

COMPANY INFORMATION

Board of Directors

Mr.Mohammed Younus Nawab	Chairman
Mr.Ibrahim Younus	Director
Mr.Ismail Younus	Director
Mr.Mohammed Faizanullah	Director
Mr.Ilyas Abdul Sattar	Director
Mr.Aziz ul Haq	Director
Hafiz Mohammed Irfan Nawab	Chief Executive

Audit Committee

C.F.O./Company Secretary

Mr.Aziz ul Haq	- Chairman
Mr.Ilyas Abdul Sattar	- Member
Mr.Mohammed Faizanullah	- Member and Secretary

Mr.Abdul Hussain Antaria

Registered Office

SF Unit No.96, S.I.T.E.,
P.O.Box No.10651,
Karachi - 75700
Phone : 32561728 - 29
Fax : 32570833
E-mail : info@sanaindustries.com

Mills

B-186, Hub Industrial Trading Estate,
Hub Chowki, District Lasbela,
Balochistan.
Phone : 0853-363443 - 44
Fax : 0853-363422

Auditors

Muniff Ziauddin & Co.
Chartered Accountants
F/17/3, Business Executive Centre
Block 8, Clifton,
Karachi.
Phone : 35375127 - 28
Fax : 35820325

Legal Advisors

Zaki & Co.,
Advocates
21-A, Wahab Arcade,
M.A.Jinnah Road,
Karachi.
Phone : 32628998/32628999

Bankers

Habib Metropolitan Bank Limited
Islamic Banking Branch,
Jodia Bazar,
Karachi.
Phone : 32432528 - 30
Fax : 32432527

Share Registrars

Central Depository Co. of Pakistan Ltd.
Share Registrar Department
CDC House, 99-B, Block B, S.M.C.H.S.,
Karachi.
Phone : 111-111-500
Fax : 34326027

Website for financial data - <http://www.sana-industries.com/>

DIRECTORS' REPORT

The Directors take pleasure in submitting their Report together with the Audited Accounts of the Company for the year ended 30th June, 2014.

FINANCIAL RESULTS

The Financial Results of the Company for the year ended 30th June, 2014 are summarized below:-

		Rupees
Profit for the period before taxation		106,617,432
Less: Provision for taxation- current	20,378,151	
- prior years	21,402	
- deferred (current)	6,435,396	
	-----	26,834,949
Profit after taxation		----- 79,782,483 -----
Earning per Share before tax	12.41	
Earning per share (basic and diluted) after taxation	9.28	
OTHER COMPREHENSIVE INCOME		
Net Profit for the year		79,782,483
Re-measurements of staff employment benefit	15,147,289	
Related deferred tax	(5,150,078)	
	-----	9,997,211
Total comprehensive income for the year		----- 89,779,694 =====

Alhamd-o-Lillah, the Al-mighty has been very kind in constantly showering HIS unlimited bounties on your Company for which we do not have appropriate words to thank HIM, may Allah continue to cherish HIS blessings on your Company, Ameen.

The consolidated profit before taxation for the current year has registered increase from Rs.87.54 million to Rs.106.62 million an increase of Rs.19.08 million (21.80%), the profit after taxation has also enhanced from Rs.62.44 million to Rs.79.78 million, an increase of Rs.17.34 million (27.77%). Provision of current year's deferred taxation amounting to Rs.6.44 million has been provided. The earnings per Share has enhanced from Rs.7.27 to Rs.9.28, an increase of Rs.2.01 (27.65%). In order to facilitate our Shareholders following comparisons of operating and financial data are annexed.

- | | |
|---|---------|
| (a) Comparison with last year | Annex-A |
| (b) Comparison with previous quarter | Annex-B |
| (c) Quarter-wise comparison of Balance Sheets | Annex-C |
| (d) Quarter-wise comparison of Profit & Loss accounts | Annex-D |
| (e) Statistical summary of key operating and financial data of last 6 years | Annex-E |

The salient features for the year under review, of 'Textile Segment', are as under:

- (1) Sales of Yarn, in Rupee terms, has registered an increase of Rs.148.54 million (13.72%), due to increase in quantity sold and enhancement of selling price, in quantitative terms it has increased by 166,686 Kilos (5.39%). The Gross Profit amount has also increased by Rs.10.14 million (8.40%), GP Rate has however decreased fractionally by 0.54% due to increase in cost of goods sold. The net profit, before taxation, of Rs.61.52 million has also increased to Rs.67.10 million, an increase of Rs.5.58 million (9.07%).
- (2) The production of Yarn, in quantitative terms has increased from 3,043,392 Kilos to 3,372,356 Kilos i.e., by 328,964 Kilos (10.81%), due to increase in production capacity and modernization of Plant.
- (3) The average cost of raw-materials consumed has fractionally decreased by Rs.0.17 Per Kilo (0.07%) due to decrease in prices of raw-materials.
- (4) The cost of manufacturing over heads has enhanced from Rs.87.97 per Kilo to Rs.102.46 per Kilo (16.47%), significant increases on this account are attributed to the following heads:
 - (a) Salaries and wages by Rs.30.76 million or Rs.5.79 per Kilo (16.95%) due to mandatory increase in salary rates of the workers.
 - (b) Fuel and Power by Rs.31.03 million or Rs.5.95 Per Kilo (17.86%) mainly due to increase in Gas prices.
 - (c) Repair and maintenance (including stores and spares) by Rs.14.15 million or Rs.3.29 per Kilo (35.57%), due to modernization of Plant.
- (5) The Selling and Distribution expenses have increased by Rs.1.69 million or Rs.0.33 per Kilo, due to increase in quantity sold.
- (6) The General and Administration expenses have increased by Rs.1.90 million (10.08%) but has fractionally decreased on per kilo basis by Rs.0.04 per kilo due to increase in production.
- (7) The expansion in textile and cold store segments have increased the financial charges by Rs.7.11 million due to (a) enhancement in working capital requirements and (b) fresh Diminishing Musharakas obtained for the financing of capital machinery.
- (8) The Workers' Profit Participation Fund and Workers' Welfare Fund have increased by Rs.1.01 million and Rs.0.40 million respectively, due to increase in net profit.
- (9) The net profit of last year, before tax (Textile Segment), of Rs.61.52 million has enhanced to Rs.67.10 million (9.07%).
- (10) The net profit of last year, before tax (Cold Storage segment), of Rs.24.60 million has also enhanced to Rs.45.88 million (86.50%) due to increase in storage capacity.
- (11) The 'Consolidated amount of net profit' of last year, before tax of Rs.87.54 million has increased to Rs.106.62 million (21.80%).
- (12) The 'Consolidated amount of net profit' of last year, after tax of Rs.62.44 million has increased to Rs.79.78 million (27.77%).
- (13) The period of trade debts (receivable) has increased from 42 days to 51 days.

(14) The inventory of raw-materials has increased from 52 days to 55 days.

(15) The inventory of finished goods has increased from 48 days to 61 days.

Future Prospects

The Management is optimistic about the future profitability of the Company since during the current year it has invested Rs.84.37 million in capital machinery of textile and cold store segments for balancing, modernization and expansion. This factor alone will, Insha Allah, increase the profitability of the Company in future years.

Board of Directors

The present Board of Directors who were elected on 3rd December, 2013, will continue to hold the office up to 3rd December, 2016.

Auditors

The present Auditors M/s. Muniff Ziauddin & Co, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

Pattern of Holding of Shares

The Pattern of Holding of Shares as prescribed by the SECP Circular dated 28/3/2002 to the Stock Exchange has been included in the Annual Report.

Dividend and Notice of Book Closure

Your Directors have decided to recommend payment of a Final Cash Dividend @ Rs.7.50 per Share (75%). The distribution this year comes to 80.82% of the current year's after tax earnings.

The Final Dividend will be paid to the shareholders, whose names appears in the Register of Members on 17/10/2014. The share transfer book of the Company will remain closed from 18/10/2014 to 25/10/2014 (both days inclusive). Transfers received in order at the office of the Registrar, Central Depository Company of Pakistan Limited at the close of business on 17/10/2014 will be treated in time for the purpose of payment of Dividend to the Transferees.

Corporate and Financial Reporting Framework

As required vide Circular No.2(10)SE/SMD/202 dated 28th March, 2002, issued to all Stock Exchanges of Pakistan and listing regulations of the Karachi, Lahore and Islamabad Stock Exchanges, the Board of Directors of Sana Industries Limited confirm that the Company applies the principles contained in the Code in the following manner.

- (1) The financial statement present fairly the Company's state of affairs, the result of its operations, cash flows and changes in equity.
- (2) The Company has maintained proper books of account.
- (3) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
- (4) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

(5) The system of internal control is of sound design and has been effectively implemented and monitored.

(6) There are no significant doubts upon the Company's ability to continue as a going concern.

(7) There has been no material departure from the best practices of corporate governance, as detailed in the Stock Exchange's Listing Regulations.

(8) The Company operates an approved gratuity fund, being administered by a gratuity fund trust, covering all its employees who have completed their qualifying period. The Project Unit Credit Actuarial Cost Method (PUC) was used for calculating the accounting entries, which method is mandated under the latest version of IAS-19. The most recent actuarial valuation of the scheme was carried out as at 30th June, 2014. Following are the significant assumption used for the valuation of scheme:

	30-Jun-2014	30-Jun-2013
Valuation discount rate	13.50% p.a	12.00% p.a
Salary increase	12.00% p.a	12.00% p.a
Expected rate of return on Plan Assets	13.50% p.a	12.00% p.a

A statement as to the value of assets / investments of gratuity fund, based on its audited accounts is as under:-

A statement as to the value of assets / investments of gratuity fund, based on its audited accounts is as under:-

(a) Investment in Shares of listed companies	Rs.47,127,146/=
(b) Investment in Mutual Funds	Rs. 7,560,952/=
(c) Due from company	Rs. 1,417,677/=
(d) Bank balances	Rs. 3,719,251/=

Total of assets / investments as on 30/6/2014	Rs. 59,825,026/=
	=====

(9) Elections of Directors was held in the Extra-ordinary General Meeting held on 3/12/2013, in accordance with the provisions of Section 178 of the Companies Ordinance, 1984 for a term of three years, commencing from 3/12/2013. A total of 9 Meetings of the Board of Directors were held during the financial year ended 30th June, 2014. Number of Meeting attended by each Director are stated their against:

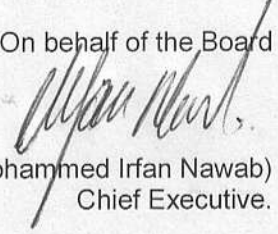
Name of Directors	Number of Meeting Attended
-----	-----
(1) Mr. Mohammed Yousuf	5 out of 5 meetings
(2) Mr. Mohammed Younus Nawab	8 out of 9 meetings
(3) Mr. Mohammed Irfan Nawab	9 out of 9 meetings
(4) Mr. Ibrahim Younus	9 out of 9 meetings
(5) Mr. Ismail Younus	9 out of 9 meetings
(6) Mr. Mohammed Faizanullah	9 out of 9 meetings
(7) Mr. Babar Dadabhoy	4 out of 5 meetings
(8) Mr. Ilyas Abdul Sattar	4 out of 4 meetings
(9) Mr. Aziz Ul Haq	4 out of 4 meetings

(10) No trades in the shares of the Company were carried out by its Directors, CEO, Company's Secretary and their spouses and minor children during the current financial year:

Personnel

I would like to place on record my sincere appreciation for the devotion and loyalty of the staff and workers without whose efforts this success could not have been achieved. I look forward to the same devotion and cooperation in the years to come.

On behalf of the Board


(Mohammed Irfan Nawab)
Chief Executive.

Karachi: 24th September, 2014.

AUDITORS' REPORT TO THE MEMBERS

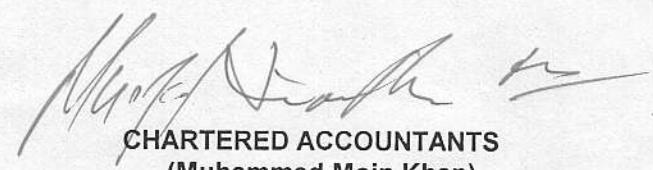
We have audited the annexed balance sheet of **Sana Industries Limited ("the Company")** as at June 30, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then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

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

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

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change as stated in note 5.12.3 with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance 1984, in the manner so required and give a true and fair view of the state of the Company's affairs as at June 30, 2014 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

KARACHI: September 24, 2014


CHARTERED ACCOUNTANTS
(Muhammad Moin Khan)

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 (the Code) prepared by the Board of Directors of **Sana Industries Limited (the Company)** for the year ended June 30, 2014, to comply with Listing Regulation No. 35 of Karachi, Islamabad and Lahore Stock Exchanges where the Company is listed.

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

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Director'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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2014.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the note reference where these are stated in the Statement of Compliance:

Note**reference Description**

- | | |
|----|---|
| 9. | The Board has not made arrangements to carry out orientation courses on the Code of Corporate Governance for its directors. Furthermore, the directors (excluding exempted directors) have not acquired the mandatory certification of directors training program from the Institute specified by the SECP. |
| 17 | The Board has not formed HR and Remuneration Committee as required by the Code. |

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 29th Annual General Meeting of the Shareholders of the Company will, Insha-Allah be held on Saturday, the 25th of October, 2014 at 12.00 Noon at the Company's Office, situated at SF-96, S.I.T.E., Karachi to transact the following business:-

ORDINARY BUSINESS


- (1) To read and confirm the minutes of 28th Annual General Meeting held on 21st October, 2013.
- (2) To receive and adopt the Audited accounts of the Company for the year ended 30th June, 2014, together with the Auditors' Report and Directors' Report thereon.
- (3) To consider and approve Cash dividend of 75% for the year ended 30th June, 2014 as recommended by the Directors.
- (4) To appoint Auditors of the Company and fix their remuneration for the year ended 30th June, 2015. The present Auditors M/s. Muniff Ziauddin & Co., Chartered Accounts retire and being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

- (5) To consider and approve increase in remunerations of the Chief Executive and other full time working Directors of the Company.
- (6) To transact any other business with the permission of the Chair.

A statement of material facts under Section 160(1)(b) of the Companies Ordinance, 1984 relating to the special businesses to be transacted is sent to all the Shareholders with the Notice of this AGM.

By Order of the Board



(Abdul Hussain Antaria)
CFO & Company Secretary

Karachi: 24th September, 2014

NOTES

1. The share transfer books of the Company shall remain closed from 18-Oct-2014 to 25-Oct-2014 (both days inclusive), and the final dividend will be paid to the Shareholders whose names will appear in the Register of Members on 17-Oct-2014.
2. A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on the member's behalf. A proxy need not be a member of the Company.
3. Duly completed Forms of Proxy must be deposited with the Company Secretary at the office of the Company situated at SF-96, S.I.T.E., Karachi (Phone No.32561728) not later than 48 hours before the time of meeting.

4. Shareholders (Non CDC) are requested to promptly notify the Company's Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/s. Central Depository Company of Pakistan Limited, Share Registrar Department, CDC House, 99-B, Block B, SMCHS, Karachi. All the Shareholders holding their shares through the CDC are requested to please update their addresses and Zakat with their Participants. This will assist in prompt receipt of Dividend.
5. Members who have not yet submitted photocopy of their Computerized National Identity Card to the Company are requested to send the same at the earliest.
6. CDC account holders will further have to follow the guidelines as laid down in Circular 1 dated 28th January, 2000, issued by the Securities and Exchange Commission of Pakistan.

STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984

A Statement under Section 160(1)(b) of the Companies Ordinance, 1984 pertaining to the Resolution is appended below:

AGENDA NO.5 - REMUNERATION OF DIRECTORS

The Shareholders' approval is sought for the increase in remuneration of the following Directors:

<u>NAME OF DIRECTOR</u>	<u>PRESENT SALARY</u>	<u>PROPOSED INCREMENT</u>	<u>NEW SALARY AFTER INCREMENT</u>
(1) Mr.Mohammed Younus Nawab	Rs.300,000	Rs.25,000	Rs.325,000
(2) Mr.Mohammed Irfan Nawab	Rs.450,000	Rs.50,000	Rs.500,000
(3) Mr.Ibrahim Younus	Rs.225,000	Rs.75,000	Rs.300,000
(4) Mr.Ismail Younus	Rs.100,000	Rs.75,000	Rs.175,000
(5) Mr.Mohammed Faizanullah	Rs.100,000	Rs.75,000	Rs.175,000

For the purpose, it is proposed that the following Resolution be passed, with or without modification, by the Shareholder as an ordinary Resolution.

RESOLVED that the Company hereby approves and authorizes payment of monthly remunerations (salary) together with other benefits, in accordance with the Rules of the Company, be paid to the following full time working Directors of the Company, with effect from 1st July, 2014:

- | | |
|---|---|
| (a) Mr.Mohammed Younus Nawab, Chairman : | Rs.325,000/- plus free use of Company's maintained Car. |
| (b) Mr.Mohammed Irfan Nawab, Chief Executive: | Rs.500,000/- plus free use of Company's maintained Car. |
| (c) Mr.Ibrahim Younus, Director : | Rs.300,000/- plus free use of Company's maintained Car. |
| (d) Mr.Ismail Younus, Director : | Rs.175,000/- plus free use of Company's maintained Car. |
| (e) Mr.Mohammed Faizanullah, Director : | Rs.175,000/- plus free use of Company's maintained Car. |

The working Directors are interested in the Resolution to the extent of their respective remunerations.

SANA INDUSTRIES LIMITED
Annexure to Directors' Report
(Rupees in millions)

Comparison with last year

Annexure A

Covering period FROM TO	01-Jul-2013 30-Jun-2014	01-Jul-2012 30-Jun-2013	VARIATION	
			Amount	Percentage
Turnover - net	1,382.87	1,195.06	187.81	15.72%
Cost of Sales	1,206.65	1,046.57	160.08	15.30%
Gross Profit	176.22	148.49	27.73	18.67%
G.P.Rate to Sales	12.74%	12.43%		0.31%
Administrative, Selling, Financial & Other expenses	76.62	62.80	13.82	22.01%
Other income	7.02	1.40	5.62	-
Net profit before taxation	106.62	87.09	19.53	
N.P.Rate to Sales	7.71%	7.29%		
Provision for Taxation	26.83	24.65	2.18	
Profit after Taxation	79.79	62.44	17.35	
Earning per share (before tax) - restated	12.41	12.67	(0.26)	
Earning per share (after tax) - restated	9.28	7.27	2.01	
Statement of Comprehensive Income:				
Profit after tax	79.79	62.44	17.35	27.79%
Remeasurement of defined benefit liability	15.15	10.71	4.44	41.46%
Related deferred tax	(5.15)	(3.64)	(1.51)	
Total comprehensive income	89.79	69.51	20.28	29.18%

Comparison with previous quarter

Annexure B

Covering period FROM TO	01-Apr-2014 30-Jun-2014	01-Jan-2014 31-Mar-2014	VARIATION	
			Amount	Percentage
Sales - net	331.61	335.53	(3.92)	-1.17%
Cost of Sales	311.48	286.27	25.21	8.81%
Gross Profit	20.13	49.26	(29.13)	-59.14%
G.P.Rate to Sales	6.07%	14.68%		-8.61%
Administrative, Selling, Financial & Other expenses	17.49	20.17	(2.68)	-13.29%
Other income	3.47	0.86	2.61	
Net profit before taxation	6.11	29.95	(23.84)	
N.P.Rate to Sales	1.84%	8.93%		
Provision for Taxation	(0.06)	9.71	(9.77)	
Profit after Taxation	6.17	20.24	(14.07)	
Earning per share (before tax) - restated	0.71	3.49	(2.78)	
Earning per share (after tax) - restated	0.72	2.36	(1.64)	

COMPARISON OF BALANCE SHEET OF FOUR QUARTERS

	1ST QUARTER 30-Sep-2013 Rupees	2ND QUARTER 31-Dec-2013 Rupees	3RD QUARTER 31-Mar-2014 Rupees	4TH QUARTER 30-Jun-2014 Rupees
ASSETS				
NON CURRENT ASSETS				
Property, Plant and equipments	247,957,970	276,491,015	331,540,549	339,481,035
Long-term deposits	1,085,450	1,085,450	1,085,450	1,085,450
	249,043,420	277,576,465	332,625,999	340,566,485
CURRENT ASSETS				
Stock-in-trade	193,528,906	201,572,912	210,546,635	269,765,775
Trade debts- unsecured, considered good	222,577,012	239,728,412	198,035,850	236,647,337
Advances	12,404,380	8,708,459	7,032,020	3,456,486
Deposits and pre-payments	4,871,520	4,231,366	2,499,381	1,308,298
Other receivables	3,476,249	14,809,333	8,137,777	36,776,313
Taxation - net	-	-	-	3,132,237
Cash and bank balances	20,364,751	15,618,494	29,588,171	7,711,763
	457,222,818	484,668,976	455,839,834	558,798,209
TOTAL ASSETS	706,266,238	762,245,441	788,465,833	899,364,694
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share Capital	68,750,000	85,937,500	85,937,500	85,937,500
Reserves	251,792,910	238,536,643	263,288,614	274,858,401
Shareholder's equity	320,542,910	324,474,143	349,226,114	360,795,901
NON CURRENT LIABILITIES				
Diminishing Mushareqa	21,022,249	34,492,521	62,112,344	54,164,373
Staff benefits	444,523	402,128	365,144	964,586
Deferred taxation	23,371,499	24,127,318	27,203,055	41,144,198
	44,838,271	59,021,967	89,680,543	96,273,157
CURRENT LIABILITIES				
Trade and other payables	45,508,135	52,871,068	65,454,384	57,786,369
Accrued profit	6,743,087	7,416,591	6,977,943	8,582,592
Borrowings from Directors and related parties	27,050,000	36,000,000	22,500,000	24,200,000
Current portion of diminishing mushreqa arrangements	8,500,438	16,497,349	24,569,439	28,850,843
Morabaha Arrangements	244,519,078	251,899,911	222,940,810	322,875,832
Taxation - net	8,564,319	14,064,412	7,116,600	-
	340,885,057	378,749,331	349,559,176	442,295,636
CONTINGENCIES AND COMMITMENTS	-	-	-	-
TOTAL EQUITY AND LIABILITIES	706,266,238	762,245,441	788,465,833	899,364,694
Debt Equity Ratio	12 : 88	16 : 84	20 : 80	21 : 79
Current Ratio	1.34	1.28	1.3	1.26

COMPARISON OF PROFIT & LOSS ACCOUNT OF FOUR QUARTERS.

	1ST QUARTER 30-Sep-2013 Rupees	2ND QUARTER 31-Dec-2013 Rupees	3RD QUARTER 31-Mar-2014 Rupees	4TH QUARTER 30-Jun-2014 Rupees	Y.T.D. 30-Jun-2014 Rupees
Net turnover	371,152,636	344,571,959	335,532,901	331,612,850	1,382,870,346
Cost of sales	(317,567,163)	(291,323,838)	(286,270,613)	(311,485,442)	(1,206,647,056)
Gross profit	53,585,473	53,248,121	49,262,288	20,127,408	176,223,290
G.P.Rate	14.44%	15.45%	14.68%	6.07%	12.74%
Selling and distribution expenses	(1,829,235)	(2,008,441)	(2,571,381)	(1,984,683)	(8,393,740)
General and administration expenses	(5,745,507)	(8,032,840)	(7,214,773)	(3,363,117)	(24,356,237)
Other operating expenses	(2,800,199)	(2,501,791)	(2,147,301)	(780,138)	(8,229,429)
Other operating income / (loss)	1,048,923	1,644,962	857,059	3,465,706	7,016,650
Operating profit	44,259,455	42,350,011	38,185,892	17,465,176	142,260,534
Finance cost	(7,765,697)	(8,278,665)	(8,239,545)	(11,359,195)	(35,643,102)
Profit for the period before taxation	36,493,758	34,071,346	29,946,347	6,105,981	106,617,432
Provision for taxation - current	(14,142,904)	(8,389,830)	4,707,093	(2,552,510)	(20,378,151)
- prior year	-	(5,840)	-	(15,562)	(21,402)
- deferred (current)	1,556,623	3,795,549	(14,416,079)	2,628,511	(6,435,396)
	(12,586,281)	(4,600,121)	(9,708,986)	60,439	(26,834,949)
Profit after taxation	23,907,477	29,471,225	20,237,361	6,166,420	79,782,483
Earning per share before taxation - restated	4.25	3.96	3.48	0.71	12.41
Earning per share after taxation - restated	2.78	3.43	2.35	0.72	9.28

SANA INDUSTRIES LIMITED

Statistical summary of key operating & financial data for last six years

Annexure E

(Rupees in Millions)

YEAR END	Jun-2014	Jun-2013	Jun-2012	Jun-2011	Jun-2010	Jun-2009
OPERATING RESULTS						
Turnover	1,382.87	1,195.06	1,012.72	965.67	713.12	506.14
Gross profit	176.22	148.49	133.14	145.79	99.18	68.97
Operating expenses	32.76	26.95	21.45	21.11	17.27	19.36
Operating profit	143.46	121.54	111.69	124.68	81.91	49.61
Financial charges	35.64	29.06	26.98	21.84	18.02	14.21
Other expenses - net	8.23	6.81	10.10	7.88	5.40	2.62
Profit before tax	106.61	87.07	76.28	105.64	58.49	36.10
Taxation	26.84	24.65	20.49	36.79	21.62	12.65
Profit after tax	79.77	62.42	55.79	68.85	36.87	23.45
FINANCIAL POSITION						
Paid-up Capital	85.94	68.75	68.75	55.00	55.00	55.00
Retained earnings	274.86	236.64	211.82	209.11	173.25	155.62
Total equity	360.80	305.39	280.57	264.11	228.25	210.62
Long term loans	54.16	12.25	4.23	10.58	-	2.37
Deferred taxation & staff benefits	42.10	30.43	19.39	18.49	16.55	17.75
Current liabilities	442.30	319.91	273.70	222.48	158.21	145.49
Total assets	899.36	668.00	577.82	515.66	403.01	376.23
Fixed assets (Gross)	771.85	708.28	632.85	585.16	551.31	532.09
Accumulated depreciation	444.29	469.54	436.94	407.49	386.20	360.89
Fixed assets (Net)	327.56	238.74	195.91	177.67	165.11	171.20
Long term deposits	1.09	1.09	0.85	0.70	1.10	0.70
Current assets	558.80	423.61	380.60	336.13	236.61	204.04
RATIOS						
Fixed Assets Turnover	4.22	5.01	5.17	5.44	4.32	2.96
Trade Debts (days)	51	42	51	50	38	51
Inventory turnover (times)	3.59	5.08	5.06	2.79	4.12	5.39
Inventory turnover (days)	102	72	72	131	89	68
Sales growth %	15.72%	18.00%	4.87%	35.41%	40.89%	16.46%
Gross profit margin %	12.74%	12.43%	13.15%	15.10%	13.91%	13.63%
Total charges as % to sales	5.54%	5.26%	5.78%	5.26%	5.71%	7.15%
Net profit before tax % to sales	7.73%	7.29%	7.53%	10.94%	8.20%	7.13%
Tax rate (Effective) %	34.00%	35.00%	35.00%	35.00%	35.00%	0.00%
Net profit after tax (% to sales)	5.77%	5.22%	5.51%	7.13%	5.17%	4.63%
Return on Capital % (after tax)	92.82%	90.79%	81.15%	125.18%	67.04%	42.64%
Return on Equity % (after tax)	22.11%	20.44%	19.88%	26.07%	16.15%	11.13%
Earning per share pre-tax	12.41	12.66	11.10	19.21	10.63	6.56
Earning per share after tax	9.28	7.27	8.12	12.52	6.70	4.26
Break-up value per share	41.98	44.42	40.81	48.02	41.50	38.29
Debt Equity Ratio	20 : 80	9 : 91	7 : 93	10 : 90	7 : 93	9 : 91
Current Ratio	1.26	1.32	1.39	1.51	1.50	1.40
Quick Ratio	0.65	0.64	0.69	0.81	0.68	0.83
DISTRIBUTION						
Dividend per share Rs.	7.50	5.00	6.50	7.50	6.00	3.50
Stock Dividend	Nil	25%	Nil	25%	Nil	Nil
Dividend payout	81%	82%	80%	80%	90%	82%

SANA INDUSTRIES LIMITED
BALANCE SHEET
AS AT JUNE 30, 2014

AS AT JUNE 30, 2014

	Note	2014	2013	2012
		(Rupees)		
ASSETS				
NON CURRENT ASSETS				
Property, plant and equipment	7	339,481,035	243,250,312	196,384,084
Long-term deposits		1,085,450	1,085,450	848,200
		340,566,485	244,335,762	197,232,284
CURRENT ASSETS				
Stock-in-trade	8	269,765,775	220,162,819	192,270,286
Trade debts - unsecured	9	236,647,337	165,512,974	172,368,869
Loans and advances	10	3,456,486	4,390,682	2,211,706
Trade deposits and short-term prepayments	11	1,308,298	592,244	891,744
Other receivables	12	36,776,313	14,098,450	1,867,191
Taxation - net		3,132,237	1,701,751	-
Cash and bank balances	13	7,711,763	17,154,741	10,973,269
		558,798,209	423,613,661	380,583,065
TOTAL ASSETS		899,364,694	667,949,423	577,815,349
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized share capital				
10,000,000 Ordinary shares of Rs. 10/- each		100,000,000	100,000,000	100,000,000
Issued, subscribed and paid-up capital				
8,593,750 (June 30, 2013: 6,875,000)				
Ordinary shares of Rs. 10/- each	14	85,937,500	68,750,000	68,750,000
General reserves		132,500,000	132,500,000	132,500,000
Unappropriated profit		142,358,401	104,141,207	79,319,529
Shareholder's equity		360,795,901	305,391,207	280,569,529
NON CURRENT LIABILITIES				
Long-term musharaka	15	54,164,373	12,251,615	4,233,903
Staff benefits	16	964,586	832,996	893,719
Deferred taxation	17	41,144,198	29,558,724	18,453,666
		96,273,157	42,643,335	23,581,288
CURRENT LIABILITIES				
Trade and other payables	18	57,786,369	43,790,572	31,183,372
Finance cost payable	19	8,582,592	6,141,366	5,657,108
Loans from directors	20	24,200,000	37,900,000	27,420,000
Current portion of long-term musharaka	15	28,850,843	9,093,337	6,350,868
Short term morabaha	21	322,875,832	222,989,606	196,033,321
Taxation - net		-	-	7,019,862
		442,295,636	319,914,881	273,664,532
TOTAL EQUITY AND LIABILITIES		899,364,694	667,949,423	577,815,349
CONTINGENCIES AND COMMITMENTS				
	22			

The annexed notes from 1 to 44 form an integral part of these financial statements.

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SANA INDUSTRIES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 ----- (Rupees) -----	2013 ----- Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before taxation including discontinued operation		106,617,432	87,087,004
Adjustments for:			
Depreciation		43,518,411	36,284,244
Gain on sale of fixed assets		(6,190,511)	(853,654)
Profit on bank accounts		(826,139)	(547,720)
Staff benefits		955,880	614,306
Finance costs		35,042,630	28,530,046
Operating profit before working capital changes		179,117,703	151,114,226
Increase in current assets	33.1	(127,486,453)	(25,395,159)
Increase in current liabilities	33.2	13,816,537	13,196,946
Cash generated from operations		65,447,786	138,916,013
Finance costs paid		(33,201,876)	(28,045,788)
Income taxes paid		(21,830,039)	(25,905,099)
Staff benefits paid		(824,290)	(675,029)
Long-term deposit		-	(237,250)
Net cash inflow from operating activities		9,591,581	84,052,847
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(139,805,623)	(84,580,680)
Profit received on bank accounts		798,178	547,720
Proceeds from sale of property, plant and equipment		6,235,000	2,283,863
Net cash used in investing activities		(132,772,445)	(81,749,097)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts under short-term morabaha		99,886,226	26,956,285
Receipts under long-term musharaka		61,670,264	10,760,181
(Repayment) / borrowings from directors		(13,700,000)	10,480,000
Dividend paid		(34,118,603)	(44,318,742)
Net cash inflow from financing activities		113,737,886	3,877,723
Net (decrease) / increase in cash and cash equivalents		(9,442,978)	6,181,472
Cash and cash equivalents at beginning of the year		17,154,741	10,973,269
Cash and cash equivalents at the end of the year	13	7,711,763	17,154,741

The annexed notes from 1 to 44 form an integral part of these financial statements.

(Mohammed Irfan Nawab)

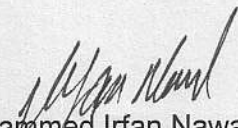
(Mohammed Younus Nawab)

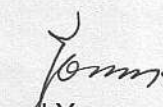
(Abdul Hussain Antaria)


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

	Note	2014 ----- (Rupees) -----	2013 ----- Restated
Turnover	23	1,382,870,345	1,195,064,454
Cost of sales and services	24	(1,206,647,056)	(1,046,568,268)
Gross profit		<u>176,223,290</u>	<u>148,496,186</u>
Distribution expenses	25	(8,393,740)	(5,518,445)
Administrative expenses	26	(24,356,237)	(20,974,525)
		<u>(32,749,977)</u>	<u>(26,492,970)</u>
Other income	27	7,016,650	1,398,384
Other operating expense	28	(8,229,429)	(6,810,422)
		<u>(1,212,779)</u>	<u>(5,412,038)</u>
Operating profit		<u>142,260,534</u>	<u>116,591,178</u>
Finance costs	29	(35,643,102)	(29,055,038)
Profit before taxation		<u>106,617,432</u>	<u>87,536,140</u>
Taxation	30	(26,834,949)	(24,646,900)
Profit from continued operation		<u>79,782,483</u>	<u>62,889,240</u>
Loss from discontinued operation	31	-	(449,136)
Profit after taxation		<u><u>79,782,483</u></u>	<u><u>62,440,104</u></u>
Earning per share - Basic and diluted	32	<u><u>9.28</u></u>	<u><u>7.27</u></u>

The annexed notes from 1 to 44 form an integral part of these financial statements.


(Mohammed Irfan Nawab)
Chief Executive

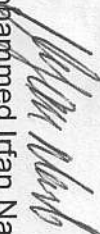

(Mohammed Younus Nawab)
Chairman

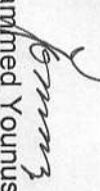

(Abdul Hussain Antaria)
Chief Financial Officer

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

	Issued, subscribed and paid-up capital	REVENUE RESERVES			Total
		General reserves	Un-appropriated profit	Sub - total	
(Rupees)					
Balance as at July 01, 2012 - as previously reported	68,750,000	132,500,000	77,399,788	209,899,788	278,649,788
Effect of change in accounting policy due to application of IAS19 (Revised) note 4.13.3 (net of tax)	-	-	1,919,741	1,919,741	1,919,741
Balance as at July 01, 2012 - as restated	68,750,000	132,500,000	79,319,529	211,819,529	280,569,529
Transactions with owners :					
Final dividend for the year ended June 30, 2012 @ Rs.6.5 per share	-	-	(44,687,500)	(44,687,500)	(44,687,500)
Comprehensive income for the year :					
Profit after taxation for the year ended June 30, 2013 - restated	-	-	62,440,104	62,440,104	62,440,104
Other comprehensive income - restated	-	-	7,069,074	7,069,074	7,069,074
	-	-	69,509,178	69,509,178	69,509,178
Balance as at June 30, 2013- as restated	68,750,000	132,500,000	104,141,207	236,641,207	305,391,207
Transactions with owners :					
Final dividend for the year ended June 30, 2013 @ Rs. 5 per share	-	-	(34,375,000)	(34,375,000)	(34,375,000)
Bonus Share for the year ended June 30, 2013 @ 25%	17,187,500	-	(17,187,500)	-	-
Profit after taxation for the year ended June 30, 2014	-	-	79,782,483	79,782,483	79,782,483
Other comprehensive income	-	-	9,997,211	9,997,211	9,997,211
	85,937,500	132,500,000	142,358,401	292,045,901	360,795,901

The annexed notes from 1 to 44 form an integral part of these financial statements.


(Mohammed Irfan Nawab)
Chief Executive


(Muhammed Younus Nawab)
Chairman


(Abdul Hussain Antaria)
Chief Financial Officer

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2014.

This statement is being presented to comply with Code of Corporate Governance (the Code) contained in the Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

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

CATEGORY	NAMES
Independent Director	Mr. Aziz ul Haque
Executive Directors	Mr. Mohammed Younus Nawab Mr. Mohammed Irfan Nawab Mr. Ibrahim Younus Mr. Ismail Younus Mr. Mohammed Faizanullah
Non-Executive Director	Mr. Ilyas Abdul Sattar

The independent director meets 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 in 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 NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

(4) Casual vacancy occurring in the Board during the year was duly filled in within the prescribed period.

(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 and 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 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) Most of the Directors meet the exemption criteria of the Directors training program. No further trainings have been carried out during the reporting period, however, the remaining four Directors will acquire the certification of Directors training program in the forthcoming financial year and the Board will make arrangements to carry out orientation course on Code of Corporate Governance in due course.

- (10) No new appointment of CFO/Company Secretary has been made during the year.
- (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 Code.
- (15) The Board has formed an audit committee. It comprises of three members, of whom one is non-executive director, one Independent and one executive director. The chairman of the committee is the 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 as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
- (17) The board is in the process of forming an HR and Remuneration Committee.
- (18) The Board has outsourced the internal audit function to Mr. Muhammad Farooque Dandia & Co (Chartered Accountants) who are considered suitably qualified and experienced for the purpose and are 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 Institute of Chartered Accounts of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with international Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by Institute of Chartered Accountants of Pakistan.
- (20) The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations 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 exchange(s).
- (23) We confirm that all other material principles enshrined in the Code have been complied with except that the position of the Company Secretary and CFO is held by the same person. The said decision has been taken by the Board keeping in view the size of the Company.

On behalf of the Board

(Mohammed Irfan Nawab)
Chief Executive

Karachi: 24th September, 2014.

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

	2014 ----- (Rupees) -----	2013 Restated
Net profit for the year	79,782,483	62,440,104
Remeasurements of staff employment benefit	15,147,289	10,710,718
Related deferred tax	(5,150,078)	(3,641,644)
	9,997,211	7,069,074
Total comprehensive income for the year	89,779,694	69,509,178

The annexed notes from 1 to 44 form an integral part of these financial statements.

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(Mohammed Irfan Nawab)
Chief Executive

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(Mohammed Younus Nawab)
Chairman

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(Abdul Hussain Antaria)
Chief Financial Officer

SANA INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

1 NATURE OF BUSINESS

Sana Industries Limited (the Company) was incorporated in Pakistan as a public limited Company under the Companies Ordinance, 1984. The shares of the Company are quoted on the Karachi, Lahore and Islamabad Stock Exchanges. The Company is engaged in the following activities.

- i) manufacturing and sale of man-made blended yarn;
- ii) providing services in respect of cold storage through "compartmentalized cold store project";
- iii) local trading and export of processed poultry bi-products (discontinued); and
- iv) food stuff (processing of ready to eat meals).

The registered office of the Company is located at SF-96, S.I.T.E., Karachi, Pakistan.

2 STATEMENT OF COMPLIANCE

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

3 BASIS OF MEASUREMENT

- 3.1 These financial statements have been prepared under historical cost convention.
- 3.2 These financial statements are presented in Pak rupees which is the Company's functional and presentation currency.

4 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

4.1 Initial application of standards, amendments or an interpretation to existing standards

The following new and revised Standards and Interpretations have also been adopted in these financial statements.

- IAS 19 Employee Benefits - Amended standard resulting from the Post Employment Benefits and Termination Benefits projects, effective from accounting period beginning on or after January 1, 2013.

The following standards, amendments and interpretations are effective for the accounting period beginning on or after January 1, 2013. However these are not either not relevant to the Company's operation or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

- IAS 1 Presentation of financial statements- Clarification of requirements for comparative information..

- IAS 16 Property, Plant and Equipment- Classification of servicing equipment.

- IAS 32 Financial Instruments: Presentation - Tax effects of distribution to holder of equity instrument, and transaction costs of an equity transactions.

- IFRIC 20 Stripping cost in the Production Phase of a Surface Mine.

4.2 Adoptions of new and revised standards and interpretations

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

Standard, interpretation and amendments		Effective date (accounting periods beginning on or after)
IFRS 2	Share Based Payment [Amendments]	July 1, 2014
IFRS 3	Business Combination [Amendments]	July 1, 2014
IAS 19	Employee Benefit (Amendment to clarify requirement relating to contribution)	July 1, 2014
IAS 32	Financial Instruments: Recognition and Measurement (Amendment)	January 1, 2014
IAS 36	Impairment of Assets - (Amendment)	January 1, 2014
IAS 39	Financial Instruments. Ammendment provides guidance relating to discontinuation of hedge accounting	January 1, 2014
IFRIC 21	Levies. Provides guidance to recognize liability to pay levies.	January 1, 2014

The above standards, amendments and interpretations are either not relevant to Company's operations or are not expected to have significant impact on the Company's financial statements other than certain increased disclosures.

The following new standards have been issued by the IASB and notified by the SECP for application in Pakistan but their applicability start from the annual period beginning on or after January 01, 2015.

Standard, interpretation and amendments		Effective date (accounting periods beginning on or after)
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 11	Joint Arrangements	January 1, 2013
IFRS 12	Disclosure of Interest in Other Entities	January 1, 2013
IFRS 13	Fair Value Measurement	January 1, 2013

5 SIGNIFICANT ACCOUNTING POLICIES

5.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment, if any, except for leasehold land, SF/96 premises (tenancy rights) and capital work in progress, which are stated at cost.

Depreciation is charged to profit and loss account using straight line method so as to write off the historical cost of the assets over their estimated useful lives at the rates given in note 7.1. Depreciation on additions is charged from the month in which the asset is put to use and on disposals upto the month the asset is in use. Assets' residual values and useful lives are reviewed, and adjusted, if appropriate annually.

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

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

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

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

5.2 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of fixed assets are capitalized in the relevant fixed asset for the period upto the date of commercial production, or commencement of its intended use. All other borrowing costs are charged to profit and loss account as and when incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5.3 Stock-in-trade

These are stated at the lower of net realizable value (NRV) and cost determined as follows:

- | | |
|--------------------------------------|---------------------------------------|
| - Raw and packing material | - on a weighted average basis; |
| - Stock-in-transit | - at invoice price plus other charges |
| - Work-in-process and finished goods | - at weighted average cost of |
| - Waste stock | - at net realizable value. |

Net realisable value is determined by considering selling price of stock in the ordinary course of business less costs of completion and cost necessary to be incurred in order to make the sale.

5.4 Stores and spares

The cost of stores and spares are charged to revenue as and when acquired. The cost of stores and spares inventory left unused is not considered material.

5.5 Trade debts and other receivables

Trade debts and other receivables are recognized and carried at original invoice amount less an estimated allowance made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

5.6 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purposes of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks.

5.7 Long and short-term borrowings

These are recorded at the proceeds received. Installments due within one year are shown as a current liability and mark-up on borrowings is charged as an expense on an accrual basis.

5.8 Trade and other payables


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

5.9 Provisions

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

5.10 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights under the instruments are realised, expired or surrendered. Financial liabilities are derecognised when the obligation is extinguished, discharged, cancelled or expired. Any gain or loss on recognition or derecognition of the financial assets and financial liabilities is taken to profit and loss account.



5.11 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet only when the Company has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Corresponding income and expenditure is also netted off and recorded on a net basis in profit and loss account.

5.12 Employee benefits

5.12.1 Compensated absences

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

5.12.2 Defined benefit scheme

The Company operates a recognised, funded defined benefit gratuity scheme for all its permanent employees which is administered by the Trustees. Contributions are made to the fund on the basis of actuarial valuation carried out each year using Projected Unit Credit Method. Under this method, the cost of providing gratuity is charged to the profit and loss account so as to spread the cost over the service lives of the employees in accordance with the advice of qualified actuaries.

As more fully explained in note 5.12.3, effective from January 1, 2013 all actuarial gains and losses are recognised in 'other comprehensive income' as they occur. Previously actuarial gains / losses exceeding 10 percent of the higher of the present value of the defined benefit obligation and fair value of plan assets at the beginning of the year, were amortised over the expected average working lives of the employees participating in the plan.

5.12.3 Changes in accounting policies

The company has adopted the amended accounting standards which become effective during the year. Other than this, the accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year.

During the year (with effect from January 01, 2013) the Company has adopted IAS 19, (Revised) 'Employee Benefits'. The amendments in the revised standard require the Company to eliminate the corridor approach and recognize all actuarial gains and losses (now called 'remeasurements' that result from the remeasurements of defined benefit obligations and fair value of plan assets at the balance sheet date) in other comprehensive income as they occur, immediately recognize all past service costs and replace interest cost and expected return on plan assets with an interest amount that is calculated by applying the discount rate to the net defined benefits liability / asset.

The impacts of retrospective application of IAS 19 (Revised) are as follows:

	June 30, 2013 Rupees	July 1, 2012 Rupees
Effect on balance sheet		
Unappropriated profit		
As previously reported	95,385,433	77,399,788
Effect of changes in accounting policy		
-- For the year 2012	1,919,741	1,919,741
- For the year 2013 - OCI component	7,069,074	-
- For the year 2013 - Profit and loss component	(233,041)	-
As restated	<u>104,141,207</u>	<u>79,319,529</u>
Trade and other payables		
As previously reported	44,092,289	32,438,884
Effect of changes in accounting policy		
- For the year 2012	(1,255,512)	(1,255,512)
- For the year 2013	(725,463)	-
As restated	<u>42,111,314</u>	<u>31,183,372</u>

	June 30, 2013 Rupees	July 1, 2012 Rupees
Deferred taxation		
As previously reported	24,928,122	17,464,708
Effect of changes in accounting policy		
- For the year 2012	988,958	988,958
- For the year 2013	3,641,644	-
As restated	<u>29,558,724</u>	<u>18,453,666</u>
Other receivables		
As previously reported	2,693,049	214,004
Effect of changes in accounting policy		
- For the year 2012	1,653,187	1,653,187
- For the year 2013	9,752,214	-
As restated	<u>14,098,450</u>	<u>1,867,191</u>
Impact on Segment Information		
Decrease in unallocated liabilities	1,980,975	1,255,512
Increase in unallocated assets	11,405,401	1,653,187
	For the year ended June 30, 2013	Prior to July 01, 2012
Effect on Other Comprehensive Income		
Remeasurement of defined benefit gain recognized in other comprehensive income (increase)	10,710,718	2,908,699
Increase in deferred taxation	(3,641,644)	(988,958)
	<u>7,069,074</u>	<u>1,919,741</u>

The effect of change in accounting policy, due to adoption of IAS19 (Revised), on 'earning per share' for the year ended June 30, 2013 is Rs. (0.04). There is no cash flow impact as a result of the retrospective application of change in accounting policy

5.13 Taxation

Current

Provision for current taxation is the higher of the amount computed on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, and tax paid on presumptive basis, minimum tax and alternate corporate tax u/s 113C.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realizable.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

5.14 Revenue recognition

Revenue from sale of goods is recognised upon passage of title to the customer which generally coincides with physical delivery and acceptance of the goods.

Revenue from services in respect of cold storage is recognised on accrual basis.

Profit on bank accounts is recognised on accrual basis.

5.15 Foreign currency translation

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

5.16 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief executive to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief executive include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has three reportable business segments; Textile (Manufacturing and sale of man-made blended yarn), Cold storage (Providing services in respect of cold storage through "compartmentalized cold store project) and Food stuff (Processing of "ready to eat" meals).


5.17 Discontinued operations

A discontinued operation is a component of the company's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative profit and loss account is restated as if the operation had been discontinued from the start of the comparative period.

Non-current (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Company's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the company's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

5.18 Related party transactions

All transactions with related parties are carried on an arm's length basis.



5.19 Dividend and appropriation to reserves

Dividend and appropriation to reserves is recognised in the Company's financial statements in the period in which these are approved.

6 ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

Property, plant and equipment

Estimates with respect to residual values and depreciable lives and pattern of flow of economic benefits are based on the recommendation of technical team of the Company. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of tangible fixed assets with a corresponding affect on the depreciation charge and impairment.

Staff retirement benefits


Certain actuarial assumptions have been adopted as disclosed in note 12.2.6 to the financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might effect unrecognized gains and losses in those years. The actuarial valuation involves making assumptions about discount rate, future salary increases, mortality rates, withdrawal rates and normal retirement age.

Taxation

In making the estimates for income taxes payable by the Company, the management considers applicable tax laws and the decisions of appellate authorities on certain cases issued in past. 'Deferred tax assets are recognized for all unused tax losses and credits to the extent that it is probable that taxable profit will be available against which such losses and credits can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Stock-in-trade

The Company reviews the Net Realizable Value (NRV) of stock-in-trade to assess any diminution in respective carrying value.



7 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets
Capital work-in-progress

Note
2014
----- (Rupees) -----
2013

7.1 327,561,131 238,738,246
11,919,904 4,512,066
339,481,035 243,250,312

7.1 Operating fixed assets

PARTICULARS	COST			ACCUMULATED DEPRECIATION				BOOK VALUE	
	AS AT JULY 01, 2013	ADDITIONS (DELETIONS)	AS AT JUNE 30, 2014	RATE % per annum	AS AT JULY 01, 2013	ADJUSTMENTS ON DISPOSAL	DEPRECIATION FOR THE YEAR	AS AT JUNE 30, 2014	AS AT JUNE 30, 2014
Leasehold land	12,095,494	-	12,095,494	-	-	-	-	-	12,095,494
SF/96 Premises (Tenancy Rights)	5,000,000	-	5,000,000	-	-	-	-	-	5,000,000
Building on leasehold land	93,007,610	27,175,113	120,182,723	10	52,343,005	-	7,998,657	60,341,662	59,841,061
Electrification - Factory Building	11,881,623	56,000	11,937,623	10	8,099,584	-	854,054	8,953,638	2,983,985
Office Premises SF/96	11,630,811	412,774	12,043,585	10	4,138,466	-	949,018	5,087,484	6,956,101
Plant and machinery	535,188,681	88,775,891 (63,973,809)	559,990,763	10	385,111,189	(63,973,796)	27,290,889	348,428,280	211,562,483
Handling equipments	9,300,435	8,801,844	18,102,279	10 & 20	3,730,338	-	1,343,740	5,074,078	13,028,201
Furniture, fixtures and office equipments	5,836,721	597,705 (62,000)	6,372,426	10	3,238,235	(5,525)	377,294	3,610,004	2,762,422
Lab Equipment	-	311,295	311,295	10 & 20	-	-	31,130	31,130	280,165
Trallor 'NISSAN'	2,800,000	(2,800,000)	-	25	2,508,333	(2,799,999)	291,666	-	-
Vehicles	19,882,132	5,982,519 (1,987,610)	23,877,041	20	8,867,904	(1,987,608)	4,275,668	11,155,964	12,721,077
Computers & software	1,460,624	284,644	1,745,268	20	1,308,837	-	106,295	1,415,132	330,136
Plastic Crates	193,425	-	193,425	50	193,419	-	-	193,419	6
JUNE 30, 2014 - Rupees	708,277,556	132,397,785 (68,823,419)	771,851,922		469,539,310	(68,766,930)	43,518,411	444,290,791	327,561,131

PARTICULARS

COST

ACCUMULATED DEPRECIATION

BOOK VALUE

	AS AT JULY 01, 2012	ADDITIONS (DELETIONS)	AS AT JUNE 30, 2013	RATE % per annum	AS AT JULY 01, 2012	ADJUSTMENTS ON DISPOSAL	DEPRECIATION FOR THE YEAR	AS AT JUNE 30, 2013	AS AT JUNE 30, 2013
Leasehold land	12,095,494	-	12,095,494	-	-	-	-	-	12,095,494
SF/96 Premises (Tenancy Rights)	5,000,000	-	5,000,000	-	-	-	-	-	5,000,000
Building on leasehold land	82,447,839	10,559,771	93,007,610	10	46,036,969	-	6,306,036	52,343,005	40,664,605
Electrification - Factory Building	11,398,228	483,395	11,881,623	10	7,210,593	-	888,991	8,099,584	3,782,039
Office Premises SF/96	10,653,373	977,438	11,630,811	10	3,313,750	-	824,716	4,138,466	7,492,345
Plant and machinery	478,977,356	60,016,558 (3,805,233)	535,188,681	10	364,516,760	(2,565,597)	23,160,026	385,111,189	150,077,492
Handling equipments	8,058,241	1,242,194	9,300,435	10 & 20	2,770,834	-	959,504	3,730,338	5,570,097
Furniture, fixtures and office equipments	4,683,721	1,585,000 (432,000)	5,836,721	10	3,189,664	(241,429)	290,000	3,238,235	2,598,486
Tractor 'NISSAN'	2,800,000	-	2,800,000	25	1,808,333	-	700,000	2,508,333	291,667
Vehicles	15,107,246	5,655,007 (880,121)	19,882,132	20	6,705,905	(880,113)	3,042,118	8,867,904	11,014,228
Computers & software	1,435,124	25,500	1,460,624	20	1,197,858	-	110,979	1,308,837	151,787
Plastic Crates	193,425	-	193,425	50	191,545	-	1,874	193,419	6
JUNE 30, 2013 - Rupees	632,850,047	80,544,863 (5,117,354)	708,277,556		436,942,211	(3,687,145)	36,284,244	469,539,310	238,738,246

7.2 The depreciation charge (including discontinued operation) for the year has been allocated as follows:

	Note	2014 ----- (Rupees)	2013 -----
Manufacturing and services expenses	24	36,048,772	31,151,902
Fuel and power	24.1	5,497,890	1,250,524
Distribution expenses	25	20,817	26,315
Administration expenses	26	1,950,932	3,855,503
		43,518,411	36,284,244

7.3 Details of fixed assets disposed off during the year are given below:

DESCRIPTION	DATE OF ACQUISITION	ORIGINAL COST	ACCUMULATED DEPRECIATION	BOOK VALUE	SALE PROCEEDS	GAIN/ (LOSS)	MODE OF DISPOSAL	PARTICULARS OF BUYERS
(Rupees)								
Plant & Machinery								
Spinning Frames	30-Sep-88	27,977,866	27,977,865	1	270,000	269,999	Negotiation	Subhan Traders Plot # 40, Industrial Area, Sargodha Road, Faisalabad
Spinning Frames	30-Sep-89	31,156	31,155	1	270,000	269,999	Negotiation	Subhan Traders Plot # 40, Industrial Area, Sargodha Road, Faisalabad
Spinning Frames	30-Sep-90	13,744,112	13,744,111	1	270,000	269,999	Negotiation	Subhan Traders Plot # 40, Industrial Area, Sargodha Road, Faisalabad
Spinning Frames	30-Sep-95	74,500	74,499	1	270,000	269,999	Negotiation	Subhan Traders Plot # 40, Industrial Area, Sargodha Road, Faisalabad
Spinning Frames	21-Feb-04	205,720	205,719	1	270,000	269,999	Negotiation	Subhan Traders Plot # 40, Industrial Area, Sargodha Road, Faisalabad
Savio Cone Winder	30-Sep-93	14,587,418	14,587,417	1	500,000	499,999	Negotiation	Subhan Traders Plot # 40, Industrial Area, Sargodha Road, Faisalabad
Savio Winder	30-Sep-91	3,285,132	3,285,131	1	495,000	494,999	Negotiation	Jilani Textile Traders Shop # 2, Madina Square, Hyderabad
Savio Winder	30-Sep-92	380,405	380,404	1	495,000	494,999	Negotiation	Jilani Textile Traders Shop # 2, Madina Square, Hyderabad
Twister Murata Two For One	30-Sep-01	621,000	620,999	1	50,000	49,999	Negotiation	United Spinning Mill (Pvt) Ltd Plot # A-1, SITE, Hali Road, Hyderabad
Twister Murata Two For One	30-Sep-01	1,220,000	1,219,999	1	100,000	99,999	Negotiation	United Spinning Mill (Pvt) Ltd Plot # A-1, SITE, Hali Road, Hyderabad
Twister Murata Two For One	30-Sep-02	1,846,500	1,846,499	1	150,000	149,999	Negotiation	United Spinning Mill (Pvt) Ltd Plot # A-1, SITE, Hali Road, Hyderabad
Vehicle								
Toyota Premio APW	28-Nov-07	1,527,700	1,527,699	1	1,265,000	1,264,999	Negotiation	Usman Ghani Flat # 201, Soriya Tower, Al-Hilal Society, Karachi
Suzuki Alto AGP-350	10-Nov-06	459,910	459,909	1	330,000	329,999	Negotiation	Mr. Jamal Pervaiz Flat # D-3/VI, Maymar Court, Block 13-B Gulshan-e-Iqbal, Karachi
Nissan Truck TLQ-084	17-Nov-09	2,800,000	2,799,999	1	1,500,000	1,499,999	Negotiation	Mr. Farooq Ahmed House # 315, Usmania Colony, Nazimabad, Karachi
Furniture, Fixture & Office Equipments								
Black Berry 9900 (Faizan)	10-Jan-13	27,000	2,025	24,975	12,000	(12,975)	Trade-in	Mobile Zone Hashoo Terrace, Shop # 29 Clifton, Karachi
Samsung Grand (Ismail)	9-May-13	35,000	3,500	31,500	-	(31,500)	Theft	Snatched
		<u>68,823,419</u>	<u>68,766,930</u>	<u>56,489</u>	<u>6,247,000</u>	<u>6,190,511</u>		

		2014	2013
	Note	----- (Rupees) -----	
8 STOCK-IN-TRADE			
Raw and packing materials	8.1	103,346,740	90,444,632
Work-in-process		17,810,247	10,261,820
Finished goods		147,668,988	118,147,707
Waste stock		939,800	1,308,660
		<u>269,765,775</u>	<u>220,162,819</u>
8.1 Raw and packing materials			
In hand		78,174,519	76,451,930
In transit		25,172,221	13,992,702
		<u>103,346,740</u>	<u>90,444,632</u>
9 TRADE DEBTS - unsecured			
Considered good			
- Related party - Connect Logistic (Pvt.) Ltd.	9.1	556,462	724,115
- Others		236,090,875	164,788,859
		<u>236,647,337</u>	<u>165,512,974</u>
9.1	The age analysis of debt past due but not impaired is as follow:		
Up to 3 months		162,998	724,115
3 to 6 months		158,211	-
More than 6 months		235,253	-
10 LOANS AND ADVANCES			
Loans to employees - secured	10.1	1,873,412	1,339,650
Unsecured advances to:			
- Contractors		673,525	1,014,245
- against imports and local purchases		909,549	2,036,787
		<u>1,583,074</u>	<u>3,051,032</u>
		<u>3,456,486</u>	<u>4,390,682</u>
10.1	These represent interest free loans to employees for personal use in accordance with the Company's policy and are secured against balance of gratuity fund. These are recoverable in equal monthly installments.		
11 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Deposits		883,000	174,000
Prepayments		425,298	418,244
		<u>1,308,298</u>	<u>592,244</u>
			Restated
12 OTHER RECEIVABLES			
Sales tax refundable		9,053,606	2,342,900
Staff employment benefit	12.1	27,115,988	11,405,401
Others		606,719	350,149

	Note	2014 ----- (Rupees) -----	2013
12.1 STAFF EMPLOYMENT BENEFIT			
Balance sheet Reconciliation			
Present value of defined benefit obligation	12.2.3	(31,291,361)	(24,941,471)
Fair value of plan assets	12.2.4	58,407,349	36,346,872
		<u>27,115,988</u>	<u>11,405,401</u>
12.2 Movement			
Balance at beginning of the year		11,405,401	1,653,188
Charge for the year	12.2.2	(1,417,677)	(2,308,787)
Other comprehensive income		15,147,289	10,710,718
Contribution		1,980,975	1,350,282
Balance at end of the year		<u>27,115,988</u>	<u>11,405,401</u>
12.2.2 Charge for defined benefit plan			
Current Service cost		2,905,184	2,599,828
Interest cost		(1,487,507)	(291,041)
		<u>1,417,677</u>	<u>2,308,787</u>
The charge for the year has been allocated as follows:			
Cost of sales and services:			
Manufacturing and service expenses		655,894	1,749,681
Fuel and power		30,147	44,027
		686,042	1,793,708
Distribution costs		90,001	142,504
Administrative expenses		641,634	372,575
		<u>1,417,677</u>	<u>2,308,787</u>
12.2.3 Movement in the present value of defined benefit obligations			
Balance at beginning of the year		24,941,471	23,589,094
Current service cost		2,905,184	2,599,828
Interest cost		2,949,420	2,811,714
Benefits paid during the year		(725,947)	(2,190,760)
Actuarial loss / (gain)		1,221,233	(1,868,405)
Balance at end of the year		<u>31,291,361</u>	<u>24,941,471</u>
12.2.4 Movement in the fair value of plan assets			
Balance at beginning of the year		36,346,872	25,242,282
Expected return on plan assets		4,436,926	3,102,755
Amount paid by Company to the fund		1,980,975	1,350,282
Benefits paid		(725,947)	(2,190,760)
Actuarial gain		16,368,523	8,842,313

2014 2013
----- (Rupees) -----

12.2.5 Remeasurement recognised in other comprehensive income

Remeasurement of present value of defined benefit obligation	(1,221,233)	1,868,405
Remeasurement of present value of fair value of plan assets	16,368,523	8,842,313
Remeasurements	<u>15,147,290</u>	<u>10,710,718</u>

12.2.6 Principal actuarial assumptions used in the actuarial valuation

Actuarial valuation of the scheme is carried on every year and the latest actuarial valuation was carried out at June 30, 2014. The significant assumptions used for actuarial valuation were as follows:

	2014	2013
Withdrawal Rates	Moderate	Low
Mortality Rates	Adjusted SLIC 2001-05	Adjusted EFU 1961-66
Expected rate of increase in future salaries - per annum	12.00%	12.00%
Discount rate - per annum	13.50%	12.00%
Expected rate of return on plan assets	13.50%	12.00%
Normal Retirement age	60 years	60 years

12.2.7 Comparison for five years

	2014	2013	2012	2011	2010
As at June 30,					
Present value of defined benefit obligations	31,291,361	21,894,564	23,589,094	20,099,420	14,567,952
Fair value of plan assets	(58,407,349)	(23,026,256)	(36,346,872)	24,403,651	17,435,332
(Surplus) / Deficit	27,115,988	(306,098)	(11,405,401)	(4,304,231)	(2,867,380)
Remeasurement Loss/(Gain) on Obligation	1,221,234	(1,868,405)	-	-	-
Remeasurement (Gain)/Loss on Plan Asset	(16,368,523)	8,842,313	-	-	-

12.2.8 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to change in the unit credit method assumptions is;

Particulars	PVDBO (Amount of PKR)	PVDBO (Amount of PKR)
Current Liability	31,234,655	
+1% Discount Rate	28,678,650	-8.18%
-1% Discount Rate	34,211,232	9.53%
+1% Salary Increase Rate	34,225,462	9.58%
-1% Salary Increase Rate	28,625,338	-8.35%
+10% Withdrawal Rate	31,269,946	0.11%
-10% Withdrawal Rate	31,198,645	-0.12%
1 Year Mortality age set back	31,219,405	-0.05%
1 Year Mortality age set forward	31,249,827	0.05%

	Note	2014	2013
		----- (Rupees) -----	
12.2.9 Major categories / composition of plan assets			
Equity securities and units of mutual funds		54,688,098	19,947,310
Bank balances		3,719,251	16,399,562
		<u>58,407,349</u>	<u>36,346,872</u>

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date.

The return on plan assets was assumed to equal the discount rate. Actual return on plan assets during the year was Rs.8,585,041/- (2013: Rs.4,983,465/-).

13 CASH AND BANK BALANCES

Restated

Balances with banks on:

- in current accounts		5,931,308	7,483,092
- in PLS accounts	13.1	665,215	8,558,612

Cash in hand

	6,596,523	16,041,704
	<u>1,115,240</u>	<u>1,113,037</u>
	<u>7,711,763</u>	<u>17,154,741</u>

13.1 These carry profit at the average rate of 4.55% per annum (2013: 5.71% per annum).

14 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2014	2013		Note	2014	2013
No. of shares				----- (Rupees) -----	
4,000,000	4,000,000	Ordinary shares of Rs.10/- fully paid in cash		40,000,000	40,000,000
4,593,750	2,875,000	Ordinary shares of Rs.10/- issued as fully paid bonus shares		45,937,500	28,750,000
<u>8,593,750</u>	<u>6,875,000</u>			<u>85,937,500</u>	<u>68,750,000</u>

15 LONG-TERM MUSHARAKA - secured

Meezan Bank Limited	15.1	12,251,615	21,344,952
Habib Metropolitan Bank Limited	15.2	41,428,802	-
Standard Chartered Bank	15.3	29,334,799	-
Less: Current portion		(28,850,843)	(9,093,337)
		<u>54,164,373</u>	<u>12,251,615</u>

Date of Disbursement	Nature of Asset	Amount Disbursed	Profit Rate	Floor	Celling	Principal Outstanding as at June 30, 2014	Ending Date
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15.1 MEEZAN BANK:

26-Nov-12	4 sets of 2nd hand winders	9,284,973	6M KIBOR + 2.25%	12%	24%	6,963,731	25-Mar-16
23-Mar-13	Savio spare parts	8,249,108	6M KIBOR + 2.25%	12%	24%	5,287,884	11-Jul-16

12,251,615

15.2 HABIB METROPOLITAN BANK:

27-Dec-13	Spare parts spindle bolster	2,779,814	6M KIBOR + 2%	12%	18%	2,779,814	26-Nov-17
12-Dec-13	Ring spinning frame	6,269,240	6M KIBOR + 2%	12%	18%	6,269,240	29-Nov-17
02-Jan-14	Generator WAUKESHA	31,121,334	6M KIBOR + 2%	12%	18%	31,121,334	17-Sep-17
10-Jan-14	Spare parts steel ring & rubber apron	1,258,414	6M KIBOR + 2%	12%	18%	1,258,414	26-Nov-17

41,428,802

Date of Disbursement	Nature of Asset	Amount Disbursed	Profit Rate	Floor	Ceiling	Principal Outstanding as at June 30, 2014	Ending Date
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15.3 STANDARD CHARTERED BANK:

14-Oct-13	Racking systems, blast freezers and accessories	9,900,000	1M KIBOR + 2%	-	-	8,910,000	12-Sep-16
27-Dec-13	Panels, machines for cooling system and accessories	10,472,000	1M KIBOR + 2%	-	-	9,424,799	27-Oct-16
03-Mar-14	Reach trucks and other expension work at AZ	11,000,000	1M KIBOR + 2%	-	-	11,000,000	02-Dec-16

29,334,799

15.4 Securities for the above diminishing musharaka facilities include exclusive charge over the assets financed by the respective banks and personal guarantees of the directors.

	Note	2014 ----- (Rupees) -----	2013
16 STAFF BENEFITS			
Provision for compensated absences	16.1	964,586	832,996
16.1 Provision for compensated absences			
Balance at beginning of the year		832,996	893,719
Charge for the year		955,880	614,306
Benefits paid during the year		(824,290)	(675,029)
Balance at end of the year		964,586	832,996

17 DEFERRED TAXATION

Deferred tax (asset) / liability on account of:

- accelerated depreciation		31,363,518	24,928,122
Remeasurement of defined benefit plans - O.C.I component		9,780,680	4,630,602
		41,144,198	29,558,724

Restated

18 TRADE AND OTHER PAYABLES

Creditors		6,790,802	5,015,761
Accrued expenses		18,720,961	17,113,448
Gas Infrastructure Development Cess (GIDC)	18.1	12,819,369	6,306,807
Workers' Profits Participation Fund	18.2	14,189,321	11,085,850
Workers' Welfare Fund		2,175,866	1,782,042
Sales tax payable		991,435	397,492
Unclaimed dividend		1,519,315	1,262,918
Others		579,300	826,254
		57,786,369	43,790,572

18.1 Government of Pakistan had increased Gas Infrastructure Development Cess (GIDC) with effect from July, 2012 from Rs.13/- per MMBTU to Rs.100/- per MMBTU. Then on September 7, 2012 a new notification was issued and GIDC was fixed at Rs.50/- per MMBTU. This action was challenged vide CP No.2726/2012 in the Islamabad High Court and stay was obtained for the levy of the incremental GIDC. However, as a prudent policy, the Company has already provided the incremental liability.

18.2 Workers' Profit Participation Fund

Balance at beginning of the year		11,085,850	8,487,678
Payments made during the year		(3,222,964)	(2,640,200)
		7,862,886	5,847,478
Allocation for the year		5,725,963	4,713,380
Finance charge on WPPF		600,472	524,992

	Note	2014 ----- (Rupees) -----	2013 -----
19 FINANCE COST PAYABLE			
Accrued morabaha profit		7,687,984	6,112,183
Accrued diminishing musharaka profit		894,608	29,183
		<u>8,582,592</u>	<u>6,141,366</u>
20 LOANS FROM DIRECTORS - unsecured			
Borrowings from directors		<u>24,200,000</u>	<u>37,900,000</u>
This represents short-term interest free borrowings from directors to meet working capital requirements.			
21 SHORT-TERM MORABAHA - secured			
Habib Metropolitan Bank Morabaha	20.1	232,150,212	222,989,606
Standard Chartered Bank Morabaha	20.2	90,725,620	-
		<u>322,875,832</u>	<u>222,989,606</u>
21.1	Short-term Morabaha arrangement had been obtained from a commercial bank for the regular purchases of raw material. The banks has approved a facility of Rs.270 (2013: Rs.270 million). The effective rate of profit on Morabaha facility ranges between 11.04% to 12.19% (2013: 11.11% to 14.04%), based on KIBOR + 2.00% per annum. The arrangement is secured against first charge over stocks and receivables, land, building and plant & machinery (except assets financed under diminishing musharaka by another financial institution) located at H.I.T.E., Hub, Baluchistan, execution of promissory notes and personal guarantees of three directors of the Company.		
21.2	Short-term Morabaha arrangement has been obtained for the regular purchases of raw material. The bank has approved limit of Rs.134 million.. The effective rate of profit on Murabaha facility ranges between 11.11% to 11.96% (based on 3 months KIBOR + 1.75% per annum). The arrangement is secured against first charge over Stocks and receivables, Land, Building and Plant & Machinery (except assets financed under Diminishing Mushareka by another financial institution) located at H.I.T.E., Hub, Baluchistan, execution of promissory notes and personal guarantees of three Directors of the Company.		
22 CONTINGENCIES AND COMMITMENTS			
22.1 Commitments			
Irrevocable letter of credits		34,905,612	32,835,289
Capital expenditure		20,000,000	20,000,000
Letter of guarantee issued by a commercial bank		10,368,900	9,647,460
Custom duty, sales tax, FED and Income tax on goods in transit		4,360,460	480,628
22.2 Contingencies			
There were no contingencies as at balance sheet date. (2013: nil).			
23 TURNOVER			
Textile			
Manufacturing			
- local		1,225,466,910	1,063,520,327
- export		-	13,418,180
Trading		3,346,796	1,063,961
Waste stock		5,757,359	5,628,975
Services rendered		-	116,607
		<u>1,234,571,065</u>	<u>1,083,748,050</u>
Cold storage		145,006,477	111,316,404
Food stuff division			
- local		292,995	-
- export		2,999,808	-

	Note	2014 ----- (Rupees) -----	2013 ----- (Rupees) -----
24 COST OF SALES AND SERVICES			
Raw and packing material consumed			
Opening stock		76,451,930	59,114,552
Purchases		780,366,956	714,544,150
Closing stock		(78,174,519)	(76,451,930)
		778,644,367	697,206,772
Manufacturing and services expenses			
Fuel and power	24.1	173,511,936	134,811,366
Salaries, wages and benefits		160,197,472	125,568,729
Repairs and maintenance		27,229,082	16,329,417
Stores and spares consumed		19,323,863	15,368,776
Insurance		3,969,956	3,383,117
Rent, rates and taxes		440,302	595,904
Depreciation	7.2	36,048,772	30,699,777
Security		3,249,157	3,123,919
Others		21,682,277	21,443,584
		445,652,817	351,324,589
		1,224,297,184	1,048,531,361
Work-in-process			
Opening		10,261,820	11,267,426
Closing		(17,810,247)	(10,261,820)
		(7,548,427)	1,005,606
Finished goods, waste stock and poultry bi products			
Opening		119,456,367	116,487,668
Purchases		19,050,720	-
Closing		(148,608,788)	(119,456,367)
		(10,101,701)	(2,968,699)
		1,206,647,056	1,046,568,268

24.1 FUEL AND POWER

Generation cost:

Salaries, wages and benefits		2,576,139	2,269,011
Fuel expenses		109,729,827	103,731,364
Electricity		24,099,434	18,181,718
Stores and spares consumed		497,688	880,220
Oil and lubricants		23,672,782	4,917,953
Repairs and maintenance		7,183,147	2,975,650
Depreciation	7.2	5,497,890	1,250,524
Insurance		234,509	174,696
Others		20,520	430,230
		173,511,936	134,811,366

	Note	2014 ----- (Rupees) -----	2013 ----- (Rupees) -----
25 DISTRIBUTION EXPENSES			
Salaries, wages and benefits		2,956,247	2,674,900
Packing and forwarding expenses		4,000,842	1,161,137
Communication		356,236	314,302
Sales promotion expenses		624,298	22,730
Trade Mark Registration		279,830	-
Depreciation		20,817	26,315
Export expenses		155,470	1,319,061
		<u>8,393,740</u>	<u>5,518,445</u>
			Restated
26 ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits		14,024,670	11,606,070
Printing and stationery		353,801	249,298
Legal and professional charges		1,543,874	1,024,217
Fees and subscription		626,982	637,716
Travelling and conveyance		1,819,785	276,336
Repairs and maintenance		1,233,674	1,222,703
Rent rates and taxes		245,150	159,350
Depreciation	7.2	1,950,932	3,855,503
Security expenses		204,472	180,540
Electricity and gas		1,162,444	1,060,282
Insurance		338,691	318,514
Miscellaneous		851,762	383,996
		<u>24,356,237</u>	<u>20,974,525</u>
		2014	2013
		----- (Rupees) -----	----- (Rupees) -----
27 OTHER INCOME			
Gain on disposal of fixed assets		6,190,511	850,664
Profit on PLS account		826,139	547,720
		<u>7,016,650</u>	<u>1,398,384</u>
28 OTHER OPERATING EXPENSE			
Workers' Profit Participation Fund		5,725,963	4,713,380
Auditors' remuneration	28.1	327,600	315,000
Workers Welfare Fund		2,175,866	1,782,042
		<u>8,229,429</u>	<u>6,810,422</u>
28.1 Auditors' remuneration			
Audit fee		327,600	305,000
Out of pocket expenses		-	10,000
		<u>327,600</u>	<u>315,000</u>

	2014	2013
	----- (Rupees) -----	
29 FINANCE COSTS		
Profit on morabaha	28,845,559	26,034,049
Profit on diminishing musharaka	5,879,296	1,967,485
Morabaha documentation charges	22,330	77,490
Guarantee commission	124,989	93,519
Local L/C charges	5,970	243,828
Bank charges	164,485	113,675
Finance charge on WPPF	600,472	524,992
	<u>35,643,102</u>	<u>29,055,038</u>
30 TAXATION		
Current	20,378,151	17,169,859
Prior	21,402	13,627
Deferred	6,435,396	7,463,414
	<u>26,834,949</u>	<u>24,646,900</u>
		Restated
30.1 Reconciliation of accounting profit and tax expense		
Accounting profit	106,617,432	87,087,004
Tax rate	34%	35%
Tax on accounting profit at applicable rate	36,249,927	30,480,451
Tax effect of expenses not allowed for tax	-	81,563
Tax effect of income assessed under Final Tax Regime	29,998	72,915
Prior year adjustment	21,402	13,627
Effect of tax rebate	(8,877,589)	(6,001,656)
Effect of change in tax rate	(588,789)	-
	<u>26,834,949</u>	<u>24,646,900</u>
31 DISCONTINUED OPERATION		
Turnover	-	-
Cost of sales and services	-	(452,125)
Gross profit	-	(452,125)
Distribution expenses	-	-
Administrative expenses	-	-
Other operating income	-	2,989
Profit before taxation	-	(449,136)
Taxation	-	-
Profit after taxation	-	(449,136)
Cash flows		
Net cash from operating activities	-	519,941
Net cash from investing activities	-	270,000
Net cash inflows from discontinued operation for the year	-	789,941

2014 2013
----- (Rupees) -----
Restated

32 EARNING PER SHARE - BASIC AND DILUTED

There is no dilutive effect on basic earnings per share of the Company which is based on:

Profit after taxation from continued operation	79,782,483	62,889,240
Loss from discontinued operation	-	(449,136)
	<u>79,782,483</u>	<u>62,440,104</u>

	Number of shares	
Weighted average number of shares	<u>8,593,750</u>	<u>8,593,750</u>
Earning per share from continued operation	9.28	7.32
Loss per share from discontinued operation	-	(0.05)
Basic and diluted earnings per share	<u>9.28</u>	<u>7.27</u>

33 WORKING CAPITAL CHANGES

33.1 (Increase) / decrease in current assets

Stock-in-trade	(49,602,956)	(27,892,533)
Trade debts	(71,134,363)	6,855,895
Loans and advances	934,196	(2,178,976)
Trade deposits and short term pre-payments	(716,054)	299,500
Other receivables	(6,967,276)	(2,479,045)
	<u>(127,486,453)</u>	<u>(25,395,159)</u>

33.2 Increase in current liabilities

Trade and other payables	<u>13,816,537</u>	<u>13,196,946</u>
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34 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

	Chief Executive		Directors		Executives	
	2014	2013	2014	2013	2014	2013
	----- (Rupees) -----					
Remuneration	3,600,000	1,920,000	5,871,700	5,520,000	2,614,200	2,267,400
House rent	1,440,000	768,000	2,318,130	2,208,000	1,036,380	895,860
Retirement benefits	360,000	192,000	580,170	146,719	2,124,740	2,101,312
Utilities	1,585,972	87,411	2,185,643	656,589	261,420	226,740
	<u>6,985,972</u>	<u>2,967,411</u>	<u>10,955,643</u>	<u>8,531,308</u>	<u>6,036,740</u>	<u>5,491,312</u>
Number of persons	1	1	4	4	4	4

34.1 In addition, the directors are also provided with the free use of Company maintained cars and mobile telephone facility principally for business purposes.

34.2 No fee paid to Director for attending Board Meetings during the year. (2013: NIL).

19

35 TRANSACTIONS / BALANCES WITH RELATED PARTIES

Related parties of the Company comprise of companies with common directorship, retirement fund and directors. Detail of transactions / balances with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2014	2013
	----- (Rupees) -----	
Transaction:		
Contribution to the gratuity fund	<u>(1,980,975)</u>	<u>(1,350,282)</u>
Borrowing from directors and family member	<u>94,275,000</u>	<u>62,625,000</u>
Repayment of borrowing from directors and family memk	<u>107,975,000</u>	<u>52,145,000</u>
Connect Logistics (Private) Limited (Associated company)	<u>556,459</u>	<u>724,115</u>
Balances:		
Connect Logistics (Private) Limited (Associated company)	<u>556,459</u>	<u>724,115</u>

36 FINANCIAL INSTRUMENTS BY CATEGORY

FINANCIAL ASSETS

Loans and receivables at amortized cost

Long-term deposits	1,085,450	1,085,450
Trade debts	236,647,337	165,512,974
Loans and advances	3,456,486	4,390,682
Trade deposits	1,308,298	592,244
Other receivables	36,776,313	14,098,450
Cash and bank balances	7,711,763	17,154,741
	<u>286,985,647</u>	<u>202,834,541</u>

FINANCIAL LIABILITIES

Financial liabilities at amortized cost

Long-term musharaka	54,164,373	12,251,615
Trade and other payables	57,786,369	43,790,572
Finance cost payable	8,582,592	6,141,366
Borrowing from Directors and family member	24,200,000	37,900,000
Current portion of long-term musharaka	28,850,843	9,093,337
Short term morabaha	322,875,832	222,989,606
	<u>496,460,009</u>	<u>332,166,496</u>

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's activities expose it to certain financial risk. Such financial risk emanate from various factors that include, but not limited to, market risk, credit risk and liquidity risk. The company's overall risk management focuses on the unpredictability of financial market and seeks to minimize potential adverse effects on the company's financial performance. Risk measures and managed by company are explained below:

37.1 Market risk

Market risk is the risk that the fair value of future cash flows of financial instrument will fluctuate due to changes in market variables such as interest rate and foreign exchange rates.

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings from financial institution with floating interest rates. Management of the Company estimates that increase of 100 base point in the market interest rate, with all other factors remaining constant, would increase/decrease the Company's after tax profit by Rs.2,633,968 (2013: Rs.1,532,544). However, in practice, the actual result may differ from the sensitivity analysis.

(ii) Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transaction in foreign currency. As at June 30, 2014, the company is not exposed to risk in respect of financial assets or financial liabilities.

37.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted.

Credit risk arises from cash and cash equivalent, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including trade receivables and committed transactions. Out of total financial assets of Rs.286,985,647 (2013: 202,834,541), the financial assets are subject to credit risk amounted to Rs.285,870,407 (2013: 201,721,504).

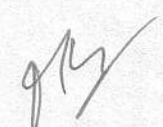
The maximum exposure to credit risk as at June 30, 2014, along with comparatives is tabulated

	2014	2013
	----- (Rupees) -----	
Financial Assets		
Long-term deposits	1,085,450	1,085,450
Trade debts	236,647,337	165,512,974
Loans and advances	3,456,486	4,390,682
Trade deposits	1,308,298	592,244
Other receivables	36,776,313	14,098,450
Bank balances	6,596,523	16,041,704
	<u>285,870,407</u>	<u>201,721,504</u>
Bank balances		
Ratings		
A1+	<u>6,596,523</u>	<u>16,041,704</u>

Due to Company's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the company.

37.3 Liquidity risk

Liquidity risk is a risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. The management believe that it is not expose to any significant level of liquidity risk.



The management forecasts the liquidity of the Company on basis of expected cash flow considering the level of liquid assets necessary to meet such risk. This involves monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Financial liabilities in accordance with their contractual maturities are presented below:

2014	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	----- (Rupees) -----				
Musharaka	4,766,568	32,303,246	45,945,403	-	83,015,216
Trade and other payables	57,786,369	-	-	-	57,786,369
Finance cost payable	6,460,942	2,121,650	-	-	8,582,593
Borrowing from Directors	24,200,000	-	-	-	24,200,000
Short-term morahaba	159,396,819	163,479,012	-	-	322,875,831
Total	252,610,698	197,903,908	45,945,403	-	496,460,009

2013	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	----- (Rupees) -----				
Musharaka	1,481,510	7,611,827	12,251,615	-	21,344,952
Trade and other payables	43,790,572	-	-	-	43,790,572
Finance cost payable	3,822,769	2,318,597	-	-	6,141,366
Borrowing from Directors	37,900,000	-	-	-	37,900,000
Short-term morahaba	85,998,364	136,991,242	-	-	222,989,606
Total	172,993,215	146,921,666	12,251,615	-	332,166,496

37.4 Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transactions. Consequently, differences may arise between the carrying value and the fair value estimates.

As at June 30, 2014 the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying value.

37.5 Capital risk management

The company is objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide return for shareholder and benefits for other stakeholder and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholder, return capital to shareholder or issue new shares or sell assets to reduce debt.

The company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirement and expectations of shareholder. Debt is calculated at total borrowing ('long term loan' and 'current maturity of the long term loan' as shown in the balance sheet). Total capital comprises shareholders' equity as shown in the balance sheet under 'share capital and reserves'.

As at June 30, 2014 and 2013, the company has surplus cash reserves to meet its requirement and there was no debt position.

38 CAPACITY AND PRODUCTION

Number of spindles installed	25,788	24,888
Number of rotors	800	800
Average number of spindles operated during the period	25,230	24,361
Installed production capacity 30/s count - (KGs)	3,939,353	4,612,883
Actual production (KGs)	3,772,356	3,043,392
Number of shifts per day	3	3

39 SEGMENTAL INFORMATION

For management purposes, the Company has identified three operating segments:

1. Textile - manufacturing and sale of man-made blended yarn;
2. Cold storage - providing services in respect of cold storage through "compartmentalized cold store project"; and
3. Poultry bi-products - local trading and export of processed poultry bi-products (discontinued).
4. Food stuff - processing of "ready to eat" meals.

The operating business are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

2014	Textile	Cold Storage	Poultry bi-products (Rupees) Discontinued Operation	Food Stuff	Total
Turnover	1,234,571,066	145,006,477	-	3,292,803	1,382,870,346
Cost of sales and services	(1,103,654,591)	(95,826,856)	-	(7,165,808)	(1,206,647,255)
Gross profit	130,916,475	49,179,621	-	(3,873,005)	176,223,091
Distribution costs	(7,181,340)	(20,817)	-	(1,191,583)	(8,393,740)
Administrative expenses	(20,706,622)	(2,429,539)	-	(1,220,856)	(24,357,017)
Other income	5,548,151	1,468,499	-	-	7,016,650
Operating profit	108,576,664	48,197,764	-	(6,285,444)	150,488,984
Finance costs	(33,361,470)	(2,281,632)	-	-	(35,643,102)
Other operating expense	(8,194,297)	(34,352)	-	(780)	(8,228,649)
Profit before taxation	67,020,897	45,881,780	-	(6,286,224)	106,617,233
Taxation	(15,929,670)	(10,905,279)	-	-	(26,834,949)
Profit after taxation	51,091,227	34,976,501	-	(6,286,224)	79,782,284
OTHER INFORMATION					
Segment assets	684,864,763	153,907,236	-	11,237,994	850,009,993
Unallocated assets					49,354,701
Total assets					899,364,694
Segment liabilities	406,855,512	33,022,664	-	107,227	439,985,403
Unallocated liabilities					90,709,252
Total liabilities					530,694,655
Capital expenditure	80,561,153	46,448,909	-	5,387,723	132,397,785
Depreciation	22,384,532	20,835,094	-	298,785	43,518,411

2013

	Textile	Cold Storage	Poultry bi-products (Rupees)	Food Stuff	Total
			Discontinued Operation		Restated
Turnover	1,083,748,050	111,316,404	-	-	1,195,064,454
Cost of sales and services	(962,973,616)	(84,046,777)	(452,125)	-	(1,047,472,518)
Gross profit	120,774,434	27,269,627	(452,125)	-	147,591,936
Distribution costs	(5,492,130)	(26,315)	-	-	(5,518,445)
Administrative expenses	(19,013,181)	(1,961,345)	-	-	(20,974,526)
Other income	887,760	510,624	2,989	-	1,401,373
Operating profit	97,156,883	25,792,591	(449,136)	-	122,500,338
Finance costs	(29,055,038)	-	-	-	(29,055,038)
Other operating expense	(5,595,895)	(1,192,372)	-	-	(6,788,267)
Profit before taxation	62,505,950	24,600,219	(449,136)	-	86,657,033
Taxation	(17,885,117)	(6,996,768)	234,985	-	(24,646,900)
Profit after taxation	44,620,833	17,603,451	(214,151)	-	62,010,133
OTHER INFORMATION					
Segment assets	497,842,455	119,338,661	953,227	3,895,066	622,029,409
Unallocated assets					45,920,014
Total assets					667,949,423
Segment liabilities	275,860,494	3,304,590	-	-	279,165,084
Unallocated liabilities					78,740,555
Total liabilities					357,905,639
Capital expenditure	51,078,560	30,097,303	-	3,881,066	85,056,929
Depreciation	19,220,360	16,611,759	452,125		36,284,244

40 NUMBER OF EMPLOYEES

2014

2013

Number of employees at 30 June

177

158

Average number of employees during the year

167

147

41 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified for better presentation. Major reclassifications are as under:

Particulars	Previous Classification	Revised Classification	Rupees
Auditor's remuneration	Administrative expense	Other operating expense	315,000
Finance cost of WPPF	Other charges	Finance cost	524,992

42 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

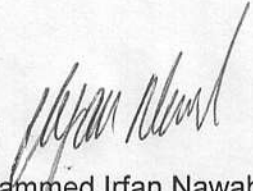
The Board of Directors in their meeting held on September 24, 2014 have proposed a cash dividend of Rs. 7.50 (2013: 5.00) per share amounting to Rs. 64,453,125/- (2013: Rs.34,375,000/-) and Nil Stock dividend (Bonus shares) (2013: one share for every four shares held amounted to Rs.17,187,500/-) for the year ended June 30, 2014 for approval of the members at the forthcoming Annual General Meeting to be held on October 25th, 2014.

43 GENERAL

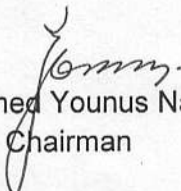
Amounts have been rounded off to the nearest rupee.

44 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on **September 24, 2014** by the Board of Directors of the Company.



(Mohammed Irfan Nawab)
Chief Executive



(Mohammed Younus Nawab)
Chairman



(Abdul Hussain Antaria)
Chief Financial Officer

FORM OF PROXY

M/s. Sana Industries Limited, ✓
SF Unit No.96, S.I.T.E.,
P.O.Box No.10651,
Karachi-75700

I/We _____
of _____ holding CNIC No. _____ being a member of
SANA INDUSTRIES LIMITED, and holder of _____ Ordinary Shares as per the Share Register Folio No. _____
and/or CDC Participant I.D.No. _____ and Account / Sub Account No. _____
hereby appoint _____ of _____
or failing him/her _____ of _____

as my/our-Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 29th Annual General Meeting
scheduled to be held on 25th October, 2014 or at any adjournment thereof.

Signed this _____ day of _____ 2014.

Signature of Proxy _____

Folio No. of Shareholder _____

No. of Shares held _____

Signature on
Rs.5/-
Revenue Stamp

Signature of Shareholder

WITNESSES

(1) Signature _____

Name _____

CNIC No. _____

Address _____

(2) Signature _____

Name _____

CNIC No. _____

Address _____

NOTES:

- * A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on the member's behalf. A Proxy need not be a member of the Company.
- * If a member is unable to attend the meeting, they may complete and sign this form and send it to the Company Secretary, Sana Industries Limited, SF-96, S.I.T.E., Karachi, so as to reach not less than 48 hours before the time appointed for holding the meeting.
- * The Proxy form shall be witnessed by two persons whose names, addresses and NIC / Passport numbers shall be stated on the form.
- * Attested copies of NIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
- * The proxy shall produce his original NIC or original passport at the time of the meeting.
- * In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

**PATTERN OF HOLDING OF THE SHARES
HELD BY THE SHAREHOLDERS
as at 30 June 2014**

No. of Shareholders	Shareholdings			Total Shares Held
	FROM	TO		
117	1	to 100		2,659
171	101	to 500		47,051
58	501	to 1,000		47,171
138	1,001	to 5,000		332,096
40	5,001	to 10,000		299,917
10	10,001	to 15,000		118,577
8	15,001	to 20,000		135,559
4	20,001	to 25,000		93,572
1	30,001	to 35,000		31,625
3	35,001	to 40,000		113,690
1	40,001	to 45,000		43,125
1	45,001	to 50,000		50,000
1	50,001	to 55,000		51,250
1	55,001	to 60,000		56,140
2	75,001	to 80,000		150,292
1	80,001	to 85,000		80,510
2	85,001	to 90,000		178,593
1	90,001	to 95,000		93,750
2	115,001	to 120,000		233,902
1	125,001	to 130,000		129,103
1	205,001	to 210,000		209,475
1	215,001	to 220,000		216,995
1	285,001	to 290,000		288,940
1	380,001	to 385,000		380,570
1	415,001	to 420,000		419,096
1	420,001	to 425,000		423,001
1	2,155,001	to 2,160,000		2,155,583
1	2,210,001	to 2,215,000		2,211,508
571				8,593,750

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	TOTAL SHARES	
		HELD	PERCENTAGE
Financial Institutions	2	39,843	0.46%
Individuals	559	7,654,759	89.08%
Joint Stock Companies	5	20,440	0.24%
Public Sector Cos/Corp	2	35,254	0.41%
Mutual Funds	1	423,001	4.92%
Others	2	420,453	4.89%
TOTALS	571	8,593,750	100.00%

The above two statements include 455 Shareholders, holding 8,488,435 shares through the Central Depository Company of Pakistan Limited (CDC)

		<u>Number</u>	<u>Total shares</u>	<u>%age</u>
<u>Directors, CEO and their Spouse and Minor Children (Name-wise).</u>				
(1) Mr. Mohammed Younus Nawab	Chairman / Director	1	2,155,583	25.08%
(2) Mr. Mohammed Irfan Nawab	Chief Executive	1	2,211,508	25.73%
(3) Mr. Ibrahim Younus	Director	1	22,127	0.26%
(4) Mr. Ismail Younus	Director	1	18,437	0.21%
(5) Mr. Mohammed Faizanullah	Director	1	7,616	0.09%
(6) Mrs. Sabiha Younus	Spouse (W/o Mohammed Younus Nawab)	1	380,570	4.43%
(7) Mrs. Afshan Irfan	Spouse (W/o Mohammed Irfan Nawab)	1	89,062	1.04%
<u>Associated Companies, Undertakings and related parties (Name-wise).</u>				
		None	None	None
<u>Executives</u>				
		None	None	None
<u>Public Sector Companies and Corporations</u>				
		2	35,254	0.41%
<u>Banks, DFIs, NBFIs, Insurance Companies, Takaful, Modarabas & Pension Funds</u>				
		2	39,843	0.46%
<u>Mutual Funds</u>				
		1	423001	4.92%
<u>General Public (Local)</u>				
		551	2,769,643	32.24%
<u>General Public (Foreign)</u>				
		1	213	0.00%
<u>Others</u>				
		7	440,893	5.13%
		571	8,593,750	100.00%
<u>Shareholders holding 10% or more voting interest in the Listed Companies</u>				
(1) Mr. Mohammed Younus Nawab		1	2,211,508	25.73%
(2) Mr. Mohammed Irfan Nawab		1	2,155,583	25.08%