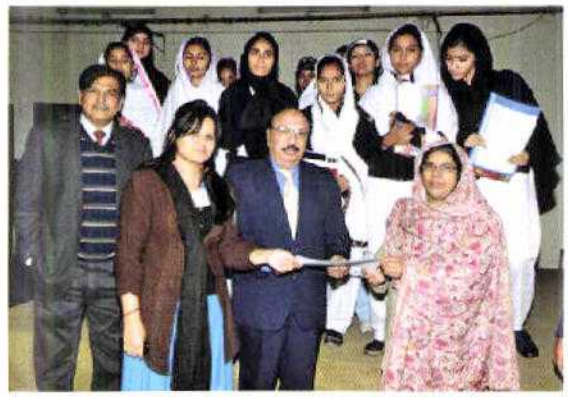
Health Care Program for Employees

- Dispensary at all plants
- Availability of emergency medicines
- Medical examination of new employees
- Biannual medical examination of workers
- Health Insurance/Social Security to officers/workers
- Availability of proper PPEs
- First Aid trainings
- First Aid drills
- First Aid Medicine Boxes
- Bulletins on important health issues
- International observances
- Audiometric testing of employees in high noise areas

Corporate Social Responsibilities

Our most cherish mission is to create opportunities for our employees, farmers, communities and society and the people of Pakistan to improve their well being and quality of life. We contribute to social welfare through health, education, shelter, environment protection, community development, calamities rehabilitation and related welfare activities/events

- We have executed projects in Faisalabad, Jamshoro and in other areas.
- RafhanMaize supported in rehabilitation of villages affected by devastating floods across Punjab.
- Contributing to society through a structured social investment program to integrate economic, social and environmental needs of the communities.
- Funds for rehabilitation of one Shelter House at SOS Children's Village in our neighborhood.



Distribution of funds at a local girls' college for intelligent students

Education

Independent experts place very low literacy rate in Pakistan Particularly in females. Poverty is a big hurdle in girls' education. According to UNICEF, 17.6 per cent of Pakistani children are working and supporting their families. Rafhan Maize education program includes -

- Maintenance of a primary school at Faisalabad site.
- Scholarships for less privileged and intelligent students
- Financial support for Research studies of PG Students & internship program
- Apprenticeship training
- Furniture and wheel chairs for Special Children school

Distribution of school accessories at primary schools in rural areas near our plant and to farmers' female children in KpK.

Shelter

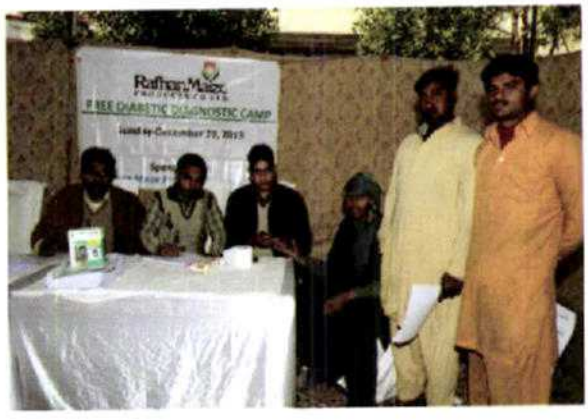
In 2014, more than 2.5 million people were affected by the floods and rains, and 129,880 houses were partially damaged. Over one million acres of cropland and 250,000 farmers were affected. Rafhan maize distributed relief goods including ration, beds and other goods among flood affected farmers of Chiniot area:

Relief Camp for flood affected people - Chiniot Area

Health

Healthcare in Pakistan is administered mainly in private sector which accounts for 80% of outdoor patients. Situation is relatively better in urban areas (39% people) but very gloomy in rural areas (61% people). Affordability of healthcare is declining due to pressure on consumer buying power. Rafhan Maize contributes to provide medical awareness/assistance to poor patients in different ways -

- Diabetic Awareness Session for employees of the Company
- Eyes screening camp at girls high school with provision of spectacles
- Diabetic screening camp near Faisalabad Plant
- Free medicines for patients through District Anti T. B. Association



Health

- KARL STORZ Operative Hysteroscopy donated to Allied Hospital Gynecology Ward, for diagnosis of gynecological cases.
- Donation to Sindh Institute of Urology and Transplantation for dialysis of kidney patients.

1,000 Blood Collection Bags donated for Thalassemia affected children to Ali Zeb Blood Transfusion Services

Endoscopy Complete Machine with accessories and Ultrasonic Cleaner donated to Liver Foundation Trust, Faisalabad for Liver disease diagnostics.

On Nov. 13, 2014 a baby girl was referred with complaint of abdominal pain. Her Endoscopic examination was done and doctors found a hair pin of 7cm long in the first part of small intestine. The pin was removed and baby was rescued with the help of this machine.

Artificial Liver Support System WLXGX-8888 costing Rs.1.2 million was also donated to Liver Foundation Trust.

Health

December 02, 2014 RafhanMaize employees have donated 43 pints of blood for children suffering from thalassemia at voluntary blood donation camp organized by RafhanMaize in co-ordination with Fatimid Foundation

Screening of employees for HBV/HCV antigens, and vaccination for HBV from Liver Foundation Trust

Social Accountability

RafhanMaize is cognizant of the emerging social concerns and priorities of internal and external stakeholders (community, employees, governmental and nongovernmental organizations, management and shareholders). Our above commitment reflects in certain factors such as —

- Compliance with employment, health, hygiene,safety and environment laws
- Respect for basic civil and human rights— freedom of association and collective bargaining, forced and child labor, disciplinary practices, working hours, compensation and management systems.
- Employer of equal Opportunities, performance management systems, career growth and development plans, rewards and recognitions, incentive plans, industrial peace betterment of community and neighbors.
- Social Compliance Programs
- Gender Policy and Workplace Harassment Policy
- Treating our employees ethically and in compliance with global standards.
- Facilities including subsidized foods at canteens, long service awards, free ration quotas, free medical dispensaries, wheat subsidy, free wearing cloth, uniforms, picnic/excursions visits, and scholarships for children, free pilgrimage to selected employees and competitive salary packages.
- Sustainable customer relationship and delivering profitable growth.

Employees Welfare

A healthy and friendly work environment where people can discover their potential, build career and find new challenges, get reward for performance and recognitions.

- Training programs on soft skills, leadership framework, technical competencies, new trends in business /profession and changing business environment.

Clean Drinking water for employees

Scholarship for Employees' children

Total Participants
659

- Cricket 276
- Tug of War 135
- Sprint 135
- Badminton 43
- Snooker 64
- Table Tennis 27
- Carom board 63
- Chess 11

Training & Development
Management Development Program

- To reinforce Company success drivers and equip our Managers/professionals with skills and knowledge to perform effectively in a dynamic work environment.
- Rafhan Maize kicked off a series of Training Courses under the Managers Training Program; designed for the development of future leaders.

Module I People Management Skills 26 participants

Module II Basics of Management 27 Participants

Module IV Managing Change 30 participants

Module III In search of Excellence 30 participants

Specialty starches training from Nov 24 – 28 in Hamburg on new applications in Food

Training of Global Treasury Systems – Nov 25 -28 at Bangkok.

Environment Protection

- Protecting the environment and conserving natural resources, we continue to work towards increasing efficiencies and reducing adverse environmental impacts.
- A number of initiatives at all stages of production and non-manufacturing areas to promote responsible use of natural resources through green work practices.

The Environmental Stewardship Program includes -

- Environmental talks
- Environmental stewardship bulletins
- Spillage Monitoring and Control
- Reuse/recycle of metallic scrap
- Noise level survey
- Regulatory Support Visits
- Customer compliance visits
- Environment Improvement Slip
- Increase in Green Area and Tree Plantation
- Replacement of HVAC equipment with environment friendly refrigerant

Better Plants

Reducing Environmental Impact

Energy Conservation

Our operations are highly energy intensive , we focus on energy conservation and have initiated a blue chip project to conserve energy at all plants. Our energy audits at key facilities help to ensure optimum energy utilization and provide action framework for rectification of energy intensive UDEs (undesirable effects).

Waste Water Treatment Plants

We have constructed waste water treatment plants at Cornwala and Mehran Plants and allocated significant resources on treating water before draining.

Highly experienced engineers and professionals manage WWTPs with a strong mechanism of quality assurance to regularly test samples of effluent water.

Environmental Stewardship - Recognitions

Rafhan Maize is effectively aligning its environment management systems and processes with internationally recognized best practices, the Company adheres a strong mechanism for regular assessment and audit of its EHS practices by internal and external auditors.

International Observances

World Water Day	Mar 22,2014	World No Tobacco Day	May 31, 2014
World Health Day	Apr 7, 2014	World Environment Day	Jun 5, 2014
Earth Day	Apr 22, 2014	World Hepatitis Day	Jul 28, 214
World Day for Safety and Health at Work"	Apr 28, 2014	World Heart Day	Sept29, 2014
		Global Hand-washing Day	Oct. 15, 2014
International Firefighters' Day	May 4, 2014	World Diabetes Day	Nov.14, 2014

GROWING RESPONSIBLE ENERGY

Quality Excellence

IMS Certifications

- FSSC 22000 Certification from Bureau Veritas : Rakh Canal and Cornwala Plants
- ISO-9001:2008 QMS by TUV Austria : Rakh Canal, Cornwala and Mehran Plants
- ISO-14001:2004 EMS by TUV Austria : Rakh Canal, Cornwala and Mehran Plants
- OHSAS 18001:2007 by TUV Austria : Rakh Canal, Cornwala and Mehran Plants
- Halal re- certification audit by Islamic Food and Nutrition Council of America (IFANCA): Rakh Canal, Cornwala Plants
- Non GMO Re- Certification Audit by Bureau Veritas Pakistan - Rakh Canal, Cornwala and Mehran Plants
- SEDEX Members Ethical Trade Audit by Bureau Veritas - Rakh Canal, Cornwala and Mehran Plants

Plan - 2015

- GOTS Certification - Rakh Canal, Cornwala and Mehran Plants
- ISO 17025 Certification of Micro Lab. from PNAC Pakistan - Cornwala Plants

Reducing Environmental Impact

Our team of experts at Technical Centre extend customized services to our valuable customers and the markets. Our strong feedback mechanism and "Listen customer voice" strategies are helping us in diversifying product mix, maintaining long term customer relations, enhancing service quality and productivity.

The Company is in the process of building state of the art IdeaLab to further strengthen our R&D aspirations and facilitate customers in the selection and application of food ingredients in their products.

Agriculture Sustainability

RafhanMaize has successfully developed spring crop of corn as a second crop, through Contract Corn/Maize Farming Program which is a great contribution in the agriculture growth.

- Agriculture Sustainability Projects -
- Women Empowerment
- Conservation of water for Irrigation
- Farmers' Education & Awareness Programs
- Inter Cropping
- Genetic Diversity
- Corn Development Program in Sindh and KpK.

Women Empowerment

Half of the Pakistan's population belongs to female gender and 70% of the workforce engaged in agriculture consists of women. Pakistani women contribute in all crop related operations from sowing to harvesting along with normal domestic chores of cooking, taking care of children,fetching water and fuel,cleaning and managing houses.

- To bring economic security to rural women in Sindh, Rafhan Maize initiated Women's Empowerment Program for encouraging women's participation in the growth of agriculture.
- Announced Annual Educational Excellence Awards for the top performing female students in University of Agriculture, Tandojam.

Water Conservation for Irrigation

Pakistan is water stressed country and is close to be called as water scarce. 93% farmers are small with limited knowledge and experience of water conservation practices.

- Our Agriculture Team worked with a group of farmers to introduce a new system to replace old traditional open water channels Irrigation system. This enabled farmers to cultivate additional 5% land which was otherwise being wasted through surface water channels and 21% water was conserved.
- The way forward activities are expected to bring a paradigm change in the mindset and approach of surrounding farmers.

Increasing Yield and Crop Productivity for the Prosperity of Farmers

Farmers' Education & Awareness Programs

The Company has developed crop production brochures in Urdu and Sindhi to educate the farmers on different farming techniques through a professional, trained and experienced team in different agro-ecological Zones.

Education is provided on climate-smart agricultural practices for capacity building to mitigate effects of climatic changes occurring through extreme droughts & floods.

Genetic Diversity

Our agricultural research team has developed capability of altering chemical composition of corn grain in to desirable traits through conventional breeding approach. We ensure that our products should make a real contribution to an individual's well being and the community.

Enhancing Farmers' Livelihood

Corn Development in Sindh

- Corn Development Program was extended to Sindh so that Sindh farmers can also embrace the benefits through diversifying their old traditional cropping pattern. The results are encouraging and corn area and production are consistently increasing.
- Intercropping corn with other field crops like sugarcane and onion on the same piece of land has given promising results towards farm productivity and income enhancement.

Post-harvest Handling

- We are collaborating with corn growers to build small on farm dryers for managing their produce in good shape to reduce post-harvest losses, presently estimated around 30%. Development of crop protection culture will boost farm productivity and income level.

Lean/Six Sigma Training

Plan	Staff Strength	LSS Trained in 2013	Trained in 2014	2015 Plan
ANNUAL TOTAL	1193	149	181	270
CUMMULATIVE TOTAL		149	330	600
%age of total		12	28	50

Major Projects:

- Yields improvement
- Water and energy conservation
- Improvement in Productivity

Plan to train all employees by 2018

Green Belt Training

Stakeholders' Information

Performance Indicators for Six Years

		2014	2013	2012	2011	2010	2009
Profit and Loss Account							
Net turnover	Rs. Million	25,196.60	23,672.63	19,531.40	18,270.99	13,912.77	11,428.10
Gross profit	Rs. Million	4,656.97	4,212.81	3,974.51	3,799.82	3,297.74	2,435.36
Operating profit	Rs. Million	3,870.89	3,651.55	3,304.12	3,399.87	2,954.88	2,130.94
Profit before tax	Rs. Million	3,753.87	3,593.50	3,122.80	3,216.19	2,799.99	2,011.86
Profit after tax	Rs. Million	2,516.77	2,781.48	2,039.93	2,033.83	1,837.94	1,297.08
Earnings before interest, taxes, depreciation and amortization (EBITDA)	Rs. Million	4,323.83	4,029.96	3,398.56	3,453.23	2,989.07	2,211.54
Balance Sheet							
Share capital	Rs. Million	92.36	92.36	92.36	92.36	92.36	92.36
Reserves	Rs. Million	9,589.08	8,330.60	6,771.49	5,789.23	4,861.52	3,915.37
Shareholders funds	Rs. Million	9,681.45	8,422.96	6,863.86	5,881.59	4,953.89	4,007.73
Property, plant and equipment (Exclusive CWIP)	Rs. Million	4,733.19	4,909.26	3,749.06	2,283.49	2,174.15	1,765.37
Net current assets / (liabilities)	Rs. Million	5,179.50	3,953.42	2,289.13	2,091.54	2,061.37	1,495.49
Long term / deferred liabilities	Rs. Million	675.06	708.05	562.06	373.68	351.75	260.32
Total assets	Rs. Million	12,898.08	11,920.48	10,320.45	8,280.18	7,259.95	5,245.91
Profitability Ratios							
Gross profit ratio	Percentage	18.48	17.80	20.35	20.80	23.70	21.31
Net profit to sales	Percentage	9.99	11.75	10.44	11.13	13.21	11.35
EBITDA margin to sales	Percentage	17.16	17.02	17.40	18.90	21.48	19.35
Operating leverage	Percentage	0.93	0.50	(0.41)	0.48	1.78	(1.86)
Return on equity	Percentage	26.00	33.02	32.01	37.54	41.02	34.20
Return on capital employed	Percentage	24.30	30.46	27.47	32.51	34.64	30.39
Liquidity Ratios							
Current ratio	Times	3.04	2.42	1.79	2.03	2.05	2.53
Quick/ Acid test ratio	Times	1.70	0.41	0.57	0.37	0.30	1.05
Cash to current liabilities	Times	1.23	0.02	0.17	0.03	0.02	0.69
Cash flow from operations to sales	Times	0.20	0.05	0.16	0.14	0.02	0.26
Activity / Turnover Ratios							
Inventory turnover ratio	Times	6.03	3.47	4.41	4.29	3.09	6.23
No. of days in inventory	Days	60.53	105.19	82.77	85.08	118.12	58.59
Debtors turnover ratio	Times	27.91	30.71	26.31	33.97	36.91	36.24
No. of days in receivables	Days	13.08	11.89	13.87	10.74	9.89	10.07
Creditors turnover ratio	Times	9.33	7.61	5.99	10.68	9.58	12.25
No. of days in payables	Days	39.12	47.96	60.93	34.18	38.10	29.80
Total assets turnover ratio	Times	1.95	1.99	1.89	2.21	1.92	2.18
Fixed assets turnover ratio	Times	5.32	4.82	5.21	8.00	6.40	6.47
Operating cycle	Days	49.84	48.98	46.57	63.92	61.31	63.89
Investment / Market Ratios							
Earnings per share	Rupees	272.48	301.14	220.86	220.20	198.99	140.43
Price earning ratio	Times	41.12	26.79	18.10	11.41	10.60	10.57
Dividend yield ratio	Percentage	1.00	2.00	3.00	5.00	5.00	6.00
Dividend payout ratio	Percentage	49.54	43.17	52.07	52.23	50.25	64.09
Dividend cover ratio	Times	2.02	2.32	1.92	1.91	1.99	1.56
Cash dividend per share	Rupees	135.00	130.00	115.00	115.00	100.00	90.00
Stock Dividend (Bonus) per share	Percentage	-	-	-	-	-	-
Market value per share at the end of the year	Rupees	11,203.80	8,067.38	3,998.38	2,513.28	2,109.87	1,485.00
Market value per share during the year (High)	Rupees	12,600.00	8,450.00	4,625.00	3,016.00	2,298.00	2,262.35
Market value per share during the year (Low)	Rupees	6,365.00	3,485.00	2,405.00	2,010.00	1,100.00	1,286.87
Break-up value per share - Refer note below							
- Without surplus on revaluation of fixed assets	Rupees	1,048.18	911.93	743.13	636.78	536.34	433.91
- Including the effect of surplus on revaluation of fixed assets	Rupees	1,048.18	911.93	743.13	636.78	536.34	433.91
Capital Structure Ratios							
Financial leverage ratio	Times	-	0.01	-	0.07	0.13	-
Weighted average cost of debt	Percentage	10.65	9.78	11.87	13.88	13.35	13.73
Debt : Equity ratio	Times	-	-	-	-	-	-
Interest cover	Times	33.08	62.90	56.67	56.70	89.75	42.26

Stakeholders' Information

Performance Indicators for Six Years

		2014	2013	2012	2011	2010	2009
Reconcilliation of Weighted average number of shares for calculating EPS and diluted EPS							
Opening balance	Nos.	9,236,428	9,236,428	9,236,428	9,236,428	9,236,428	9,236,428
Add: Bonus shares issued durning the year	Nos.	-	-	-	-	-	-
Total	Nos.	9,236,428	9,236,428	9,236,428	9,236,428	9,236,428	9,236,428

Note: The Company has not carried out any revaluation, hence there is no surplus on revaluation of fixed assets.

Summary of Cash Flow Statement

	2014	2013	2012	2011	2010	2009
			(Rupees in thousands)			
Cash flow from operating activities	4,936,957	1,229,003	3,222,319	2,533,711	285,059	2,914,192
Cash flow from investing activities	(442,977)	(448,813)	(1,180,865)	(1,116,204)	(577,499)	(846,392)
Cash flow from financing activities	(1,450,576)	(1,215,142)	(1,593,017)	(1,391,620)	(341,082)	(1,408,596)
	3,043,404	(434,952)	448,437	25,887	(633,522)	659,204
Opening cash and cash equivalents	57,322	506,520	63,026	39,741	673,409	13,730
Effect of exchange rate fluctuations	15,105	(14,246)	(4,943)	(2,602)	(146)	475
Closing cash and cash equivalents	3,115,831	57,322	506,520	63,026	39,741	673,409

Cash Flow Statement - Direct Method

	2014	2013	2012	2011	2010	2009
			(Rupees in thousands)			
Cash flows from operating activities						
Cash received from customers	25,064,880	23,644,067	19,326,826	18,110,107	13,851,211	11,456,343
Cash paid to suppliers and employees	(19,085,852)	(21,624,188)	(15,235,371)	(14,484,335)	(12,653,053)	(7,964,546)
Interest income received	30,047	3,074	1,252	3,614	6,685	4,303
Taxes paid	(1,072,119)	(793,950)	(870,388)	(1,095,675)	(919,784)	(581,908)
Net cash flows from operating activities	4,936,957	1,229,003	3,222,319	2,533,711	285,059	2,914,192
Cash flows from investing activities						
Property, plant and equipment	(470,728)	(452,894)	(1,184,502)	(1,122,352)	(581,897)	(847,507)
Sale proceeds of property, plant and equipment	28,244	4,421	6,186	5,411	3,587	4,822
Disbursement of long term loans	(3,440)	(3,600)	(4,746)	(2,943)	(1,500)	(4,826)
Repayment from long term loans	2,948	3,260	2,197	3,680	2,311	1,119
Net cash flows from investing activities	(442,977)	(448,813)	(1,180,865)	(1,116,204)	(577,499)	(846,392)
Cash flows from financing activities						
Dividend paid	(1,246,203)	(1,199,955)	(1,061,351)	(1,061,483)	(922,940)	(830,742)
Finance cost paid	(123,985)	(95,575)	(133,764)	(93,579)	(52,602)	(84,145)
Increase / (Decrease) in short term running finances	(80,388)	80,388	(397,902)	(236,558)	634,460	(493,709)
Net cash flows from financing activities	(1,450,576)	(1,215,142)	(1,593,017)	(1,391,620)	(341,082)	(1,408,596)
Net increase / (Decrease) in cash and cash equivalents	3,043,404	(434,952)	448,437	25,887	(633,522)	659,204
Cash and cash equivalents at the beginning of the year	57,322	506,520	63,026	39,741	673,409	13,730
Effect of exchange rate fluctuations	15,105	(14,246)	(4,943)	(2,602)	(146)	475
Cash and cash equivalents at the end of the year	3,115,831	57,322	506,520	63,026	39,741	673,409

Comments on Analysis Results

We are successful in achieving our goals and converting challenges into opportunities and weaknesses into strengths though extravagant increase in efficiency & capabilities hence energy crisis posed a slight dip in net profit to sales. Yet our cost saving initiatives and austerity drive helped us to post better results.

Profitability Ratios

Regardless of increase in Electricity, Gas prices and overall industrial energy crisis, the Company has succeeded to increase Gross Profit Ratio in 2014 and After Tax Net Income Ratios with slight decrease. However EBITDA Margin to sales and Operating Leverage Ratios slightly increased over 2013. Return on Equity and Return on Capital Employed ratios are on the decrease due to heavy investment in Co-gen Plant at Cornwala.

Liquidity Ratios

The current ratios have been considerably improved over last year due to increase in cash flow from operations, thus Quick/Acid test ratio, cash to current liabilities increased respectively.

Activity / Turnover Ratios

The Company has maintained a very excellent Inventory Turnover Ratio (6.03 times) with days cover of approximately 61. The Company maintained operating cycle below 50 days with significant improvement in receivables recovery and we strategically manufactured Finished Goods Inventory to cater supplies during anticipated natural gas shut down period.

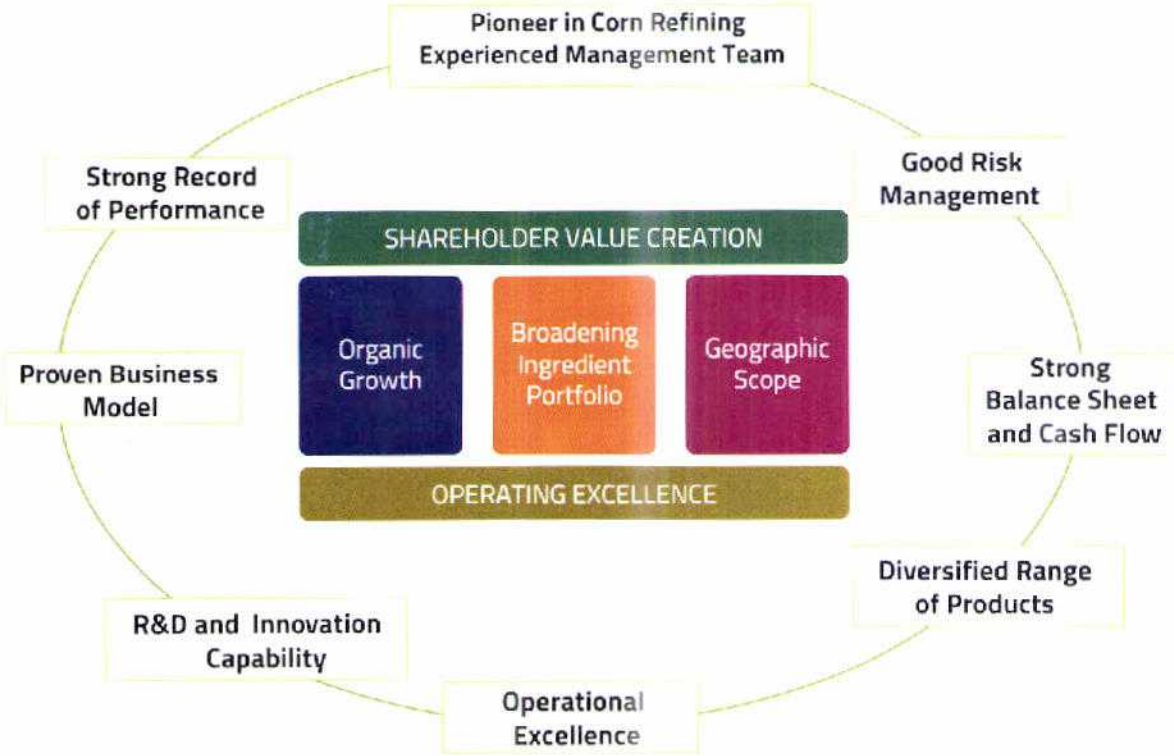
Investment / Market Ratios

EPS of the Company has been slightly decreased over the last year and market value of share significantly increased by 39% which post a very dynamic sign P/E ratio increased by 53% and dividend yield ratio decreased by 50% over 2013. Whereas cash dividend per share improved by 4% over the last year.

Capital Structure Ratios

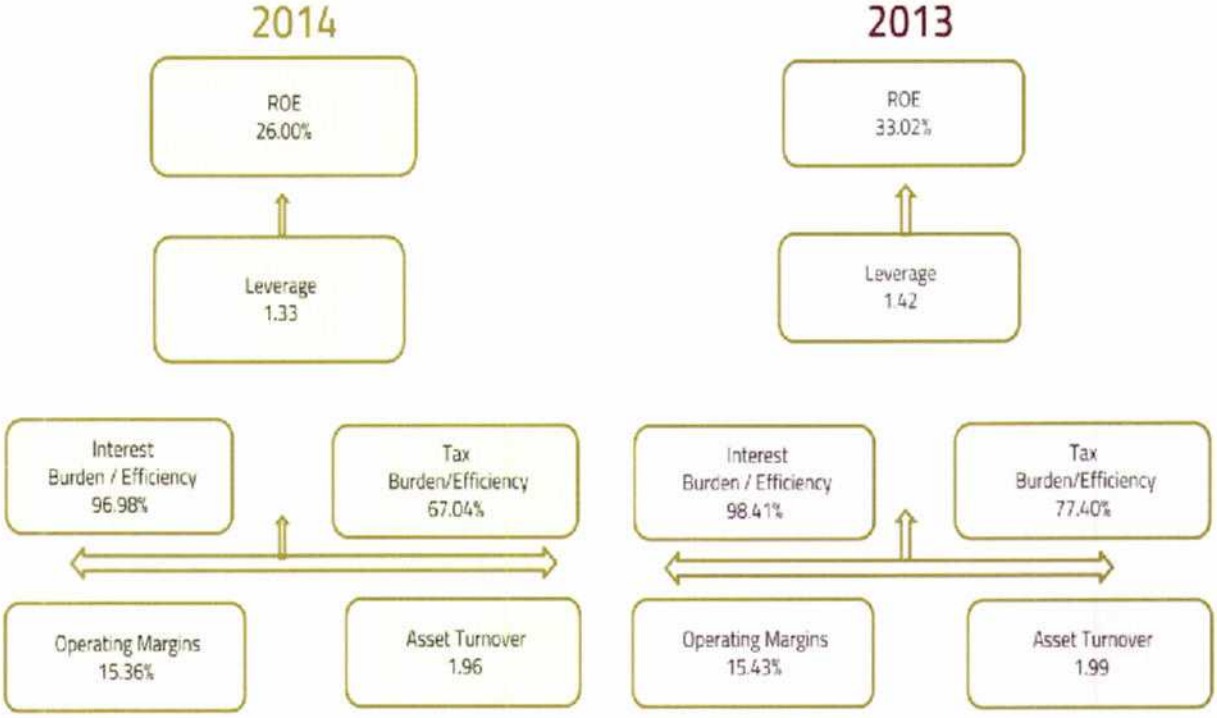
The Company is fully operated on equity capital, no long term debt hence Debt to Equity ratio is zero.

OUR CORE CAPABILITIES

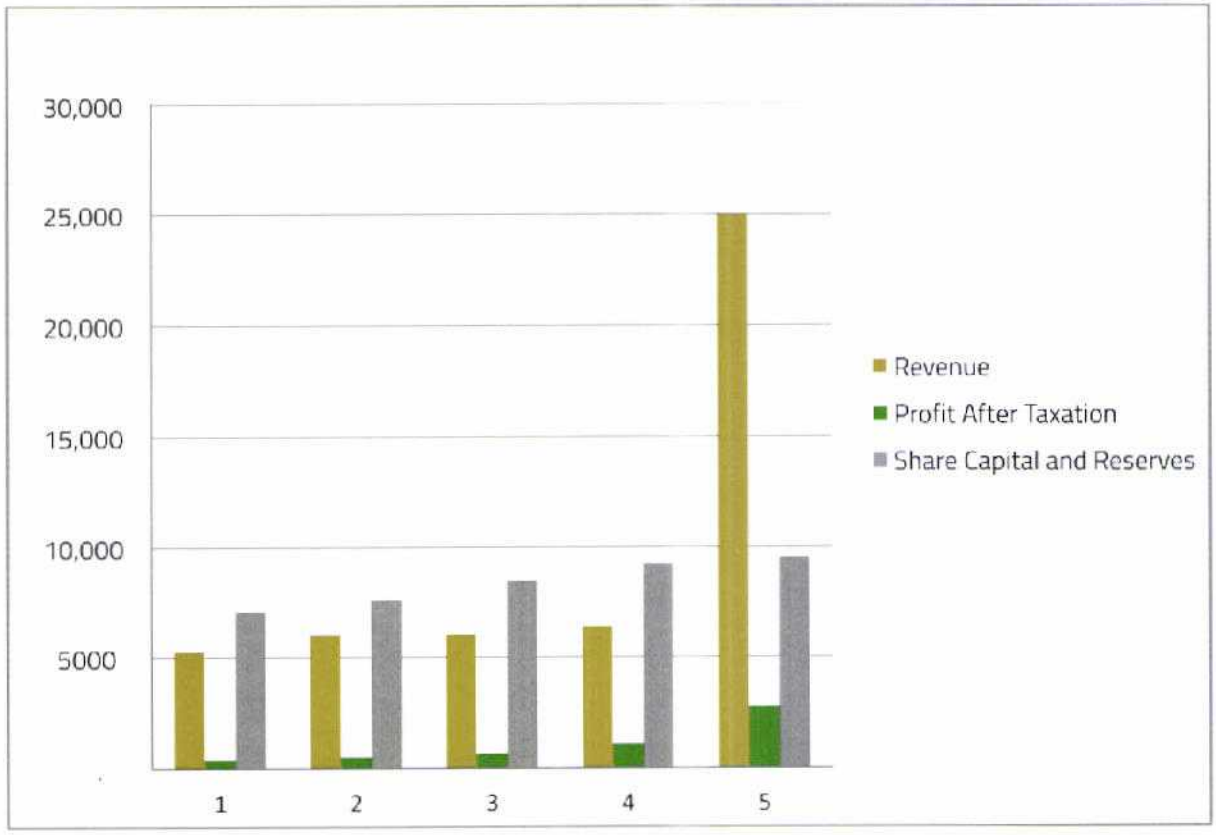


DuPont Analysis

	2014	2013	
Return on Equity (ROE)	26.00%	33.02%	Decreased due to decrease in net profit after tax.
Leverage Ratio (Assets/Equity)	1.33	1.42	Declined due to increase in profit from operations.
Interest Burden / Efficiency (PBT/EBIT)	96.98%	98.41%	Decreased due to increase in finance cost.
Tax Burden/Efficiency (Net Income/PBT)	67.04%	77.40%	Decreased mainly due to increase in taxation.
Asset Turnover (Sales/Assets)	1.96	1.99	Slightly decreased due to increase in total assets on account of increase in Co-gen Plant at Cornwala.
Operating Income Margin (Operating Profit/Sales)	15.36%	15.43%	Maintained performance by taking timely cost saving initiatives.



Quarterly Analysis



	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
			.....Rs Million.....		
Revenue	6,157	6,614	6,109	6,317	25,197
Profit after Taxation	559	665	608	685	2,517
Share Capital and Reserves	8,243	8,677	9,007	9,681	9,681
Earning Per Share	60.53	71.95	65.79	74.21	272.48

A brief comments on variation in interim results and the manner in which each quarter contributed to the overall annual results.

Sales-net

Sales revenue continued to improve during the year and increased by 6.4% as compared to last year. This increase in revenue over the periods is attributable to both volumetric and price increase. Moreover, variation in sales revenue quarter to quarter is due to overall industrial energy crisis.

Profit after Taxation

Profit after Taxation increased by 19% in second quarter due to increase in prices of Liquid Glucose. However, in the third quarter we maintained our performance by taking timely and efficient cost saving initiatives.

Share Capital and Reserves

Share capital and reserves Rs. 8,423 Million at the start of the year, which has decreased at the end of the first quarter due to payment of final dividend on ordinary shares for the year ended December 31, 2013. Furthermore, strategic decisions support us to maintain a persistent increase in Reserves.

Earning per Share

Earning per Share directly relate with respective changes in Profit After Tax during the year.

Sensitivity Analysis

The company is mainly dealing in US Dollars, hence sensitivity analysis has been made against USD only. At reporting date, if the PKR had strengthened by 10% against USD with all other variables held constant, before tax profit for the year 2014 would have been lower by the Rs.7,015k as against Rs.13,168k of 2013, mainly as a result of net foreign exchange gain on translation of foreign debtors, foreign currency bank account and trade and other payables.

The weakening of the PKR against foreign currencies would have had an equal but opposite impact on the profitability.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

Statement of Value Added and its Distribution

	2014		2013	
		(Rupees in thousands)		
VALUE ADDED				
Net sales	25,196,599		23,672,632	
Material and services	(19,591,709)		(18,561,873)	
Other income	98,080		220,563	
	5,702,970		5,331,322	
DISTRIBUTION		%		%
EMPLOYEES AS REMUNERATION				
Salaries, wages and amenities	1,101,586	19.3	1,060,522	19.9
FINANCIAL CHARGES TO PROVIDERS OF FINANCE				
Finance Cost	117,018	2.1	58,055	1.1
GOVERNMENT AS TAXES				
Tax	1,237,106	21.6	812,017	15.2
Workers profit participation fund	197,583	3.5	189,132	3.5
Workers welfare fund	74,976	1.3	50,357	0.9
	1,509,665	26.5	1,051,506	19.7
SHAREHOLDERS AS DIVIDEND				
Cash dividend	1,246,918	21.9	1,200,736	22.5
SOCIETY WELFARE				
Donations	4,995	0.1	1,356	-
RETAINED WITHIN THE BUSINESS				
Depreciation/amortization	452,940	7.9	378,402	7.2
Retained profit	1,269,848	22.3	1,580,745	29.7
	1,722,788	30.1	1,959,147	36.8
	5,702,970	100	5,331,322	100

Whistle Blower Policy

RafhanMaize has a Whistle Blower Protection Policy to protect employees who raise concerns about actual, suspected or anticipated wrongdoing within the Company.

The aim of this policy is to make employees feel confident about raising concerns internally, by offering a reporting and investigation mechanism and protects employees from any reprisal or disadvantage.

The policy outlines activities of wrongdoing such as:

- corrupt conduct;
- fraudulent or any other illegal activity;
- a substantial mismanagement of Rafhan Maize Products Company Limited resources;
- conduct involving substantial risk to public health or safety;
- conduct involving substantial risk to the environment; or
- any other conduct that could cause loss to Rafhan Maize Products Company Limited or become detrimental to Rafhan Maize Products Company Limited

The Company has several channels for reporting wrongdoing, such as our:

- Suggestion Box
- People Leaders
- HR teams
- Chief Compliance Officer
- Chief Financial Officer (if fraud or financial crime involved).

In addition to these channels company has online and corporate hotline whistleblowing reporting channels for employees who wish to report wrongdoing anonymously. A comprehensive investigation process is in place.

Corporate Social Responsibility Policy

This policy widely covers activities under CSR and all philanthropic activities including donations, charities, contributions and payments of similar nature where consideration is social uplift and wellbeing of masses.

The Company has formed CSR Committee comprising Chief Executive, Chief Financial Officer, Director HR, Admin. & Leagl Affairs and Company Secretary to critically review the CSR proposals and allocate resources for social uplift projects/donation requests

All donations, charity, contributions or other payments of similar nature can be made to the deserving charitable or other institutions, sports organizations and clubs for the welfare of the community. However, wherever possible, such payments are restricted to the institutions who are registered with the Income Tax department for this purpose. The Company made generous contributions to augment Government efforts for fighting against calamilities, floods, internal displacements and natural disasters. By policy, the Company prefers to extend donations to charitable institutions in kind or provide specific equipments or build asset for the institution.

Policy for Safety of Records of the Company

The main objective of this Policy is to develop comprehensive mechanism for safe keeping of Company records, monitoring binding process and clearly define the role and responsibilities of staff for structuring the process.

The Policy focuses on controls and standard processes to prevent mishandling and misplacement of important Company documents.

The Company maintains and safeguards record as per corporate legal requirements and taxation obligations. Our system enables us to log, store and dispose of records of our business and facilitate us to:

- Plan and work more efficiently
- Meet legal, tax, and financial requirements
- Measure profit and performance
- Generate meaningful reports
- Protect our rights
- Manage potential risks

We prefer to use an electronic record keeping system to make it easier to capture information, generate reports and meet financial, customers, tax and legal reporting requirements.

The Company restricts the access to record. Only authorized personal can access company sensitive record with specifically documentary approvals. Only copies are allowed for legal compulsions and obligations.

Information Technology - Governance & Security Policy

The Company's success and potential are highly dependent upon reliable information to support business transactions, provide management and customers with timely, accurate and complete information in highly effective way.

All types of information, regardless of form, must be treated as company assets.

Examples of such assets are business plans and results, employees' data, research and development data, product formulas, computer hardware and software etc. The Company expects all employees and contracted third parties to safeguard these information assets in accordance with established security measures and procedures.

Our Global Steering Committee guides the overall direction of Information System in the Company.

It is the policy of the Company to protect and secure the integrity, confidentiality and availability of its information assets:

- By establishing physical and logical security measures and procedures to permit authorized access to the Company information assets;
- By requiring all employees to adhere to all security measures and procedures and to disclose information only to authorized employees or third parties;
- By providing security measures and procedures to prevent unauthorized destruction, copying or alteration of information assets by internal or external entities;
- By providing secure communication capabilities, via public or private networks to ensure that sensitive information shared within the company as well as with external entities is not intercepted, modified or destroyed;
- By providing the ability to restore, in an acceptable time frame, critical systems and information capabilities in the event of a disaster.
- The company proactively enforces the information security policy.
- The standards and guidelines are maintained and updated on a regular basis as significant changes occur.
- Senior management proactively supports, maintains, and monitors the effectiveness of and compliance with the information security standards.

Investors Grievances Policy

At RafhanMaize, we strive for the satisfaction and growth of our Shareholders/Investors by adopting only those business practices which add value to our stakeholders. The Company has hired the services of highly qualified Shares Registrar M/s FAMCO Associates for prompt and smooth handling of all shares related matters. We are actively pursuing through direct letters, newspaper ads and periodic financial reports and pay outstanding dividend to our valued shareholders.

The Company has also created a comprehensive website as per SECP's requirements which includes INVESTORS SECTION that contain useful information for the shareholders. The website has Investor Complaint Section linked with SECP site wherein investors can express their grievances by filling online complaint Form. Rafhan also has designated following representative for handling investors' grievances:

Mr. Muhammad Abdullah
Manager Shareholders Services & Corporate Governance Compliance
Tel. No. (0092)(41)8556799-8540121-23(Ext.248/348)
Email: corporate@rafhanmaize.com

All investors' grievances received are responded within three days. After due verification and scrutiny, appropriate steps are initiated to resolve the complaint at the earliest.

Conflict of Interest Policy

An employee or director's personal interests should never influence his/her business judgment or decision-making on behalf of RafhanMaize. RafhanMaize fully respects the employees and directors private life, but expects employees and directors to avoid situations that could result in a conflict between their personal interests and those of the company. This Policy provides rules on how to avoid or handle such conflicts.

Nobody, whether an individual, a commercial entity, or a company with a relationship to a RafhanMaize employee, may improperly benefit from RafhanMaize through his or her relationship with the employee or as a result of the employee's position in the company. Furthermore, no employee may personally benefit in an improper way. Employees and directors must also be aware that according to various international conventions and national laws, the granting or acceptance of improper benefits can constitute a criminal offence.

- Disclosure of a conflict of interest shall be made to the employee's immediate supervisor or company compliance officer. Where approval is required, such approval shall be sought from the employee's supervisor or company secretary office.
- Disclosures, approvals and rejections shall be documented in writing and a copy shall be kept by the employee as well as by his/her supervisor or Company Secretary's Office (in case of non-executive director).
- Disclosure and, if applicable, approval is always required prior to engaging in the conduct in question. Any material changes to the disclosed/approved conflicts shall also be subject to renewed disclosure/approval.
- New hires should disclose all actual or potential conflicts of interest at or before commencement of employment.

For ensuring all potential conflicts of interest are recognized, all employees and directors shall disclose any mandates they may hold in a board of directors, in any advisory board or in a supervisory body of an external organization to Company Compliance Officer or HR Director.

Activities which violate or appear to violate this Policy shall be reported to the Company Compliance Officer/Company Secretary. RafhanMaize will regard any violation of this policy as a serious breach of an employee's obligations and will take strong disciplinary action including termination of employment.

Social and Environmental Responsibility Policy

RafhanMaize is fully committed to providing a quality service in a manner that ensures a safe and healthy workplace for our employees and minimises our potential impact on the environment. The company will operate in compliance with all relevant environmental legislation and will strive hard to use pollution prevention and environmental best practices in all it does.

The Company will:-

- integrate the consideration of environmental concerns and impacts into all of the decision making and activities;
- promote environmental awareness among the employees and encourage them to work in an environmentally responsible manner;
- train, educate and inform the employees about environmental issues that may affect their work;
- reduce waste through re-use and recycling and by purchasing recycled, recyclable or re-furbished products and materials where these alternatives are available, economical and suitable;
- promote efficient use of materials and resources throughout our facilities and business locations including water, electricity, raw materials and other resources, particularly those that are non-renewable;
- avoid unnecessary use of hazardous materials and products, seek substitutions when feasible, and take all reasonable steps to protect human health and the environment when such materials must be used, stored and disposed of;
- purchase and use environmentally responsible products;
- where required by legislation or where significant health, safety or environmental hazards exist, develop and maintain appropriate emergency and spill response programmes;
- communicate its environmental commitment to clients, customers and the public and encourage them to support the cause; and
- strive to continually improve its environmental performance and minimise the social impact and damage of activities by periodically reviewing its environmental policy in light of the current and planned future activities.

Succession Planning Policy

RafanMaize is fully committed to mantain inventory of highly skilled and professionally competent business leaders. The Company has a well structured Succession Planning Policy for desired results.

The process featuers as:

- Identify high-potential employees capable of rapid advancement to positions of higher responsibility than those they presently occupy.
- Ensure the systematic and long-term development of individuals to replace key job incumbents as the need arises due to deaths, disabilities, retirements, and other unexpected losses.
- Provide a continuous flow of talented people to meet the organization's management needs.
- Meet the organization's need to exercise social responsibility by providing for the advancement of protected labor groups inside the organization.
- The company has one of the best in class performance management system called "Successfactors Achieve" for personnel development and succession planning.
- All the managers and supervisors required to identify successor for each position from bottom up.
- Respective managers and supervisors are responsible to identify additional training requirements of incumbent individuals by using training need assessment tool.
- High level People Capability Review with individual mangers and executive leadership team members are performed to review the progress and readiness of the individuals.
- Progress from the last people capability review tracked through well-structured template and action plans for the futures years is developed with short span milestones and hard coded deliverables.
- Development plans for the individuals with high potential are prepared and modular training programs accordingly earmarked; and
- Critical positions or position with high turnover are reviewed frequently to ensure smooth succession planning and availability of right resource.

Throughout the year, HR Director periodically visits top managers to review progress in developing identified successors throughout their areas of responsibility.

"Successfactor Achieve" system provides all the time updated information on Succession planning.

Stakeholders Engagement

Policy and Procedure for Stakeholders' Engagement

Activity	Detail	Frequency
AGMs/EGMs	AGMs & EGMs provide easy access to shareholders to directly communicate with directors and executives of the Company and openly convey their views.	AGM – Annually EGM – As and when shareholders participation required
Financial Reports	Annual, half-year and quarterly reports are circulated among shareholders and also placed on company website for easy access to all stakeholders.	Annual, Half-Year and Quarterly
Stock Exchanges	In compliance with Stock Exchange Rules and Code of Corporate Governance, all material information is conveyed to Stock Exchanges. Financial reports are also sent to Stock Exchanges for potential investors.	Periodic and ongoing
Customers & Suppliers	Company's Business Conduct Policies are annually circulated among Customers and Suppliers to remind them of Company's strong business culture. New parties are briefed about company's polices for strict adherence.	Annually and ongoing
Banks and other lenders	Company's periodic financial statements are sent to its financial institutions. Borrower's basic fact sheet is provided on renewal of borrowing limits. Frequent meetings are held with the bankers and Company's financial institutions.	Periodic and Annually
Media	Company's updated website is available for all public information. Necessary notices to shareholders like dividend announcement, notice of general meeting, etc. are conveyed to shareholders through press advertisement. Since Company is an industrial organization, it has no direct media contact.	Through Website
Regulator	All statutory requirements are complied and communicated to SECP within stipulated time.	Periodic and ongoing
Analyst	Periodic financial statements including management's corporate reports are regularly sent to Financial institutions, libraries, research institutes, students, etc.	Periodic

Review Report to the Members

on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Rafhan Maize Products Co Ltd. ("the Company") to comply with the Listing Regulations of Karachi and Lahore Stock Exchanges where the Company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control system 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 recommendation of the Audit Committee, place before the Board of Directors for their review and approval its 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 under taken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 31st December 2014.

KPMG Taseer Hadi & Co.

Lahore
February 17, 2015

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran I. Yousafi)

Statement of Compliance with the

Code of Corporate Governance - Year Ended December 31, 2014

This statement is being presented to comply with the Code of Corporate Governance contained in Chapter 5.19 of Rule Book of Karachi Stock Exchange Limited and Chapter XI, Regulation 35 of Lahore Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

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

Category	Names
Independent Director	Vacant (after the death of Sh. Gulzar Hussain)
Executive Directors	Mr. Ansar Yahya Dr. Abid Ali
Non-Executive Directors	Mr. Martin Sonntag Mr. Rashid Ali Mr. James P. Zallie Mr. Jack C. Fortnum Ms. Christine M. Castellano Mr. Zulfikar Mannoo Mian M. Adil Mannoo Mr. Wisal A. Mannoo

The independent director met the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Three casual vacancies occurred on the Board during the year under review. Two vacancies were filled up within stipulated time. However, replacement of Independent Director will be appointed after evaluation of the candidates in the Board Meeting being held on February 17, 2015 at London. We have applied to SECP for extension in appointment period of Independent Director.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

8. The meetings of the board were presided over by the Chairman and, in his absence, by the Vice Chairman and in their absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Directors of the Board were apprised of their duties and responsibilities from time to time during Board meetings. In accordance with mandatory requirement of SECP and Stock Exchanges, all local Directors have obtained certification from approved institutions.

10. The board has approved/ratified appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment after implementation of CCG 2012.

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

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. At present, it comprises of three members. All are non-executive directors. The chairman of the committee was an independent director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors. The chairman of the committee is a non-executive director.

18. The board has set up an effective internal audit function. The Internal Auditor is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the 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 (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.

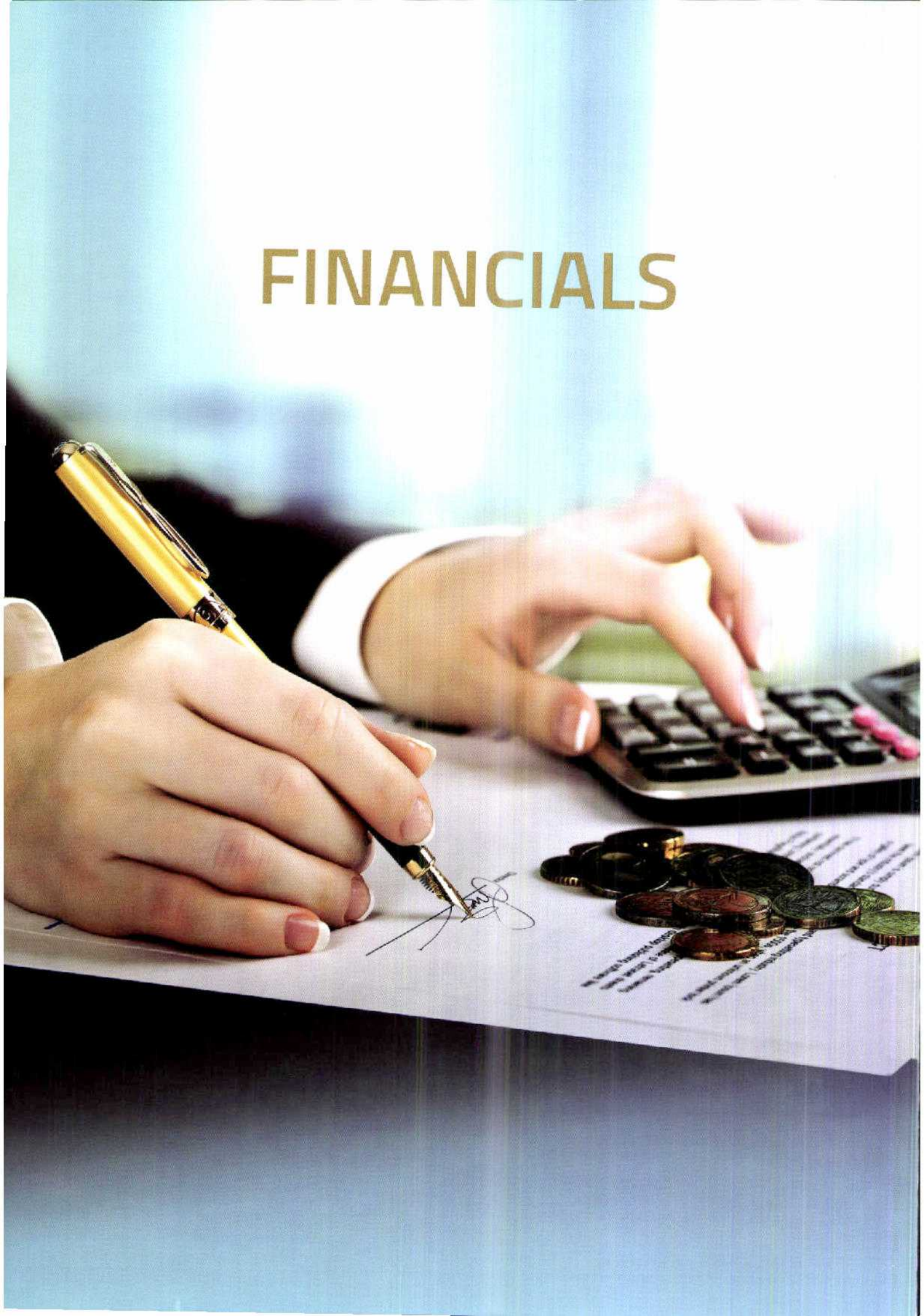
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all other material principles enshrined in the CCG have been complied with.

Ansar Yahya
Chief Executive &
Managing Director

February 17, 2015

FINANCIALS



Auditors' Report to the Members

We have audited the annexed balance sheet of Rafhan Maize Product Company Limited ("the Company") as at 31 December 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 account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   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 31 December 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 Usher Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran I. Yousafi)

Lahore
February 17, 2015

Balance Sheet

As at 31 December 2014

	Note	2014	2013
		(Rupees in thousands)	
Non-current assets			
Property, plant and equipment	5	5,165,388	5,142,725
Intangibles	6	7,375	14,087
Employees retirement benefits	7	-	16,778
Long term loans	8	4,243	3,999
		5,177,006	5,177,589
Current assets			
Stores and spares	9	676,810	545,310
Stock in trade	10	2,727,126	5,055,296
Trade debts	11	902,666	770,947
Loans and advances	12	162,408	129,699
Trade deposits and short term prepayments	13	117,477	158,255
Other receivables	14	18,759	26,058
Cash and bank balances	15	3,115,831	57,322
		7,721,077	6,742,887
Current liabilities			
Trade and other payables	16	2,201,983	2,557,080
Mark up accrued on short term running finances		14	4,979
Short term running finances - secured	17	-	80,388
Provision for taxation - net		339,583	147,017
		2,541,580	2,789,464
Working capital		5,179,497	3,953,423
Total capital employed		10,356,503	9,131,012
Non-current liabilities			
Deferred liabilities	18	675,055	708,048
Net capital employed		9,681,448	8,422,964

The annexed notes 1 to 41 form an integral part of these financial statements.

Dr. Abid Ali
Director

Ansar Yahya
Chief Executive and
Managing Director

Zulfikar Mannoo
Director

	Note	2014	2013
		(Rupees in thousands)	
Represented by:			
Share capital and reserves			
Share capital	19	92,364	92,364
Reserves	20	9,589,084	8,330,600
Contingencies and commitments	21		
		9,681,448	8,422,964

Dr. Abid Ali
Director

Ansar Yahya
Chief Executive and
Managing Director

Zulfikar Mannoo
Director

Profit and Loss Account

For the year ended 31 December 2014

	Note	2014	2013
		(Rupees in thousands)	
Sales - net	22	25,196,599	23,672,632
Cost of sales	23	(20,539,625)	(19,459,818)
Gross profit		4,656,974	4,212,814
Distribution expenses	24	(257,508)	(223,836)
Administrative expenses	25	(354,097)	(318,499)
Other income	26	98,080	220,563
Other expenses	27	(272,559)	(239,489)
		(786,084)	(561,261)
Operating profit		3,870,890	3,651,553
Finance cost	28	(117,018)	(58,055)
Profit before taxation		3,753,872	3,593,498
Taxation	29	(1,237,106)	(812,017)
Profit after taxation		2,516,766	2,781,481
Earnings per share - basic and diluted (Rupees)	30	272.48	301.14

The annexed notes 1 to 41 form an integral part of these financial statements.

Dr. Abid Ali
Director

Ansar Yahya
Chief Executive and
Managing Director

Zulfikar Mannoo
Director

Statement of Comprehensive Income

For the year ended 31 December 2014

	Note	2014	2013
		(Rupees in thousands)	
Profit for the year		2,516,766	2,781,481
Other comprehensive income for the year			
Items that will not be reclassified to profit and loss:			
Actuarial loss of retirement benefits recognized directly in equity		(17,210)	(33,550)
Deferred tax on actuarial loss recognized directly in equity	18.1	5,846	11,408
Reduction in tax rate		-	503
		(11,364)	(21,639)
Total comprehensive income for the year		2,505,402	2,759,842

The annexed notes 1 to 41 form an integral part of these financial statements.

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Director

Ansar Yahya
Chief Executive and
Managing Director

Zulfikar Mannoo
Director

Cash Flow Statement

For the year ended 31 December 2014

	Note	2014	2013
		(Rupees in thousands)	
Cash flows from operating activities			
Cash generated from operations	31	6,021,967	2,060,626
Taxes paid		(1,072,119)	(793,950)
Employees retirement benefits paid		(42,938)	(40,747)
Interest received		30,047	3,074
		(1,085,010)	(831,623)
Net cash generated from operating activities		4,936,957	1,229,003
Cash flows from investing activities			
Capital expenditure incurred		(470,729)	(452,894)
Proceeds from sale of property, plant and equipment		28,244	4,421
Long term loans disbursed		(3,440)	(3,600)
Repayment from long term loans		2,948	3,260
Net cash used in investing activities		(442,977)	(448,813)
Cash flows from financing activities			
Dividend paid		(1,246,203)	(1,199,955)
Short term running finances - secured		(80,388)	80,388
Finance cost paid		(123,985)	(95,575)
Net cash used in financing activities		(1,450,576)	(1,215,142)
Net increase / (decrease) in cash and cash equivalents		3,043,404	(434,952)
Cash and cash equivalents at the beginning of the year		57,322	506,520
Effect of exchange rate fluctuations on cash and cash equivalents		15,105	(14,246)
Cash and cash equivalents at the end of the year	15	3,115,831	57,322

The annexed notes 1 to 41 form an integral part of these financial statements.

Dr. Abid Ali
Director

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Chief Executive and
Managing Director

Zulfikar Mannoo
Director

Statement of Changes in Equity

For the year ended 31 December 2014

	Share capital	Capital Reserves		Revenue Reserves		
		Share premium	Other	General	Unappropriated profit	Total
	(Rupees in thousands)					
Balance as at 31 December 2012	92,364	36,946	941	207	6,733,400	6,863,858
Total comprehensive income						
Profit for the year	-	-	-	-	2,781,481	2,781,481
Other comprehensive loss	-	-	-	-	(21,639)	(21,639)
	-	-	-	-	2,759,842	2,759,842
Transactions with owners of the Company recognized directly in equity						
Final dividend 2012 @ Rs. 75 per share	-	-	-	-	(692,732)	(692,732)
Ist interim dividend @ Rs. 25 per share	-	-	-	-	(230,911)	(230,911)
2nd interim dividend @ Rs. 30 per share	-	-	-	-	(277,093)	(277,093)
	-	-	-	-	(1,200,736)	(1,200,736)
Balance as at 31 December 2013	92,364	36,946	941	207	8,292,506	8,422,964
Total comprehensive income						
Profit for the year	-	-	-	-	2,516,766	2,516,766
Other comprehensive loss	-	-	-	-	(11,364)	(11,364)
	-	-	-	-	2,505,402	2,505,402
Transactions with owners of the Company recognized directly in equity						
Final dividend 2013 @ Rs. 80.00 per share	-	-	-	-	(738,914)	(738,914)
Ist interim dividend @ Rs. 25.00 per share	-	-	-	-	(230,911)	(230,911)
2nd interim dividend @ Rs. 30.00 per share	-	-	-	-	(277,093)	(277,093)
	-	-	-	-	(1,246,918)	(1,246,918)
Balance as at 31 December 2014	92,364	36,946	941	207	9,550,990	9,681,448

The annexed notes 1 to 41 form an integral part of these financial statements.

Dr. Abid Ali
Director

Ansar Yahya
Chief Executive and
Managing Director

Zulfikar Mannoo
Director

1 Reporting entity

Rafhan Maize Products Company Limited ("the Company") was incorporated in Pakistan and was subsequently listed on the Karachi and Lahore Stock Exchanges. Ingredion Inc. (formerly Corn Products International Inc.) Chicago, U.S.A., holds majority shares of the Company. The registered office of the Company is situated at Finlay House, I.I. Chundrigar Road, Karachi. The Company uses maize as the basic raw material to manufacture and sell a number of industrial products, principal ones being industrial starches, liquid glucose, dextrose, dextrin and gluten meals.

2 Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS's) 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 of, or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Functional and presentation currency

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

2.3 New Standards, amendments to approved accounting standards and interpretations which became effective during the year ended 31 December 2014

During the year certain amendments to standards or new interpretations became effective, however, the amendments or interpretation did not have any material effect on the financial statements of the Company.

2.4 New accounting standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2015:

- Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria and shall not have any effect on the financial statements of the Company.

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

- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain

further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016. The amendments are not likely to have an impact on Company's financial statements.

- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not like to have an impact on Company's financial statements.

- IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The adoption of this standard is not like to have an impact on Company's financial statements.

- IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard is not like to have an impact on Company's financial statements.

- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on financial statements of the Company.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendment is not likely to have an impact on financial statements of the Company.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendment is not likely to have an impact on financial statements of the Company.

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

- IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'.

- IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination.

- IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria.

- Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting. IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

3 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for:

- certain foreign currency translation adjustments, and

- recognition of employee retirement benefits at present value.

4 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

4.1 Property, plant and equipment

Property, plant and equipment (except freehold land) are stated at cost less accumulated

depreciation and impairment losses, if any. Capital work-in-progress is stated at cost. Cost of certain property, plant and equipment comprises historical cost, exchange differences recognized, cost of exchange risk cover in respect of foreign currency loans obtained, if any, for the acquisition of property, plant and equipment up to the commencement of commercial production and the cost of borrowings during construction period in respect of loans taken, if any, for specific projects.

Depreciation charge is based on the straight-line method whereby the cost of an asset is written off to profit and loss account over its estimated useful life after taking into account the residual value, if material. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month of disposal.

The residual value, depreciation method and the useful lives of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each balance sheet date.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Improvements are capitalized when it is probable that respective future economic benefits will flow to the Company and the cost of the item can be measured reliably. Assets replaced, if any, are derecognized.

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 and is recognized as an income or expense.

Capital work-in-progress

Capital work in progress and stores held for capital expenditure are stated at cost less any identified impairment loss and represents expenditure incurred on property, plant and equipment during the construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

4.2 Intangibles

Intangibles are recognized when it is probable that the expected future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Intangibles are stated at cost less accumulated amortization and accumulated impairment losses, if any. Cost of the intangible asset (i.e. computer software) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Amortization is based on the cost of an asset less its residual value, if any. Amortization is recognized in profit and loss on a straight-line basis over the estimated useful lives of intangible assets. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

4.3 Employees retirement benefits

The Company's retirement benefit plans comprise of provident funds, pensions and gratuity schemes for eligible retired employees.

Defined benefit plans

The Company operates a funded pension scheme and a funded gratuity scheme for all its

employees and an approved pension fund for officers and above-grade employees, having a service period of minimum 10 years. The pension and gratuity schemes are salary schemes providing pension and lump sums, respectively. The pension and gratuity plans are final salary plans. The Company recognizes expense in accordance with IAS 19 'Employee Benefits'.

The contributions have been made to pension and gratuity funds in accordance with the actuary's recommendations based on the actuarial valuation of these funds as at 31 December 2014.

Past-service costs are recognized immediately in profit and loss account, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit and loss account.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit and loss account. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The future contribution rates of these funds include allowances for deficit and surplus. Projected unit credit method is used for valuation of these funds based on the following significant assumptions:

	Gratuity Fund		Pension Fund	
	2014	2013	2014	2013
Annual discount rate	10.50%	13.00%	10.50%	13.00%
Expected return on plan assets	10.50%	13.00%	10.50%	13.00%
Contribution rates (% of basic salaries)	12.65%	15.04%	19.95%	8.95%
Annual increase in pension rate	-	-	-	4.00%
Expected rate of growth per annum in future salaries	12.25%	13.00%	12.25%	13.00%

Defined contribution plans

The Company operates a defined contribution approved provident fund for all its eligible employees, in which the Company and the employees make equal monthly contributions at the rate of 14% of basic salary including dearness allowance of employees.

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

4.4 Stores and spares

These are valued at lower of cost, which is calculated according to moving average method, and net realizable value. Stores in transit are valued at invoice value including other charges, if any, incurred thereon.

4.5 Stocks in trade

Stock-in-trade is valued at the lower of weighted average cost and estimated net realizable value.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value signifies the estimated selling price in the ordinary course of business less net estimated costs of completion and selling expenses.

Stock in transit is valued at a cost, comprising invoice value plus other charges invoiced there on.

4.6 Financial instruments

4.6.1 Non-derivative financial assets

The Company initially recognizes loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the assets expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following categories:

- Financial assets at fair value through profit or loss
- Held-to-maturity financial assets
- Loans and receivables; and
- Available-for-sale financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment losses. A provision for impairment of loans and receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables including accrued interest.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

As at 31 December 2014 no financial assets of the Company are classified under following categories:

- Financial assets at fair value through profit or loss;
- Available-for-sale financial assets; and
- Held-to-maturity financial assets.

4.6.2 Non-derivative financial liabilities
The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs.

Other financial liabilities comprise trade payables, provision for taxation and markup accrued.

Share capital (Ordinary shares)
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

4.6.3 Derivative financial instruments
These are initially recorded at fair value on the date a derivative contract is entered into and are re-measured to fair value at subsequent reporting dates. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company does not apply hedge accounting for any derivatives.

Any gain or loss from change in fair value of derivatives that do not qualify for hedge accounting are taken directly to profit and loss account.

4.7 Impairment

Financial assets (including receivables)
Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired may include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy.

All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as

the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss account.

Non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss account.

Impairment loss recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. 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.

4.8 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

4.9 Contingent liabilities

Contingent liability is disclosed when:

- there is 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 Company; or

- there is 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.

4.10 Revenue recognition

Sale of goods

Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably.

Revenue from sales is recognized upon transfer of significant risks and rewards of ownership of the goods to buyers i.e. dispatch of goods to customers.

Interest
Income from bank deposits and loans is recognized on accrual basis.

4.11 Compensated absences
The Company accounts for compensated absence on the basis of unavailed earned leave balance of each employee at the end of the year.

4.12 Borrowings and their cost
Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

4.13 Foreign currency translation
Transactions denominated in foreign currencies are translated into Pak Rupees, at the foreign exchange rates prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the foreign exchange rates at the balance sheet date. Exchange differences are taken to the profit and loss account.

4.14 Taxation
Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income or below equity, in which case it is recognized in other comprehensive income or below equity respectively.

Current
Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years, if any.

Deferred
Deferred tax is recognized using balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation.

The Company recognizes a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset 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. Further, the Company recognizes deferred tax asset / liability on deficit/ surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus.

4.15 Earnings per share
The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

4.16 Dividend and other appropriations
Dividend is recognized as a liability in the period in which it is declared and approved. Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved.

	Note	2014	2013
		(Rupees in thousands)	
5 Property, plant and equipment			
Operating assets	5.1	4,733,190	4,909,256
Capital work in progress	5.2	432,198	233,469
		5,165,388	5,142,725

5.1 Operating assets

	Owned assets						
	Freehold-land	Factory building on free - hold land	Plant and machinery	Furniture and fittings	Vehicles	Office equipment	Total
	(Rupees in thousands)						
Cost							
Balance at 1 January 2013	352,187	1,390,928	4,022,836	48,825	114,012	37,802	5,966,590
Additions	-	602,686	919,416	2,492	5,564	1,835	1,531,993
Disposals	-	-	(39,561)	(268)	(3,752)	(2,762)	(46,343)
Balance at 31 December 2013	352,187	1,993,614	4,902,691	51,049	115,824	36,875	7,452,240
Balance at 1 January 2014	352,187	1,993,614	4,902,691	51,049	115,824	36,875	7,452,240
Additions	24,008	42,295	174,366	3,708	10,146	17,477	272,000
Disposals	-	-	(73,053)	(814)	(6,461)	(6,759)	(87,087)
Balance at 31 December 2014	376,195	2,035,909	5,004,004	53,943	119,509	47,593	7,637,153
Rate of depreciation - %age	-	10%	5%	20%	20%	20%	
Accumulated depreciation							
Balance at 1 January 2013	-	574,552	1,522,457	31,046	67,321	22,152	2,217,528
Depreciation	-	164,127	181,710	5,267	15,752	4,834	371,690
Disposals	-	-	(39,480)	(268)	(3,752)	(2,734)	(46,234)
Balance at 31 December 2013	-	738,679	1,664,687	36,045	79,321	24,252	2,542,984
Balance at 1 January 2014	-	738,679	1,664,687	36,045	79,321	24,252	2,542,984
Depreciation	-	206,114	213,172	5,820	14,021	7,102	446,229
Disposals	-	-	(73,045)	(814)	(4,641)	(6,750)	(85,250)
Balance at 31 December 2014	-	944,793	1,804,814	41,051	88,701	24,604	2,903,963
Carrying amounts							
At 31 December 2013	352,187	1,254,935	3,238,004	15,004	36,503	12,623	4,909,256
At 31 December 2014	376,195	1,091,116	3,199,190	12,892	30,808	22,989	4,733,190

5.1.1 The cost of fully depreciated assets which are still in use is Rs. 948,680 thousands (2013: Rs. 778,258 thousands).

	Note	2014	2013
		(Rupees in thousands)	
5.1.2 Depreciation is allocated as under:			
Cost of sales	23	430,611	356,612
Distribution cost	24	3,996	5,043
Administrative expenses	25	11,622	10,035
		446,229	371,690

5.1.3 Following assets were disposed-off during the year:

Description	Sold to	Cost	Book value	Sale Proceeds	Gain	Mode of disposal
		------- (Rupees in thousands) -------				
Vehicle	S. K. Niazi, Muhammadi Colony, Faisalabad	1,529	663	676	13	Company policy
Vehicle	Abdul Khalil, DHA Lahore	1,625	1,002	1,043	41	Company policy
Vehicle	New Jubilee Insurance	485	96	490	394	Insurance claim
Motor Cycle	New Jubilee Insurance	96	60	97	37	Insurance claim
Assets with book value less than Rs. 50 thousands	Miscellaneous	83,352	16	25,938	25922	Tender and negotiations
2014		87,087	1,837	28,244	26,407	
2013		46,343	109	4,421	4,312	

5.2 Capital work in progress

	Cornwala / Mehran projects	Plant expansion projects	Others	2014	2013
	(Rupees in thousands)				
Land	-	-	5,679	5,679	-
Civil works and buildings	8,447	-	-	8,447	19,865
Plant and machinery	379,857	31,401	-	411,258	206,790
Advance for land - note 5.2.2	-	-	6,814	6,814	6,814
2014	388,304	31,401	12,493	432,198	233,469
2013	124,012	102,643	6,814		

5.2.1 Mehran project include markup amounting Rs. 2,002 thousands (2013: Rs. 31,300 thousands) capitalized during the year at the rate ranging from 9.78 % to 11.79 % per annum (2013: 9.02% to 11.09%).

5.2.2 This represents full payment of Rs. 1,814 thousands (2013: Rs. 1,814 thousands) and legal cost incurred Rs. 5,000 thousands (2013: Rs. 5,000 thousands) for the Company's factory land in Faisalabad which was acquired from the government in 1953 but registration of title is still pending in the name of Company.

	Note	(Rupees in thousands)
6 Intangibles		
SAP and other computer software		
Cost		
Balance at 1 January 2013		33,567
Addition		-
Balance at 31 December 2013		33,567
Balance at 1 January 2014		33,567
Addition		-
Balance at 31 December 2014		33,567
Amortization		
Balance at 1 January 2013		12,768
Amortization for the year		6,712
Balance at 31 December 2013		19,480
Balance at 1 January 2014		19,480
Amortization for the year	25	6,712
Balance at 31 December 2014		26,192
Amortization rate per annum (%)		20%
Carrying amounts		
At 31 December 2013		14,087
At 31 December 2014		7,375

	Note	2014	2013
		(Rupees in thousands)	
7 Employees retirement benefits			
Gratuity	7.1	(7,158)	36,901
Pension	7.1	6,726	(20,123)
		(432)	16,778

7.1 Movements in the net assets / (liabilities) recognized in the balance sheet are as follows:

	Gratuity		Pension	
	2014	2013	2014	2013
	(Rupees in thousands)			
Net assets / (liabilities) at the beginning of the year	36,901	63,291	(20,123)	(12,963)
Expenses recognized	(27,803)	(25,546)	(15,135)	(15,201)
Contribution paid during the year	27,803	25,546	15,135	15,201
Actuarial (loss) / gain recognized	(44,059)	(26,390)	26,849	(7,160)
Net assets / (liabilities) at the end of the year	(7,158)	36,901	6,726	(20,123)

7.2 The amounts recognized in the profit and loss account are as follows:

Current service cost	34,407	31,076	13,403	12,392
Interest cost	70,713	63,613	59,019	49,797
Interest income on plan assets	(77,317)	(72,150)	(57,287)	(49,031)
Impact of special contribution paid by employer	-	3,007	-	2,043
	27,803	25,546	15,135	15,201

7.3 The amounts recognized in other comprehensive income are as follows:

Remeasurement of plan obligation from:				
- Change in demographic assumptions	641	(282)	10,664	(317)
- Change in financial assumptions	100,733	4,182	(5,342)	4,156
- Experience on obligation	(46,087)	17,745	(32,118)	965
	55,287	21,645	(26,796)	4,804
Remeasurements of plan assets:				
- Actual net return on plan assets	(88,545)	(64,398)	(57,340)	(44,632)
- Interest income on plan assets	77,317	72,150	57,287	49,031
	(11,228)	7,752	(53)	4,399
Special contribution paid during the year	-	(3,007)	-	(2,043)
	44,059	26,390	(26,849)	7,160

	Gratuity		Pension	
	2014	2013	2014	2013
	(Rupees in thousands)			
7.4 The amounts recognized in the balance sheet are as follows:				
Present value of the obligation	(746,841)	(631,083)	(487,352)	(469,252)
Fair value of plan assets	739,683	667,984	494,078	449,129
Net asset / (liability)	(7,158)	36,901	6,726	(20,123)
7.5 Movement in present value of defined benefit obligation				
Present value of defined benefit obligation as at the beginning of the year	631,083	546,797	469,252	427,627
Current service cost	34,407	31,076	13,403	12,392
Interest cost	70,713	63,613	59,019	49,797
Actual benefits paid during the year	(44,649)	(32,048)	(27,526)	(25,368)
Actuarial loss / (gain) on obligation	55,287	21,645	(26,796)	4,804
Present value of defined benefit obligation as at the end of the year	746,841	631,083	487,352	469,252
7.6 Movement in fair value of plan assets				
Fair value of plan asset as at the beginning of the year	667,984	610,088	449,129	414,664
Interest income on plan assets	77,317	72,150	57,287	49,031
Actual benefits paid during the year	(44,649)	(32,048)	(27,526)	(25,368)
Actual contribution by the employer- normal	27,803	22,539	15,135	13,158
Actual contribution by the employer- special	-	3,007	-	2,043
Net return on plan assets over interest income	11,228	(7,752)	53	(4,399)
Fair value of plan asset as at the end of the year	739,683	667,984	494,078	449,129
7.7 Actual return on plan assets				
Expected return on plan assets	77,317	72,150	57,287	49,031
Net return on plan assets over interest income	11,228	(7,752)	53	(4,399)
	88,545	64,398	57,340	44,632

	2014	2013	2014	2013
		(Percentage)		
7.8 Plan assets consist of the following				
Debt instruments	73%	75%	82%	81%
Cash and other deposits	1%	7%	1%	6%
Mutual funds	26%	18%	17%	13%

7.9 Plan assets does not include any investment in the Company's ordinary shares as at 31 December 2014 (2013: Nil).

7.10 Expected contributions to gratuity fund and pension fund for the year ending 31 December 2015 are Rs. 45,278 thousands and Rs. 14,114 thousands respectively.

7.11 The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the fund, at the beginning of the year.

7.12 The weighted average duration of the defined benefit obligation is 8.4 years and 10.6 years (2013: 7.91 years and 11.1 years) for gratuity and pension funds respectively.

7.13 These defined benefit plans exposes the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

7.14 The main features of the employee retirement benefit schemes are as follows:

- Under the gratuity scheme the normal retirement age in case of managers and officers is 63 years and 60 years in case of staff and workers. A member shall be entitled to gratuity on resignation, termination, retirement, early retirement, retrenchment, death and dismissal based on the Company's Service rules.

- Under pension scheme the member shall be entitled to pension, subject to conditions laid down in the rules, on reaching the normal retirement age of 63 years, disability, early retirement or death in which case the surviving spouse shall be entitled.

  Both the scheme are subject to the regulations laid down under the Income Tax Rules, 2002.

7.15 The implicit objective is that the contribution to the gratuity and pension schemes should remain reasonably stable as a percentage of salaries, under the actuarial cost method employed.

7.16 Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows:

		Impact on defined benefit obligation			
		Gratuity		Pension	
	Change in assumptions	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		(Rupees in thousands)			
Discount rate	0.5%	(28,947)	31,929	(25,194)	27,729
Salary growth rate	0.5%	32,093	(29,392)	11,241	(10,488)
Pension increase rate	0.5%	-	-	17,830	(16,850)

The above sensitivity analysis are 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 defined benefit obligation recognized within the statement of financial position.

	Note	2014	2013
		(Rupees in thousands)	
8 Long term loans - secured considered good			
Staff loans outstanding:			
Executives	8.1	4,467	5,143
Other employees		2,647	1,479
		7,114	6,622
Less: current maturity	12	(2,871)	(2,623)
		4,243	3,999

8.1 Loans to executives

Opening balance	5,143	3,600
Disbursement during the year	1,450	3,600
Recoveries during the year	(2,126)	(2,057)
Closing balance	4,467	5,143

8.2 Maximum aggregate balance during the year, at the end of any month, of loans to executives was Rs. 5,371 thousands (2013 : Rs. 5,945 thousands).

8.3 No loans were granted to the directors and chief executive of the Company.

8.4 Loans to other employees represent house building loans provided to employees in accordance with Company's policy and are repayable over a period of five years. These loans are secured against the employees provident fund. Loans to employees carry interest at the rate of approximately 8% per annum (2013: 8 % per annum).

8.5 These loans have not been discounted to their present value as the financial impact thereof is not material.

	Note	2014	2013
		(Rupees in thousands)	
9 Stores and spares			
Stores		496,414	426,126
Spares		227,418	154,174
		723,832	580,300
Less: provision for slow moving and obsolete items	9.1	(61,359)	(54,071)
		662,473	526,229
Stores in transit		14,337	19,081
		676,810	545,310

	Note	2014	2013
		(Rupees in thousands)	
9.1 Provision for slow moving and obsolete items			
Opening balance		54,071	47,547
Provision for the year		7,288	6,524
Closing balance		61,359	54,071
10 Stock in trade			
Raw materials - corn and cobs		761,531	3,013,056
Work in process		60,390	57,403
Finished goods	10.1	1,905,205	1,984,837
		2,727,126	5,055,296

10.1 This includes imported finished goods amounting to Rs. 31,703 thousands (2013 : Rs. 40,657 thousands) out of which goods in transit amounts to Rs. 7,117 thousands (2013 : 13,974 thousands).

	Note	2014	2013
		(Rupees in thousands)	
11 Trade debts			
Considered good			
Unsecured			
Related party	11.1	154,164	115,751
Others		151,143	111,482
Secured	11.2	597,359	543,714
		902,666	770,947
Considered doubtful		1,749	3,365
		904,415	774,312
Provision for doubtful debts	11.3	(1,749)	(3,365)
		902,666	770,947

11.1 Aging analysis of the amounts due from related parties is as follows

	2014					
	Neither past due nor impaired	Past due (1-60 days)	Past due (61-90 days)	Past due (91-365 days)	Past due more than 365 days	Total
	(Rupees in thousands)					
Ingredion Holding LLC Kenya	63,974	-	-	-	-	63,974
Ingredion Singapore PTE LTD	5,858	-	-	-	-	5,858
National Starches Specialties China	7,050	-	-	-	-	7,050
Unilever Pakistan Food Limited	71,530	4,198	-	1,554	-	77,282
	148,412	4,198	-	1,554	-	154,164

	2013					
	Neither past due nor impaired	Past due (1-60 days)	Past due (61-90 days)	Past due (91-365 days)	Past due more than 365 days	Total
	(Rupees in thousands)					
Corn Products Thailand Co. Ltd	3,691	-	-	-	-	3,691
Ingredion Holding LLC Kenya	43,809	129	-	-	-	43,938
Inter- National Starch Inc. Philippines	5,351	5,515	-	-	-	10,866
National Starch PTE LTD .Singapore	1,393	-	-	-	-	1,393
National Starches Specialities China	3,693	-	-	-	-	3,693
National Starch SDN BHD Malaysia	1,306	-	-	-	-	1,306
Unilever Pakistan Food Limited	50,806	-	-	-	58	50,864
	110,049	5,644	-	-	58	115,751

11.2 These debts are secured against security deposits and bank guarantees received from customers.

	Note	2014	2013
		(Rupees in thousands)	
11.3 Provision for doubtful balances			
Opening balance		3,365	19,531
Reversal for the year	24	(1,464)	(16,028)
Bad debts written off during the year		(152)	(138)
Closing balance		1,749	3,365

No provision has been made against receivables from related parties. As none of the amounts receivables are considered impaired.

	Note	2014	2013
		(Rupees in thousands)	
12 Loans and advances			
Loans and advances - considered good			
Suppliers of goods and services		152,498	121,362
Employees	12.1	7,039	5,714
Current maturity of long term loans	8	2,871	2,623
		162,408	129,699

12.1 No advances were given to executives, directors and chief executive of the Company during the year.

	Note	2014	2013
		(Rupees in thousands)	
13 Trade deposits and short term prepayments			
Security deposits		34,585	34,154
Prepayments		82,892	124,101
		117,477	158,255
14 Other receivables			
Other receivables - farmers balances			
Considered good		5,240	8,376
Considered doubtful		1,675	1,675
		6,915	10,051
Less: Provision for doubtful balances	14.1	(1,675)	(1,675)
		5,240	8,376
Others		13,519	17,682
		18,759	26,058

14.1 Provision for doubtful balances

There was no movement during the year.

	Note	2014	2013
		(Rupees in thousands)	
15 Cash and bank balances			
Cash at banks			
- current accounts		127,430	9,318
- saving accounts	15.1	2,803,742	2,451
		2,931,172	11,769
Cheques in hand		180,598	39,650
		3,111,770	51,419
Cash in hand			
- local currency		3,801	5,488
- foreign currency		260	415
		4,061	5,903
		3,115,831	57,322

15.1 These carry profit at a rates ranging from 5.71 % to 9.00% per annum (2013: 5.15% to 9.12 % per annum).

	Note	2014	2013
		(Rupees in thousands)	
16 Trade and other payables			
Creditors	16.1	820,699	1,455,255
Advances from customers		126,384	103,809
Security deposits from dealers and contractors	16.2	591,517	494,818
Other deposits	16.3	980	968
Accrued liabilities		253,919	323,995
Workers' welfare fund	16.4	81,913	63,277
Workers' profit participation fund	16.5	197,773	14,325
Employees provident fund	16.6	7,455	8,221
With holding tax payable		5,276	3,767
Sales tax payable		108,666	81,959
Unclaimed dividend		7,401	6,686
		2,201,983	2,557,080

16.1 This includes murabaha payable amounting to Rs. Nil (2013: Rs. 934,709 thousands) secured against ranking charge over current asset of the Company.

16.2 As per the terms of agreement between dealers and contractors, the Company can utilize these deposits in the normal course of business.

16.3 These represent deposits held against tenders for the sale of scrap.

	Note	2014	2013
		(Rupees in thousands)	
16.4 Workers' welfare fund			
Opening balance		63,277	63,894
Provision for the year	27	74,976	50,357
Payment to the fund		(56,340)	(50,974)
Closing balance		81,913	63,277
16.5 Workers' profit participation fund			
Opening balance		14,325	(4,560)
Provision for the year	27	197,583	189,132
Payment to the fund		(14,135)	(170,247)
Closing balance		197,773	14,325

16.6 Provident fund related disclosures:

The Company operates funded contributory provident fund scheme for all its permanent and eligible employees. The following information is based on the un - audited financial statements of the provident fund as at 31 December 2014.

	2014	2013
	(Rupees in thousands)	
Size of the fund - total assets	926,968	844,983
Cost of investments made	747,691	687,210
Percentage of investments - (% of total assets)	80.66%	81.33%
Fair value of investments	760,751	704,420

	2014		2013	
	(Rupees in thousands)	%	(Rupees in thousands)	%
16.6.1 The break-up of investments is as follows:				
Pakistan Investment Bonds	476,916	62.69%	458,300	65.06%
Treasury Bills	124,995	16.43%	211,844	30.07%
Meezan Mutual Funds	156,875	20.62%	30,803	4.38%
Bank Placements	1,965	0.26%	3,473	0.49%
	760,751	100%	704,420	100%

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

17 Short term running finances - secured

17.1 The aggregate financing facility available from commercial banks is Rs. 3,000,000 thousands (2013: Rs. 3,000,000 thousands).

17.2 The rate of markup ranges from 9.78 % to 11.79 % per annum (2013: 9.02 % to 11.71 % per annum). These facilities are secured by joint pari pasu hypothecation charge on current assets of the Company and are subject to repricing on monthly/quarterly basis.

17.3 The unutilized facility for letters of credit as on 31 December 2014 amounts to Rs. 851,379 thousands (2013: Rs. 637,682 thousands).

	Note	2014	2013
		(Rupees in thousands)	
18 Deferred liabilities			
Employees retirement benefits	7	432	-
Deferred taxation	18.1	674,623	708,048
		675,055	708,048

18.1 Deferred taxation

	2014			
	Opening	Charged to profit and loss	Charged to other comprehensive income	Closing
	(Rupees in thousands)			
Taxable temporary difference				
Accelerated tax depreciation	735,978	(37,940)	-	698,038
Employees retirement benefits	5,704	-	(5,846)	(142)
Deductible temporary difference				
Others	(33,634)	10,361	-	(23,273)
	708,048	(27,579)	(5,846)	674,623

	2013			
	Opening	Charged to profit and loss	Charged to other comprehensive income	Closing
	(Rupees in thousands)			
Taxable temporary difference				
Accelerated tax depreciation	628,901	107,077	-	735,978
Employees retirement benefits	17,615	-	(11,911)	5,704
Deductible temporary difference				
Others	(84,459)	50,825	-	(33,634)
	562,057	157,902	(11,911)	708,048

	2014	2013	2014	2013
	(Number of shares)		(Rupees in thousands)	
19 Authorized, issued, subscribed and paid up capital				
Authorized share capital - ordinary shares of Rs.10 each	20,000,000	20,000,000	200,000	200,000
19.1 Issued, subscribed and paid up capital				
Ordinary shares of Rs. 10 each fully paid up for cash	1,858,991	1,858,991	18,590	18,590
Issued for other than cash - plant and machinery	36,294	36,294	363	363
Issued as bonus shares	7,341,143	7,341,143	73,411	73,411
	9,236,428	9,236,428	92,364	92,364

19.2 Ingredion Inc. (formerly Corn Products International Inc.) Chicago, U.S.A. (the holding company), holds 6,494,243 (2013: 6,494,243) ordinary shares of Rs. 10 each as at 31 December 2014.

	Note	2014	2013
		(Rupees in thousands)	
20 Reserves			
Capital			
Share premium	20.1	36,946	36,946
Other	20.2	941	941
		37,887	37,887
Revenue			
General reserve		207	207
Unappropriated profit		9,550,990	8,292,506
		9,551,197	8,292,713
		9,589,084	8,330,600

20.1 This reserve can be utilized in accordance with the provision of section 83(2) of the Companies Ordinance, 1984.

20.2 This reserve was created under section 15BB of the Income Tax Act, 1922 to avail the tax exemption in prior years.

21 Contingencies and commitments

21.1 Certain labor cases are pending before the labor courts and their financial effect cannot be reasonably determined due to their nature and uncertainty surrounding them. The possibility of any outflow for settlement of these claims is considered remote.

21.2 Land registration fee as per Note 5.2.2.

21.3 Commitments in respect of capital expenditure contracted but not provided for Rs. 996,646 thousands (2013: Rs. 89,851 thousands).

21.4 Commitment in respect of purchase of corn amounted to Rs. 9,043,485 thousands (2013: Rs. 7,162,293 thousands).

21.5 Commitments in respect of counter guarantees given to banks in consideration of their guarantees in the normal course of business amount to Rs. 142,300 thousands (2013: Rs. 112,300 thousands).

	Note	2014	2013
		(Rupees in thousands)	
22 Sales - net			
Domestic		26,007,556	23,944,876
Export		1,199,982	1,346,494
		27,207,538	25,291,370
Less: Sales tax		2,001,207	1,608,658
Trade discount and commission		9,732	10,080
		2,010,939	1,618,738
		25,196,599	23,672,632
23 Cost of sales			
Raw material consumed:			
Corn		12,930,641	12,812,137
Stores		435,511	463,524
Packing material		425,761	415,527
		13,791,913	13,691,188
Factory expenses:			
Salaries, wages and amenities	23.1	828,491	792,199
Spares consumed		212,701	196,167
Fuel and power		4,461,615	4,542,495
Rent, rates and taxes		8,209	5,950
Repairs and maintenance		30,277	28,939
Depreciation	5.1.2	430,611	356,612
Insurance		14,255	9,522
Factory general expenses		626,408	642,896
		6,612,567	6,574,780
		20,404,480	20,265,968
Add: opening work in process		57,403	66,065
		20,461,883	20,332,033
Less: Closing work in process	10	(60,390)	(57,403)
Cost of production		20,401,493	20,274,630
Add: Opening finished goods stock - own manufactured		1,944,270	1,039,851
		22,345,763	21,314,481
Less: Closing finished goods stock - own manufactured		(1,873,501)	(1,944,270)
Cost of goods sold -own manufactured products		20,472,262	19,370,211
Cost of goods sold -purchased products		67,363	89,607
Cost of goods sold		20,539,625	19,459,818

23.1 Salaries, wages and amenities include Rs. 22,820 thousands (2013: Rs. 21,509 thousands) in respect of contribution to pension and gratuity fund and Rs. 17,547 thousands (2013: Rs. 16,499 thousands) in respect of contribution to provident fund.

	Note	2014	2013
		(Rupees in thousands)	
24 Distribution expenses			
Salaries and amenities	24.1	64,557	61,488
Traveling and automobile expenses		12,163	10,895
Provision of technical support fee		19,479	-
Freight and distribution		144,830	151,815
Insurance		2,669	2,213
Rent, rates and taxes		2,201	1,681
Repair and maintenance		59	74
Electricity charges		1,120	1,101
Printing and stationery		488	239
Telephone and postage		2,614	2,479
Advertising and sales promotion		1,329	793
Depreciation	5.1.2	3,996	5,043
Market research and development		233	23
(Reversal) / provision for doubtful debts	11.3	(1,464)	(16,028)
Miscellaneous expenses		3,234	2,020
		257,508	223,836

24.1 Salaries, wages and amenities include Rs. 4,571 thousands (2013: Rs. 4,369 thousands) in respect of contribution to pension and gratuity fund and Rs. 2,706 thousands (2013: Rs. 2,376 thousands) in respect of contribution to provident fund.

	Note	2014	2013
		(Rupees in thousands)	
25 Administrative expenses			
Salaries and amenities	25.1	208,538	206,835
Traveling and automobile expenses		25,878	24,672
Insurance		1,324	899
Rent, rates and taxes		2,027	1,613
IT, networking and data communication		70,305	49,199
Repair and maintenance		135	313
Electricity charges		2,045	1,789
Printing and stationery		2,040	2,020
Telephone and postage		3,367	3,374
Legal and professional charges		5,445	1,986
Depreciation	5.1.2	11,622	10,035
Amortization of intangible assets	6	6,712	6,712
Auditors' remuneration	25.2	2,778	2,500
Miscellaneous expenses		6,886	5,196
Donation and charity	25.3	4,995	1,356
		354,097	318,499

25.1 Salaries, wages and amenities include Rs. 15,578 thousands (2013: Rs. 14,869 thousands) in respect of contribution to pension and gratuity fund and Rs. 8,470 thousands (2013: Rs. 8,358 thousands) in respect of contribution to provident fund.

	Note	2014	2013
		(Rupees in thousands)	
25.2 Auditors' remuneration			
Statutory audit fee		1,125	990
Review of half yearly accounts		375	330
Services in connection with review and reporting of accounts to Ingredion Inc. (formerly CPI Inc.)		1,005	908
Audit of gratuity and pension funds		100	110
Miscellaneous certifications		33	40
Out of pocket expenses reimbursed		140	122
		2,778	2,500

25.3 This represents donation to different associations and trusts. None of Directors has any interest in the donee.

	Note	2014	2013
26 Other income			
Mark up on staff loans and profit on bank deposits		42,194	2,281
Profit on sale of scrap		38,882	38,041
Profit on sale of property, plant and equipment	5.1.3	26,407	4,312
Profit on sale of pesticides and seeds		-	14,030
Commission received		-	22
Foreign exchange (loss) / gain		(15,105)	14,246
Miscellaneous income		5,702	14,480
Reversal of technical support fee	26.1	-	133,151
		98,080	220,563

26.1 The Board of Directors in their meeting held on February 14, 2012 had approved to account for technical support fee (TSF) computed on the basis of 1% of net sales, payable to Corn Products Development Inc. During the year ended 31 December 2013, the Company has revised the basis of calculation of TSF in accordance with State Bank of Pakistan instructions which has allowed TSF on net sales of new products only. The revised terms have been approved by the Board of Directors. Accordingly, excess provision for TSF amounting to Rs. 133,151 thousands has been reversed during the year ended 31 December 2013.

	Note	2014	2013
		(Rupees in thousands)	
27 Other expenses			
Workers' welfare fund	16.4	74,976	50,357
Workers' profit participation fund	16.5	197,583	189,132
		272,559	239,489
28 Finance cost			
Mark up on short term running finances		103,128	44,361
Bank charges and commission		13,890	13,694
		117,018	58,055
29 Taxation			
Current Taxation			
- for the year		1,311,661	899,698
- prior year		(46,976)	(245,583)
		1,264,685	654,115
Deferred Taxation	18.1	(27,579)	157,902
		1,237,106	812,017

	2014	2013
	(Percentage)	
29.1 Numerical reconciliation between average effective tax rate and applicable tax rate:		
Applicable tax rate	33.00	34.00
Tax effect of inadmissible expenses	0.64	(0.43)
Tax effect of admissible expenses	(0.09)	-
Effect of prior period adjustments	-	(6.39)
Effect of presumptive tax regime and others	(0.59)	(1.32)
Average effective tax rate (tax expense divided by profit before tax)	32.96	25.86

29.2 The Income Tax Department has charged tax of Rs. 81,078 thousands for the assessment year 2001-2002 (financial year ended 30 September 2000) under section 12(9A) of the Income Tax Ordinance, 1979 (Repealed) on the allegation that the dividend distribution by the Company was less than 40% of its after tax profits. Against this levy, the Company filed an appeal with the Commissioner of Income Tax (Appeals), which was rejected. The Company preferred an appeal with the Income Tax Appellate Tribunal (ITAT) against the order of CIT (Appeals). The ITAT vide order dated 21 April 2006 decided the case in favor of the Company and confirmed that levy of tax under section 12(9A) was against the provisions of the law and directed the assessing officer for decision in accordance with the provisions of amended clause 59 of Part IV, Second Schedule to the repealed Income Tax Ordinance, 1979. The Income Tax Department has moved to Lahore High Court on 17 October 2006, against the orders of ITAT. The case has not been fixed for hearing so far.

The Company has paid Rs. 58,613 thousands in prior years and made provision of the remaining amount in the financial statements. The management believes that this case will be decided in the favor of the Company. The legal advisors of the Company have concurred with the management's view.

29.3 The Income Tax Return of the Company for Tax year 2011 was selected for audit under section 177 of the Income Tax Ordinance, as a result of audit proceedings; Deputy Commissioner Inland Revenue passed the amended order under section 122(1) of the Ordinance and raised demand amounting to Rs. 31,855 thousands.

The Company has paid Rs. 27,282 thousands and made provision of the remaining balance in the financial statements in this respect. The Company has filed the appeal against order passed before the Commissioner Inland Revenue (Appeals) which is pending adjudication.

29.4 The taxation officer under section 161/205 of the Income tax Ordinance, 2011 (the Ordinance) created tax demand of Rs. 51,935 thousands on the grounds that tax was deducted at lower rates, on payment of dividends to non-residents for the tax years 2004 to 2006. The Company filed appeal to Commissioner Income Tax (Appeals) and upon rejection filed an appeal before Appellate Tribunal Inland Revenue (ATIR) who decided the case in favour of the Company. The department has filed the reference application before Lahore High Court which is pending adjudication.

29.5 The Deputy Commission Inland Revenue (DCIR) under section 161(1A) of the Ordinance objected that the tax was deducted at lower rates on payment of dividends to non-residents for the tax year 2009 to 2015. The Company filed writ petition against the said notice before the Court which directed the DCIR to consider the provisions of the Ordinance, the relevant double taxation treaty and the judgments of ATIR in respect of tax years 2004 to 2006 and ordered to charge tax on dividend income at the lower rates. The DCIR after considering the Company's reply in light of the court order issued another notice to the Company showing intention to charge tax at higher rate, against which the Company filed a second petition before the Court. The Court granted stay to the Company after considering its submissions and provisions of the Ordinance and asked the tax authorities to furnish comments. The next date of hearing is yet to be communicated by the Court.

		2014	2013
30 Earnings per share - basic and diluted			
30.1 Earning per share - basic			
Profit attributable to ordinary shareholders	**(Rupees in thousands)**	2,516,766	2,781,481
Weighted average number of ordinary shares	**(Numbers)**	9,236,428	9,236,428
Earnings per share - basic	**(Rupees)**	272.48	301.14

30.2 Earning per share - diluted

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

	Note	2014 (Rupees in thousands)	2013
31 Cash generated from operation			
Profit before tax		3,753,872	3,593,498
Adjustment for:			
Depreciation of property, plant and equipment	5	446,229	371,690
Amortization of intangible assets	6	6,712	6,712
Provision for employees retirement benefits	7	42,938	40,747
Reversal of provision for doubtful debts	11	(1,464)	(16,028)
Provision for slow moving and obsolete items	9.1	7,288	6,524
Gain on disposal of property, plant and equipment	5.1.3	(26,407)	(4,312)
Liabilities no longer payable written back		-	(2,344)
Interest income	26	(42,194)	(2,281)
Finance cost	28	117,018	58,055
(Loss) / gain on foreign exchange transactions	26	(15,105)	14,246
Markup capitalized		2,002	31,300
		537,017	504,309
Cash generated from operation before working capital changes		4,290,889	4,097,807
Effect on cash flow due to working capital changes			
Decrease / (increase) in current assets:			
Stores and spares		(138,788)	(113,935)
Stock in trade		2,328,170	(1,962,089)
Trade debts		(130,255)	(12,537)
Loans and advances		(32,461)	125,699
Trade deposits and short term prepayments		40,778	(25,488)
Other receivables		19,446	(15,551)
		2,086,890	(2,003,901)
Decrease in current liabilities:			
Trade and other payables		(355,812)	(33,280)
Net decrease / (increase) in working capital		1,731,078	(2,037,181)
Cash generated from operations		6,021,967	2,060,626

32 Financial instruments

The Company finances its operations through equity, borrowings and management of working capital with a view to obtain a reasonable mix between the various source of finance to minimize the finance related risks to the entity.

The company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

32.1 Risk management framework

The Board of Directors has overall responsibility for establishment and over sight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

32.2 Credit risk

Credit risk represents the financial loss that would be recognized at the balance sheet date if the counterparties fail completely to perform as contracted / fail to discharge an obligation / commitment that it has entered into with the Company. 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. Concentration of credit risk indicates the relative sensitivity of a company's performance to developments affecting a particular industry. The Company manages its credit risk by the following methods:

- Monitoring of debts on continuous basis.
- Application of credit limits to its customers.
- Obtaining adequate deposits / collaterals where needed.

32.2.1 Exposure to credit risk

The carrying values of financial assets represent the maximum credit exposure before any credit enhancement. The maximum exposure to credit risk at the reporting date is as follows:

	Note	2014	2013
		(Rupees in thousands)	
Long term loans	8	4,243	3,999
Trade debts	11	902,665	770,947
Loans and advances	12	162,408	129,699
Trade deposits		34,585	34,154
Other receivables	14	18,759	26,058
Bank balances	15	3,111,770	51,419
		4,234,431	1,016,276
Secured	11	601,602	547,713
Unsecured		3,632,829	468,563
		4,234,431	1,016,276

32.2.2 Credit quality of financial assets

The credit quality of financial assets can be assessed by reference to external credit ratings or to historical information about counterparty:

32.2.2.1 Bank balances

Banks	Rating Short term	Rating Long term	Rating agency	2014 (Rupees in thousands)	2013 (Rupees in thousands)
Meezan Bank Limited	A 1+	AA	PACRA	388,108	2,339
Standard Chartered Bank (Pakistan) Limited	A 1+	AAA	PACRA	448,622	6,226
Citi Bank Limited	P 1	A2	Moody's	159	203
MCB Bank Limited	A 1+	AAA	PACRA	945,248	33,586
Habib Bank Limited	A 1+	AA	JCR-VIS	604,671	511
National Bank of Pakistan	A 1+	AA	JCR-VIS	702,515	3,665
Cash in transit				22,447	4,889
				3,111,770	51,419

32.2.2.2 Trade debts

The maximum exposure to credit risk for trade debts by geographic regions was:

	Note	2014 (Rupees in thousands)	2013 (Rupees in thousands)
Domestic		795,809	639,693
Foreign		106,857	131,254
		902,666	770,947
The aging of trade receivables at the reporting date is			
Neither past due nor impaired		822,829	664,906
Past due:			
1-30 days		15,389	89,625
31-60 days		25,383	10,392
61-90 days		16,883	6
91-365 days		22,931	9,246
more than 365 days		1,000	137
		81,586	109,406
Provision for doubtful debts	11.3	(1,749)	(3,365)
		902,666	770,947

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties. Sales made to major customers are secured through security deposits, bank guarantees and letters of credit.

All investing transactions are settled / paid for upon delivery. The Company's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

32.2.2.3 Other financial assets

Long term loans, loans and advances, trade deposits and other receivables are mostly due from related parties, employees and Government institutions. Based on past experience the management believes that no impairment allowance is necessary in respect of these financial assets. There are reasonable grounds to believe that these amounts will be recovered in short course of time.

32.2.2.4 Concentration risk

Concentration of credit risk exists when the changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial assets is broadly diversified and all other transactions are entered into with credit-worthy counterparties there-by mitigating any significant concentrations of credit risk.

	2014	2013
	(Rupees in thousands)	
Paper and Board	37,918	30,130
Confectionary	219,083	123,982
Textile	289,323	204,286
Poultry	72,089	43,526
Pharmaceuticals	5,324	10,399
Dealers	280,678	361,989
Bank	3,111,770	51,419
Employees	14,153	12,336
Others	207,517	183,249
Provision for doubtful balances	(3,424)	(5,040)
	4,234,431	1,016,276

32.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as substantially all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has obtained overdraft facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

The following are the remaining contractual maturities of financial liabilities:

	31 December 2014			
	Carrying amount	Contractual cash flows	Up to one year or less	More than one year
	(Rupees in thousand)			
Non- derivative Financial liabilities				
Trade and other payables	2,179,204	2,179,204	2,179,204	-
Mark up accrued on short term running finances	14	14	14	-
Provision for taxation	339,583	339,583	339,583	
	2,518,801	2,518,801	2,518,801	-
Derivative Financial liabilities				
Forward exchange contract	22,779	22,779	22,779	-
	2,541,580	2,541,580	2,541,580	-

	31 December 2013			
	Carrying amount	Contractual cash flows	Up to one year or less	More than one year
	(Rupees in thousand)			
Non- derivative Financial liabilities				
Trade and other payables	2,557,080	2,557,080	2,557,080	-
Mark up accrued on short term running finances	4,979	4,979	4,979	-
Short term running finances	80,388	80,388	80,388	-
Provision for taxation	147,017	147,017	147,017	-
	2,789,464	2,789,464	2,789,464	-

The gross inflows / (outflows) disclosed in the above table represents the contractual undiscounted cashflows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net - cash - settled.

32.4 Market risk

Market risk is the risk that changes in market price such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

32.4.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk on import of project related capital and stores and spares items and export of goods mainly denominated in US dollars and on foreign currency cash and bank balances. The Company's exposure to foreign currency risk for US Dollars is as follows:

	USD 2014	USD 2013
Foreign debtors	1,058,510	1,246,122
Foreign currency bank balance	2,671	3,940
Trade and other payables	(374,829)	135
Net balance sheet exposure	686,352	1,250,197
Forward exchange contracts	8,573	-
Net exposure	694,925	1,250,197

The following significant exchange rates have been applied

	Average rate for the year		Reporting date rate	
	2014	2013	2014	2013
USD to PKR	101.06	106.99	100.95	105.33

Sensitivity analysis:

At reporting date, if the PKR had strengthened by 10% against the foreign currencies with all other variables held constant, before tax profit for the year would have been lower by the amount shown below, mainly as a result of net foreign exchange gain on translation of foreign debtors, foreign currency bank account and trade and other payables.

	2014	2013
	(Rupees in thousands)	
Effect on profit and loss		
US Dollar	7,015	13,168

The weakening of the PKR against foreign currencies would have had an equal but opposite impact on the post tax loss.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

32.4.2 Interest rate risk

Interest rate risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	Effective rate		Carrying amount	
	2014	2013	2014	2013
	- - - - - - - (Percentage) - - - - - - -		(Rupees in thousands)	
Financial assets				
Fixed rate instruments:				
Long term loans	8.0%	8.0%	7,114	6,622
Variable rate instruments:				
Bank balances - saving	5.71% to 9.0%	5.15% to 9.12%	2,803,742	2,451

	Effective rate		Carrying amount	
	2014	2013	2014	2013
	- - - - - - - (Percentage) - - - - - - -		(Rupees in thousands)	
Financial liabilities				
Variable rate instruments:				
Short term borrowings	9.78 % to 11.79 %	9.02% to 11.71%	-	80,388

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have (decreased) / increased profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit and loss 100 bps	
	Increase	Decrease
	(Rupees in thousands)	
As at 31 December 2014	1,031	(1,031)
As at 31 December 2013	444	(444)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

32.4.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The company is not exposed to any price risk as there are no financial instruments at the reporting date that are sensitive to price fluctuations.

32.4.4 Fair value of financial instruments

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

	Financial assets	
	2014	2013
	Rupees	Rupees
32.4.5 Financial instruments by categories		
Loans and receivables		
Long term loans	4,243	3,999
Trade debts	902,666	770,947
Loans and advances	162,408	129,699
Trade deposits	34,585	34,154
Other receivables	18,759	26,058
Bank balances	3,111,770	51,419
	4,234,431	1,016,276

	Financial liabilities	
	2014	2013
	Rupees	Rupees
Derivative		
Forward exchange contract	22,779	-
Financial liabilities		
Trade and other payables	2,179,204	2,557,080
Mark up accrued on short term running finances	14	4,979
Short term running finances - secured	-	80,388
Provision for taxation - net	339,583	147,017
	2,518,801	2,789,464

32.4.6 Capital risk management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

(i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

(ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders and issue new shares.

For working capital requirement and capital expenditure, the Company primarily relies substantially on short term borrowings.

33 Remuneration of Chief Executive, paid Directors and Executives

	Chief Executive & MD		Executive Director		Non Executive Directors		Executives	
	2014	2013	2014	2013	2014	2013	2014	2013
	(Rupees in thousands)							
Managerial remuneration	17,504	15,029	3,311	2,806	-	-	85,642	74,554
Rent, medical and other allowances	3,209	2,755	3,097	2,625	-	-	86,764	76,915
Bonus and leave encashment	6,332	7,318	1,580	1,668	-	-	33,032	26,823
Retirement benefits	3,969	4,172	751	779	-	-	19,420	20,695
Club subscription	37	46	-	-	-	-	15	36
	31,051	29,320	8,739	7,878	-	-	224,873	199,023
Number	1	1	1	1	9	9	92	85

33.1 Meeting fees aggregating to Rs. 102 thousands (2013: Rs. 10 thousands) were paid to 4 (2013: 3) non-executive directors for attending board meetings. In addition Chief Executive & Managing Director, full time working director and some executives are provided with company maintained cars.

34 Transactions with related parties and associates

The related parties comprise parent company, related group companies, local associated company, directors of the Company, key management personnel and staff retirement funds. Details of transactions with related parties, other than those disclosed else where in these financial statements are as follows:

Name of parties	Nature of relationship	Nature and description of related party transaction	2014 Total value of transaction	2014 Closing balance	2013 Total value of transaction	2013 Closing balance
			(Rupees in thousands)		(Rupees in thousands)	
Unilever Pakistan Food Limited	Associate	Sales	1,166,428	77,282	972,808	50,864
Ingredion Inc.(formerly Corn Products International Inc.) Chicago U.S.A.	Holding company	Services received	38,134	(15,406)	35,490	-
Ingredion Inc.(formerly Corn Products International Inc.) Chicago U.S.A.	Holding company	Services provided	257	257	-	-
Corn Products Development Inc.	Associate	Technical support fee	19,479	(4,809)	(133,151)	36,962
Ingredion Inc.(formerly Corn Products International Inc.) Chicago U.S.A.	Holding company	Export Sales	68,897	-	468,735	-
Corn Products Thailand Co. Ltd.	Associate	Export Sales	-	-	58,938	3,691
Ingredion Holding LLC Kenya	Associate	Export Sales	434,697	63,974	262,851	43,938
National Starch SDN BHD Malaysia	Associate	Export Sales	-	-	2,786	1,306
Corn Products Malaysia SDN BHD	Associate	Export Sales	1,231	-	-	-
Ingredion UK Limited	Associate	Export Sales	188	-	-	-
National Starches Specialties, China	Associate	Export Sales	31,133	5,858	17,520	3,693
Inter-National Starch Inc. Philippines	Associate	Export Sales	13,286	-	39,714	10,866
National Starch & Chemicales Thailand Ltd	Associate	Export Sales	2,883	-	232	-
Ingredion Singapore Pte. Ltd	Associate	Export Sales	65,416	7,050	7,534	1,393
PT National Starch Indonesia	Associate	Export Sales	-	-	132	-
Corn Products Kenya Ltd.	Associate	Imports	-	-	4,791	-
National Starches Germany	Associate	Imports	440	(251)	116	-
National Starche & Chemicales Thailand Ltd	Associate	Imports	966	-	22,933	2,913
Ingredion Singapore Pte. Ltd	Associate	Imports	45,608	(6,867)	48,861	10,833
Employee benefits	Other related Parties	Contribution to funds	71,692	(7,455)	67,980	8,557

The transactions were carried out at an arm's length basis.

No buying and selling commission has been paid to any associated undertaking.

	2014	2013
	(Metric tons)	
35 Plant capacity and production		
Average grind capacity per day	1,841	1,841
Grind capacity for 350 working days	644,350	644,350
Actual days worked	274	295
Actual grind	505,667	529,601

The reduction in grind days was attributable to acute energy crisis in the country.

36 Number of employees

The Company has employed following number of persons including permanent and contractual staff:

	2014	2013
	(Number of persons)	
Total number of employees as at 31 December	2,072	2,029
Average number of employees during the year	2,048	2,021

37 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if revision affects both current and future periods. The areas where various assumptions and estimates are significant to Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Taxation- (note 4.14 & 29)
- Useful life of depreciable assets- (note 4.1 & 5)
- Useful life of intangibles- (note 4.2 & 6)
- Employees retirement benefits- (note 4.3 & 7)
- Provision and contingencies- (note 4.8 & 21)

38 Dividends

The Board of Directors have proposed a final dividend for the year ended 31 December 2014 of Rs. 85 per share, amounting to Rs. 785,096 thousands at their meeting held on 17 February 2015, for approval of members at the Annual General Meeting to be held on 27 March 2015 (2013 : Rs. 80 per share amounting to Rs.738,914 thousands).

39 Operating segments

The financial statements have been prepared on the basis of a single reportable segment.
95.59% (2013: 94.32%) out of total sales of the Company relates to customers in Pakistan.
All non current assets of the Company as at 31 December 2014 are located in Pakistan.

40 Date of authorization of issue

These financial statements were authorized for issue on 17 February 2015 by the Board of Directors of the Company.

41 General

41.1 Figures in these financial statements have been rounded off to the nearest thousands of rupees.

Dr. Abid Ali
Director

Ansar Yahya
Chief Executive and
Managing Director

Zulfikar Mannoo
Director

Pattern of Shareholding

As at December 31, 2014

Number of Shareholders	Shareholding			Total Shares Held
672	1	-	100	32,374
149	101	-	500	36,193
44	501	-	1000	34,519
37	1001	-	5000	95,577
6	5001	-	10000	47,615
1	20001	-	25000	20,000
1	25001	-	30000	25,967
2	30001	-	35000	66,874
2	40001	-	45000	85,739
1	50001	-	55000	53,347
1	55001	-	60000	58,252
1	60001	-	65000	63,822
3	65001	-	70000	199,798
1	90001	-	95000	90,289
1	100001	-	105000	100,131
2	110001	-	115000	226,265
2	140001	-	145000	283,066
1	150001	-	155000	152,139
2	165001	-	170000	332,964
1	200001	-	205000	200,085
1	235001	-	240000	236,578
1	300001	-	305000	300,595
1	6490001	-	6495000	6,494,239
933				9,236,428

Sr. No.	Shareholders Category	Number of Shareholders	Shares Held	Percentage
1	Directors, Chief Executive Officer, their spouses and minor children	9	581,775	6.30
2	Associated Companies, Undertakings and Related Parties	1	6,494,239	70.31
3	NIT and ICP	-		
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	1	25,967	0.28
5	Insurance Companies	4	134,742	1.46
6	Modarabas and Mutual Funds	9	67,219	0.73
7	General Public : a. Local b .Foreign	875	1,926,437	20.86
8	Others	34	6,049	0.06
	Total:	933	9,236,428	100.00
	Shareholders holding 10% or more	1	6,494,239	70.31

The above two statements include 416 shareholders holding 430,406 shares through Central Depository Company of Pakistan Limited.

Pattern of Shareholding

As at December 31, 2014 as required under Code of Corporate Governance

Shareholders' Category		Number of Shareholders	Number of Shares Held
Associated Companies, Undertaking and Related Parties (name wise details)			
Ingredion Incorporated		1	6,494,239
	Total >>	**1**	**6,494,239**
Mutual Funds (name wise details)			
MCBFSL - Trustee JS Value Fund		1	8,880
CDC - Trustee JS Large Cap. Fund		1	2,600
CDC - Trustee JS Islamic Fund		1	3,500
CDC - Trustee Unit Trust Of Pakistan		1	6,460
CDC - Trustee JS Aggressive Asset Allocation Fund		1	1,000
CDC - Trustee AKD Index Tracker Fund		1	95
CDC - Trustee JS Pension Savings Fund - Equity Account		1	1,092
MC FSL - Trustee JS Growth Fund		1	42,599
CDC - Trustee JS Islamic Pension Savings Fund-Equity Account		1	993
	Total >>	**9**	**67,219**
Directors and their spouse(s)			
Mr. Wisal Ahmed Mannoo		1	177,198
Mr. Mohammad Adil Mannoo		1	155,994
Mr. Zulfikar Mannoo		1	238,263
Mr. Rashid Ali		1	865
Mr. James Paul Zallie		1	1
Ms. Christine M. Castellano		1	1
Mr. Jack C. Fortnum		1	1
Mr. Ansar Yahya		1	82
Mrs. Sarwat Zulfikar		1	9,370
	Total >>	**9**	**581,775**
Executives			
	Total >>	**3**	**666**
Public Sector Companies and Corporations			
	Total >>	**1**	**58,252**
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds			
	Total >>	**5**	**102,477**
Shareholder Holding five percent or more voting Rights in the Listed Company (name wise details)			
Ingredion Incorporated		1	6,494,239
	Total >>	**1**	**6,494,239**

Proxy Form

123rd General Meeting (Annual Ordinary)

The Company Secretary,
Rafhan Maize Products Co. Ltd.,
Rakh Canal East Road,
Faisalabad.

I/We.....
of.....
being shareholder(s) of Rafhan Maize Products Company Limited hereby appoint
.....
..... of .....
or failing him .....
as my/our proxy to vote for me/us and on my/our behalf at the 123rd General Meeting (Annual Ordinary) of the Company to be held at Karachi on Friday, March 27, 2015 at 10:00 a.m. and/or at any adjournment thereof.

Dated this ..... day of ..... 2015.

_____
(Signature of Proxy)

Affix Revenue
Stamp of
Rs.5/-

Witness ..... Signature of Shareholder .....

Place ..... Folio No./CDC No. .....

No. of Shares held .....

NOTES:

a) This Form of Proxy, duly completed and signed across a revenue stamp, must be deposited at the Company's Registered Office not less than 48 hours before the time of holding the meeting.

b) A proxy need not be a member of the Company.

AFFIX
CORRECT
POSTAGE

The Company Secretary,
Rafhan Maize Products Co. Ltd;
Rakh Canal East Road,
Faisalabad.

hanMaize
UCTS CO LTD
ABAD - KARACHI

hanmaize.com