CONTENTS

Corporate Information

BOARD OF DIRECTORS	Mr. Salman Hayat Noon	Chairman / CEO (Executive Director)
	Mr. Adnan Hayat Noon	(Non-Executive Director)
	Mr. K. Iqbal Talib	(Non-Executive Director)
	Mr. Zaheer Ahmad Khan	(Non-Executive Director)
	Mr. Asif H. Bukhari	(Non-Executive Director)
	Lt. Col. (R) Abdul Khaliq Khan	(Executive Director)
	Mirza Shoaib Baig	(Executive Director)
COMPANY SECRETARY	Syed Anwar Ali	
AUDIT COMMITTEE	Mr. Asif H. Bukhari	Chairman
	Mr. Adnan Hayat Noon	Member
	Mr. K. Iqbal Talib	Member
HR & R COMMITTEE	Mr. K. Iqbal Talib	
	Mr. Zaheer Ahmad Khan	
	Lt. Col. (R) Abdul Khaliq Khan	
AUDITORS	Hameed Chaudhri & Co. Chartered Accountants	
CHIEF FINANCIAL OFFICER	Mr. Rizwan Ahmad	
LEGAL ADVISERS	Hamid Law Associates	
BANKERS	Habib Bank Limited United Bank Limited National Bank of Pakistan Bank Alfalah Limited Faysal Bank Limited The Bank of Punjab NIB Bank Limited MCB Bank Limited Askari Bank Limited Allied Bank Limited Bank Islami Pakistan Limited	
REGISTERED OFFICE & SHARES DEPARTMENT / REGISTRAR	66-Garden Block, New Garden Town, Lahore. Tele : 35831462 - 35831463 E-mail: noonshr@brain.net.pk	
WEBSITE	www.nurpurfoods.com	
PLANT	Bhalwal, District Sargodha.	


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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 47th Annual General Meeting of Noon Pakistan Limited will be held at 66 Garden Block, New Garden Town, Lahore on Thursday, 30 October, 2014 at 11:30 a.m. to transact the following business:-

ORDINARY BUSINESS

1. To confirm the minutes of the extraordinary general meeting held on 09 June, 2014.

2. To receive, consider and adopt the audited accounts for the year ended 30 June, 2014 and the reports of the directors and auditors thereon.

3. To appoint auditors for the financial year ending 30 June, 2015 and to fix their remuneration.

4. To elect seven directors in accordance with provisions of section 178 of the Companies Ordinance, 1984.

5. To transact any other business as may be placed before the meeting with the permission of the Chairman.

The Board of Directors has fixed the number of elected directors as seven for the purpose of elections at this meeting. The tenure of the elected directors will be three years from the date of election.

The names of the retiring directors are:

1. Mr. Salman Hayat Noon
2. Malik Adnan Hayat Noon
3. Mr. K. Iqbal Talib
4. Mr. Zaheer Ahmad Khan
5. Mr. Asif Hussain Bukhari
6. Lt. Col. (R) Abdul Khaliq Khan
7. Mirza Shoaib Baig

Any person who seeks to contest this election shall file with the Company at the Registered Office, not later than fourteen days before the date of the meeting, a notice of his/ her intention to offer himself/ herself for election as a director.

The Company has received nominations from all above mentioned retiring directors. The members will be notified in the event of any further nominations received.

CLOSURE OF SHARE TRANSFER BOOKS

The share transfer books of the Company will remain closed from 24 October, 2014 to 30 October, 2014 (both days inclusive) for the purpose of holding the AGM.

By Order of the Board

SYED ANWAR ALI
Company Secretary

September 30, 2014

NOTES:

1. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend, speak and vote on his/her behalf. Proxies in order to be effective must be received by the Company at the registered office not less than 48 hours before the meeting. The shareholders through CDC are requested to bring original CNIC/Passport for the purpose of identification to attend the meeting. Representatives of corporate members should bring the usual documents required for such purpose. The members are requested to follow the guidelines contained in Circular No.1 of 2000 dated 26 January, 2000 issued by SECP reproduced on reverse of the Proxy Form.

2. Members, having physical shares, are advised to intimate any change in there registered address and the shareholders who have not yet submitted photocopies of their Computerized National Identity Cards (CNIC) are requested to send the same at the earliest.

DIRECTORS' REPORT TO THE SHARE HOLDERS

The Directors of the company are pleased to submit the Annual Report along with the audited financial statements for the year ended June 30, 2014.

1. Summarized Financial Performance

	2013-14 (Million Rs.)	2012-13 (Million Rs.)	Change
Sale	2,194.025	2,926.23	- (25.02%)
Gross Profit	204.25	291.79	- (30.00%)
Operating Loss	(60.60)	(91.62)	- 33.85%
Net Loss before tax	(120.85)	(144.68)	- 16.47%
Loss per share (Rs.)	(10.19)	(9.18)	- 11.00%

2. The Year Under review:-

During the year under review, the country witnessed major economic and political developments which negatively impacted the economy. All these developments had direct and indirect effects on fast moving consumer goods industry including dairy.

A number of economic factors resulted net increase in cost of inputs. The competitive scenario did not allow passing on the entire cost increase to stake holders by way of price increase. Such a situation had impacted the operating results of the year under review.

As part of overall corporate strategy, the management of company continued to pursue cost rationalization and human capital development measures. In changing FMCG scenario, we continued to bring changes in organizational structure in line with current trends.

On sales and marketing front, the management continued its focus on secondary sales at retail outlet level for which retail sales tracking system was installed in major metro cities including Karachi, Lahore, Rawalpindi / Islamabad. In addition to above, our drive for increased numeric distribution continued by adding retail outlets in priority channels.

3. Future Outlook

In spite of serious ongoing energy crisis, economy in general and FMCG sector in particular continued to exhibit resilience which is likely to stay in coming years as well. The consumption pattern of Pakistani consumers is a major reason of optimism as regard industry future growth.

Although we have seen many changes in government in last two decades, the overall framework for both monetary and fiscal policies remained more or less unchanged. Structural reforms in financial sector, tax regime rationalization and pro-business policies helped in overall economic growth despite other economic and political challenges.

We are confident that economic prospects of Pakistan will continue to improve in coming years which will have positive impact on our industry. The growing awareness regarding packaged dairy products will also help the industry to register future growth.

4. Dividend

Keeping in view prevailing depressed economic and financial scenario, the Board has not recommended any dividend for the year ending 30 June 2014.

5. Corporate and Financial Reporting Framework

- The financial statement, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.

- There are no doubts upon the Company's ability to continue as a 'going concern'.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Key operating and financial data for the last six years in summarized form is annexed.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on 30th June 2014 except for those disclosed in the financial statements.
- The value of investments of staff provident fund, based on audited accounts, was Rs. 64.058 million as at 30th June, 2014.
- Till 30 June, 2014, one Director had acquired the compulsory training from the Institute of Cost and Management Accountants of Pakistan (ICMA) whereas one Director was exempt from obtaining the requisite training; however, two more directors have acquired the formal directors training from Executive Development Centre, Lahore after the close of current financial year but before authorization of this statement.
- During the year, seven meetings of the Board of Directors were held. Attendance by each director was as follow:

Names of Directors	**No. of Meetings Attended**
Mr. Salman Hayat Noon	5
Mr. Adnan Hayat Noon	7
Mirza Shoaib Baig	7
Mr. K. Iqbal Talib	5
Mr. Asif H. Bukhari	7
Mr. Zaheer Ahmad Khan	6
Lt. Col. (R) Abdul Khaliq Khan	7

- The pattern of shareholding and additional information regarding pattern of shareholding is included in this annual report.
- No trade in the shares of the Company were carried-out by the Directors, CEO, CFO, Company Secretary and their spouse and minor children during the year ended 30th June 2014.

6. Auditors

The present auditors M/s Hameed Chaudhri & Co., Chartered Accountants retire and being eligible offer themselves for re-appointment. The board has received recommendations from its Audit Committee for re-appointment of M/s Hameed Chaudhri& Co., Chartered Accountants as auditors of the company for the ensuing year.

7. Compliance with the Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by the Karachi and Lahore Stock Exchanges in their listing rules, relevant for the year ended 30th June 2014, have been duly complied with. A statement to this effect is annexed with the report.

8. Acknowledgment

The board is thankful to the valuable members and bankers for their trust and continued support to the Company. The Board would also like to place on record its appreciation to all employees of the Company for their dedication, diligence and hard work.

For and on behalf of the Board

SALMAN HAYAT NOON
Chairman

Dated : September 30, 2014

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.35 of listing regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Names	Category
Mr. Salman Hayat Noon, CEO	Executive Director
Mirza Shoaib Baig, COO	Executive Director
Lt. Col. (R) Abdul Khaliq Khan	Executive Director
Malik Adnan Hayat Noon	Non-Executive Director
Mr. K. IqbalTalib	Non-Executive Director
Mr. Zaheer Ahmad Khan	Non-Executive Director
Mr. Asif Hussain Bukhari	Non-Executive Director

   At present there is no independent director on the Company's Board of Directors. The next election of directors is scheduled to be held on 30 October, 2014 and the Company will seek compliance with the requirements 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.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board during the year.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, 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 Board meetings were appropriately recorded and circulated.
9. All the directors on the Board are fully conversant with their duties and responsibilities as directors. Till 30 June, 2014, one Director had acquired the compulsory training from the Institute of Cost and Management Accountants of Pakistan (ICMA) whereas one Director was exempt from obtaining the requisite training; however, two more directors have acquired the formal directors training from Executive Development Centre, Lahore after the close of current financial year but before authorization of this statement.
10. There was no new appointment of CFO, Company Secretary and Head of Internal Audit 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 CCG.
15. The Board has formed an Audit Committee. It comprises 3 members and all of them are non-executive directors.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises 3 members, of whom two are non-executive directors.
18. The Board has set up an effective internal audit function.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. All related parties transactions have been placed before the Audit Committee and Board of Directors and have been duly approved by the Board of Directors to comply with the requirements of listing regulations of Karachi and Lahore Stock Exchanges.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board

SALMAN HAYAT NOON
Chief Executive

Lahore : 30 September, 2014.

SIX YEARS' REVIEW AT A GLANCE

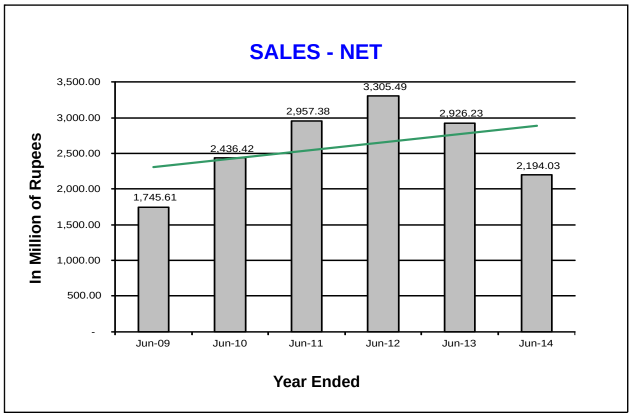
		2014	2013	2012	2011	2010	2009
		All Rupees Figures are in Thousands					
Fresh Milk Processed		21,143,711	27,584,126	38,371,430	43,443,343	43,098,600	38,438,598
Production							
UHT Milk/ Tea Whitener	Ltrs.	12,949,985	20,195,083	30,572,685	30,940,079	20,385,290	16,246,333
UHT Flavour Milk	Ltrs.	5,373,860	5,872,918	5,285,880	4,668,071	4,075,407	2,498,299
UHT Cream	Ltrs.	206,227	134,048	30,146	71,381	461,722	345,580
Butter	Kgs.	625,447	915,249	940,030	986,335	1,011,925	862,622
Milk Powder	Kgs.	350,556	631,653	638,125	927,943	1,160,508	930,894
Cheese	Kgs.	216,452	314,001	262,090	203,146	206,508	194,020
Ghee	Kgs.	125,388	102,852	106,044	34,371	52,190	31,331
Pasteurized Milk	Ltrs.	2,429,235	4,803,524	6,102,611	4,911,778	2,663,294	1,806,733
Loose Cream	Ltrs.	-		0	0	3,490	0
Jams & honey	Kgs.	21,528	33,878	42,245	34,032	42,812	23,735
Juices	Ltrs.	2,688,777	2,082,450	4,343,677	4,421,399	10,341,160	10,402,443
Financial Performance - Profitability							
Gross profit margin	%	9.31	9.97	12.23	12.41	10.91	12.43
EBITDA margin to sales	%	(0.10)	(0.95)	5.28	6.21	5.15	6.92
Pre tax margin	%	(5.51)	(4.94)	1.50	2.28	2.03	2.64
Net profit margin	%	(6.47)	(4.37)	1.09	1.41	1.12	2.78
Return on equity	%	(338.18)	(72.86)	11.86	15.61	11.49	23.16
Return on capital employed	%	(34.68)	(33.01)	8.97	8.15	9.03	14.68
Operating Performance / Liquidity							
Total assets turnover	Times	1.55	2.13	2.49	2.17	2.66	2.34
Fixed assets turnover	Times	3.77	4.52	5.18	5.23	4.84	3.91
Trade Debtors	Rs. 000,	221,612	176,824	109,019	73,624	92,008	61,764
Debtors turnover	Times	11	20	36	36	32	31
Debtors turnover	Days	33	18	10	10	12	12
Inventory	Rs. 000,	62,365	73,860	198,185	177,393	84,595	90,035
Inventory turnover	Times	29	19	15	20	25	19
Inventory turnover	Days	12	19	24	18	15	20
Purchases	Rs. 000,	1,804,615	2,261,248	2,598,377	2,429,902	1,955,075	1,363,373
Accounts Payables	Rs. 000,	437,996	505,659	464,682	358,353	220,927	143,963
Creditors turnover	Times	4	5	6	8	11	9
Creditors turnover	Days	95	78	58	44	34	40
Operating cycle	Days	(50)	(42)	(24)	(15)	(8)	(8)
Return on assets	%	(10.01)	(9.30)	2.72	3.05	2.98	6.51
Current ratio		0.87	0.78	0.80	1.04	0.73	0.81
Quick / Acit test ratio		0.81	0.70	0.57	0.81	0.58	0.57
Capital Market / Capital Structure Analysis							
Market value per share							
- Year end	Rs.	35.58	52.87	37.00	20.27	23.82	50.88
- High during the year	Rs.	35.69	63.55	57.64	33.06	53.99	173.06
- Low during the year	Rs.	34.91	35.61	12.65	17.51	21.90	38.98
Breakup value - (Net assets / share)	Rs.	3.01	12.60	21.77	21.01	18.74	18.21
- excluding revaluation surplus	Rs.	42,006	175,582	303,518	266,263	237,463	209,804
- including revaluation surplus	Rs.	89,610	230,398	359,306	323,305	259,135	231,849
Earning per share (pre tax)	Rs.	(8.67)	(10.38)	3.55	5.33	3.91	8.02

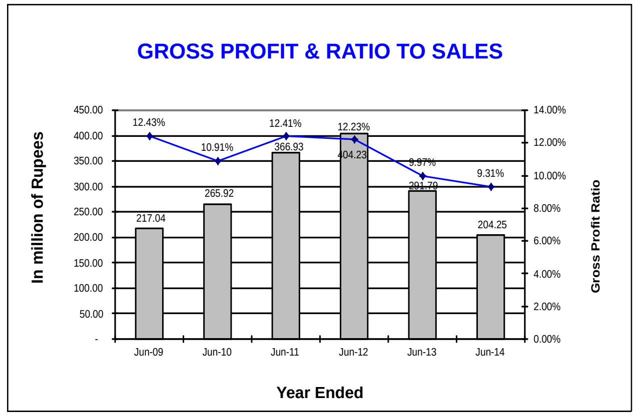
SIX YEARS' REVIEW AT A GLANCE

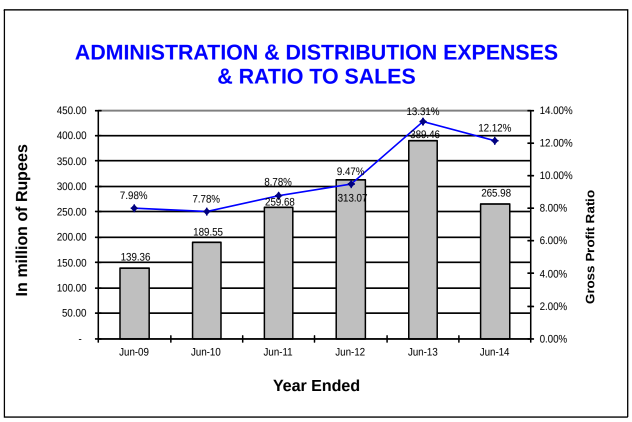
All Rupees Figures are in Thousands

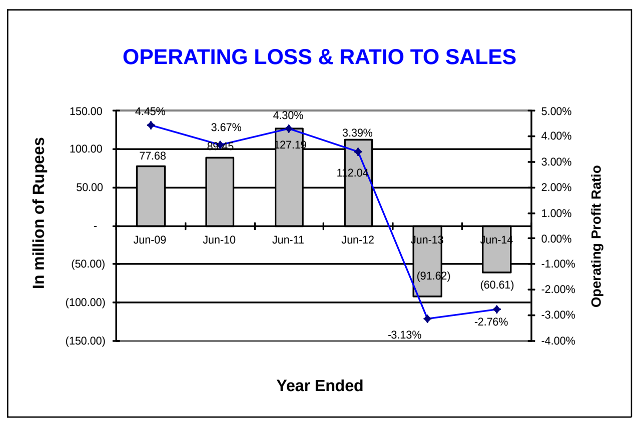
		2014	2013	2012	2011	2010	2009
Earning per share (after tax)	Rs.	(10.19)	(9.18)	2.58	3.28	2.15	8.57
Earnings growth	%	11.01	(455.81)	(13.42)	52.56	(74.91)	23.49
Price earning ratio		(3.49)	(5.76)	14.34	6.18	11.08	5.94
Market price to breakup value		11.81	4.20	1.70	0.96	1.27	2.79
Debt : Equity		18.15	2.95	1.12	1.97	1.21	1.43
Interest cover		(1.01)	(1.73)	1.79	2.13	2.24	1.90
Corporate Distribution & Retention							
Dividend per share - cash	Rs.	-	-	-	-	1.20	-
Bonus shares issued	%	-	-	-	10.00	-	10.00
Dividend payout	%	-	-	-	-	55.81	-
Dividend cover ratio	%	-	-	-	-	179.17	-
Retention	%	-	-	-	-	44.19	-
Summary of Balance Sheet							
Share capital	Rs. 000,	139,392	139,392	139,392	126,720	126,720	115,200
Reserves	Rs. 000,	(97,386)	36,190	164,126	139,543	110,743	94,604
Share holder's fund / Equity	Rs. 000,	42,006	175,582	303,518	266,263	237,463	209,804
Revaluation surplus	Rs. 000,	47,604	54,816	55,788	57,042	21,672	22,046
Long term borrowings	Rs. 000,	367,648	211,967	97,786	243,724	64,822	121,076
Capital employed	Rs. 000,	409,654	387,549	401,304	509,987	302,285	330,879
Deferred liabilities	Rs. 000,	-	-	9,752	28,335	28,096	16,642
Property, plant & equipment	Rs. 000,	576,928	645,047	636,753	565,924	503,510	446,180
Long term assets	Rs. 000,	581,217	647,767	638,088	567,366	504,825	446,877
Net current assets / Working capital	Rs. 000,	(123,958)	(204,217)	(170,981)	28,567	(150,188)	(70,525)
Liquid funds - net	Rs. 000,	218,123	80,390	36,564	211,182	23,351	10,843
Summary of Profit & Loss							
Sales - net	Rs. 000,	2,194,025	2,926,229	3,305,489	2,957,377	2,436,416	1,745,609
Gross profit	Rs. 000,	204,246	291,788	404,225	366,933	265,918	217,038
Operating Loss	Rs. 000,	(60,605)	(91,624)	112,042	127,192	89,452	97,177
Loss before tax	Rs. 000,	(120,857)	(144,684)	49,519	67,485	49,568	46,070
Loss after tax	Rs. 000,	(142,055)	(127,936)	36,001	41,551	27,286	48,581
EBITDA	Rs. 000,	(2,168)	(27,918)	174,607	183,609	125,558	120,776
Summary of Cash Flows							
Net cash flow from operating activities	Rs. 000,	(56,340)	(14,753)	180,767	88,208	170,106	115,052
Net cash flow from investing activities	Rs. 000,	15,750	(71,655)	(87,561)	(8,512)	(101,628)	(40,778)
Net cash flow from financing activities	Rs. 000,	178,322	130,234	(267,824)	108,135	(55,970)	(92,724)
Changes in cash & cash equivalents	Rs. 000,	137,733	43,827	(174,618)	187,831	12,508	(18,450)
Cash & cash equivalents - Year end	Rs. 000,	218,124	80,391	36,564	211,182	23,351	10,843

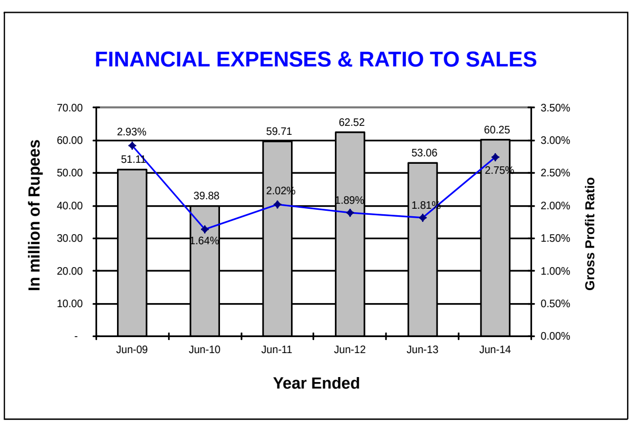
PERFORMANCE OVERVIEW

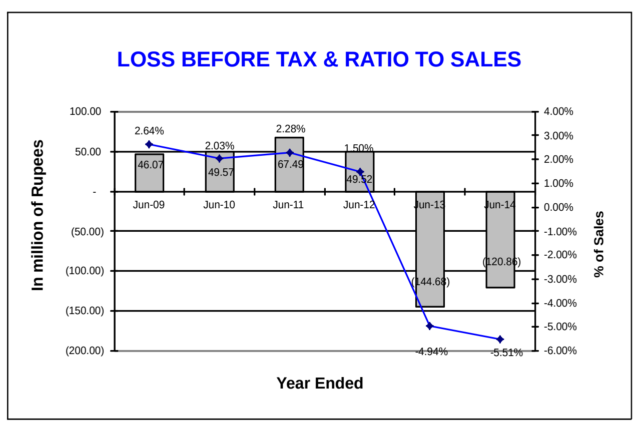




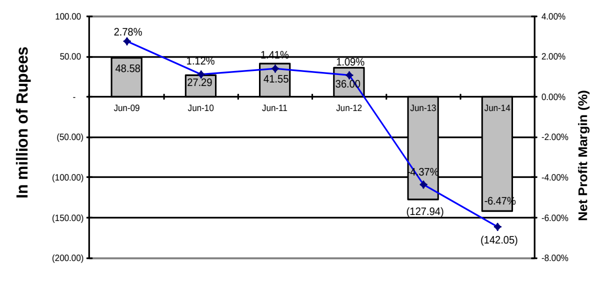




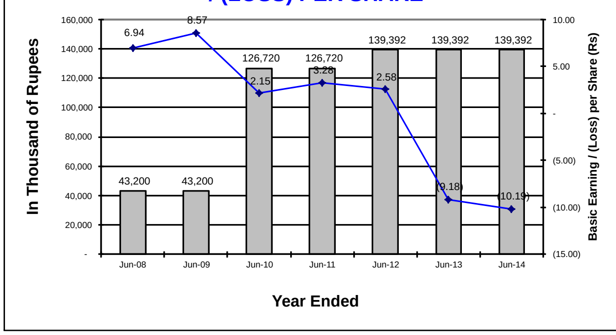




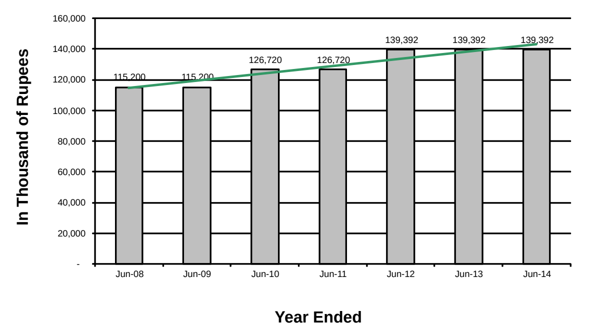
LOSS AFTER TAX & NET LOSS MARGIN



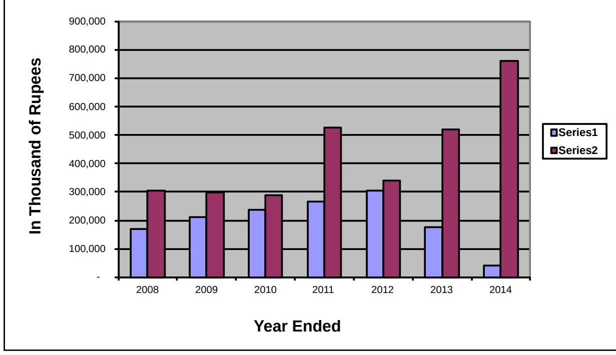
ORDINARY SHARE CAPITAL & BASIC EARNING / (LOSS) PER SHARE



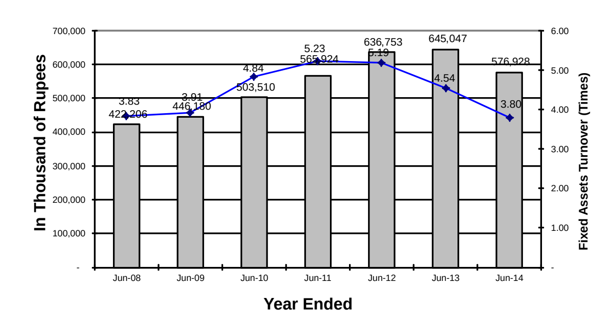
PAID-UP SHARE CAPITAL



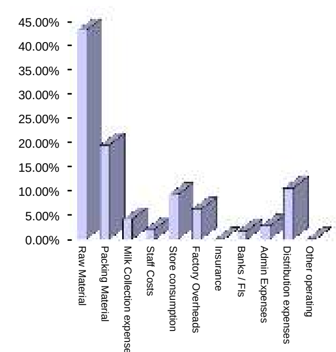
SHAREHOLDERS' EQUITY AND TOTAL DEBTS



OPERATING FIXED ASSETS & TURNOVER



APPLICATION OF REVENUE



THE COMPANIES ORDINANCE, 1984 FORM 34

PATTERN OF SHAREHOLDING - ORDINARY SHARES

1.	**Incorporation No.**	**:**	**0002355**
2.	**Name of the Company**	**:**	**NOON PAKISTAN LIMITED**
3.	**Pattern of holding of the shares held by the shareholders as at**	**:**	**30-06-2014**

4.

Number of Shareholders	Shareholding From	Shareholding To	Total Shares	Percentage
560	1	100	33,517	0.64
157	101	500	42,781	0.82
63	501	1,000	41,487	0.79
63	1,001	5,000	112,031	2.14
9	5,001	10,000	67,775	1.30
4	10,001	15,000	47,847	0.92
1	15,001	20,000	15,681	0.30
1	20,001	25,000	20,603	0.39
2	25,001	30,000	51,381	0.98
1	30,001	35,000	31,500	0.60
1	45,001	50,000	45,998	0.88
1	85,001	90,000	88,000	1.68
1	120,001	125,000	121,028	2.32
1	215,001	220,000	217,800	4.17
1	420,001	425,000	423,000	8.09
1	1,330,001	1,335,000	1,331,174	25.47
1	2,535,001	2,540,000	2,535,597	48.51
868			**5,227,200**	**100.00**

5.

	CATEGORIES OF SHAREHOLDERS	SHARES HELD	PERCENTAGE
5.1	Directors, Chief Executive, Officers and their spouse and minor children	**3,888,096**	**74.38**
5.2	Associated Companies, undertakings and related parties	-	-
5.3	NIT	-	-
	IDBP (ICP UNIT)	**10,249**	**0.20**
5.4	Banks, Development Financial Inst. Non Banking Financial Institutions.	**218,119**	**4.17**
5.5	Insurance Companies	**72**	**0.00**
5.6	Modarabas and Mutual Funds	-	-
5.7	**Shareholders holding 5% and more**		
	Malik Adnan Hayat Noon	**2,556,200**	**48.90**
	Mr. Salman Hayat Noon	**1,331,174**	**25.47**
	Amina Wadalawala	**423,000**	**8.09**
5.8	**General Public**		
	a. Local	**847,839**	**16.22**
	b. Foreign	**219,542**	**4.20**
5.9	**OTHERS** (Joint stock / investment Companies / Coop Societies etc.)	**43,283**	**0.83**

6.	**Signature of Secretary**	
7.	**Name of Signatory**	**Syed Anwar Ali**
8.	**Designation**	**Company Secretary**
9.	**CNIC Number**	**35200-2711479-3**
10.	**Date**	**30 June, 2014**

THE COMPANIES ORDINANCE 1984 FORM 34

PATTERN OF SHAREHOLDING - NON-VOTING ORDINARY SHARES

1. Incorporation No. : 0002355

2. Name of the Company : NOON PAKISTAN LIMITED

3. Pattern of holding of the shares held by the shareholders as at : 30-06-2014

4.

Number of Shareholders	Shareholding From	Shareholding To	Total Shares	Percentage
22	1	100	467	0.01
22	101	500	6,712	0.08
49	501	1,000	42,588	0.49
41	1,001	5,000	111,048	1.27
3	5,001	10,000	25,470	0.29
6	10,001	15,000	75,042	0.86
3	15,001	20,000	53,723	0.62
1	20,001	25,000	23,705	0.27
1	25,001	30,000	27,500	0.32
1	30,001	35,000	34,339	0.39
1	40,001	45,000	43,560	0.50
1	90,001	95,000	90,616	1.04
1	95,001	100,000	98,704	1.13
1	145,001	150,000	146,410	1.68
1	385,001	390,000	388,000	4.45
1	475,001	480,000	477,950	5.49
1	525,001	530,000	528,500	6.07
1	725,001	730,000	729,666	8.38
1	1,205,001	1,210,000	1,210,000	13.89
1	2,175,001	2,180,000	2,178,000	25.00
1	2,415,001	2,420,000	2,420,000	27.78
160			**8,712,000**	**100.00**

5.

	CATEGORIES OF SHAREHOLDERS	SHARES HELD	PERCENTAGE
5.1	Directors, Chief Executive, Officers and their spouse and minor children	**764,876**	**8.78**
5.2	Associated Companies, undertakings and related parties	**4,107,950**	**47.15**
5.3	NIT	-	-
	ICP	-	-
5.4	Banks, Development Financial Inst. Non Banking Financial Institutions.	**2,178,000**	**25.00**
5.5	Insurance Companies	-	-
5.6	Modarabas and Mutual Funds	-	-
5.7	**Shareholders holding 5%**		
	Noon Sugar Mills Limited	**2,420,000**	**27.78**
	BHF-BANK (SWITZERLAND) LTD	**2,178,000**	**25.00**
	Noon Pakistan Ltd. - Staff Provident Fund	**1,210,000**	**13.89**
	Mr. Salman Hayat Noon	**729,666**	**8.38**
	TUNDRA PAKISTAN FOND	**528,500**	**6.07**
	NOON SUGAR MILLS EMPLOYEES' PROVIDENT FUND TRUST	**477,950**	**5.49**
5.8	**General Public**		
	a. Local	**1,020,594**	**11.71**
	b. Foreign	**2,706,500**	**31.07**
5.9	**OTHERS** (Joint Stock / Investment Companies, Coop. Societies, Trusts etc.)	**640,580**	**7.35**

6. **Signature of Secretary** [signature]
7. **Name of Signatory** **Syed Anwar Ali**
8. **Designation** **Company Secretary**
9. **CNIC Number** **35200-2711479-3**
10. **Date** **30 June, 2014**

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **NOON PAKISTAN LIMITED** (the Company) for the year ended June 30, 2014 to comply with the requirements of Listing Regulation No.35 of the Karachi Stock Exchange 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 the 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 Directors' 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, except for the fact that paragraph 9 of the Statement of Compliance states that the two Directors of the Company have not attended orientation course as required by clause (xi) of the Code, 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.

Hameed Chaudhri & Co

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

LAHORE: October 03, 2014.
Engagement Partner: Osman Hameed Chaudhri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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Noon Pakistan 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;

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2014 and of the loss, its total comprehensive loss, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Hameed Chaudhri & Co

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

LAHORE: October 03, 2014.
Engagement Partner: Osman Hameed Chaudhri

BALANCE SHEET

	Note	2014	2013
		---- Rupees ----	
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital	5.1	395,000,000	215,000,000
Issued, subscribed and paid-up capital	5.2	139,392,000	139,392,000
(Accumulated loss) / unappropriated profit		(97,386,012)	37,317,670
		42,005,988	176,709,670
Surplus on revaluation of property, plant and equipment	6	47,604,856	54,816,453
Deferred income	7	-	57,097
Non-current Liabilities			
Term finances	8	22,055,554	120,305,555
Islamic finances	9	200,000,000	7,000,000
Loans from chief executive and a director	10	140,000,000	70,000,000
Liabilities against assets subject to finance lease	11	5,592,732	14,661,258
		367,648,286	211,966,813
Current Liabilities			
Trade and other payables	12	530,644,439	602,941,907
Accrued mark-up and interest	13	14,682,942	11,863,865
Short term finances	14	251,459,575	209,651,291
Current portion of non-current liabilities	15	143,420,415	99,311,419
Taxation	16	21,058,199	8,010,475
Dividends	17	974,603	1,014,646
		962,240,173	932,793,603
Contingencies and commitments	18	-	-
		1,419,499,303	1,376,343,636

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

SALMAN HAYAT NOON
Chief Executive

MIRZA SHOAIB BAIG
Director

AS AT 30 JUNE, 2014

	Note	2014	2013
		---- Rupees ----	
Assets			
Non-current Assets			
Property, plant and equipment	**19**	**576,927,727**	645,046,579
Intangible assets	**20**	**1,608,013**	38,684
Security deposits		**1,083,686**	1,083,686
Deferred taxation - net	**21**	**1,598,003**	1,598,003
		581,217,429	647,766,952
Current Assets			
Stores, spares and loose tools	**22**	**129,749,621**	166,214,439
Stock-in-trade	**23**	**62,365,000**	73,860,000
Trade debts - unsecured considered good		**221,612,937**	176,824,316
Loans and advances	**24**	**15,135,662**	10,676,981
Deposits and prepayments	**25**	**14,622,108**	13,167,810
Due from Associated Companies	**26**	**554,641**	422,866
Accrued profit on term deposit receipts		**1,670,968**	778,630
Other receivables	**27**	**137,789**	172,134
Sales tax refundable		**127,911,011**	160,019,049
Advance income tax, tax deducted at source and income tax refundable		**46,398,333**	46,049,969
Cash and bank balances	**28**	**218,123,804**	80,390,490
		838,281,874	728,576,684
		1,419,499,303	1,376,343,636

SALMAN HAYAT NOON
Chief Executive

MIRZA SHOAIB BAIG
Director

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

	Note	2014	2013
		---- Rupees ----	
Sales	29	2,194,025,058	2,926,229,224
Cost of sales	30	(1,989,779,487)	(2,634,441,378)
Gross profit		204,245,571	291,787,846
Distribution cost	31	(154,831,842)	(307,287,322)
Administrative expenses	32	(111,152,490)	(82,174,916)
Other income	33	17,926,884	10,560,233
Other expenses	34	(16,794,113)	(4,509,697)
Loss from operations		(60,605,990)	(91,623,856)
Finance cost	35	(60,251,090)	(53,059,821)
Loss before taxation		(120,857,080)	(144,683,677)
Taxation	36	(21,198,765)	16,747,377
Loss after taxation		(142,055,845)	(127,936,300)
Loss per share - basic and diluted	37	(10.19)	(9.18)

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

SALMAN HAYAT NOON
Chief Executive

MIRZA SHOAIB BAIG
Director

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

	2014 Rupees	2013 Rupees
Loss for the Year after Taxation	**(142,055,845)**	(127,936,300)
Other Comprehensive Income for the year	**-**	-
Total Comprehensive loss for the Year	**(142,055,845)**	(127,936,300)

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

SALMAN HAYAT NOON
Chief Executive

MIRZA SHOAIB BAIG
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE, 2014

	2014	2013
	---- Rupees ----	
Cash flow from operating activities		
Loss for the year - before taxation	(120,857,080)	(144,683,677)
Adjustments for non-cash charges and other items:		
Depreciation	62,774,440	63,706,346
Amortisation of intangible assets	414,531	77,340
Gain on disposal of property, plant and equipment	(4,153,936)	(201,620)
Loss on sale and lease-back of vehicle	299,152	-
Finance cost	60,251,090	53,059,821
Prior years' sales tax	1,491,625	-
Trade debts written-off	10,395,385	-
Provision for obsolete store items	4,600,951	-
Deferred income recognised	(57,097)	(206,423)
Profit on PLS account and term deposit receipts	(3,623,381)	(414,054)
Exchange fluctuation loss	-	4,252,697
Profit / (loss) before working capital changes	11,535,680	(24,409,570)
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	31,863,867	41,544,629
Stock-in-trade	11,495,000	124,325,000
Trade debts	(55,184,006)	(67,804,980)
Loans and advances	(4,458,681)	(1,179,705)
Deposits and prepayments	(1,454,298)	2,728,854
Due from Associated Companies	(131,775)	145,605
Other receivables	34,345	(1,775)
Sales tax refundable	30,616,413	(92,024,337)
(Decrease) / increase in trade and other payables	(72,297,468)	26,397,520
	(59,516,603)	34,130,811
Cash (used in) / generated from operations	(47,980,923)	9,721,241
Income tax paid	(8,358,839)	(24,474,036)
Net cash used in operating activities	(56,339,762)	(14,752,795)
Cash flow from investing activities		
Purchase of property, plant and equipment	(11,439,096)	(72,130,998)
Purchase of intangible assets	(1,983,860)	-
Sale proceeds from disposal of property, plant and equipment	26,442,512	333,173
Security deposits	-	135,000
Profit on PLS account and term deposit receipts received	2,731,043	8,054
Net cash generated from / (used in) investing activities	15,750,599	(71,654,771)

	2014	2013
	---- Rupees ----	
Cash flow from financing activities		
Term finances - net	**(43,966,229)**	112,500,000
Islamic finance - net	**186,269,750**	(14,000,000)
Loans from chief executive and a director - net	**70,000,000**	70,000,000
Lease finances - net	**(18,317,272)**	(14,864,173)
Short term finances - net	**41,808,284**	28,524,425
Finance cost paid	**(57,432,013)**	(51,923,750)
Dividends paid	**(40,043)**	(2,138)
Net cash generated from financing activities	**178,322,477**	130,234,364
Net increase in cash and cash equivalents	**137,733,314**	43,826,798
Cash and cash equivalents - at beginning of the year	**80,390,490**	36,563,692
Cash and cash equivalents - at end of the year	**218,123,804**	80,390,490

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

SALMAN HAYAT NOON
Chief Executive

MIRZA SHOAIB BAIG
Director

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

	Share capital	Unappropriated profit / (Accumulated loss)	Total
	Rupees		
Balance as at July 01, 2012	139,392,000	164,125,973	303,517,973
Total comprehensive loss for the year ended June 30, 2013	-	(127,936,300)	(127,936,300)
Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation for the year (net of deferred taxation)	-	1,127,997	1,127,997
Balance as at June 30, 2013	**139,392,000**	**37,317,670**	**176,709,670**
Total comprehensive loss for the year ended June 30, 2014	-	(142,055,845)	(142,055,845)
Surplus on revaluation of property, plant and equipment realised during the year (net of deferred taxation):			
- on account of incremental depreciation for the year	-	1,030,816	1,030,816
- upon disposal of freehold land	-	6,321,347	6,321,347
Balance as at June 30, 2014	**139,392,000**	**(97,386,012)**	**42,005,988**

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

SALMAN HAYAT NOON
Chief Executive

MIRZA SHOAIB BAIG
Director

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

1. LEGAL STATUS AND NATURE OF BUSINESS

Noon Pakistan Limited (the Company) was incorporated in Pakistan on September 26, 1966 as a Public Company and its shares are quoted on Karachi and Lahore Stock Exchanges. It is principally engaged in processing and sale of toned milk, milk powder, fruit juices, allied dairy and food products. The registered office of the Company is situated at 66 Garden Block, New Garden Town, Lahore and the plant is located at Bhalwal, District Sargodha.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance), directives issued by the Securities and Exchange Commission of Pakistan (SECP) and 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 Ordinance. Wherever, the requirements of the Ordinance or directives issued by the SECP differ with the requirements of these standards, the requirements of the Ordinance or requirements of the said directives have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain operating fixed assets which have been included at their revalued amounts.

2.3 Functional and presentation currency

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

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

2.4.1 Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

There are no amended standards and interpretations that are effective for the first time in the current financial year that would be expected to have a material impact on the Company's financial statements.

2.4.2 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the accounting periods beginning on July 1, 2013 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

2.4.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective and have not been early adopted by the Company

The following new standards and amendments to published standards are not effective for the financial year beginning on or after July 01, 2013 and have not been early adopted by the Company:

(a) IFRS 9, ‘Financial instruments’ (effective for periods beginning on or after January 01, 2018). IFRS 9 replaces the parts of IAS 39, ‘Financial instruments: recognition and measurement’ that relate to classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories; those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. For financial liabilities, the standard retains most of the requirements of IAS 39. The Company is yet to assess the full impact of IFRS 9; however, initial indications are that it may not significantly affect the Company's financial assets.

(b) IAS 32 (Amendment), ‘Financial instruments: Presentation’ (effective for periods beginning on or after January 01, 2014). This amendment updates the application guidance in IAS 32, ‘Financial instruments: Presentation’, to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendment does not have any significant impact on the Company’s financial statements.

(c) IAS 36 (Amendment) 'Impairment of Assets', is applicable on accounting periods beginning on or after January 01, 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The Company shall apply this amendment from July 01, 2014 and this will only affect the disclosures in the Company's financial statements in the event of impairment.

There are number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and therefore have not been presented here.

3. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However, such differences are estimated to be insignificant and hence will not affect the true and fair presentation of the financial statements. The assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Judgments made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy note. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

(a) Provision for taxation (note 4.4)

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

(b) Property, plant and equipment (note 4.6)

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values for calculation of depreciation on an on-going basis. Further, where applicable, an estimate of recoverable amount of asset is made if indicators of impairment are identified.

(c) Stores & spares and stock-in-trade (note 4.9 and 4.10)

he Company estimates the net realisable value of stores and spares and stock-in-trade to assess any diminution in the respective carrying values. Net realisable value is determined with reference to estimated selling price less estimated expenditure to make sale.

(d) Provision for impairment of trade debts (note 4.11)

The Company assesses the recoverability of its trade debts if there is objective evidence that the Company will not be able to collect all the amount due according to the original terms. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indications that the trade debt is impaired.

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Borrowings and borrowing cost

(a) Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently measured at amortised cost using the effective interest rate method. Borrowings are classified as current liabilities unless the Company has an unconditional / contractual right to defer settlement of the liability for at least twelve months after the balance sheet date.

(b) Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed-out in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.2 Staff retirement benefits (defined contribution plan)

The Company is operating a provident fund scheme for all its employees since May 01, 1986; contribution to the fund is made monthly at the rate of 10% of the basic salaries both by the employees and the Company.

4.3 Trade and other payables

Liabilities for trade and other payables are carried at cost, which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Company.

4.4 Taxation

(a) Current and prior year

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantively enacted by the end of the reporting period and is based on current rates of taxation being applied on the taxable income for the year, after taking into account tax credits and rebates available, if any, and taxes paid under the Final Tax Regime. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalised during the year.

(b) Deferred

The Company accounts for deferred taxation using the balance sheet liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is recognised for taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged or credited to the profit and loss account except for deferred tax arising on surplus on revaluation of property, plant and equipment, which is charged to revaluation surplus.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.5 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised in the period in which these are approved.

4.6 Property, plant and equipment and depreciation

Operating fixed assets

Freehold land, buildings on freehold land, plant & machinery, electric & gas installations and other works equipment are shown at fair value, based on valuations carried-out with sufficient regularity by external independent Valuers less subsequent depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. The remaining operating fixed assets are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. Cost of some items of plant and machinery consists of historical cost and exchange fluctuation effects on foreign currency loans capitalised during prior year. Borrowing cost are also capitalised for the period upto the date of commissioning of the respective assets, acquired out of proceeds of such borrowings.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to income during the financial year in which these are incurred.

Depreciation on operating fixed assets, except freehold land, is charged to income applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in note 19. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant.

Depreciation on additions to operating fixed assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

Gain / loss on disposal of operating fixed assets, if any, is taken to profit and loss account.

Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss.

4.7 Intangible assets

Computer software is stated at cost less accumulated amortisation. Software cost is only capitalised when it is probable that future economic benefits attributable to the software will flow to the Company and the same is amortised applying the straight-line method at the rate stated in note 20.

4.8 Assets subject to finance lease

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are initially recognised at the lower of present value of minimum lease payments under the lease agreements and the fair value of assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and long-term depending upon the timing of payment.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term.

Depreciation on assets subject to finance lease is charged to income at the rate stated in note 19 applying reducing balance method to write-off the cost of the asset over its estimated remaining useful life in view of certainty of ownership of assets at the end of lease period.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed-off.

Finance cost and depreciation on leased assets are charged to income currently.

4.9 Stores, spares and loose tools

Stores, spares and loose tools are stated at the lower of cost and net realisable value. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated upto the balance sheet date. The Company reviews the carrying amount of stores, spares and loose tools on a regular basis and provision is made for identified obsolete and slow moving items.

4.10 Stock-in-trade

Basis of valuation are as follows:

Particulars	Mode of valuation
Work-in-process	-At cost.
Finished products	
'A' grade	-At lower of cost and net realisable value.
'B' grade	-At estimated realisable value.

- Cost in relation to work-in-process and finished goods represents annual average cost which consists of prime cost and appropriate manufacturing overheads.

- Net realisable value signifies the selling price in the ordinary course of business less cost of completion and cost necessary to be incurred to effect such sale.

4.11 Trade debts and other receivables

Trade debts are initially recognised at original invoice amount, which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts, if any. Carrying amounts of trade debts and other receivables are assessed at each reporting date and a provision is made for doubtful debts and receivables when collection of the amount is no longer probable. Debts and receivables considered irrecoverable are written-off.

4.12 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash-in-hand and balances at banks.

4.13 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 obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.14 Impairment loss

The carrying amounts of the Company's assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognised in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

4.15 Foreign currency translation

Transactions in foreign currencies are translated in Pak Rupees using the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated in Pak Rupees at the exchange rates prevailing at the balance sheet date. Exchange gains and losses are taken to profit and loss account.

4.16 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet include deposits, trade debts, due from Associated Companies, accrued profit, other receivables, bank balances, term finances, musharakah finance, loans from chief executive and a director, liabilities against assets subject to finance lease, trade & other payables, accrued mark-up & interest and short term finances. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.17 Off-setting of financial assets and liabilities

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

4.18 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

- sales are recognised on dispatch of goods to customers.
- return on deposits / saving accounts is accounted for on `accrual basis'.

4.19 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information as required by the approved accounting standards, is presented in note 44 to these financial statements.

5. SHARE CAPITAL

5.1 Authorised Capital

2014	2013		2014	2013
---- Numbers ----			---- Rupees ----	
39,500,000	21,500,000		**395,000,000**	215,000,000

5.2 Issued, subscribed and paid-up capital

2014	2013		2014	2013
4,100,000	4,100,000	ordinary shares of Rs.10 each fully paid in cash	**41,000,000**	41,000,000
1,127,200	1,127,200	ordinary shares of Rs.10 each issued as fully paid bonus shares	**11,272,000**	11,272,000
7,200,000	7,200,000	non-voting ordinary shares of Rs.10 each issued on conversion of 12% cumulative convertible preference shares	**72,000,000**	72,000,000
1,512,000	1,512,000	non-voting ordinary shares of Rs.10 each issued as fully paid bonus shares	**15,120,000**	15,120,000
13,939,200	13,939,200		**139,392,000**	139,392,000

5.3 The Company's shareholders, in an Extra Ordinary General Meeting held on June 09, 2014, approved the increase in authorised capital by an amount of Rs.180 million through addition of 7,000,000 ordinary shares and 11,000,000 non-voting ordinary shares of Rs.10 each.

5.4 Noon Sugar Mills Ltd. (an Associated Company) held 2,420,000 non-voting ordinary shares as at June 30, 2014 and 2013.

5.5 During the year the Board of directors of the Company decided to increase the share capital of the company as disclosed in note 45.

6. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - Net

This represents surplus over book values resulting from revaluation of freehold land, buildings on freehold land, plant and machinery, electric and gas installations and other works equipment during the financial years 1999 and 2011 adjusted by surplus realised on disposal of revalued assets, incremental depreciation arising out of revaluation and deferred taxation. The year-end balance has been arrived at as follows:

	2014	2013
	---- Rupees ----	
Opening balance	**60,126,714**	61,862,094
Less: transferred to unappropriated profit / (accumulated loss)		
- on account of incremental depreciation for the year	**(1,561,842)**	(1,735,380)
- upon disposal of freehold land	**(6,321,347)**	-
	52,243,525	60,126,714
Less: deferred tax on:		
- opening balance of surplus	**5,310,261**	6,073,829
- incremental depreciation for the year	**(531,026)**	(607,383)
	4,779,235	5,466,446
adjustment resulting from reduction in tax rate	**(140,566)**	(156,185)
	4,638,669	5,310,261
Closing balance	**47,604,856**	54,816,453

7. DEFERRED INCOME

This represents gain arisen on sale and lease-back of fixed assets and has been credited to profit and loss account over the lease terms. (note 11.2)

8. TERM FINANCES - Secured

	Note	2014 Rupees	2013 Rupees
Allied Bank Limited (ABL)	8.1	25,000,000	50,000,000
NIB Bank Limited (NIB)	8.2	118,533,771	137,500,000
		143,533,771	187,500,000
Less: Current portion grouped under current liabilities			
- ABL {including an overdue instalment of Rs. 6.250 million (2013: Rs. 6.250 million)}		25,000,000	31,250,000
- NIB {including overdue instalments of Rs.16.978 million (2013: Rs. Nil)}		96,478,217	35,944,445
		121,478,217	67,194,445
		22,055,554	120,305,555

8.1 ABL, during the financial year ended June 30, 2012, had transferred a balance of Rs.75 million from the utilised short term running finance facility to a long term finance facility. The finance facility is repayable in 12 equal quarterly instalments commenced from June, 2012. Originally this finance facility carried mark-up at the rate of 3-months KIBOR+1.25%; however, ABL, during the current financial year, revised the make-up rate to 3-months KIBOR+1.50%. Effective mark-up rates charged, during the current financial year, ranged from 10.58% to 11.67% (2013: 10.56% to 13.24%). This finance facility is secured against first pari passu charge for Rs.495 million over fixed and current assets of the Company.

8.2 The Company, during September 2012, has availed a term finance facility of Rs.150 million from NIB. Originally this finance facility was repayable in 36 equal monthly instalments of Rs.4.166 million commencing September, 2012; however, NIB has revised the repayment terms and now this loan is repayable in 36 monthly instalments of different amounts commenced from October 2012. The finance facility carries mark-up at the rate of 3-months KIBOR+2%; effective mark-up rates charged, during the current financial year, ranged from 11.09% to 12.15% (2013: 11.36% to 13.98%). This finance facility is secured against first pari passu charge for Rs.200 million on present and future fixed assets of the Company.

9. ISLAMIC FINANCES - Secured

	Note	2014 Rupees	2013 Rupees
Musharakah finance	9.1	7,269,750	21,000,000
Murabahah finance	9.2	200,000,000	-
Less: current portion of musharakah finance grouped under current liabilities		7,269,750	14,000,000
		200,000,000	7,000,000

9.1 The Company, during the financial year ended June 30, 2012, has entered into a Shirkat-ul-Milk agreement of Rs.35 million with Bank Islami Pakistan Limited (BIPL) for purchase of a new Tetra Pak filling machine and conveyors. The facility amount was disbursed by BIPL by making payments to Tetra Pak Export, Dubai. The principal balance of this finance facility is repayable in 10 quarterly instalments commenced from September, 2012. The finance facility carries profit at the rate of 3-months KIBOR + 1.50% per annum, with a floor of 13%; effective profit rates charged by BIPL, during the current financial year, was 13.00% (2013: 13.00% to 13.49%) per annum. This finance facility is secured against exclusive hypothecation charge to the extent of Rs.56 million over the above mentioned machinery of the Company.

9.2 The Company, during the current financial year, has availed a murabahah finance facility from Bank Islami Pakistan Limited (BIPL) for purchase of a raw material, stocks, stores and for processing of milk food products. The principal balance of this finance facility is repayable in lump sum in July 2015. The finance facility carries profit at the rate of deposit on corporate saving account + 1.25% per anum; effective profit rates charged by BIPL, during the current financial year was 4.75% per annum. This finance facility is secured by 100% cash security in shape of BIPL' lien on corporate saving account / TDR in the name of the Company or any of its directors, as disclosed in note 28.3.

	Note	2014	2013
		- - - - Rupees - - - -	
10. LOANS FROM CHIEF EXECUTIVE AND DIRECORS			
Loans from Chief Executive			
- loan - I	10.1	-	70,000,000
- loan - II	10.1	70,000,000	-
		70,000,000	70,000,000
Loan from a Director	10.2	70,000,000	-
		140,000,000	70,000,000

10.1 The Chief Executive of the Company, during the preceding financial year, had arranged a loan amounting Rs.70 million from a commercial bank. As per terms of the agreement the Company was liable to pay mark-up on this loan. Originally this loan was repayable after a period of three years; however, the Chief Executive, in the better interest of the Company, replaced this loan with an interest free loan in February, 2014. The effective mark-up rates charged on the previous loan, during the current financial year, ranged from 11.08% to 12.09%. The new interest free loan is repayable in lump sum after a period of three years or can be repaid through issuance of ordinary shares, as agreed between the parties.

10.2 A Director of the Company, during the current financial year, has provided interest free loan amounting Rs.70 million to meet the working capital requirements of the Company. This interest free loan is repayable in lump sum after a period of three years or can be adjusted through issuance of ordinary shares, as agreed between the parties.

11. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured

Particulars	2014			2013		
	Upto one year	From one to five years	Total	Upto one year	From one to five years	Total
	---- Rupees ----					
Minimum lease payments	17,433,582	219,598,850	37,032,432	22,344,846	28,492,866	50,837,712
Less: finance costs allocated to future periods	1,653,134	843,012	2,496,146	3,207,872	966,702	4,174,574
	15,780,448	18,755,838	34,536,286	19,136,974	27,526,164	46,663,138
Less: security deposits adjustable on expiry of lease terms	1,108,000	13,163,106	14,271,106	1,020,000	12,864,906	13,884,906
Present value of minimum lease payments	14,672,448	5,592,732	20,265,180	18,116,974	14,661,258	32,778,232

11.1 The Company, during the financial year ended June 30, 2011, had acquired plant and machinery from Bank Alfalah Ltd. (BAL) against lease finance facility of Rs. 47.028 million. The liability under these arrangements is repayable in 60 monthly instalments commenced from September, 2010 and carries mark-up at the rate of 6-months KIBOR + 2% per annum; effective mark-up rates charged by the BAL, during the current financial year, ranged from 11.48% to 12.16% (2013: 11.57% to 13.97%) per annum. The Company intends to exercise its option to purchase the leased plant and machinery upon completion of lease term. The lease liability is secured against title of leased machinery in the name of lessor and personal guarantees of the directors.

11.2 The Company, during the financial year ended June 30, 2011, had entered into a sale and lease-back agreement with Faysal Bank Ltd. (FBL) to finance vehicles. Against the total cost of vehicles of Rs.5.100 million, the Company had given security deposit amounting Rs.1.020 million and FBL financed the remaining cost of Rs.4.080 million. The amount financed by FBL was repayable in 36 monthly instalments commenced from November, 2010 and carried mark-up at the rate of 12-months KIBOR + 3% per annum; effective mark-up rate charged by FBL, during the current financial year was 12.96% (2013: 12.96% and 15.21%) per annum. The facility was secured against personal guarantees of the directors and registration of the leased vehicles in FBL's name. Gain arisen on sale and lease-back of vehicles amounting Rs.0.685 million was treated as deferred income and has been credited to profit and loss account over the lease term. The Company, during the current financial year, repaid all the instalments and has transferred the vehicles in its name after obtaining no objection certificate from bank.

11.3 The Company, during the financial year ended June 30, 2012, has entered into another financing agreement of Rs.5.540 million with FBL for lease of vehicles. The finance facility is payable in 36 monthly instalments commenced from August, 2011 and carries mark-up at 12 months KIBOR+3%; the effective mark-up rate charged by FBL, during the current financial year, was 12.41% (2013: 15.35%) per annum. The finance facility is secured against registration of vehicles in FBL's name and personal guarantees of two directors of the Company.

11.4 The Company, during the financial year ended June 30, 2012, had acquired plant and machinery from Bank Islami Pakistan Ltd. (BIPL) against Ijarah finance facility of Rs.14.721 million. The finance facility is repayable in 12 quarterly instalments commenced from July, 2012 and carries profit at the rate of 3-months KIBOR + 1.5% per annum; effective profit rates charged by BIPL, during the current financial year, ranged from 10.55% to 11.66% (2013: 10.81% to 13.46%) per annum. The Company, in January 2014, sold the said plant and machinery before completion of the lease term; however, subsequent to year-end, no objection certificate from BIPL has been obtained after payment of the entire liability against the finance facility. The finance facility is secured against exclusive charge over assets leased by BIPL and demand promissory note.

11.5 The Company, during the current financial year, has entered into another financing agreement of Rs.4.981 million with FBL for lease of vehicles. This finance facility is repayable in 60 monthly instalments commencing from August, 2013 and carries mark-up at the rate of 12 months KIBOR + 3% per annum; the effective mark-up rate charged by FBL, during the current financial year, was 12.38% per annum. The finance facility is secured against registration of vehicles in FBL's name and demand promissory note.

11.6 The Company, during the current financial year, has entered into another sale and lease-back agreement with FBL to finance a vehicle. Against the total cost of vehicle of Rs.2.050 million, the Company gave security deposit amounting Rs.0.410 million and FBL financed the remaining cost of Rs.1.640 million. The amount financed by FBL is repayable in 60 monthly instalments commenced from September, 2013 and carries mark-up at the rate of 12-months KIBOR + 3% per annum; effective mark-up rate charged by FBL, during the current financial year, was 12.42% per annum. The finance facility is secured against registration of vehicles in FBL's name and demand promissory note. Loss arisen on sale and lease-back of vehicle amounting Rs.0.299 million has been debited to profit and loss account.

12. TRADE AND OTHER PAYABLES

	Note	2014	2013
		---- Rupees	----
Creditors	12.1	**436,012,379**	502,728,421
Bills payable - secured	12.2	**1,983,172**	2,931,075
Accrued expenses		**41,515,041**	27,882,662
Advance payments		**27,684,446**	49,553,168
Due to employees		**3,894,597**	959,567
Income tax deducted at source	12.3	**14,090,350**	14,016,816
Employees' provident fund		**1,274,195**	460,005
Workers' (profit) participation fund	12.4	**4,065,724**	3,587,098
Others		**124,535**	823,095
		530,644,439	602,941,907

12.1 These include payable to Noon Sugar Mills Ltd (an Associated Company) amounting Rs.0.104 million (2013: Rs.0.650 million).

12.2 These are secured against import documents.

12.3 This represents income tax deducted at source, under various sections of the Income Tax Ordinance, 2001. During the current financial year company has adjusted income tax deducted at source amounting Rs.10.214 million against income tax refundable.

12.4 Workers' (profit) participation fund	2014	2013
	---- Rupees	----
Opening balance	**3,587,098**	3,123,652
Add: interest on funds utilised in the Company's business	**478,626**	463,446
Closing balance	**4,065,724**	3,587,098

	Note	2014	2013
		---- Rupees ----	
13. ACCRUED MARK-UP AND INTEREST			
Mark-up / profit accrued on:			
- loans form chief executive and a director		**6,393**	-
- term finances		**4,567,515**	5,287,066
- Islamic finances		**1,932,776**	1,658,921
- short term finances		**7,929,721**	4,282,227
Accrued lease finance charges		**246,537**	635,651
		14,682,942	11,863,865

14. SHORT TERM FINANCES

	Note	2014	2013
Secured	**14.1**	**251,383,327**	198,813,274
Un-secured	**14.2**	**76,248**	10,838,017
		251,459,575	209,651,291

14.1 Running and murabahah finance facilities under mark-up / profit arrangements available from various commercial banks aggregate Rs.280 million (2013: Rs.220 million). These facilities, during the current financial year, carried mark-up / profit at the rates ranging from 10.09% to 12.37% (2013: 10.08% to 13.97%) per annum and are secured against charge over all current assets of the Company including stores and spares, stock-in-trade, receivables and lien over term deposit receipts. These finance facilities are expiring on various dates by March, 2015.

Facilities available for opening letters of credit and guarantee from various banks aggregate Rs.133.472 million (2013: Rs.122.300 million) out of which the amount remained unutilised at the year-end was Rs.105.318 million (2013: Rs.108.569 million). These facilities are secured against lien on import documents, lien over term deposit receipts and the aforementioned securities. These facilities are available upto March, 2015.

14.2 These temporary bank overdrafts have arisen due to issuance of cheques for amounts in excess of balances in the bank accounts.

	Note	2014	2013
		---- Rupees ----	
15. CURRENT PORTION OF NON CURRENT LIABILITIES			
Term finances	**8**	**121,478,217**	67,194,445
Musharakah finance	**9**	**7,269,750**	14,000,000
Liabilities against assets subject to finance lease	**11**	**14,672,448**	18,116,974
		143,420,415	99,311,419
16. TAXATION - Net			
Opening balance		**8,010,475**	33,138,171
Add: provision / (reversal) made during the year:			
- current	**16.2**	**21,058,199**	8,010,475
- prior years'		**-**	(13,564,062)
		21,058,199	(5,553,587)
		29,068,674	27,584,584
Less: adjustments against completed assessments		**8,010,475**	19,574,109
Closing balance		**21,058,199**	8,010,475

16.1 Income tax assessments of the Company, except as detailed in notes 16.3 to 16.6, have been finalised by the Income Tax Department (the Department) or deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (the Ordinance) upto the year ended June 30, 2013.

16.2 No numeric tax rate reconciliation has been given in these financial statements as provision made during the current financial years represent minimum tax payable under section 113 after adjusting available tax credits under various sections of the Ordinance.

16.3 The Commissioner Inland Revenue-Appeals (CIRA), vide his order dated September 03, 2012, has allowed partial relief to the Company and reduced the amount of tax demand from Rs.34.985 million to Rs.18.282 million. Both the Company and the Department have filed appeals before the Appellate Tribunal Inland Revenue (the Tribunal) against the order of CIRA, which are pending adjudications. Earlier, the Taxation Officer, after conducting audit under section 177 of the Ordinance for Tax Year 2005, had passed an amended assessment order under section 122 of the Ordinance raising tax demands of Rs. 34.985 million alleging that the Company suppressed its sales. The CIRA had annulled his order whereas the Tribunal had set aside the order of CIRA and remanded the case back to CIRA for denovo proceedings.

The Company has also filed a rectification application under section 221 of the Ordinance against the order of CIRA, which is also pending adjudication.

16.4 The Company, during the financial year ended June 30, 2011, had received a notice under section 177 of the Ordinance for Tax Year 2009 for selection of its case for detailed scrutiny. The Company filed a petition before the Lahore High Court against its selection, which vide its order dated February 21, 2011 stopped the proceedings till its further order.

16.5 The Company, during the preceding financial year, had received a notice under section 214C of the Ordinance for the Tax Year 2011 for selection of its case by Federal Board of Revenue (FBR) for detailed scrutiny. The Company contested its selection before the review panel formed by FBR; however, FBR rejected the Company's plea of wrong selection of case for the tax audit. The Company filed a petition before the Lahore High Court against its selection, which vide its judgment dated July 02, 2013 set aside the order of FBR and directed it to pass a fresh order after providing an opportunity of being heard to the Company.

FBR vide its letter dated October 09, 2013 has closed the audit proceedings and accepted the proposal of review panel formed for hearing of the case. Earlier, the review panel concluded that the parameters applied to the Company were actually not applicable and proposed FBR to drop the Company's case from the list of cases selected for audit under section 214C of the Ordinance.

16.6 The Company, during the current financial year, has received a notice under section 177 of the Ordinance for the Tax Year 2012 for selection of its case for tax audit by the Commissioner Inland Revenue, Regional Tax Office, Sargodha (CIR). The Company has filed a writ petition before the Lahore High Court against the selection of case by CIR under the aforementioned section, which is pending adjudication.

17. DIVIDENDS

	2014 Rupees	2013 Rupees
Unclaimed dividend on:		
-ordinary shares	**859,113**	899,156
-Preference shares	**115,490**	115,490
	974,603	1,014,646

18. CONTINGENCIES AND COMMITMENTS

Contingencies

18.1 Guarantees aggregating Rs. 11.972 million (2013: Rs. 10.800 million) has been issued by banks of the Company to Sui Northern Gas Pipeline Ltd., Unilever Pakistan Ltd. and Controller Naval Account.

18.2 The Company entered into two contracts for supply of skimmed milk powder which were not fulfiled by the Company. The other party may, at its sole discretion, rescind the order and claim damages for any loss incurered.

18.3 Refer contents of notes 16.3 to16.6.

Commitments

18.4 Commitments, other than capital expenditure, against irrevocable letters of credit outstanding at the year end were for Rs. 14.199 million (2013: Rs.Nil).

19. Operating fixed assets - tangible

	Owned									Leased		
	Freehold land	Buildings on freehold	Plant & machinery	Milk Churns	Electric & gas installation	Other works equipment	Office equipment	Furniture and fixtures	Vehicles	Plant & machinery	Vehicles	Total
	Rupees											
COST / REVALUATION												
Balance as at July 01, 2012	44,955,000	73,430,526	705,191,631	143,740	17,995,047	7,440,121	22,223,040	12,656,612	43,610,060	68,718,262	14,463,230	1,010,827,269
Additions during the year	-	159,006	61,869,364	-	207,357	6,997	5,424,198	55,000	4,409,076	-	-	72,130,998
Disposals during the year	-	-	-	-	-	-	-	-	(501,600)	-	-	(501,600)
Balance as at June 30, 2013	44,955,000	73,589,532	767,060,995	143,740	18,202,404	7,447,118	27,647,238	12,711,612	47,517,536	68,718,262	14,463,230	1,082,456,667
Balance as at July 01, 2013	44,955,000	73,589,532	767,060,995	143,740	18,202,404	7,447,118	27,647,238	12,711,612	47,517,536	68,718,262	14,463,230	1,082,456,667
Additions during the year	-	821,526	8,758,697	-	51,851	-	997,022	-	810,000	-	5,804,220	17,243,316
Transfers during the year from:												
- owned to leased	-	-	-	-	-	-	-	-	(2,558,060)	-	2,258,908	(299,152)
- leased to owned	-	-	-	-	-	-	-	-	8,101,630	-	(8,101,630)	-
Disposals during the year	(6,352,802)	-	-	-	-	-	-	-	(10,069,590)	(14,721,671)	-	(31,144,063)
Balance as at June 30, 2014	**38,602,198**	**74,411,058**	**775,819,692**	**143,740**	**18,254,255**	**7,447,118**	**28,644,260**	**12,711,612**	**43,801,516**	**53,996,591**	**14,424,728**	**1,068,256,768**
DEPRECIATION												
Balance as at July 01, 2012	-	28,393,664	275,081,101	143,320	7,423,971	3,840,755	6,426,855	7,702,523	26,844,515	13,489,855	4,727,230	374,073,789
Charge for the year	-	4,512,019	44,281,270	63	1,071,991	360,432	1,913,211	499,409	3,597,910	5,522,841	1,947,200	63,706,346
On disposals during the year	-	-	-	-	-	-	-	-	(370,047)	-	-	(370,047)
Balance as at June 30, 2013	-	32,905,683	319,362,371	143,383	8,495,962	4,201,187	8,340,066	8,201,932	30,072,378	19,012,696	6,674,430	437,410,088
Balance as at July 01, 2013	-	32,905,683	319,362,371	143,383	8,495,962	4,201,187	8,340,066	8,201,932	30,072,378	19,012,696	6,674,430	437,410,088
On transfers during the year from:												
- owned to leased	-	-	-	-	-	-	-	-	(208,908)	-	208,908	-
- leased to owned	-	-	-	-	-	-	-	-	4,399,764	-	(4,399,764)	-
Charge for the year	-	4,121,860	45,126,127	53	971,940	324,593	1,973,054	450,968	3,025,322	4,409,109	2,371,414	62,774,440
On disposals during the year	-	-	-	-	-	-	-	-	(5,986,601)	(2,868,886)	-	(8,855,487)
Balance as at June 30, 2014	-	**37,027,543**	**364,488,498**	**143,436**	**9,467,902**	**4,525,780**	**10,313,120**	**8,652,900**	**31,301,955**	**20,552,919**	**4,854,988**	**491,329,041**
BOOK VALUE AS AT JUNE 30, 2013	44,955,000	40,683,849	447,698,624	357	9,706,442	3,245,931	19,307,172	4,509,680	17,445,158	49,705,566	7,788,800	645,046,579
BOOK VALUE AS AT JUNE 30, 2014	**38,602,198**	**37,383,515**	**411,331,194**	**304**	**8,786,353**	**2,921,338**	**18,331,140**	**4,058,712**	**12,499,561**	**33,443,672**	**9,569,740**	**576,927,727**
Depreciation rate (%)		**10**	**10**	**15**	**10**	**10**	**10**	**10**	**20**	**10**	**20**	


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19.1 Had the property, plant and equipment been recognised under the cost model, the carrying amounts of each revalued class of property, plant and equipment would have been as follows:

	2014	2013
	---- Rupees ----	
Freehold land	**415,246**	446,703
Buildings on freehold land	**32,871,659**	35,670,675
Plant & machinery	**402,077,111**	437,416,310
Electric & gas installations	**8,566,866**	9,462,567
Other works equipment	**2,850,191**	3,166,878
	446,781,073	486,163,133

19.2 Disposal of property, plant and equipment

Asset description	Cost / revaluation	Accumulated depreciation	Net Book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyer
	---------------- Rupees ----------------						
Freehold Land							
	3,403,287	-	3,403,287	3,450,000	46,713	Negotiation	Mr. Habib Bhalwal, District Sargodha.
	2,949,515	-	2,949,515	3,100,000	150,485	- - do - -	Mr. Mukhtar Ahmad, Bhalwal, District Sargodha.
	6,352,802	**-**	**6,352,802**	**6,550,000**	**197,198**		
Plant & machinery							
TBA - 09 filling machine	**14,721,671**	**2,868,886**	**11,852,785**	**13,000,000**	**1,147,215**	- - do - -	Tetra Pak Pakistan Ltd.
Vehicles							
Honda Civic	1,752,840	992,332	760,508	1,500,000	739,492	- - do - -	Mr. Iftikhar, Lahore.
Honda Civic	1,752,840	1,055,708	697,132	1,100,000	402,868	- - do - -	Mr. Javaid Saeed, Lahore.
Suzuki Bolan	476,660	361,911	114,749	430,000	315,251	- - do - -	Mr. Khalid Saeed Baig, Lahore.
Toyota Corolla - GLI	1,490,720	692,857	797,863	1,220,000	422,137	- - do - -	Mr. Sheraz-ur-Rehman, Lahore.
Toyota Altis	1,404,530	1,019,859	384,671	950,000	565,329	- - do - -	Mr. Malik Faisal Ahmad, Lahore.
Honda City	810,000	366,480	443,520	700,000	256,480	Insurance claim	EFU General Insurance Ltd.
Toyota Hilux	2,150,000	1,356,201	793,799	810,000	16,201	Negotiation	Mr. Abdul Majeed, Kasur.
Honda motorcycle	66,300	35,040	31,260	66,300	35,040	Company policy	Mr. Amanat Ali (employee)
Honda motorcycle	91,000	48,214	42,786	91,000	48,214	- - do - -	Mr. Gulbaz Khan (employee)
Honda motorcycle	74,700	57,999	16,701	25,212	8,511	- - do - -	Mr. Muhammad Hanif (employee)
	10,069,590	**5,986,601**	**4,082,989**	**6,892,512**	**2,809,523**		
	31,144,063	**8,855,487**	**22,288,576**	**26,442,512**	**4,153,936**		

19.3 Depreciation for the year has been apportioned as under:

	2014	2013
	---- Rupees ----	
Milk collection centers	**6,264,045**	6,583,648
Cost of sales	**49,687,427**	50,344,223
Distribution cost	**907,597**	1,079,373
Administrative expenses	**5,915,371**	5,699,102
	62,774,440	63,706,346

	Note	2014	2013
		---- Rupees ----	
20. INTANGIBLE ASSETS - Computer softwares			
Cost			
- at beginning of the year		**432,032**	432,032
- additions made during the year		**1,983,860**	-
- at end of the year		**2,415,892**	432,032
Less: amortisation			
- at beginning of the year		**393,348**	316,008
- charge for the year		**414,531**	77,340
- at end of the year		**807,879**	393,348
Book value as at June 30, 2014		**1,608,013**	38,684
Amortisation rate - % per annum		**33.33**	33.33
21. DEFERRED TAXATION - net			
The deferred tax asset comprises of temporary differences relating to:			
Deductible temporary differences:			
- unused tax losses	**21.1**	**57,462,081**	62,161,548
- minimum tax recoverable against normal tax charge in future years		**51,547,159**	56,933,595
		109,009,240	119,095,143
Taxable temporary differences:			
- accelerated tax depreciation allowances		**99,975,116**	108,504,261
- surplus on revaluation of property, plant and equipment		**4,638,669**	5,310,261
- lease finances		**2,797,452**	3,682,618
		107,411,237	117,497,140
		1,598,003	1,598,003

21.1 Deferred tax asset as at June 30, 2014 has been restricted to Rs.1.598 million, i.e. deferred tax asset recognised as at June 30, 2013. No further deferred tax asset on available unused tax losses aggregating Rs.108.897 million has been recognised in these financial statements in view of persisting losses.

22. STORES, SPARES AND LOOSE TOOLS	2014	2013
	---- Rupees ----	
Stores - at mills including in transit inventory valuing Rs.27.588 million (2013: Rs.25.806 million)	**116,460,728**	147,399,075
Spares	**17,804,486**	18,114,653
Loose tools	**85,358**	700,711
	134,350,572	166,214,439
Less: provision for obsolete store items	**4,600,951**	-
	129,749,621	166,214,439

22.1 Stores and spares inventory includes slow moving items valuing Rs. 4.974 million (2013: Rs.4.883 million).

		2014	2013
		- - - - Rupees - - - -	
23.	**STOCK-IN-TRADE**		
	Work-in-process	**25,751,000**	25,773,000
	Finished goods - 'A' grade	**36,614,000**	48,087,000
		62,365,000	73,860,000
24.	**LOANS AND ADVANCES** - Considered good		
	Due from employees	**768,403**	2,292,839
	Advance payments	**14,367,259**	8,384,142
		15,135,662	10,676,981
25.	**DEPOSITS AND PREPAYMENTS**		
	Security deposits	**13,017,810**	13,017,810
	Prepayments	**150,000**	150,000
	Margin deposits against letters of credit	**1,454,298**	-
		14,622,108	13,167,810
26.	**DUE FROM ASSOCIATED COMPANIES** - on account of normal trading transactions		
	Noon International (Pvt.) Ltd.	**45,997**	22,579
	Textile Services.	**508,644**	400,287
		554,641	422,866

26.1 As at June 30, 2014, receivables from Associated Companies were not yet due.

26.2 Maximum aggregate amount due from Associated Companies at the end of any month during the current financial year was Rs.0.892 million (2013: Rs.1.791 million).

		Note	2014	2013
27.	**OTHER RECEIVABLES**		**- - - - Rupees - - - -**	
	Insurance claims receivable		**137,789**	137,789
	Advance payments against lease rentals		**-**	34,345
			137,789	172,134
28.	**CASH AND BANK BALANCES**			
	Cash-in-hand		**16,453**	67,810
	Cash at banks on:			
	- current accounts	**28.1**	**11,976,522**	74,197,695
	- PLS account	**28.2**	**109,304**	103,460
	- term deposit receipts (TDR)	**28.3**	**205,800,000**	5,800,000
	- dividend accounts		**221,525**	221,525
			218,107,351	80,322,680
			218,123,804	80,390,490

28.1 These include following balances:

- Rs.1.500 million (2013: Rs.1.500 million) which are under lien of NIB Bank Ltd. (NIB) against guarantees issued by it in favour of Sui Northern Gas Pipelines Ltd. (SNGPL) and Unilever Pakistan Ltd. on behalf of the Company.

- Rs.0.350 million (2013: Rs.0.350 million), which are under lien of Allied Bank Ltd. against a guarantee issued by it in favour of SNGPL.

- Rs.1.172 million (2013: Rs.Nil), which are under lien of United Bank Ltd. against a guarantee issued by it in favour of Controller Naval Account, Karachi.

28.2 This carries profit at the rates ranging from 6% to 7% (2013:6%) per annum.

28.3 These include the following:

- TDRs amounting Rs.5.800 million (2013: Rs.5.800 million) which are under lien of NIB Bank Ltd. (NIB) against guarantees issued by it in favour of SNGPL and carry profit at the rate of 7% (2013: 7%) per annum.

- TDRs amounting Rs.200 million (2013: Rs.Nil) which are under lien of Bank Islami Pakistan Ltd. against murabahah finance facilty of same amount availed by the Company, as disclosed in note 9.2, and carry profit at the rate of 3.50% (2013: Nil) per annum.

29. SALES - Net

	Note	2014	2013
		- - - - Rupees	**- - - -**
Gross sales		**2,240,933,418**	3,017,333,986
Less:			
Sales tax		**9,923,809**	14,450,469
Shortages / leakages allowed		**21,466,063**	32,162,077
Discounts		**15,518,488**	44,492,216
		46,908,360	91,104,762
		2,194,025,058	2,926,229,224

30. COST OF SALES

	Note	2014	2013
Raw materials consumed	**30.1**	**1,018,179,251**	1,249,393,906
Milk collection expenses		**52,408,310**	123,575,836
Salaries, wages and benefits	**30.2**	**62,390,082**	65,427,339
Power and fuel		**156,816,651**	176,154,984
Packing materials consumed		**428,298,353**	565,423,024
Stores and spares consumed		**201,320,622**	270,275,902
Repair and maintenance		**1,791,837**	1,919,005
Rent, rates and taxes		**4,748,305**	4,412,731
Depreciation	**19.3**	**49,687,427**	50,344,223
Insurance		**2,643,649**	3,189,428
		1,978,284,487	2,510,116,378

	2014	2013
	---- Rupees ----	
Adjustment of work-in-process		
Opening stock	**25,773,000**	49,391,000
Closing stock	**(25,751,000)**	(25,773,000)
	22,000	23,618,000
Cost of goods manufactured	**1,978,306,487**	2,533,734,378
Adjustment of finished goods		
Opening stock	**48,087,000**	148,794,000
Closing stock	**(36,614,000)**	(48,087,000)
	11,473,000	100,707,000
	1,989,779,487	2,634,441,378

30.1 Raw materials consumed:

	2014	2013
Fresh milk	**878,148,460**	944,977,896
Milk powder	**34,202,354**	112,821,823
Jams	**3,310,688**	6,851,548
Juice concentrates	**4,742,525**	5,831,721
Fats	**90,194,012**	145,596,129
Butter oil	**7,581,212**	33,314,789
	1,018,179,251	1,249,393,906

30.2 These include contributions aggregating Rs.3.064 million (2013: Rs.2.782 million) to employees' provident fund trust.

31. DISTRIBUTION COST

	Note	2014	2013
		---- Rupees ----	
Freight and forwarding - net-off recoveries from distributors aggregating Rs.34.807 million (2013:Rs.16.705 million)		**43,921,954**	87,073,688
Salaries and benefits	**31.1**	**36,888,886**	28,120,931
Rent		**1,314,933**	1,333,222
Entertainment		**140,423**	76,947
Communication		**382,629**	662,328
Travelling and conveyance		**703,560**	475,788
Vehicles' running and maintenance		**101,337**	710,660
Advertisement and sales promotion		**69,185,145**	186,289,351
Insurance		**580,372**	556,647
Depreciation	**19.3**	**907,597**	1,079,373
Samples		**705,006**	784,890
Others		**-**	123,497
		154,831,842	307,287,322

31.1 These include contributions aggregating Rs.1.024 million (2013: Rs.1.013 million) to employees' provident fund trust.

	Note	2014	2013
		---- Rupees ----	
32. ADMINISTRATIVE EXPENSES			
Salaries and benefits	32.1	52,827,577	40,140,579
Travelling and conveyance:			
- directors		1,316,084	1,907,032
- others		4,454,949	3,868,206
Rent, rates and taxes		2,387,218	1,570,728
Entertainment		3,658,521	2,071,297
Communication		2,634,938	2,789,545
Printing and stationery		1,801,195	1,863,835
Electricity, gas and water		4,768,522	2,631,160
Insurance		1,108,650	1,074,048
Repair and maintenance		1,981,197	3,251,426
Advertisement		113,600	58,000
Vehicles' running and maintenance		10,805,866	7,564,962
Subscription		2,834,201	1,466,934
Auditors' remuneration	32.2	874,000	735,000
Legal and professional charges (other than Auditors)		11,505,529	3,569,320
Cash security charges		239,175	205,580
General		1,511,366	1,630,822
Depreciation	19.3	5,915,371	5,699,102
Amortisation of intangible assets	20	414,531	77,340
		111,152,490	82,174,916

32.1 These include contributions aggregating Rs.1.768 million (2013: Rs.1.156 million) to employees' provident fund trust.

32.2 Auditors' remuneration	Note	2014	2013
		---- Rupees ----	
Statutory audit fee		600,000	600,000
Half yearly review		115,000	100,000
Consultancy charges		40,000	-
Certification charges		64,000	20,000
Out-of-pocket expenses		55,000	15,000
		874,000	735,000

	Note	2014	2013
33. OTHER INCOME			
Income from financial assets			
Profit on PLS account and term deposit receipts		3,623,381	414,054
Others			
Deferred income recognised		57,097	206,423
Sale of scrap		3,923,206	6,258,478
Gain on disposal of property, plant and equipment	19.2	4,153,936	201,620
Packing charges of milk and juices		6,169,264	3,479,658
		17,926,884	10,560,233

	Note	2014	2013
		---- Rupees ----	
34. OTHER EXPENSES			
Donations (without directors' interest)		**7,000**	257,000
Exchange fluctuation loss		**-**	4,252,697
Prior years' sales tax		**1,491,625**	-
Loss on sale and lease-back of vehicle		**299,152**	-
Trade debts written-off		**10,395,385**	-
Provision for obsolete store items		**4,600,951**	-
		16,794,113	4,509,697
35. FINANCE COST			
Mark-up / profit on:			
- loans from chief executive and a director		**5,270,060**	-
- term finances		**19,565,564**	18,741,406
- Islamic finances		**8,306,727**	4,213,467
- short term finances		**18,851,415**	19,740,514
Lease finance charges		**3,286,065**	4,911,310
Interest on funds of Tetra Pak Pakistan Ltd. utilised in the Company's business		**927,025**	2,355,694
Interest on workers' (profit) participation fund		**478,626**	463,446
Bank and other charges		**3,565,608**	2,633,984
		60,251,090	53,059,821
36. TAXATION			
Current			
Current tax on profit for the year	**16**	**21,058,199**	8,010,475
Adjustments in respect of prior years	**16**	**-**	(13,564,062)
		21,058,199	(5,553,587)
Deferred			
Origination and reversal of temporary differences		**-**	(8,322,751)
Impact of change in tax rate		**140,566**	(2,871,039)
		140,566	(11,193,790)
		21,198,765	(16,747,377)
37. LOSS PER SHARE - basic and diluted			
Net loss for the year attributable to the ordinary share holders		**(142,055,845)**	(127,936,300)
		---- No. of shares ----	
Weighted average number of shares outstanding during the year		**13,939,200**	13,939,200
		---- Rupees ----	
Loss per share		**(10.19)**	(9.18)

38. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of Associated Companies, directors of the Company, Companies in which directors are interested, close members of the families of the directors and key management personnel. The Company carries out transactions with various related parties and amounts due from and to related parties are shown under respective heads. Significant transactions with related parties are as follows:

38.1 Aggregate transactions made during the year with the key management personnel and Associated Companies were as follows:	2014	2013
	---- Rupees ----	
- loan obtained from chief executive	**70,000,000**	70,000,000
- loan repaid to chief executive	**70,000,000**	-
- loan obtained from a director	**70,000,000**	-
- sale of dairy products and others	**303,334**	857,517
- purchase of stores and spares	**644,098**	874,573
- purchase of sugar	**25,286,640**	38,410,070

38.2 No other transactions, other than remuneration and benefits to key management personnel under the terms of their employment, were executed with other related parties during the current and last year.

39. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2014	2013	**2014**	2013	**2014**	2013
	---------------------- Rupees ----------------------					
Remuneration (including bonus)	**4,800,000**	5,066,667	**11,139,940**	3,632,000	**25,383,299**	20,108,105
Provident fund	**-**	-	**-**	-	**1,938,526**	1,108,224
Housing and utilities	**2,254,949**	2,334,866	**-**	-	**-**	-
Medical	**320,000**	240,000	**440,000**	75,000	**1,006,832**	716,580
Club bills	**275,955**	223,178	**110,532**	-	**-**	-
	7,650,904	7,864,711	**11,690,472**	3,707,000	**28,328,657**	21,932,909
Number of persons	**1**	1	**3**	3	**18**	13

39.1 Chief Executive, Directors and some of the Executives have also been provided with free use of the Company maintained cars.

39.2 Rent free accommodation has also been provided to two (2013: two) of the Executives.

40. PROVIDENT FUND TRUST

The following information is based on audited financial statement of the Fund as at June 30, 2014 and audited financial statement of June 30, 2013. The auditor of the Fund has given unmodified opinion.

	2014	2013
	---- Rupees ----	
Size of the fund - total assets	**64,578,631**	77,566,922
Cost of investments made	**37,238,697**	39,899,004
Percentage of investment made	**58%**	51%

40.1 The fair value of above investment amounted to Rs.64.058 million (2013: Rs.78.425 million).

40.2 The break-up value of investment is as follows:

	Percentage		Rupees	
	2014	2013	**2014**	2013
Defence saving certificate	**59%**	56%	**22,155,000**	22,155,000
Equity securities	**32%**	30%	**12,100,000**	12,100,000
Government securities	**7%**	6%	**2,500,000**	2,500,000
Bank deposits	**1%**	8%	**483,697**	3,144,004
			37,238,697	39,899,004

40.3 Investments out of Provident Fund (the fund) and payment of contribution / subscription to the fund have not been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose, investment in listed equity securities exceeds the limit prescribed by the rules. The Trustees of the fund, being vigilant to the situation, have resolved to divest adequate funds to other investments by selling equity investment at an appropriate time and to keep the same within prescribed limits.

41. CAPACITY AND PRODUCTION	**Unit of measurement**	**2014**	2013
Milk Powder and Butter Plant			
Annual rated capacity of milk processing based on three shifts	**Kgs.**	**44,416,000**	44,416,000
Fresh milk processed during the year	**Kgs.**	**2,270,577**	3,009,135
Cheese Plant			
Annual rated capacity of milk processing based on 24 hours per day	**Kgs.**	**3,275,000**	3,275,000
Fresh milk processed during the year	**Kgs.**	**2,986,265**	2,774,664
Pasteurised Milk Plant			
Annual rated capacity of milk pasteurisation based on three shifts	**Ltrs.**	**5,840,000**	5,840,000
Milk pasteurised during the year	**Ltrs.**	**2,496,282**	4,288,861
Yogurt Plant			
Annual rated capacity of milk processing based on three shifts	**Kgs.**	**2,920,000**	2,920,000
Fresh milk processed during the year		**-**	-
UHT Milk Plant			
Annual rated capacity of milk processing based on three shifts	**Ltrs.**	**87,488,000**	87,488,000
Milk processed during the year	**Ltrs.**	**1,651,548**	2,604,553
Dairy rozana	**Ltrs.**	**3,426,890**	3,236,632
UHT cream	**Ltrs.**	**591,873**	440,443
Flavoured milk	**Ltrs.**	**3,804,081**	3,976,593
Drinking yogurt	**Ltrs.**	**157**	5,755
Chai mix	**Ltrs.**	**1,852,545**	3,186,674
Co-packing	**Ltrs.**	**33,006**	96,806
Juice Plant			
Annual rated capacity of juices based on three shifts	**Ltrs.**	**43,800,000**	43,800,000
Juices processed during the year	**Ltrs.**	**2,583,165**	1,579,982
Nectars	**Ltrs.**	**104,468**	497,221
Co-packing	**Ltrs.**	**-**	26,320

- Processing and pasteurisation were restricted to the availability of raw milk to the Company.

- Processing of UHT and Juice plants were restricted to the extent of filling capacity of the Company.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

42.1 Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried-out by the Company's finance department under policies approved by the board of directors. The Company's finance department evaluates financial risks based on principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the board of directors.

42.2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: currency risk, interest rate risk and price risk.

(a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. The Company is exposed to currency risk on import of packing materials, plant and machinery and stores and spares denominated in U.S. $. The Company's exposure to foreign currency risk for U.S. $ is as follows:

	2014		2013	
	Rupees	**U.S.$**	Rupees	U.S.$
Bills payable	**1,983,172**	**20,083**	2,931,075	29,667

The following significant exchange rates have been applied:

	Average rate		**Reporting date rate**	
	2014	2013	**2014**	2013
U.S.$ to Rupee	**102.91**	94.41	**98.75**	98.80

Sensitivity analysis

At June 30, 2014, if Rupee had strengthened by 10% against U.S.$ with all other variables held constant, loss after taxation for the year would have been lower by the amount shown below mainly as a result of net foreign exchange gains on translation of foreign currency financial liabilities.

	2014	2013
Effect on loss for the year:	**Rupees**	Rupees
U.S. $ to Rupee	**198,317**	293,110

The weakening of Rupee against U.S. $ would have had an equal but opposite impact on loss after taxation.

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

(b) Interest rate risk

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

	2014	2013	2014	2013
	Effective rate		Carrying amount	
			---- Rupees ----	
Fixed rate instruments				
Financial assets				
Bank balance at PLS account	**6% to 7%**	6%	**109,304**	103,460
Term deposit receipts	**3.50% & 7%**	7%	**205,800,000**	5,800,000
Variable rate instruments				
Financial liabilities				
Term finances	**10.58% to 12.15%**	10.56% to 13.24%	**143,533,771**	187,500,000
Islamic finances	**4.75% to 13%**	13.00% to 13.49%	**207,269,750**	21,000,000
Loans from chief executive and a director	**11.08% to 12.09%**		**140,000,000**	70,000,000
Liabilities against assets subject to finance lease	**10.55% to 12.96%**	10.81% to 15.35%	**20,265,180**	32,778,232
Short term finances	**10.09% to 12.37%**	10.08% to 13.97%	**251,383,327**	198,813,274

Cash flow sensitivity analysis for fix rate instruments

At June, 2014, if interest rate on fixed rate financial assets has been 1% higher / lower with all other variables held constant, loss after taxation for the year would have been Rs. 2.059 million (2013: Rs.0.060 million) lower / higher, mainly as a result of higher / lower interest income on fixed rate financial assets.

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2014, if interest rate on variable rate financial liabilities has been 1% higher / lower with all other variables held constant, loss after taxation for the year would have been Rs.7.625 million (2013: Rs.5.101 million) higher / lower, mainly as a result of higher / lower interest expense on variable rate financial liabilities.

(c) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market. The Company is not exposed to any significant price risk.

42.3 Credit risk exposure and concentration of credit risk

Credit risk represents the risk of a loss if the counter party fails to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk primarily arises from trade debts and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 45 days to reduce the credit risk. Credit risk on bank balances is limited as the counter parties are banks with reasonably high crediting ratings.

Exposure to credit risk

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

	2014	2013
	- - - - Rupees	**- - - -**
Security deposits	**14,101,496**	14,101,496
Trade debts	**221,612,937**	176,824,316
Due from Associated Companies	**554,641**	422,866
Accrued profit on term deposit receipts	**1,670,968**	778,630
Other receivables	**137,789**	137,789
Bank balances	**218,107,351**	80,322,680
	456,185,182	272,587,777

All the trade debts at the balance sheet date represent domestic parties.
The ageing of trade debts at the year-end was as follows:

Not past due	**186,337,550**	137,382,467
Past due 1-45 days	**4,841,826**	8,210,689
Past due 45-180 days	**1,730,451**	3,850,514
Past due more than 180 days	**28,703,110**	27,380,646
	221,612,937	176,824,316

Based on past experience, the Company's management believes that no impairment loss allowance is necessary in respect of trade debts as debts aggregating Rs.25.221 million have been realised subsequent to the year-end and for other trade debts there are reasonable grounds to believe that the amounts will be realised in short course of time.

42.4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due. Liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Company's treasury department aims at maintaining flexibility in funding by keeping committed credit lines available.

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

	2014			
	Carrying amount	**Contractual Cash flows**	**Less than 1 Year**	**Between 1 to 5 Years**
	- - - - - - - - - - - - - Rupees	**- - - - - - - - - - - - -**		
Term finances	**143,533,771**	**157,371,743**	**134,926,335**	**22,445,408**
Islamic finances	**207,269,750**	**217,387,028**	**7,622,644**	**209,764,384**
Loans from chief executive and a director	**140,000,000**	**140,000,000**	**-**	**140,000,000**
Liabilities against assets subject to finance lease	**20,265,180**	**22,761,326**	**16,325,582**	**6,435,744**
Trade and other payables	**484,803,919**	**484,803,919**	**484,803,919**	**-**
Accrued mark-up and interest	**14,682,942**	**14,682,942**	**14,682,942**	**-**
Short term finances	**251,383,327**	**269,918,392**	**269,918,392**	**-**
Dividend	**974,603**	**974,603**	**974,603**	**-**
	1,262,913,492	**1,307,899,953**	**929,254,417**	**378,645,536**

	2013			
	Carrying amount	Contractual Cash flows	Less than 1 Year	Between 1 to 5 Years
	- - - - - - - - - - - - - Rupees	- - - - - - - - - - - - -		
Term finances	187,500,000	215,172,152	77,588,404	137,583,748
Islamic finances	21,000,000	23,161,250	14,985,833	8,175,417
Loans from chief executive	70,000,000	97,300,000	9,100,000	88,200,000
Liabilities against assets subject to finance lease	32,778,232	36,952,806	21,324,846	15,627,960
Trade and other payables	535,784,825	535,784,825	535,784,825	-
Accrued mark-up and interest	11,863,865	11,863,865	11,863,865	-
Short term finances	198,813,274	206,036,948	206,036,948	-
Dividend	1,014,646	1,014,646	1,014,646	-
	1,058,754,842	1,127,286,492	877,699,367	249,587,125

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest / mark-up rates effective at the respective year-ends. The rates of interest / mark-up have been disclosed in the respective notes to these financial statements.

42.5 Fair value of financial instruments

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

At June 30, 2014, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values except for loans to employees and loans from chief executive and a director which are valued at their original costs less repayments.

43. CAPITAL RISK MANAGEMENT

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

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

There was no change to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements except for the maintenance of debt to equity ratio under the financing agreements.

44. INFORMATION ABOUT OPERATING SEGMENTS

For management purposes, the activities of the Company have been organised in one operating segment consisting of toned milk, milk powder, fruit juices, allied dairy and food products. The Company operates in the said reportable operating segment based on nature of products, risks and return, organisational and management structure and internal financial reporting systems. Accordingly, the figures reported in these financial statements relate to the Company's only reportable segment.

The operating interests of the Company are confined to Pakistan in terms of production areas and customers. Accordingly, the figures reported in these financial statements relate to the Company's only reportable segment relating to Pakistan.

The Company does not have any customer having sales of 10% or more during the years ended June 30, 2014 and June 30, 2013.

45. EVENT AFTER THE REPORTING PERIOD

The Board of directors of the Company in their meeting held on May 14, 2014 decided to increase share capital of the company by issuance of 5 shares for every 4 shares held (voting and non-voting). These shares were issued to subscribers' after June 30, 2014. However, this event has been considered as non-adjusting event under IAS 10 "Events after the reporting period" and has not been recogised in these financial statements.

46. NUMBER OF EMPLOYEES

	2014	2013
Number of employees as at June 30,	**599**	605
Average number of employees during the year,	**638**	667

47. GENERAL

These financial statements were authorised for issue on September 30, 2014 by the Board of Directors of the Company.

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purpose of comparison. However, no significant re-arrangement has been made in these financial statements

SALMAN HAYAT NOON
Chief Executive

MIRZA SHOAIB BAIG
Director


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FORM OF PROXY

Registered Folio No./
CDC Account No. ______________

I/We ____
(NAME)

of ____

being a member of NOON PAKISTAN LIMITED, hereby appoint

____
(NAME)

of ____
(Address)

or failing him ____
(NAME)

of ____
(Address)

(also being a member of the Company) as my/our proxy to attend, act and vote for me / us and on my/our behalf at the 47th Annual General Meeting of the Company to be held at 66 Garden Block, New Garden Town, Lahore on Thursday, 30 October, 2014 at 11:30 a.m. and at any adjournment thereof.

As witness my hand this. ______________________ Day of ______________ 2014.

____
Signature of Shareholder

Revenue Stamp

Witness 1

Signature ______________________

Name ______________________

Address ______________________

____

CNIC | | | | | | | | | | | | | | | |

Witness 2

Signature ______________________

Name ______________________

Address ______________________

____

CNIC | | | | | | | | | | | | | | | |

Note: Proxies, in order to be effective must reach the Company's Registered office not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed. Proxies of the Members through CDC shall be accompanied with attested copies of their CNIC.

SECP's circular no. 1 dated January 26th, 2000 is on the reverse side of the form.

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
State Life Building 7, Blue Area, Islamabad

January 26, 2000

Circular No. 1 of 2000

Sub: <u>GUIDELINES FOR ATTENDING GENERAL MEETINGS AND APPOINTMENT OF PROXIES</u>

The shares of a number of listed companies are now being maintained as "book entry Security" on the Central Depository System (CDS) of the Central Depository Company of Pakistan Limited (CDC). It has come to the notice of the Commission that there is some confusion about the authenticity of relevant documents in the matter of beneficial owners of the shares registered in the name of CDC for purposes of attending the general meetings and for verification of instruments of proxies. The issue has been examined and pending the further instruction to be issued in this regard, the following guideline for the convenience of the listed companies and the beneficial owners are laid down:

A. <u>Attending of meeting in person by account holders and / or sub-account holders and persons whose securities are in group account and their registration details are uploaded to CDS:</u>

(1) The Company shall obtain list of beneficial owners from the CDC as per Regulation # 12.3.5 of the CDC Regulations.

(2) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are up-loaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

(3) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

B. <u>Appointment of Proxies</u>

(1) In case of individual, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per requirement notified by the Company.

(2) The proxy form shall be witnessed by the two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

(3) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

(4) The proxy shall produce his original CNIC or original passport at the time of the meeting.

(5) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted alongwith proxy form to the Company.