ANNUAL REPORT 2014

BETTER – STARTS TODAY

Dawood Lawrencepur Limited

BETTER - STARTS TODAY

We always imagine the future to be bigger, brighter and better – yet we are here; now and today. That's where Reon comes in, because we make it better - today.

With renewable energy solutions for everyone, we embrace the future with open arms and bright ideas, because tomorrow can only be better if it starts today.

Dawood Lawrencepur Limited

Reon
Energy Solutions

Reon Energy – a wholly-owned subsidiary of Dawood Lawrencepur Limited – provides energy-starved customers with renewable energy solutions through its technical and financial expertise.

Reon is aimed at revolutionising the way energy is produced, consumed and conserved without harming the environment.

TENAGA
TENAGA GENERASI LTD.

Tenaga Generasi Limited – a wholly-owned subsidiary of Dawood Lawrencepur Limited – is an Independent Power Producer (IPP) project that consists of the construction, operation and maintenance of a wind farm and associated facilities on a Build-Own-Operate basis in the province of Sindh, in south-eastern Pakistan. The project is aimed at creating a better environment by lowering atmospheric emissions.

Contents

Our Vision

To give our customers an energy abundant future by harnessing the potential of the environment in a safe and sustainable manner.

Our Mission

We aim to be the leading renewable energy solutions company of Pakistan, with a turnover exceeding Rs. 10 billion by 2020. We will achieve this by resolutely following our core values and by:

- Anticipating customer needs and consistently optimising our products and services
- Building strategic partnerships with technology suppliers, vendors and financial institutions
- Becoming the employer of choice and developing a culture that inspires performance excellence and teamwork.

Our Values

- Ethics and Integrity
- Respect for Our People
- Health, Safety and Environment Stewardship
- Customer Satisfaction
- Shareholder Value Creation


BETTER WAYS

Reon provided a biogas solution to the USAID-DRDF Dairy Project for their pilot initiative in Vehari.

GREAT WORK

Ethics and Integrity

We are each personally responsible for ethical behavior and integrity in all our operations. We respect Mother Nature and fulfill our commitments as responsible citizens and employees. Transparency in accounting and financial reporting is a given. We treat our customers with respect and are truthful in our communication.

Company Information

Board of Directors
Shahid Hamid Pracha (Chairman)
Inam ur Rahman (Chief Executive)
Shafiq Ahmed
Abdul Samad Dawood
Shahzada Dawood
Sarfaraz Ahmed Rehman
Dr. Jawaid Abdul Ghani
Hasan Reza Ur Rahim

Board Audit Committee
Dr. Jawaid Abdul Ghani (Chairman)
Shafiq Ahmed
Hasan Reza Ur Rahim

Human Resource and Remuneration Committee
Shahid Hamid Pracha (Chairman)
Abdul Samad Dawood
Sarfaraz Ahmed Rehman

Chief Financial Officer and Company Secretary
Hafsa Shamsie

Auditors
M. Yousuf Adil Saleem & Co.
(Chartered Accountants)

Bankers
Bank Al-Habib Limited
Habib Bank Limited
National Bank of Pakistan
MCB Bank Limited
Barclays Bank PLC

Legal Advisor
Zia Law Associates
17, Second Floor
Shah Chiragh Chambers
The Mall, Lahore

Share Registrar
C & K Management Associates (Pvt.) Ltd.
404 -Trade Tower, Abdullah Haroon Road
Near Metropole Hotel, Karachi-75530
Tel: 021-35685930, 35687839

Registered / Head Office
3rd Floor, Dawood Centre
M. T. Khan Road
Karachi-75530
Tel: 021-35632200-9
Fax: 021- 35633970
E-mail: info.reon@dawoodhercules.com
Website: www.dawoodlawrencepur.com

Mills
Landhi
Landhi Industrial Area Karachi.
Tel: 021-35018476, 35018751
Fax: 021- 35018463, 35024520

Dawoodabad
District Vehari
Tel: 067- 3353347, 3353145, 3353246
Fax: 067- 3354679

Dawoodpur
District Attock
Tel: 057-2641074-6
Fax: 057-2641073


BETTER PLACE

Respect for our People

What moves us is our people and we are proud and passionate about them. We are committed to nurturing their talent and continuously taking initiatives to empower them. We have zero tolerance for harassment and are constantly promoting a work environment that radiates with respect for all.

HAPPIER PEOPLE

Reon offered Solar Portable Lanterns to people of Krishan Kohli in Sindh where there is lack of access to electricity.

Operating Highlights

	PARTICULARS	UNIT	December 2014			December 2013			December 2012		
			Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
						'Restated					
A)	INCOME STATEMENT										
1	Sales Value	Rs. In (000)	129,199	70,423	199,622	31,987	186,586	218,573	385,205	4,693	389,898
2	Gross Profit / (Loss)	Rs. In (000)	27,051	(12,896)	14,155	7,754	(220)	7,534	46,795	(1,489)	45,306
3	Operating Profit / (Loss)	Rs. In (000)	(132,070)	(181,811)	(313,881)	(46,081)	(141,998)	(188,079)	(34,600)	(69,900)	(104,500)
4	Profit / (Loss) Before Taxation	Rs. In (000)	(161,657)	82,865	(78,792)	781	(338,647)	(337,866)	123,456	(27,528)	95,928
5	Profit / (Loss) After Taxation	Rs. In (000)	(171,722)	82,865	(88,857)	(1,519)	(338,647)	(340,166)	118,642	(27,528)	91,114
B)	DIVIDEND										
1	Cash Dividend	%	-	-	-	10	-	10	50	-	50
2	Stock Dividend	%	-	-	-	-	-	-	-	-	-
C)	BALANCE SHEET										
1	Total Assets Employed	Rs. In (000)	803,255	323,226	1,126,481	1,058,024	194,529	1,252,553	1,550,451	194,529	1,744,980
2	Current Assets	Rs. In (000)	292,495	205,512	498,007	552,095	-	552,095	1,155,176	-	1,155,176
3	Current Liabilities	Rs. In (000)	345,802	-	345,802	376,457	-	376,457	99,854	-	99,854
4	Paid Up Capital	Rs. In (000)	590,578	-	590,578	590,578	-	590,578	590,578	-	590,578
5	Shareholders Equity	Rs. In (000)	762,931	-	762,931	853,779	-	853,779	1,551,965	-	1,551,965
6	No. of Ordinary Shares	In (000)	59,058	-	59,058	59,058		59,058	59,058	-	59,058
D)	RATIO ANALYSIS										
1	Gross Profit / (Loss)	%	20.94	(18.31)	7.09	24.24	(0.12)	3.45	12.15	(31.73)	11.62
2	Earning Per Share	Rs.	(2.91)	1.40	(1.50)	(0.03)	(5.73)	(5.76)	2.01	(0.47)	1.54
3	Dividend Yield	%	-	-	0	-	-	7.15	-	-	2.19
4	Return on Equity	%	-	-	(11.65)	-	-	(39.84)	-	-	5.87
5	Break-up Value of Shares	Rs.	-	-	12.92	-	-	14.46	-	-	26.28
6	Market Value of Shares	Rs.	-	-	120.53	-	-	83.95	-	-	45.75
7	Price Earning Ratio	Rs.	-	-	(80.11)	-	-	(14.57)	-	-	29.65
8	Dividend Payout Ratio	%	-	-	-	-	-	(104.17)	-	-	64.82
E)	PRODUCTION										
1	Capacity										
	Polyester Yarn	Kgs In (000)	-	-	-	-	-	-	-	-	-
	Yarn	Kgs In (000)	-	-	-	358	-	358	358	-	358
	Cloth	Mtrs In (000)	-	-	-	754	-	754	754	-	754
2	Actual Production										
	Polyester Yarn	Kgs In (000)	-	-	-	-	-	-	-	-	-
	Yarn Kgs	Kgs In (000)	-	-	-	30	-	30	96	-	96
	Cloth Mtrs.	Mtrs In (000)	-	-	-	113	-	113	541	-	541
3	Capacity Utilization - Yarn	%	-	-	-	8	-	8	27	-	27
	- Cloth	%	-	-	-	15	-	15	72	-	72
F)	OTHERS										
1	Employees	Nos.	79	-	79	88	21	109	572	144	716
2	Capital Expenditures	Rs. In (000)	20,508	2,283	22,791	17,331	-	17,331	4,997	-	4,997

December 2011			December 2010			December 2009		
Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
374,667	7,465	382,132	380,862	11,502	392,364	193,365	24,388	217,753
35,106	1,737	36,843	50,656	1,276	51,932	52,924	3,621	56,545
(44,747)	(46,436)	(91,183)	(13,316)	(37,874)	(51,190)	30,602	(24,552)	6,050
55,089	(30,535)	24,554	124,017	(40,452)	83,565	(84,337)	(22,639)	(106,976)
46,793	(30,535)	16,258	99,956	(40,452)	59,504	(85,426)	(22,639)	(108,065)
10	-	10	5	-	5	-	-	-
-	-	-	15	-	15	-	-	-
1,540,995	188,675	1,729,670	1,512,696	195,272	1,707,968	975,147	194,529	1,744,980
1,133,714	-	1,133,714	1,262,848	-	1,262,848	549,450	-	1,155,176
130,910	-	130,910	133,907	-	133,907	148,742	-	99,854
590,578	-	590,578	513,547	-	513,547	513,547	-	590,578
1,539,875	-	1,539,875	1,525,504	-	1,525,504	1,490,704	-	1,551,965
59,058	-	59,058	59,058	-	59,058	59,058	-	59,058
9.37	23.27	9.64	13.30	11.09	13.24	26.98	14.84	24.73
0.79	(0.52)	0.28	1.69	(0.68)	1.01	(1.44)	(0.38)	(2.10)
-	-	3.23	-	-	4.60	-	-	-
-	-	1.06	-	-	3.90	-	-	(7.25)
-	-	26.07	-	-	25.83	-	-	25.00
-	-	31.00	-	-	43.47	-	-	59.02
-	-	112.61	-	-	43.14	-	-	(32.00)
-	-	473.80	-	-	198.00	-	-	-
-	-	-	-	-	-	-	700	700
358	-	358	358	-	358	179	12,581	12,760
754	-	754	754	-	754	377	2,153	2,530
-	-	-	-	-	-	-	-	-
136		136	170		170	93	-	93
541		541	664		664	307	-	307
38		38	47		47	52	-	52
72		72	88		88	81	-	81
617	154	771	612	166	815	612	23	635
3,207		3,207	8,725	-	8,725	3,986	-	3,986

BETTER SURROUNDINGS

Reon provided a solar installation for Jinnah Park Wah Cantt. The installation has not only helped in illuminating the canteen and library, but also allows children to play on the swings at night time.

SAFER LIVES

Health, Safety and Environment Stewardship

We operate in a culture that cares for the well-being of our employees, the community and the environment; and there is no alternate to this. Our ethos is to be better than just good citizens.

Notice of the Annual General Meeting

For the year ended December 31, 2014

Notice is hereby given that the Sixty Fifth (65th) Annual General Meeting of Dawood Lawrencepur Limited (the "Company") will be held at Beach Luxury Hotel, M.T. Khan Road, Karachi at 0930 hours on Friday, April 10, 2015, to transact the following business after recitation from the Holy Quran:

ORDINARY BUSINESS:

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

2. To appoint Auditors and to fix their remuneration. The retiring Auditors, Messrs M. Yousuf Adil Saleem & Company (Chartered Accountants), being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS:

1. To consider and approve the disposal of assets pertaining to the renewal energy business of the Company to Reon Energy Limited, a wholly owned subsidiary, and if thought fit, to pass with or without any modifications, the following resolution as an ordinary resolution, in terms of Section 196 of the Companies Ordinance, 1984:

   "RESOLVED that approval of the members of the Company be and is hereby accorded in terms of Section 196 of the Companies Ordinance, 1984 to dispose of the assets pertaining to the renewal energy business of the Company to Reon Energy Limited, a wholly owned subsidiary, on the terms and conditions mentioned in the statement under Section 160 (1) (b) of the Companies Ordinance, 1984.

   FURTHER RESOLVED that Mr. Inam ur Rahman, Chief Executive Officer of the Company be and is hereby authorized and empowered to take any and all actions and sign any and all such documents as may be required from time to time to give effect to the above resolution and to implement and complete the disposal of the aforesaid assets of the Company."

By order of the Board

Hafsa Shamsie
Company Secretary

Karachi
February 27, 2015

Notes:

1. **Closure of Share Transfer Books:**
   Share Transfer Books of the Company will remain closed from April 3, 2015 to April 10, 2015 (both days inclusive). Transfers received in order at the office of the Company's Share Registrar, C & K Management Associates (Private) Limited, 404-Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi, by the close of business on April 2, 2015 will be treated in time for the purpose of attending and voting at the Annual General Meeting.

2. **Participation in the Annual General Meeting:**
   All members, entitled to attend and vote at the Meeting, are entitled to appoint another person in writing as their proxy to attend and vote on their behalf. A proxy need not be a member of the Company. A corporate entity, being member, may appoint any person, regardless whether they are a member or not, as its proxy. In case of corporate entities, a resolution of the Board of Directors / Power of Attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity shall be submitted to the Company along with a completed proxy form. The proxy holders are required to produce their original Computerized National Identity Cards (CNICs) or original passports at the time of the Meeting.

   In order to be effective, duly completed and signed proxy forms must be received at the Company's Head Office at least 48 hours before the time of the Meeting.

3. **Notice to members who have not provided their CNIC:**
   The directive of the Securities and Exchange Commission of Pakistan contained in S.R.O. 19 (I) / 2014 dated January 10, 2014 in continuation to S.R.O. 831 (I) / 2012 dated July 5, 2012 provides that the dividend warrants should bear the Computerized National Identity Card (CNIC) Numbers of the registered members or the authorized person except in the case of minor(s) and corporate members. CNIC number of the members is, therefore, mandatory for the issuance of future dividend warrants and in the absence of such information, payment of dividend may be withheld. Therefore, the members who have not yet provided their CNICs are once again advised to provide the attested copies of their CNICs (if not already provided) directly to our Share Registrar at the following address without any further delay:

   C & K Management Associates (Pvt) Limited
   Abdullah Haroon Road
   404, Trade Tower
   Near Metropole Hotel
   Karachi

4. **Payment of dividend electronically (e-mandate):**
   In order to enable a more efficient method of cash dividend, SECP through its Circular No. 8(4) SM/CDC 2008 of April 5, 2013, the SECP has announced an e-dividend mechanism where shareholders can get their dividend credited directly into their respective bank accounts electronically by authorizing the Company to electronically credit their dividend to their accounts. Accordingly, all non CDC shareholders are requested to send their bank account details to the Company's Registrar. Shareholders who hold shares with CDC or Participants/ Stock Brokers, are advised to provide the mandate to CDC or their Participants/ Stock Brokers.

5. **Change of Address and Non-Deduction of Zakat Declaration Form:**
   Physical shareholders are requested to notify any change in their addresses immediately and if applicable provide their non-deduction of Zakat Declaration Form to the Company's Shares Registrar. Furthermore, if not provided earlier, members holding shares in CDC/Participants accounts are also requested to update their addresses and if applicable, to provide their non-deduction of Zakat Declaration Form to CDC or their Participants/Stock Brokers.

6. **Audited Financial Statements Through e-mail:**
   SECP through its Notification SRO 787 (I)/2014 dated September 8, 2014 has allowed the circulation of Audited Financial Statements along with Notice of Annual General Meeting to the members of the Company through e-mail. Therefore, all members of the Company who desire to receive soft copy of Annual Report are requested to send their e-mail addresses.

7. Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting

a. In case of Individuals, the accountholder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.

b. In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

a. In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.

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

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

d. The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.

e. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

Statement of material facts under section 160(1)(b) of the Companies Ordinance, 1984 relating to the special business to be transacted at the Annual General Meeting convened for April 10, 2015

In line with the Company's strategic intent and mission, a wholly owned subsidiary Reon Energy Limited, mandated to carry out specialised solar and biogas related business activities was incorporated in 2014. This move was intended to bring focus to the renewable energy initiatives of the Company, disengage the renewable energy business from the legacy textile operations and consequently improve shareholder returns. As a step towards the disengagement process, the Company is seeking shareholder approval to transfer some assets to the wholly owned subsidiary whilst the projects in hand will continue to be serviced by Dawood Lawrencepur Ltd.

S.No	Description of Information	Detail of Information
1	Detail of assets to be transferred:	
	• Description of assets	Inventories including Solar Lights, Panels, Batteries, Inverters, Charge Controllers, Water pumps, Solar Home Systems, Cables and other Miscellaneous items. Non-Current Assets including Trademarks, Vehicles, Laptops and Tools & Equipment.
	• Cost of assets	Inventories Rs. 114.7 million & Non-Current Asset Rs. 30.6 million.
	• Book value of assets	Inventories Rs. 114.7 million & Non-Current Asset Rs. 20.7 million.
	• Revalued amount	Inventories Rs. 160.3 million & Non-Current Asset Rs. 13.6 million as per valuation reports dated February 21, 2015 & February 25, 2015 of M/s. Iqbal A. Nanjee & Co. (Pvt) Ltd.
	• Approximate current market price / fair value	Current market price / fair value is expected to be in line with the re-valued amount as stated above (as per revaluation reports dated February 21, 2015 & February 25, 2015 of M/s Iqbal A. Nanjee & Co. (Pvt) Ltd.
2	The proposed manner of transfer	Reon Energy Limited is a wholly owned subsidiary of the Company and the assets will be sold to Reon Energy Limited at the revalued amount as per independent valuation reports prepared by M/s Iqbal A. Nanjee & Co. (Pvt) Ltd.
3	Reason for the transfer of assets	The Company's strategic intent is to house the renewable energy business in an independent subsidiary. Hence, the existing assets are being transferred accordingly.
4	Benefits expected to accrue to the shareholders	All the renewable energy assets will be housed in a specialist company i.e. Reon Energy Limited and no longer linked to the legacy textile business. Reon Energy Limited will also own the Reon Energy Solutions brand which is fast gaining market recognition.
5	Nature and extent of interest, if any, of Directors	None of the Directors have any direct or indirect interest in the sale or disposal of the assets save and except as shareholders of the Company.


BETTER
ANSWERS

Customer Satisfaction

Customer satisfaction takes for us a top-priority business aim. We strive for continuous innovation and improvement in everything we do. More than profits, it is always customer satisfaction we are unceasingly endeavoring to get better at each day.

ENDLESS SOLUTIONS

Reon installed a solar tubewell at Sharaqpur which helps farmers by providing water while saving costs & reducing the dependence on generators.

Directors' Report

For the year ended December 31, 2014

The Directors of Dawood Lawrencepur Limited are pleased to present their report together with the audited Financial Statements for the year ended December 31, 2014.

BUSINESS REVIEW

As a part of the strategic shift undertaken by the Company, the prime focus during the year was to build capability to grow in the renewable energy market. The Company invested in technology acquisition and human resource development.

During the year, the Company formed a wholly owned subsidiary- Reon Energy Limited with a mandate to focus on solar and biogas business. Reon has managed to win two of the biggest solar energy projects in the Country, creating a buzz in the solar energy market. Following the success story of these, a megawatt scale project, valuing USD 1.25 million has also been awarded to Reon recently. The team is bracing for challenges ahead as the scale of operations increases, adopting best design and engineering and project management practices.

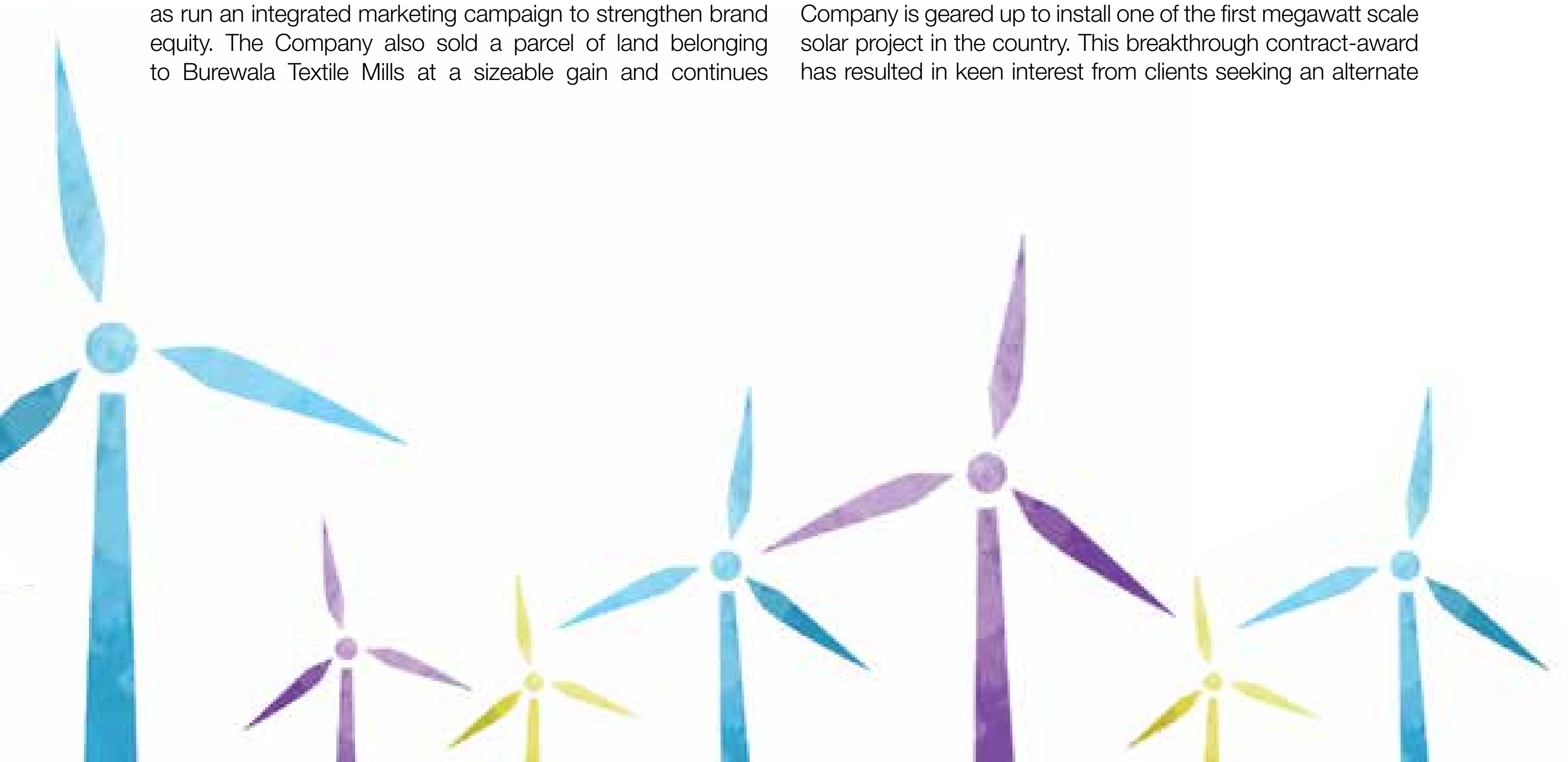
TEXTILES

Last year, as market dynamics of the worsted fabric industry changed, the Company had suspended operations of Lawrencepur Woolen and Textile Mills and offered a 'Voluntary Separation Scheme' to its staff. The Company managed the transition smoothly and continues to successfully reduce the working capital employed in the business. The Company successfully disposed of the fixed assets at the Mill during the period under review. The Company continues to benefit from ownership of the 'Lawrencepur' brand as it operates under license and has increased its retail presence all over Pakistan through establishment of branded outlets in key cities as well as run an integrated marketing campaign to strengthen brand equity. The Company also sold a parcel of land belonging to Burewala Textile Mills at a sizeable gain and continues to actively negotiate with buyers for sale of the remaining Burewala assets.

RENEWABLE ENERGY BUSINESS

Over the last two years, in a bid to understand and seed the market, the Company has invested in research and development of solar and biogas solutions and test marketed various products. During the year, management has been on a learning journey regarding the nascent solar market in the country. A key learning has been that whilst everyone is eager to own a solar solution in light of the energy crisis in the country, very few understand its technology, utility and financial viability. The Business has viewed this as an opportunity to build relationships with prospective customers at an early stage by educating them regarding the technology and at the same time gain a better understanding of their mind-set and requirements. Another learning has been that need does not necessarily drive adoption as capital outlays pose to be a constraining factor. The Business has viewed this as an opportunity to develop viable engineering solutions in line with customer needs and financial constraints.

The Company installed a number of small to medium sized solar and biogas solutions across the Country. This paved way for a long term strategy for the Business i.e. to become the leading solar Engineering Procurement and Construction (EPC) contractor in the country for medium to large scale solar projects. The Business is well poised to achieve this objective as it has actively worked towards developing its human resource capability especially in engineering execution and supply chain management, both of which are key to provision of optimal solutions in line with customer-specific requirements which is the Company's unique selling proposition. The Company is geared up to install one of the first megawatt scale solar project in the country. This breakthrough contract-award has resulted in keen interest from clients seeking an alternate



source of power for their commercial and industrial facilities and successful delivery is expected to develop the market further.

As a part of a global initiative, developed countries are investing heavily in off grid areas through donation and grants. Hundreds of organizations receive support for their projects in the field of Disaster Relief and Management, Health, Education, Poverty alleviation and Community Development. The Company plans to explore this market and establish its name as a reliable partner for providing energy solutions to the masses.
The solar lantern business has also expanded significantly. These portable and durable solar lanterns have become widely popular in off grid rural areas and provide a cheaper, safer and cleaner alternative to wood and kerosene based lighting solutions. The social impact of these lanterns has been substantial, which helped these lanterns become the leading choice of donors as well as NGOs providing microfinance in rural areas.

The Agricultural business i.e. biogas and solar water pumping business, showed potential however customer ability to incur the capital outlay remains an area of concern. The Business has viewed this as an opportunity to work with financial institutions to develop integrated financial products however the Company plans on moving cautiously in this segment and giving it time to develop prior to deciding on the longer term inclusion of agri-solutions in the Company product offering portfolio.

WIND ENERGY PROJECT

Post award of a Feed-in Tariff, TGL is on course to achieve the timelines laid down by the regulator NEPRA having recently signed the Energy Purchase Agreement (EPA) with National Transmission and Distribution Company (NTDC) and the Implementation Agreement (IA) and Site Sub-Lease with Alternate Energy Development Board (AEDB). The Company is well on its way to achieve Financial Close before the deadline of March 2015. The key element of concern remains the timely availability of the NTDC grid because these are new transmission lines that are being constructed primarily for wind projects in that corridor. Whilst the delay in project has added to the costs, TGL has successfully renegotiated with EPC/O&M contractors in a bid to keep the project cost within budget despite the delay.

The Company has engaged Engro Powergen as a Project Management team after a rigorous competitive process. This experienced and dedicated team has been tasked to manage all execution aspects of the project whilst bringing in cost savings through renegotiations of key contracts.

The financial highlights of the Company are as under:

	For the Year Ended December 31, 2014 Rupees ‘000’	For the Year Ended December 31, 2013 Rupees ‘000’
Sales from continuing operations	129,199	31,987
Gross profit	27,051	7,754
Other operating Income	89,310	104,285
Voluntary Separation Scheme	-	(201,812)
Loss after taxation from continuing operation	(171,722)	(1,519)
Profit / (loss) from discontinued operations	82,865	(338,647)
Loss for the year	(88,857)	(340,166)
Un-appropriated profit brought forward	49,027	355,169
Un-appropriated profit carried forward	(45,079)	49,027
Earnings per share – basic and diluted (net)	Rs. 1.50	Rs. 5.76
(Loss) / earnings per share – basic and diluted (net)	Rs. (5.76)	Rs. (5.76)

During the year, the Company began to establish itself in the renewable energy sector and installed a number of medium scaled projects. The Company achieved a turnover of Rs. 129.2 million for the year from continuing operations against Rs. 31.98 million last year. The gross margin remained at par with last year.

In a bid to provide the customers with the highest quality technical customer service, the Company ramped up its human resource capability with its commensurate impact on costs. This escalated the loss before tax from continuing operations to Rs. 171.72 million as against Rs. 1.52 million last year on a standalone basis.

Aggregate losses per share for the year from continuing and discontinued operations of the Company on a standalone basis were Rs. 1.51 per share as compared to Rs. 5.76 per share last year.

The consolidated operating loss from continuing operations of the Group for the year stood at Rs. 270.0 million as against loss of Rs. 121.3 million last year with a share of profit from associate of Rs. 398.3 million as against Rs. 464.1 million last year. The consolidated profit before tax from continuing operations was Rs. 149.09 million as against Rs. 375.32 million in 2013.

The consolidated aggregate earnings per share for the year were Rs. 3.75 per share as compared to Rs. 0.57 per share for last year.

ASSET DISPOSAL PROGRAM

The Company continued its effort to dispose of the textile assets as per shareholder approval obtained earlier. In line with the Company's strategic intent, the Company will utilize all sales proceeds when realized towards establishing its position in the renewable energy sector.

FUTURE OUTLOOK

When properly assessed for their externalities, renewable energy options can become economically competitive with conventional supplies on a least-cost basis. This is particularly true for the more difficult, remote, and underdeveloped areas, where renewable energy can also have the greatest impact and the cost of conventional energy supplies could be significant. Renewable Energy can thus supplement the pool of national energy supply options in Pakistan, expediting economic empowerment, improving productivity, and enhancing income-generating opportunities - especially for currently marginalized segments of the population. Decentralized Renewable Energy systems can also help reduce energy distribution losses and result in system-wide and national efficiency gains. As foreign and local investment continues to pour in, especially in rural areas, the sector remains one of the most lucrative and

sustainable in the RE domain.

The cost of solar energy is expected to further decline by ~25% by 2020 owing to technological improvements and supply chain cost reductions. In next three years solar energy is expected to become cheaper than many conventional sources of energy. Within the solar energy domain, utility scale solutions are more economically viable due to scale advantage and is considered to be the fastest growing segment followed by commercial and industrial (C &I) sector . As the prices of conventional sources of energy escalate and stay volatile, the cost per unit of solar energy is declining constantly and provides a less risky long term return on investment.

Globally, policy interventions have been a key catalyst in growth of renewable energy. The government of Pakistan has also set an ambitious target of adding 10,000 MW of renewable energy installations by 2030 and this would only be made possible by key policy changes, one of which is the announcement of upfront tariff for solar developers in 2014. Going forward, introduction of net metering may also be a possibility signaling government seriousness on renewable energy.

Considering the numerous avenues of growth, the Company remains confident that within a few years, the Business will be on its feet with a robust business portfolio and living up to the expectations of the shareholders and all stakeholders in the long term.

With regard to the Wind Power Project, in the absence of short term fixes to the energy deficit situation, the projects in the energy pipeline have gained more significance. The availability of international funding and the shorter construction time makes renewable energy projects very attractive for developers and investors. Energy through wind projects is now a mature and proven technology. The successful operation of a couple of projects in a location nearby to TGL has also provided assurance and confidence to all stakeholders including the lenders and the power purchasers. The Government has also been somewhat regular with electricity payments and the wind energy sector has, till now, largely been insulated from the chronic circular debt concern.

There is increased interest in the sector from both local and international developers and investors, especially to be part of the first wave of projects that have been given an attractive tariff. The Company is optimistic about Wind Energy given its cost competitiveness over other conventional energy forms and the promise of energy security, and is committed to deliver the Project within budgeted time and cost.

CORPORATE GOVERNANCE

The management of the Company is committed to good corporate governance and compliance with best practices. The requirements of the Code of Corporate Governance set out by the Karachi Stock Exchange and Lahore Stock Exchange in their Listing Regulations have been duly complied with. A Statement to this effect is annexed with the Report.

CODE OF CONDUCT

The Board has adopted a Business Code of Conduct and all employees are aware of and have signed off on this Statement. The Code of Conduct is rigorously followed throughout the organization as all employees observe the rules of business conduct laid down therein.

VISION AND MISSION

The statement reflecting the Vision and Mission of the Company is annexed to the report.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

It is certified that:

(i) The financial statements together with notes thereon have been drawn up by management in conformity with the Companies Ordinance, 1984. These statements present fairly the Company's state of affairs, the result of its operations, cash flows and changes in equity.

(ii) The Company has maintained proper books of accounts.

(iii) Appropriate accounting policies have been consistently applied in the preparation of financial statements, and accounting estimates are based on reasonable and prudent judgment.

(iv) International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and there has been no departure there from.

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

(vi) The annual audited financial statements are circulated within four months of the close of the financial year.

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

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

BOARD AUDIT COMMITTEE

The Board of Directors has established an Audit Committee, in compliance with the Code of Corporate Governance, which oversees internal controls and compliance and has been working efficiently since its inception. The Audit Committee reviewed the quarterly, half-yearly and annual financial statements before

submission to the Board and their publication. The Audit Committee had detailed discussions with the external auditors on various issues, including their letter to the management. The Audit Committee also reviewed internal auditors' findings and held separate meetings with internal and external auditors as required under the Code of Corporate Governance.

During the year ended December 31, 2014, a total of four meetings of the Board Audit Committee were held. The position of attendance during respective tenure was as follows:

Name of Director	Meetings	
	Held	Attended
Mr. Ali Aamir	3	2
Dr. Jawaid A. Ghani	4	3
Mr. Shafiq Ahmed	4	4
Mr. Hasan Reza Rahim	1	1

Mr. Ali Aamir resigned as Chairman of the Board Audit Committee on August 27, 2014 and Mr. Hasan Reza Ur Rahim was appointed as a member of the Committee on October 24, 2014. D. Jawaid A. Ghani was appointed Chairman of the Board Audit Committee on October 24, 2014. The members of the Board Audit Committee would like to record their appreciation for the valuable contribution made by Mr. Ali Aamir as Chairman and welcome Mr. Hasan Reza Ur Rahim on the Committee.

PATTERN OF SHAREHOLDING

The statement reflecting the pattern of shareholding is annexed to the Report.

KEY OPERATING AND FINANCIAL DATA

Summary of key operating and financial data for the last six financial years is attached to this Report.

VALUE OF INVESTMENTS OF GRATUITY FUND AND PROVIDENT FUND

The face value of the investments of the Gratuity Fund of the management cadre staff was Rs. 2.62 million on the closing date.

TRADING IN COMPANY SHARES

The Directors, CEO, CFO and Company Secretary have not traded in Company shares during the year, other than that disclosed in the Pattern of Shareholding.

BOARD MEETINGS

During the year ended December 31, 2014, a total of seven meetings of the Board of Directors were held. The position of attendance during respective tenure was as follows:

Name of Director	Meetings	
	Held	Attended
Mr. Shahid Hamid Pracha	7	6
Mr. Inam ur Rahman	7	7
Mr. Shafiq Ahmed	7	7
Mr. Abdul Samad Dawood	7	5
Mr. Shahzada Dawood	7	2
Mr. Sarfaraz Ahmed Rehman	7	2
Mr. Ali Aamir	4	3
Dr. Jawaid Abdul Ghani	7	5
Mr. Hasan Reza Ur Rahim	3	3

Mr. Ali Aamir resigned from the Board on August 27, 2014 and Mr. Hasan Reza Ur Rahim was appointed as Director in his place on October 24, 2014. The Board would like to record its appreciation for the distinctive and valuable contribution made by Mr. Ali Aamir as Director of the Board and welcome Mr. Hasan Reza Ur Rahim to the Board.

During the year ended December 31, 2014, two meetings of the Human Resource & Remuneration Committee (HRRC) were held. The position of attendance during respective tenure was as follows:

Name of Director	Meetings	
	Held	Attended
Mr. Shahid H. Pracha	2	2
Mr. Sarfaraz Ahmed Rehman	2	2
Mr. Abdul Samad Dawood	2	2

CERTIFICATE OF RELATED PARTY TRANSACTIONS

It is confirmed that the transactions entered into with related parties have been ratified by the Audit Committee and the Board and the Report provides information about the amounts due from all related parties at the Balance Sheet date.

AUDITORS

The present auditors, M/s. Yousuf Adil Saleem & Co., Chartered Accountants, whose tenure finished on 31st December 2014, being eligible have offered themselves for reappointment. The Audit Committee has recommended the appointment of M/s. Yousuf Adil Saleem & Co., Chartered Accountants as the statutory auditors of the Company for the year ending December 31, 2015.

ACKNOWLEDGEMENT

The Directors acknowledge the contribution of each and every employee of the Company. We would like to express our thanks to our customers for the trust shown in our products. We are also grateful to our shareholders for their support and confidence in our management.

Inam ur Rahman
Chief Executive Officer

Karachi:
February 27, 2015

BETTER VALUE

Shareholder Value Creation

We aim to deliver sustainable value to the advantage of our shareholders, employees, suppliers, and our customers. We work diligently to get better each day and outperform expectations.

MORE TRUST

With the installation of the solar solution at TCF HUBCO IPGDL campus, Reon has brought smiles to a number of children who can now learn and concentrate better.

Business Code of Conduct

The Company strongly believes in conducting and growing its business on the principles of integrity, fairness and high ethical standards. The Company takes pride in adherence to its principles and shall continue to serve its customers, stakeholders and society on the basis of the following Business Code of Conduct:

1. The Company believes in ethical and fair business practices and open competitive markets. Developing any association within the segment, industry or with competitors to distort pricing and availability is contradictory to our business code of conduct.

2. The Company's financial policies for conducting business shall be based on transparency and integrity, and will follow the principles of accounting and finance as approved by regulations and contemporary accounting codes.

3. The Company will ensure compliance with the laws of Pakistan.

4. The Company will ensure protection of Intellectual Property rights and comply with related legislation regarding protection of copyright, trade secrets, patents, etc. We expect our employees to comply with the Company policy on Information Protection and neither solicit confidential information from others nor disclose the Company's trade secrets, or any confidential information that may come into their knowledge during the course of their employment to any unauthorized person or party.

5. The Company as a responsible corporate citizen shall strongly adhere to the principles of corporate governance and comply with regulatory obligations enforced by regulatory bodies for improving corporate performance.

6. The Company expects employees to demonstrate integrity and honesty in doing business for the Company and dealing with people. Any unfair or corrupt practices either to solicit business for the Company or for personal gain of the employee is fundamentally inconsistent with the Company's Business Code of Conduct. Employees must avoid situations in which personal interest conflicts with or interferes with their duty to be loyal to the Company.

7. The Company's funds shall not be used, directly or indirectly, for the purpose of any unlawful payments.

8. The Company believes in making charitable contributions and community development without political affiliations and without demand or expectation of any business return. The Company shall contribute its resources with an unprejudiced approach for the betterment of society and the environment.

9. The Company does not encourage giving or receiving gifts and entertainment. However, where required for sound business reasons, any gifts or entertainment exchanged shall be in accordance with the Company's Gift and Entertainment policy.

10. Agreements with agents or consultants must be in writing and must clearly and accurately set forth the services to be performed, the basis for earning the commission or fee involved, and the applicable rate or fee. Any such payments must be reasonable in amount, not excessive in light of the practice in the trade, and commensurate with the value of the services rendered. The agent, or consultant must be advised that the agreement may be publically disclosed and must agree to such public disclosure.

11. All assets of the Company must be accounted for carefully and properly.

12. Falsification of records for any reason shall not be tolerated. Employees shall not make false or fraudulent entries in records, expense statements or any other documents nor alter them.

13. The Company's internal and external auditors shall be given access to information necessary for them to conduct audits properly.

14. All employees, including managers, are expected to treat all other employees and subordinates with respect and fairness. Employees are encouraged to report incidents of violence or aggressive behaviour and managers are expected to investigate so that such incidents are not repeated.

15. The Company will not tolerate harassment of any sort. The Company and its employees shall comply with local legislation on preventing harassment at the workplace.

16. Only an authorized spokesperson shall be entitled to speak on behalf of the Company in front of public gatherings and media.

17. The Company will not allow improper use of email and internet. The employees are expected to read and comply with the Company policy on email and computer network use.

18. The Company will ensure its recruitment and selection process is of a high standard, based on merit and free from discrimination.

19. Employees need to ensure that they manage their time and resources efficiently and effectively and keep the tools and equipment provided to them by the Company in safe and good working condition.

20. The behavior of employees reflects the image of the Company. Employees are expected to act professionally and abide by the Companies policies, rules, regulations and code of conduct. Any violations must be reported to HR or the Chief Executive of the Company, who will ensure that any reported violations are investigated and upon being proven, proper action is taken.

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (the CCG) contained in 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 (the Board). At present the Board includes:

Category	**Names**
Independent Director	Dr. Jawaid Abdul Ghani
Executive Director	Mr. Inam ur Rahman
Non-Executive Directors	Mr. Shahid Hamid Pracha
	Mr. Shafiq Ahmed
	Mr. Abdul Samad Dawood
	Mr. Shahzada Dawood
	Mr. Sarfaraz Ahmed Rehman
	Mr. Hasan Reza Ur Rahim

The independent Director meets the criteria of independence of Listing Regulation of Karachi and Lahore Stock Exchanges.

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

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

4. A casual vacancy occurred in the Board on August 27, 2014 and was filled up by the Directors within maximum limit of ninety days.

5. The Company has prepared a “Code of Conduct”, and 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.

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

9. The Board is acquainted with the CCG, applicable laws and their duties and responsibilities to enable them to effectively manage the affairs of the Company for and on behalf of the shareholders. One (1) Director completed the directors’ training program during the year which now makes a total of five (5) duly certified Directors. Arrangement will be made for other directors to acquire certification under the directors’ training program.

10. There was no new appointment of Company Secretary, CFO 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 shareholdings.

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 of three (3) members i.e. one independent director (appointed on January 20, 2014) and two non-executive directors. Before appointment of independent director, the audit committee comprised of three non-executive directors. During the year, two meetings were chaired by independent director and two by non-executive director.

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

17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three (3) members, all of whom are non-executive Directors including the Chairman of the Committee.

18. The board has set up an effective Internal Audit function, which is equipped with suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company. The Internal Audit Department reports directly to the Audit Committee.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.

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

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

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

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

For and on behalf of the Board of Directors

Inam ur Rahman
Chief Executive Officer

Karachi
Dated: February 27, 2015

Review Report to the Members on the Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Dawood Lawrencepur Limited to comply with the Listing Regulations of the Karachi and Lahore Stock Exchanges where the Company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Listing Regulations of the Karachi and Lahore Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

M. Yousuf Adil Saleem & Co.
Chartered Accountants

Karachi
Dated: February 27, 2015

Financial Statements

Contents

Auditors' Report to the Members

We have audited the annexed balance sheet of Dawood Lawrencepur Limited (the Company) as at December 31, 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, 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 accounts 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, gives 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 December 31, 2014 and of the loss, its comprehensive income, its cash flows and changes in equity for the year then ended; and,

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

M. Yousuf Adil Saleem & Co.
Chartered Accountants

Engagement Partner
Mushtaq Ali Hirani

Karachi
Dated: February 27, 2015


BETTER
-
STARTS
-
TODAY

Balance Sheet

As at December 31, 2014

	Note	2014 (Rs in '000)	2013 (Rs in '000)
ASSETS			
Non-current assets			
Property, plant and equipment	4	**144,696**	48,453
Intangible assets	5	**14,191**	1,147
Long term investments	6	**459,043**	445,785
Long term deposits	7	**10,544**	10,544
		628,474	505,929
Current assets			
Stores and spares	8	**12,000**	36,582
Stock in trade	9	**280,519**	261,306
Trade debts	10	**51,533**	94,882
Loans and advances	11	**51,117**	42,108
Deposits, prepayments and other receivables	12	**82,535**	96,961
Cash and bank balances	13	**20,303**	20,256
		498,007	552,095
Assets classified as 'held for sale'	14	**-**	194,529
		1,126,481	1,252,553
SHARE CAPITAL AND RESERVES			
Share capital	15	**590,578**	590,578
Reserves		**217,432**	214,174
Accumulated (loss) / profit		**(45,079)**	49,027
		762,931	853,779
LIABILITIES			
Non current liabilities			
Deferred liabilities	16	**17,748**	9,419
Current liabilities			
Running finance	17	**178,491**	261,708
Trade and other payables	18	**139,216**	109,618
Accrued markup		**5,132**	5,131
Provision for taxation		**22,963**	12,898
		345,802	389,355
		1,126,481	1,252,553
CONTINGENCIES AND COMMITMENTS	19		

The annexed notes from 1 to 37 form an integral part of these financial statements.

Shahid Hamid Pracha
Chairman

Inam ur Rahman
Chief Executive Officer

Profit and Loss Account

For the year ended December 31, 2014

	Note	2014 (Rs in '000)	2013 (Rs in '000)
CONTINUING OPERATIONS			
Sales - net	20	129,199	31,987
	21	(102,148)	(24,233)
Gross profit		27,051	7,754
Other income	22	89,310	104,285
Selling and distribution expenses	23	(118,897)	(57,423)
Administrative expenses	24	(127,315)	(48,128)
Finance cost	25	(31,806)	(5,707)
		(278,018)	(111,258)
(Loss) / profit before taxation		(161,657)	781
Taxation	26	(10,065)	(2,300)
		(171,722)	(1,519)
DISCONTINUED OPERATIONS			
Profit / (loss) from discontinued operations	27	82,865	(338,647)
Loss for the year		(88,857)	(340,166)
Earnings per share - Basic and diluted Continuing operations (Rs.)	28	(2.91)	(0.03)
Earnings per share - Basic and diluted Discontinued operations (Rs.)	28	1.40	(5.73)

The annexed notes from 1 to 37 form an integral part of these financial statements.

Shahid Hamid Pracha
Chairman

Inam ur Rahman
Chief Executive Officer

Statement of Comprehensive Income

For the year ended December 31, 2014

	Note	2014 (Rs in '000)	2013 (Rs in '000)
Loss after taxation		**(88,857)**	(340,166)
Other comprehensive income			
Remeasurement of defined benefit obligation	16.1.7	**(5,249)**	(6,984)
		(94,106)	(347,150)
Surplus on remeasurement of 'available for sale' investments		**3,258**	3,310
Total comprehensive income		**(90,848)**	(343,840)

The annexed notes from 1 to 37 form an integral part of these financial statements.

Shahid Hamid Pracha
Chairman

Inam ur Rahman
Chief Executive Officer

Cash Flow Statement

For the year ended December 31, 2014

	For the year ended December 31, 2014			For the year ended December 31, 2013		
	Continuing operations	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
			Rupees in '000			
A. CASH FLOWS FROM OPERATING ACTIVITIES						
(Loss) / profit before taxation	**(161,657)**	**82,865**	**(78,792)**	781	(338,647)	(337,866)
Adjustments for						
Depreciation	**4,911**	**92,915**	**97,826**	3,669	3,702	7,371
Amortization	**625**	**-**	**625**	497	-	497
Provision for staff retirement gratuity	**7,096**	**-**	**7,096**	20,221	144	20,365
Provision / (Reversal of provision) against stock-in-trade	**5,215**	**-**	**5,215**	-	(1,675)	(1,675)
Provision against stores and spares	**-**	**2,131**	**2,131**	-	-	-
Provision against sales tax refundable	**-**	**4,085**	**4,085**	-	-	-
Provision against trade debts	**-**	**-**	**-**	4,167	-	4,167
Reversal of provision against trade debts	**(447)**	**(4,339)**	**(4,786)**			-
Finance cost	**31,806**	**3**	**31,809**	5,707	7	5,714
(Gain) / loss on disposal of property, plant and equipment	**(89)**	**(245,082)**	**(245,171)**	354	-	354
Dividend income	**(78,752)**	**-**	**(78,752)**	(78,682)	-	(78,682)
Gain on sale of short-term investments	**-**	**-**	**-**	(21,850)	-	(21,850)
Operating loss before working capital changes	**(191,292)**	**(67,422)**	**(258,714)**	(65,136)	(336,469)	(401,605)
(Increase) / decrease in current assets						
Stores and spares	**-**	**36,582**	**36,582**	(46)	995	949
Stock in trade	**(110,826)**	**86,398**	**(24,428)**	(63,587)	99,108	35,521
Trade debts	**48,135**	**-**	**48,135**	(7,051)	67,019	59,968
Loans and advances	**2,501**	**725**	**3,226**	(16,095)	2,429	(13,666)
Deposits, prepayments and other receivables	**14,012**	**(4,197)**	**9,815**	(31,405)	4,427	(26,978)
Increase/ (decrease) in current liabilities						
Trade and other payables	**36,604**	**(6,567)**	**30,037**	13,083	(11,088)	1,995
	(9,574)	**112,941**	**103,367**	(105,101)	162,890	57,789
Cash (used in) / generated from operations	**(200,866)**	**45,519**	**(155,347)**	(170,237)	(173,579)	(343,816)
Gratuity paid	**(4,016)**	**-**	**(4,016)**	(100,341)	(144)	(100,485)
Finance cost paid	**(31,809)**	**-**	**(31,809)**	(576)	(7)	(583)
Tax paid	**(12,235)**	**-**	**(12,235)**	(12,797)	-	(12,797)
Net cash (used in) / generated from operating activities	**(248,926)**	**45,519**	**(203,407)**	(283,951)	(173,730)	(457,681)
B. CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of property, plant and equipment	**(20,508)**	**(647)**	**(21,155)**	(15,849)	(1,482)	(17,331)
Sale proceeds from disposal of property, plant and equipment	**562**	**252,620**	**253,182**	2,114	-	2,114
Purchase of intangible assets	**(13,669)**	**-**	**(13,669)**	(350)	-	(350)
Investment in a subsidiary	**(10,000)**	**-**	**(10,000)**	(100,000)	-	(100,000)
Purchase of short-term investments	**-**	**-**	**-**	(48,000)	-	(48,000)
Sales proceeds from disposal of short-term investments	**-**	**-**	**-**	624,299	-	624,299
Dividend received	**78,752**	**-**	**78,752**	78,682	-	78,682
Net cash generated from / (used in) investing activities	**35,137**	**251,973**	**287,110**	540,896	(1,482)	539,414
C. CASH FLOWS FROM FINANCING ACTIVITIES						
Payment of dividend	**(439)**	**-**	**(439)**	(346,578)	-	(346,578)
Net cash used in financing activities	**(439)**	**-**	**(439)**	(346,578)		(346,578)
Net (decrease) / increase in cash and cash equivalent (A+B+C)	**(214,228)**	**297,492**	**83,264**	(89,634)	(175,212)	(264,845)
Cash and cash equivalent at beginning	**(131,082)**	**(110,370)**	**(241,452)**	(41,448)	64,842	23,394
Cash and cash equivalent at end	**(345,310)**	**187,122**	**(158,188)**	(131,082)	(110,370)	(241,452)

The annexed notes from 1 to 37 form an integral part of these financial statements.

Shahid Hamid Pracha
Chairman

Inam ur Rahman
Chief Executive Officer

Statement of Changes in Equity

For the year ended December 31, 2014

	Ordinary Shares	Capital Reserves				General reserve	Accumulated (loss) / profit	Unrealized gain on remeasurement of available for sale investments	Total
		Merger reserve	Share premium reserve	Capital reserve	Capital redemption reserve fund				
	Rupees in 000								
Balance at December 31, 2012	590,578	10,521	136,865	33,311	25,969	395,355	355,169	4,198	1,551,966
Loss for the year	-	-	-	-	-	-	(340,166)	-	(340,166)
Other comprehensive income	-	-	-	-	-	-	(6,984)	3,310	1,308
Total comprehensive income for the year	-	-	-	-	-	-	(347,150)	3,310	(343,840)
Transactions with owners									
Final cash dividend for the year									
ended December 31, 2012 @ Rs. 5 per share	-	-	-	-	-	-	(295,289)	-	(295,289)
Transactions with owners									
Interim cash dividend for year									
ended December 31, 2013 @ Re. 1 per share	-	-	-	-	-	-	(59,058)	-	(59,058)
Transfer to accumulated profit						(395,355)	395,355	-	-
Balance at December 31, 2013	590,578	10,521	136,865	33,311	25,969	-	49,027	7,508	853,779
Loss for the year	-	-	-	-	-	-	(88,857)	-	(88,857)
Other comprehensive income	-	-	-	-	-	-	(5,249)	3,258	(1,991)
Total comprehensive income for the year	-	-	-	-	-	-	(94,106)	3,258	(90,848)
Balance at December 31, 2014	590,578	10,521	136,865	33,311	25,969	-	(45,079)	10,766	762,931

The annexed notes from 1 to 37 form an integral part of these financial statements.

Shahid Hamid Pracha
Chairman

Inam ur Rahman
Chief Executive Officer

Notes to the Financial Statements

For the year ended December 31, 2014

1. GENERAL INFORMATION

1.1 Dawood Lawrencepur Limited, “the Company” was incorporated in Pakistan in the year 2004 as a public listed company formed as a result of a Scheme of Arrangement for Amalgamation in terms of the provisions of the Companies Ordinance, 1984 between Dawood Cotton Mills Limited, Dilon Limited, Burewala Textile Mills Limited and Lawrencepur Woolen and Textile Mills Limited. The shares of the Company are listed on the Karachi and Lahore Stock Exchanges. The Company is engaged in the business of trading and marketing of renewable energy solutions, mainly solar, to commercial and industrial consumers, along with the legacy textile business. The registered office of the Company is situated at 3rd Floor, Dawood Centre, M.T.Khan Road, Karachi in the province of Sindh.

1.2 In prior years the Company suspended operations of Lawrencepur Woolen and Textile Milles Limited (LWTM), Burewala Textile Mills Limited (BTM), Dilon Limited (DL) and Dawood Cotton Mills Limited (DCM). Assets of DL and DCM were sold in prior years, whereas moveable assets of LWTM have been sold during the year and accordingly, comparative figures of profit and loss account have been reclassified to facilitate comparison and to conform with changes in current year presentation. The results of discontinued operations include DCM, LWTM and BTM.

1.3 During the year, the assets of BTM have been reclassified from ‘held for sale’ to discontinued operations as mentioned in note 14.1.

1.4 The ‘Lawrencepur’ brand name continues to operate under license.

2. BASIS OF PREPARATION

2.1 Basis of measurement

These financial statements has been prepared on the historical cost convention except that obligations under certain staff retirement benefits have been measured at present value and certain investments which have been measured at fair market value.

2.2 Statement of compliance

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates, if any, are recognized prospectively commencing from the period of revision.

Judgments and estimates made by the management that may have a significant risk of material adjustments to the financial statements in the subsequent years are as follows:

Notes to the Financial Statements

For the year ended December 31, 2014

Useful life and depreciation rate of :

- Property, plant and equipment
- Intangible assets

Valuation of stock in trade and stores and spares
Employees benefits
Taxation
Impairment loss of 'available for sale ' investments

2.5 New accounting standards/amendments and IFRS interpretations that are effective for the year ended December 31, 2014

The following standards, amendments and interpretations are effective for the year ended December 31, 2014. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standards/Amendments/Interpretations	Effective for periods Beginning on or after
Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities	January 01, 2014
IAS 36 Impairment of Assets - Recoverable amount disclosures for non-financial assets	January 01, 2014
IAS 39 Financial Instruments: Recognition and measurement - Novation of derivatives and continuation of hedge accounting.	January 01, 2014
IFRIC 21 - Levies	January 01, 2014

New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standards/Amendments/Interpretations	
Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortization	January 01, 2016

Standards/Amendments/Interpretations	
Amendments to IAS 16 and IAS 41 Agriculture: Bearer plants	January 01, 2016
Amendments to IAS 19 Employee Benefits: Employee contributions	July 01, 2014
IAS 27 (Revised 2011) – Separate Financial Statements	January 01, 2015
IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures	January 01, 2015
IFRS 10 – Consolidated Financial Statements	January 01, 2015
IFRS 11 – Joint Arrangements	January 01, 2015

Notes to the Financial Statements

For the year ended December 31, 2014

IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 – Fair Value Measurement	January 01, 2015

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers

3. 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.

3.1 Property, plant and equipment and capital work in progress

3.1.1 Recognition & measurement

Property, plant and equipment, except for free hold land, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. Capital work-in-progress is stated at cost.

Disposal of assets is recognized when significant risks and rewards incidental to ownership have been transferred to the buyer. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized in profit and loss.

3.1.2 Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized at the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day to day servicing of property, plant and equipment are recognized in profit or loss as they are incurred.

3.1.3 Assets subject to finance lease

Lease in terms of which the Company assumes substantially all the risks and rewards of ownership, are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Outstanding obligations under the lease less finance cost allocated to future periods are shown as a liability.

Finance cost under lease agreements are allocated to the periods during the lease term so as to produce a constant periodic rate of mark up on the remaining balance of principal liability for each period.

3.1.4 Depreciation

Depreciation is charged to profit and loss account applying reducing balance method, whereby the cost of an asset is written off over its estimated useful life. Depreciation on additions is charged from the date on which the asset is available for use and on disposals up to the date of deletion. Freehold land is not depreciated. The residual value, depreciation method and the useful lives of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date.

Notes to the Financial Statements
For the year ended December 31, 2014

3.1.5 Impairment

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

3.2 Intangible assets

These are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Software is stated at cost less accumulated amortization and accumulated impairment losses, if any. These are amortized using the 'Straight Line Method' from the month the software is available for use up to the month of its disposal at the rate mentioned in note 5.1. The residual values, useful lives and amortization method are reviewed and adjusted, if appropriate, at each balance sheet date.

3.3 Financial instruments

All financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets include trade debts, other receivables, loans, advances and deposits. These are recognized initially at cost plus directly attributable transaction costs, if any, and subsequently measured at fair value or amortized cost using effective interest rate method as the case may be less provision for impairment, if any. Exchange gains and losses arising in respect of financial assets or liabilities in foreign currency are added to the respective carrying amounts.

3.4 Investments

The Company recognizes an investment when it becomes a party to the contractual provisions of the instrument. A regular way purchase of financial assets is recognized using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded. Financial liabilities are not recognized unless one of the parties has performed its part of the contract or the contract is a derivative contract.

3.4.1 Investments in subsidiaries and associated companies

Investments, in subsidiaries where control exists, and associates where significant influence can be established are initially stated at cost. Subsequently, the recoverable amount is estimated to determine the extent of impairment losses, if any, and carrying amounts are adjusted accordingly. Impairment losses are recognized as expense in the profit and loss account. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the profit and loss account adjusted for impairment, if any, in the recoverable amounts of such investments.

3.4.2 Investments available for sale

Investments 'available for sale' are initially recognized at fair value, plus attributable transactions cost. Subsequent to initial recognition these are measured at fair value. Gains or losses on available-for-sale investments resulting from changes in fair value are recognized directly in equity through other comprehensive income until the investments are sold or disposed off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in equity is included in the current year's profit and loss account.

All other investments in unquoted securities are stated at cost, less provision for impairment, if any.

Notes to the Financial Statements

For the year ended December 31, 2014

3.4.3 Held-to-maturity investments

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. These are recorded at amortized cost using the effective interest rate method, less any amount written off to reflect impairment.

3.4.4 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Company as fair value through profit or loss or available-for-sale. This includes receivable against sale of investments and other receivables.

3.4.5 Financial assets at fair value through profit or loss

An instrument is classified as 'fair value through profit or loss' if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sales decisions based on their fair values. Upon initial recognition, attributable transaction costs are recognized in the profit and loss account when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in the profit and loss account. Purchases and sales of investments are accounted for at trade date, i.e., the date that the Company commits itself to purchase or sell the investment.

3.4.6 Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

For available-for-sale financial assets, the Company assesses at each balance sheet date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the income statement - is removed from equity and recognized in the profit and loss account. Impairment losses on equity investments are not reversed through the income statement. Increases in their fair value after impairment are recognized directly in equity.

3.4.7 Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with International Accounting Standard 39: Financial Instruments; Recognition and Measurement.

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired.

3.5 Stores, spares and loose tools

Stores, spares and loose tools are valued at weighted average cost except for items in transit, which are stated at cost incurred up to the balance sheet date. For items which are slow moving, adequate provision is made for any excess book value over estimated realizable value and for this, the Company reviews the carrying amount of stores and spares on a regular basis and accordingly provision is made for obsolescence.

Notes to the Financial Statements

For the year ended December 31, 2014

3.6 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realizable value. Cost is determined using weighted average method except for stock in transit, which is stated at cost. Cost includes applicable purchase cost and manufacturing expenses. The cost of work in process includes material and proportionate conversion costs.

Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.7 Provisions

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

3.8 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, deposits held with banks and highly liquid investments with less than three months maturity from the date of acquisition. Running finance facilities availed by the Company, if any, which are repayable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of the cash flows statements.

3.9 Non-current assets held for sale and discontinued operations

3.9.1 Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. The assets (or disposal group) are measured at lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in profit or loss. Non-current assets classified as held for sale are not depreciated or amortized.

3.9.2 Discontinued operations

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed of or is being held for sale, or is a subsidiary acquired exclusively with a view of resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, whichever occurs earlier.

3.10 Employees' retirement benefits

3.10.1 Defined contribution plan

A defined contribution plan is a post – employment benefit plan under which the Company pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss when they are due. The Company operates a defined contribution provident fund for the permanent employees at Burewala Unit. Monthly contributions are made, both by the Company and employees, to the fund at the rate of 8.33% of basic salary.

3.10.2 Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees

Notes to the Financial Statements

For the year ended December 31, 2014

have earned in return for their service in current and prior periods, that benefit is discounted to determine its present value. The calculation is performed at least once annually, by a qualified actuary using the projected unit credit method. The Company operates a Defined Benefit 'Gratuity' Plan, for its regular permanent employees who have completed qualifying period of service. A funded gratuity scheme is in place for the Management employees of the Company's 'Lawrencepur Woolen and Textile Mills Unit' and an unfunded gratuity scheme is followed for other employees.

Provisions are made in the financial statements to cover obligations under the scheme. The provisions require assumptions to be made of future outcome which mainly include increase in remuneration, expected return on plan assets and the discount rate used to convert future cash flows to current values. Actuarial gains and losses arising from the actuarial valuation are recognised immediately and presented in statement of other comprehensive income.

3.11 Taxation

Income tax expense comprises current tax, which is recognized in profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is also directly recognized in equity.

3.11.1 Current

Provision for current taxation is based on income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any. The charge for current tax include adjustments to charge for prior years, if any.

3.11.2 Deferred

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and the tax laws that have been enacted or substantively enacted by the balance sheet date.

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

3.12 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable in the normal course of business. Revenue is recognized net of brokerages, commission and trade discounts.

Project revenue
Project revenues and costs relating to projects are recognized by reference to stage of completion of project activity at the balance sheet date. Stage of completion of a project is determined by applying 'cost to-cost method'. Under this method stage of completion of a project is determined by reference to the proportion that project cost incurred to date bears to the total estimated contract cost. Expected losses on projects are recognized as an expense immediately.

Sale of goods
Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Interest income
Income from investments and deposits is recognized on an accrual basis.

Notes to the Financial Statements
For the year ended December 31, 2014

Dividend income
Dividend income is recognized when the Company's right to receive the dividend is established.

Capital gain
Capital gains / losses arising on sale of investments are included in the income on the date at which the transaction takes place.

3.13 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred except, to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of such asset.

3.14 Foreign currency translation

Transactions in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at rates of exchange prevailing at the balance sheet date. Foreign exchange differences are recognized in the profit and loss account.

3.15 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary share holders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.16 Off-setting of financial assets and financial liabilities

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

3.17 Segment reporting

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

Segment results that are reported to CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets, liabilities and related income and expenditure. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment. The business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risks and rewards of other segments. Segments reported are renewable energy and textile discontinued business which also reflects the management structure of the Company. There is no geographical segmentation as the Company's operations are only in Pakistan.

Management has disclosed information as required by IFRS- 8 'Segment reporting' in note 30 to these financial statements'.

Notes to the Financial Statements

For the year ended December 31, 2014

4. PROPERTY, PLANT AND EQUIPMENT

Particulars	Cost at January 01, 2014	Additions/ (disposals)/ transfer*	Transfer from held for sale refer note 14.1	Cost at December 31, 2014	Accumulated depreciation at December 31, 2014	Transfer from held for sale refer note 14.1	Depreciation/ (Disposals)/ transfer*for the year refernot 4.3	Accumulated depreciation at December 31, 2014	Carrying value as at December 31, 2014	Annual rate of depreciation
	Rupees in 000									%
Freehold land	48	1,636 (1,636)	3,109	3,157	-	-	-	-	3,157	-
Leasehold land	1,081	-		1,081	499		6	505	576	1
Buildings on freehold land	39,294	-	31,263	70,557	36,272	26,735	1,491	64,498	6,059	10
Buildings on leasehold land	54,414	-		54,414	43,987		1,043	45,030	9,384	10
Plant and machinery	228,152	- (227,713) (321)*	377,587	377,705	221,343	210,515	86,877 (222,580) (81)*	296,074	81,631	10-20
Furniture, fixtures and office equipment	28,901	10,132 1,870* (9,684)*	35,663	66,882	15,275	30,720	3,415 115* (1,178)*	48,347	18,535	10
Computers	9,693	1,363 (176)	-	10,880	7,041	-	1,372 (127)	8,286	2,594	33
Tools and Equipment	-	4,585 7,814*	2,893	15,292	-	2,147	1,171 1,063*	4,381	10,911	10
Vehicles	21,350	2,626 (4,603)	-	19,373	14,170	-	1,732 (3,410)	12,492	6,881	20
Promotional and demo projects	4,107	2,449 321* (1,232)**	-	5,645	-	-	719 81* (123)**	677	4,968	10-50
2014	387,040	22,791 (234,128) (1,232)	450,515	624,986	338,587	270,117	97,826 (226,117) (123)	480,290	144,696	

Particulars	Cost at January 01, 2013	Additions/ (disposals)	Cost at December 31, 2013	Accumulated depreciation at December 31, 2013	Depreciation/ (Disposals)/ for the year	Accumulated depreciation at December 31, 2013	Carrying value as at December 31, 2013	Annual rate of depreciation
	Rupees in 000							%
Freehold land	48	-	48	-	-	-	48	-
Leasehold land	1,081	-	1,081	493	6	499	582	1
Buildings on freehold land	39,294	-	39,294	35,981	291	36,272	3,022	10
Buildings on leasehold land	54,414	-	54,414	42,828	1,159	43,987	10,427	10
Plant and machinery	227,713	439 -	228,152	219,693	1,650	221,343	6,809	20
Furniture, fixtures and office equipment	21,644	7,866 (609)	28,901	14,565	962 (252)	15,275	13,626	10
Computers Equipment	8,654	2,999 (1,960)	9,693	6,676	1,748 (1,383)	7,041	2,652	33
Vehicles	22,111	1,920 (2,681)	21,350	13,762	1,555 (1,147)	14,170	7,180	20
Promotional and demo projects	-	4,107	4,107	-	-	-	4,107	10-50
2013	374,959	17,331 (5,250)	387,040	333,998	7,371 (2,782)	338,587	48,453	

Notes to the Financial Statements

For the year ended December 31, 2014

4.1 The above include assets with an aggregate carrying value of Rs. 107.89 million (2013: Rs 28.54 million) which relate to discontinued textile units.

4.2 Addition and disposal pertains to land in village Manga Autar, Tehsil and district Lahore of Burewala Textile Mills Limited. It represents Rs. 1.63 million being cost of the land transferred to the Company during amalgamation recorded during the current year.

4.3 It includes depreciation of Rs. 89.67 million in respect of assets transferred from held for sale charged for the period from the date assets were classified as held for sale i.e. April 2008 to December 2014.

4.4 Depreciation for the year has been allocated as under	Note	**2014**	2013
		(Rs in '000)	(Rs in '000)
Administrative expenses	24	**96,498**	4,789
Selling and distribution expenses	23	**1,328**	1,146
Cost of goods sold	21	**-**	1,436
		97,826	7,371

4.5 The following assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Carrying value	Sale proceed	Mode of disposal	Particulars of buyer
	Rupees in '000					
Plant and Machinery	227,713	222,580	5,133	6,162	Auction	5 Star Enterprises, SITE Area, Karachi
Land	1,636	-	1,636	245,577	Tender	Kohat Cement Company Limited, Rawalpindi Road, Kohat
Computer equipment	71	71	-	-	Company policy	Mr. Adil Ashraf (an employee)
Computer equipment	50	21	29	29	Company policy	Mr. Omar Mazhar (an employee)
Computer equipment	55	34	21	21	Company policy	Mr. Muhammad Farooq (an employee)
Vehicle	891	468	423	512	Company policy	Mr. Adil Ashraf (an employee)
Vehicle	770	726	44	490	Insurance claim	EFU General Insurance Limited
Vehicle	30	30	-	0	Company policy	Mr. Izhar Iqbal (an employee)
Vehicle	34	33	1	1	Company policy	Mr. Muhammad Ramzan (an employee)
Vehicle	168	163	5	6	Auction	5 Star Enterprises, SITE Area, Karachi
Vehicle	314	299	15	19	Auction	5 Star Enterprises, SITE Area, Karachi
Vehicle	692	686	6	7	Auction	5 Star Enterprises, SITE Area, Karachi
Vehicle	84	82	2	2	Auction	5 Star Enterprises, SITE Area, Karachi
Vehicle	210	209	1	5	Auction	5 Star Enterprises, SITE Area, Karachi
Vehicle	35	34	1	1	Auction	5 Star Enterprises, SITE Area, Karachi
Vehicle	601	408	193	84	Auction	5 Star Enterprises, SITE Area, Karachi
Vehicle	160	65	95	115	Auction	5 Star Enterprises, SITE Area, Karachi
Vehicle	614	208	406	151	Auction	5 Star Enterprises, SITE Area, Karachi
2014	**234,128**	**226,117**	**8,011**	**253,182**		
2013	5,250	2,782	2,467	2,113		

Notes to the Financial Statements

For the year ended December 31, 2014

		Note	2014 (Rs in '000)	2013 (Rs in '000)
5.	**INTANGIBLE ASSETS**			
	Computer software	5.1	**608**	1,147
	Work-in-progress	5.2	**13,583**	-
			14,191	1,147

5.1 Computer software

Cost		
Balance as on January 1	**4,668**	4,318
Addition during the year	**86**	350
Balance as on December 31	**4,754**	4,668
Amortization @ 33%		
Balance as on January 1	**3,521**	3,024
During the Year	**625**	497
Balance as on December 31	**4,146**	3,521
Carrying amount	**608**	1,147

5.2 This includes amount related to the implementation of Microsoft Dynamics Enterprise Resource Program amounting to Rs. 13.58 million.

		Note	2014 (Rs in '000)	2013 (Rs in '000)
6.	**LONG TERM INVESTMENTS**			
	Investment in related parties at cost	6.1	**445,822**	435,822
	Other investments	6.2	**13,221**	9,963
			459,043	445,785

6.1 Investment in related parties - at cost

Wholly owned subsidiary - unquoted

Tenaga Generasi Limited		
Percentage holding 100% (2013: 100%)		
34,600,000 (2013: 34,600,000) fully paid ordinary shares of Rs. 10/- each	**370,528**	370,528

Notes to the Financial Statements

For the year ended December 31, 2014

	Note	2014 (Rs in '000)	2013 (Rs in '000)
Wholly owned subsidiary - unquoted			
Reon Energy Limited			
Percentage holding 100% (2013: Nil)			
1,000,000 (2013: Nil) fully paid ordinary shares of Rs. 10/- each		**10,000**	-
Associated Company - quoted			
Dawood Hercules Corporation Limited			
Percentage holding 16.19% (2013: 16.19%)			
77,931,896 (December 31, 2013: 77,931,896) fully paid ordinary shares of Rs. 10/- each	6.1.1	**65,294**	65,294
Market value Rs. 6,586 million (2013: 4,373 million)			
		445,822	435,822

6.1.1 18 million (2013: 18 million) shares of 'Dawood Hercules Corporation Limited' are pledged against short term running finance facility (refer note 17).

6.2 Other Investments

- Available for sale investments

	2014 No. of Units/Shares	2013 No. of Units/Shares	Name of Investee	2014 (Rs in '000)	2013 (Rs in '000)
Listed Securities					
	200,000	200,000	National Investment (Unit) Trust	**13,206**	9,948
Un-Listed Securities					
	1,500	1,500	Asian Co-operative Society Limited	**15**	15
				13,221	9,963

6.3 Reconciliation between fair value and cost of investments classified as 'available for sale'

	2014	2013
Fair value of investments	**13,221**	9,963
Surplus on remeasurement of investments as at December 31	**(10,766)**	(7,508)
Cost of investments	**2,455**	2,455

Notes to the Financial Statements

For the year ended December 31, 2014

		Note	2014 (Rs in '000)	2013 (Rs in '000)
7.	**LONG TERM DEPOSITS**			
	Electricity and gas		**9,019**	9,019
	Others		**1,525**	1,525
			10,544	10,544
8.	**STORES AND SPARES**			
	Stores		**11,090**	23,358
	Spares		**4,488**	33,535
			15,578	56,893
	Provision for slow moving and obsolete items		**(3,578)**	(20,311)
			12,000	36,582

8.1 It represents stores and spares of Burewala Textile Mills transferred from assets classified as 'held for sale' (refer note 14.1). Stores and spares of LWTM have been sold during the year.

		Note	2014 (Rs in '000)	2013 (Rs in '000)
9.	**STOCK IN TRADE**			
	Renewable energy			
	Finished goods		**182,920**	71,188
	Stock in transit		**1,584**	2,490
			184,504	73,678
	Provision for slow moving and obsolete items	9.1	**(5,215)**	-
			179,289	73,678
	Textile			
	Finished goods		**108,055**	191,374
	Raw material		**-**	3,276
	Work in process		**-**	6,338
			108,055	200,988
	Provision for slow moving and obsolete items	9.1	**(6,825)**	(13,360)
			101,230	187,628
			280,519	261,306
9.1	**Provision for slow moving and obsolete items**			
	Finished goods - textile		**6,825**	6,825
	Finished goods - renewable energy		**5,215**	-
	Raw material - textile		**-**	3,276
	Work in process - textile		**-**	3,259
			12,040	13,360

Notes to the Financial Statements

For the year ended December 31, 2014

	Note	2014 (Rs in '000)	2013 (Rs in '000)
10. TRADE DEBTS			
Unsecured			
Considered good			
Textile		**12,606**	83,605
Renewable energy - projects		**31,843**	8,689
Renewable energy - others		**7,084**	2,588
		51,533	94,882
Considered doubtful			
Textile		**17,033**	21,373
Renewable energy		**87**	533
		17,120	21,906
	10.1	**68,653**	116,788
Provision against doubtful debts	10.2	**(17,120)**	(21,906)
		51,533	94,882

10.1 The amount due and maximum aggregate amount from related parties at the end of any month during the year is as follows:-

	Amount Outstanding (Rs in '000)	Maximum month end balance (Rs in '000)
December 31, 2014		
Sach International (Private) Limited	**12,606**	26,181
Pebbles (Private) Limited	**-**	3,188
Director	**1,738**	1,738
December 31, 2013		
Sach International (Private) Limited	**83,605**	83,605
Pebbles (Private) Limited	**2,248**	3,188
Director	**1,564**	1,564

	2014 (Rs in '000)	2013 (Rs in '000)
10.2 Movement in provision for doubtful debt		
Opening balance	**21,906**	17,739
Provision made during the year	**-**	4,167
Reversal made during the year	**(4,786)**	-
Closing balance	**17,120**	21,906

Notes to the Financial Statements

For the year ended December 31, 2014

10.3 There is no amount that is past due but not impaired. The amount receivable from related party is outstanding for not more than six months.

		Note	**2014 (Rs in '000)**	2013 (Rs in '000)
11.	**LOANS AND ADVANCES**			
	Unsecured			
	Considered good			
	Advance tax		**37,634**	25,399
	Loans and advances to employees		**4,435**	3,315
	Advance to suppliers		**9,048**	13,394
			51,117	42,108
12.	**DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Income tax refundable	12.1	**61,765**	61,765
	Security deposits		**5,078**	4,030
	Prepayments		**3,127**	3,412
	Letters of credit		**203**	16,979
	Sales tax	12.2	**-**	5,188
	Others	12.3	**12,362**	5,587
			82,535	96,961
12.1	**Income tax refundable**			
	Considered good		**61,765**	61,765
	Considered doubtful		**21,509**	21,509
			83,274	83,274
	Provision against doubtful receivables		**(21,509)**	(21,509)
			61,765	61,765
12.2	**Sales tax**			
	Considered good		**-**	5,188
	Considered doubtful		**12,213**	8,128
			12,213	13,316
	Provision against doubtful receivables		**(12,213)**	(8,128)
			-	5,188

Notes to the Financial Statements

For the year ended December 31, 2014

12.3 The amount due and maximum aggregate amount from related parties at the end of any month during the year is as follows:-

	Amount Outstanding (Rs in '000)	Maximum month end balance (Rs in '000)
December 31, 2014		
Sach International (Private) Limited	**7,322**	7,322
Tenaga Generasi Limited	**3,897**	3,897
Reon Energy Limited	**1,027**	1,027
Cyan Limited	**8**	8
December 31, 2013		
Sach International (Private) Limited	**2,360**	5,674
Tenaga Generasi Limited	**2,609**	2,609
Cyan Limited	**45**	45

	Note	2014 (Rs in '000)	2013 (Rs in '000)
13. CASH AND BANK BALANCES			
Cash in hand		**303**	375
Cash at banks			
In current accounts		**17,536**	16,197
In deposit accounts	13.1	**2,464**	3,684
		20,000	19,881
		20,303	20,256

13.1 These represent deposits with commercial banks and carry profit at the rate of 6% (2013: 6%) per annum.

	Note	2014 (Rs in '000)	2013 (Rs in '000)
14. ASSETS CLASSIFIED AS 'HELD FOR SALE'			
Property, plant and equipment	14.2	**-**	180,398
Stores and spares		**-**	15,578
		-	195,976
Provision for slow moving / obsolescence on stores & spares		**-**	(1,447)
		-	194,529

Notes to the Financial Statements

For the year ended December 31, 2014

14.1 Management has been negotiating the deal with the prospective buyers. However, in view of prolonged delay in finalization of the deal and based on assessment of criteria as defined in IFRS-5, these assets have been classified under operating assets.

14.2 Property, plant and equipment

Particulars	Cost at January 01, 2014	Transfer	Disposal	Cost at December 31, 2014	Accumulated depreciation at January 01, 2014	Transfer	Depreciation adjusted for the year	Accumulated depreciation at December 31, 2014	Carrying value at December 31, 2014
	Rupees in '000								
Freehold land	3,109	(3,109)	-	-	-	-	-	-	-
Building on freehold land	31,263	(31,263)	-	-	26,735	(26,735)	-	-	-
Plant and machinery	377,587	(377,587)	-	-	210,515	(210,515)	-	-	-
Electric installations	35,663	(35,663)	-	-	30,720	(30,720)	-	-	-
Tools and equipment	2,893	(2,893)	-	-	2,147	(2,147)	-	-	-
2014	450,515	(450,515)	-	-	270,117	(270,117)	-	-	-

For comparative year

Particulars	Cost at January 01, 2014	Transfer	Disposal	Cost at December 31, 2014	Accumulated depreciation at January 01, 2014	Transfer	Depreciation adjusted for the year	Accumulated depreciation at December 31, 2014	Carrying value at December 31, 2014
	Rupees in '000								
Freehold land	3,109	-	-	3,109	-	-	-	-	3,109
Building on freehold land	31,263	-	-	31,263	26,735	-	-	26,735	4,528
Plant and machinery	377,587	-	-	377,587	210,515	-	-	210,515	167,072
Electric installations	35,663	-	-	35,663	30,720	-	-	30,720	4,943
Tools and equipment	2,893	-	-	2,893	2,147	-	-	2,147	746
2013	450,515	-	-	450,515	270,117	-	-	270,117	180,398

Notes to the Financial Statements

For the year ended December 31, 2014

15. SHARE CAPITAL

15.1 Authorized capital

2014	2013		2014 (Rs in '000)	2013 (Rs in '000)
Number of Shares				
75,000,000	75,000,000	Ordinary shares of Rs.10/- each	**750,000**	750,000

15.2 Issued, subscribed and paid up capital

2014	2013		2014 (Rs in '000)	2013 (Rs in '000)
		Ordinary shares of Rs.10/- each		
2,204,002	2,204,002	fully paid in cash	**22,040**	22,040
		Issued for consideration other than cash		
12,805,118	12,805,118	other than cash	**128,051**	128,051
44,048,739	44,048,739	fully paid as bonus	**440,487**	440,487
59,057,859	59,057,859		**590,578**	590,578

15.2.1 Associates holding of the Holding Company's share capital are as under:

	2014	2013
	No. of Shares	
Dawood Corporation (Private) Limited	**28,974,998**	28,974,998
Patek (Private) Limited	**3,501,884**	3,501,884
Cyan Limited	**2,965,095**	2,965,095
Pebbles (Private) Limited	**302,718**	302,718
Dawood Industries (Private) Limited	**494,921**	494,921
Sach International (Private) Limited	**3,776**	3,776
	36,243,392	36,243,822

15.2.2 The Company has one class of ordinary shares which carry no right to fixed income. The holders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

	Note	2014 (Rs in '000)	2013 (Rs in '000)
16. DEFERRED LIABILITIES			
Staff retirement gratuity	16.1	**17,748**	9,419
Deferred taxation	16.2	**-**	-
		17,748	9,419

Notes to the Financial Statements

For the year ended December 31, 2014

16.1.1 The details of employee retirement benefit obligation based on actuarial valuations carried out by independent actuary as at December 31, 2014 under the Projected Unit Credit Method are as follows:

16.1.2 Following significant assumptions were used for determining the gratuity liability:

	2014	2013
	%	%
Discount rate	**11.25**	12.5
Expected rate of salary increase	**10.25**	11.5
Expected return on plan assets	**11.25**	12.5

	Note	**2014 (Rs in ,000)**	2013 (Rs in ,000)
16.1.3 Balance Sheet Reconciliation			
Present value of defined benefit obligation	16.1.4	**20,370**	11,712
Fair value of plan assets	16.1.5	**(2,622)**	(2,293)
Net Liability at end of the year		**17,748**	9,419
16.1.4 Movement in present value of defined benefit obligation			
Present value of defined benefit obligation at beginning of the year		**11,712**	84,839
Current service cost		**6,170**	8,529
Interest cost		**1,213**	9,332
Benefits paid		**(4,016)**	(101,762)
Liability transferred from Group company		**-**	1,276
Settlement losses		**-**	2,755
Remeasurements: experience adjustments		**5,291**	6,743
Present value of defined benefit obligation at end of the year		**20,370**	11,712
16.1.5 Movement in fair value of plan assets			
Fair value of plan assets at beginning of the year		**2,293**	2,283
Contributions made by the Group		**4,016**	101,762
Interest income		**287**	251
Benefits paid		**(4,016)**	(101,762)
Return on plan assets excluding interest income		**42**	(241)
Fair value of plan assets at end of the year		**2,622**	2,293

Notes to the Financial Statements

For the year ended December 31, 2014

		2014 (Rs in '000)	2013 (Rs in '000)
16.1.6	**Expense recognized in profit and loss account**		
	Current service cost	**6,170**	8,529
	Gains and losses arising on plan assets	**-**	2,755
	Interest cost on defined benefit obligation	**1,213**	9,332
	Interest income on plan assets	**(287)**	(251)
	Expense for the year	**7,096**	20,365
16.1.7	**Remeasurement losses recognized in other comprehensive income**		
	Experience adjustments	**5,291**	6,743
	Interest income on plan assets	**(42)**	241
		5,249	6,984
16.1.8	**Net recognized liability**		
	Net liability at beginning of the year	**9,419**	82,556
	Expense recognized in profit and loss account	**7,096**	20,365
	Remeasurement losses recognized in other comprehensive income	**5,249**	6,984
	Liability transferred from Group company	**-**	1,276
	Contributions during the year	**(4,016)**	(101,762)
	Net liability at end of the year	**17,748**	9,419
16.1.9	**Plan assets comprise of following**		
	Cash and cash equivalents	**2,477**	2,278
	Mutual funds	**145**	15
		2,622	2,293
16.1.10	**Sensitivity analysis for actuarial assumptions**		
	Discount rate (+100 bps)	**18,333**	10,602
	Discount rate (-100 bps)	**22,750**	12,998
	Future salary increase rate (+100 bps)	**22,790**	12,998
	Future salary increase rate (-100 bps)	**18,262**	10,583

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

Notes to the Financial Statements

For the year ended December 31, 2014

16.1.11 The weighted average duration of the defined benefit obligation is 11 years.

16.1.12 The expected maturity analysis of undiscounted retirement benefit plan is:

Less than a year	**1,655**
Between 1-2 years	**2,170**
Between 2-3 years	**2,487**
Between 3-4 years	**2,738**
Between 4-5 years	**2,915**
More than 5 years	**802,128**

16.2. Deferred taxation

Deferred tax asset works out to Rs. 362.87 million (2013: Rs. 308.810 million). It is likely that the income of the Company will be taxable based on turnover tax and under final tax regime in future, hence as a matter of prudence, deferred tax asset is not recognized.

17. RUNNING FINANCE

The Company has arranged running finance of Rs. 400 million (Dec 2013: Rs. 400 million) under a mark-up arrangement. The facility is subject to markup @ 3 month KIBOR + 1.1% which is determined at the start of each quarter and is payable on a quarterly basis in arrears. The running finance under mark-up arrangement is secured by way of pledge over Company's investment in a related party.

	Note	**2014 (Rs in '000)**	2013 (Rs in '000)
18. TRADE AND OTHER PAYABLES			
Creditors		**8,538**	22
Accrued expenses		**25,248**	31,704
Unclaimed dividend		**29,466**	29,905
Due to Islamic Development Bank	18.1	**25,969**	25,969
Advance from customers and others	18.2	**32,209**	18,659
Sales tax payable		**6,844**	-
Workers' welfare fund		**1,997**	1,997
Gratuity to an ex-staff		**-**	119
Deposits	18.3	**2,477**	457
Withholding tax		**6,468**	786
		139,216	109,618

Notes to the Financial Statements

For the year ended December 31, 2014

18.1 This represents amount payable against the preference shares issued before amalgamation in the year 2004, by one of the merged entity to Islamic Development Bank with a right to redeem. The merged entity had served notice to the Bank for redemption before the scheme of amalgamation and redemption reserve has been created.

	2014	2013
	(Rs in '000)	(Rs in '000)
18.2 These include amounts due to following related parties:		
The Dawood Foundation	**361**	92
Dawood Hercules Corporation Limited	**1,805**	1,063
DH Fertilizer Limited	**-**	195

18.3 All deposits are interest free and re-payable on demand.

19. CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

a) For the tax year 2003, the Taxation Officer in his order disallowed expenses relating to gratuity, lease rentals, employee perquisites and utilities amounting to Rs. 18.6 million. The Commissioner Inland Revenue (Appeals) [CIR(A)] also maintained these disallowances. The Company filed an appeal against these disallowances before Appellate Tribunal Inland Revenue (ATIR). In 2010, ATIR in its order set aside the order of taxation officer and remanded back the matters to taxation officer for reconsideration. The tax incidence of the above mentioned disallowances is Rs. 6.5 million. The Taxation Officer has not yet initiated his proceedings.

b) "For tax years 2004, 2005 and transitional year of 2005, the Additional Commissioner Inland Revenue (ACIR) through its order erroneously allocated expenses from business income to dividend income and capital gains and revised expenses to Rs. 62.5 million from the original allocation of Rs. 136.1 million, resulting in reduction in tax incidence to Rs. 21.9 million. The Company later filed an appeal before CIR(A) on this matter, who upheld the order of ACIR during the year. The Company again filed an appeal before ATIR which is pending for hearing.

Further for tax year 2004, the matter of disallowance of adjustment of assessed losses of amalgamating companies amounting to Rs. 20.62 million against the income of the Company is also pending at Lahore High Court."

c) For tax years 2008 and 2009, the CIR(A), in prior year, in his order did not allow to set off dividend income against business losses, having tax impact of Rs. 13.92 million. The Company filed an appeal before ATIR for both years which is pending for hearing.

d) A sales tax audit was initiated by the Sales Tax Department for the period July 2010 to June 2011. During the current year, the Company received an order from DCIR, raising an erroneous demand of Rs. 5.88 million relating mainly to inadmissible input taxes, non-payment of sales tax on scrap scales and non-payment of withholding sales tax. The Company filed an appeal against the order before CIR(A) who upheld the demand of DCIR subsequent to the year end. The Company is in the process of filing an appeal before ATIR against this order which is pending for hearing.

The outcome of the above pending matters is not certain. Based on the facts of the matters and in consultation with tax advisers, management is confident of a favourable outcome on these matters and as such no further provision has been considered necessary.

19.2 The Company is contingently liable against guarantees and counter guarantees amounting to Rs. 128.13 million (December 2013: Rs. 15.13 million).

Notes to the Financial Statements

For the year ended December 31, 2014

19.3 Commitments

Letters of credit outstanding for purchase of renewable energy products amount to Rs. Nil (December 2013: Rs. 9.98 million).

Outstanding amount against implementation of software amounts to Rs. 0.82 million (December 2013: Nil).

		Note	2014 (Rs in '000)	2013 (Rs in '000)
20.	**SALES - NET**			
	Renewable energy			
	Project revenue	20.1	**82,788**	14,079
	Solar lights		**32,845**	12,886
	Others		**15,491**	5,045
			131,124	32,010
	Less: Return and discount		**(1,925)**	(23)
			129,199	31,987
	Textile			
	Fabric		**70,423**	170,142
	Yarn		**-**	16,444
			70,423	186,586
	Related to discontinued operations		**(70,423)**	(186,586)
			129,199	31,987

20.1 It includes Rs. 43.34 million (2013: Rs. 4.89 million) relating to projects in progress at reporting date.

		Note	2014 (Rs in '000)	2013 (Rs in '000)
21.	**COST OF GOODS SOLD**			
	Renewable energy			
	Opening stock		**71,188**	10,091
	Purchases and related expense		**215,464**	85,330
	Closing stock		**(184,504)**	(71,188)
	Cost of goods sold	21.1	**102,148**	24,233
	Textile			
	Work in process			
	Opening balance		**6,338**	53,420
	Manufacturing expenses	21.2	**-**	91,174
	Less: Sold during the year		**(6,338)**	(821)
	Closing balance		**-**	(6,338)
	Cost of goods manufactured		**-**	137,435

Notes to the Financial Statements

For the year ended December 31, 2014

	Note	2014 (Rs in '000)	2013 (Rs in '000)
Finished goods			
Opening balance		**191,374**	240,745
Closing balance		**(108,055)**	(191,374)
		83,319	49,371
Cost of goods sold		**83,319**	186,806
Related to discontinued operations		**(83,319)**	(186,806)
		102,148	24,233

21.1 It includes Rs. 33.41 million (2013: Rs. 4.35 million) relating to projects in progress at reporting date.

21.2 Manufacturing expenses

	Note	2014 (Rs in '000)	2013 (Rs in '000)
Raw material consumed	21.2.1	**-**	2,646
Salaries, wages and allowances		**-**	63,541
Electricity, gas and water		**-**	16,504
Stores and spares consumed	21.2.2	**-**	1,830
Travelling and conveyance		**-**	2,955
Depreciation	4.4	**-**	1,436
Insurance		**-**	490
Workers' canteen		**-**	1,116
Repairs and maintenance		**-**	406
Postage and telephone		**-**	250
		-	91,174

21.2.1 Raw material consumed

	2014 (Rs in '000)	2013 (Rs in '000)
At January 01,	**3,276**	5,926
Purchases and related expenses	**-**	(4)
Less: Sold during the year	**(3,276)**	-
At December 31,	**-**	(3,276)
	-	2,646

21.2.2 Stores and spares consumed

	2014 (Rs in '000)	2013 (Rs in '000)
At January 01,	**56,893**	57,842
Transferred from held for sale (refer note 14.1)	**15,578**	-
Purchases and related expenses	**-**	881
Less: Sold during the year	**(56,893)**	-
	15,578	58,723
At December 31,	**(15,578)**	(56,893)
	-	1,830

Notes to the Financial Statements

For the year ended December 31, 2014

	Note	2014 (Rs in '000)	2013 (Rs in '000)
22. OTHER INCOME			
Income from financial assets			
Dividend Income			
Dawood Hercules Corporation Limited		**77,932**	77,932
National Investment (Unit) Trust		**820**	750
		78,752	78,682
Profit on deposits		**179**	1,371
Capital gain on sale of investments - held for trading		**-**	21,850
		179	23,221
		78,931	101,903
Income / (loss) from non financial assets			
Gain / (loss) on sale of property, plant and equipment	22.1	**245,171**	(354)
Gain on sale of stores and spares and stock-in-trade		**8,271**	-
Other income		**9,582**	4,808
Royalty income		**9,436**	2,927
Storage income		**4,096**	3,695
Exchange loss		**(612)**	(582)
		275,944	10,494
		354,875	112,397
Related to discontinued operations		**(265,565)**	(8,112)
		89,310	104,285

22.1 Other income includes net gain of Rs. 243.94 million on disposal pertaining to land in Village Manga Autar, Tehsil and District Lahore, of Burewala Textile Mills Limited.

	Note	2014 (Rs in '000)	2013 (Rs in '000)
23. SELLING AND DISTRIBUTION EXPENSES			
Salaries and allowances	23.1	**63,952**	32,339
Sales promotion		**2,616**	123
Storage and forwarding		**-**	762
Depreciation	4.4	**1,328**	1,146
Conveyance and travelling		**13,385**	7,924
Fees and Subscription		**4,555**	-
Postage and telephone		**2,661**	742
Electricity, gas and water		**550**	509
Rent, rates and taxes		**5,227**	5,823
Printing and stationery		**2,013**	617

Notes to the Financial Statements

For the year ended December 31, 2014

	Note	2014 (Rs in '000)	2013 (Rs in '000)
Repairs and maintenance		**5,529**	1,107
Freight and insurance		**1,582**	392
Advertisement		**14,016**	4,567
Miscellaneous		**2,372**	4,321
		119,786	60,372
Related to discontinued operations	30	**(889)**	(2,949)
		118,897	57,423

23.1 This includes staff retirement benefits of Rs. 3.02 million (2013: Rs. 4.16 million).

24. ADMINISTRATIVE EXPENSES

	Note	2014 (Rs in '000)	2013 (Rs in '000)
Salaries and allowances	24.1	**108,721**	107,344
Legal and professional		**3,333**	16,630
Rent, rates and taxes		**9,442**	10,774
Electricity and gas		**12,752**	13,280
Depreciation	4.4	**96,498**	4,789
Printing and stationery		**3,411**	3,021
Fees and subscription		**14,066**	9,577
Insurance		**4,342**	3,131
Conveyance and travelling		**7,106**	3,949
Repairs and maintenance		**11,187**	3,410
Postage and telephone		**3,333**	2,106
Entertainment		**1,900**	887
Auditors' remuneration	24.2	**625**	600
Amortization	5.1	**625**	497
Provision against stores and spares		**2,131**	-
Provision against stock in trade and doubtful receivables		**9,300**	2,492
Miscellaneous		**7,455**	7,412
		296,227	189,899
Related to discontinued operations	30	**(168,912)**	(141,771)
		127,315	48,128

24.1 Staff salaries and benefits include Rs. 4.08 million (2013: Rs. 12.4 million) in respect of staff retirement benefits.

24.2 Auditors' remuneration

	2014 (Rs in '000)	2013 (Rs in '000)
Annual audit fee	**400**	375
Audit fee of consolidated financial statements	**55**	55
Half yearly review and other certification fee	**170**	170
	625	600

Notes to the Financial Statements

For the year ended December 31, 2014

		2014 (Rs in '000)	2013 (Rs in '000)
25.	**FINANCE COST**		
	Mark-up on running finance	**30,421**	5,131
	Bank charges	**1,388**	583
		31,809	5,714
	Related to discontinued operations	**(3)**	(7)
		31,806	5,707
26.	**TAXATION**		
	Current year	**10,065**	2,300

26.1 Relationship between tax expense and accounting profit

The relationship between tax expense and accounting profit has not been presented in these financial statements as the total income falls under: (a) turnover tax under section 113 (b) and other income that is separately taxed under respective sections of the Income Tax Ordinance, 2001.

		Note	2014 (Rs in '000)	2013 (Rs in '000)
27.	**PROFIT / (LOSS) FROM DISCONTINUED OPERATIONS**			
	Sales - net		**70,423**	186,586
	Cost of goods sold	21	**(83,319)**	(186,806)
	Gross loss		**(12,896)**	(220)
	Other income	22	**265,565**	8,112
	Administrative expenses	24	**(168,912)**	(141,771)
	Voluntary separation scheme cost		**-**	(201,812)
	Selling expense	23	**(889)**	(2,949)
	Finance cost	25	**(3)**	(7)
	Net profit / (loss) from discontinued operations		**82,865**	(338,647)

28. EARNINGS PER SHARE - BASIC AND DILUTED

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

28.1 Continuing operations

	2014	2013
Loss after taxation (Rs.)	**(171,722)**	(1,519)
Weighted average number of ordinary shares outstanding during the year	**59,058**	59,058
Earnings per share (Rs.)	**(2.91)**	(0.03)

Notes to the Financial Statements

For the year ended December 31, 2014

		2014	2013
28.2	**Discontinued operations**		
	Profit / (loss) after taxation	**82,865**	(338,647)
	Weighted average number of ordinary shares outstanding during the year	**59,058**	59,058
	Earnings per share (Rs.)	**1.40**	(5.73)

29. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

	2014		2013	
	Chief Executive	**Executive**	Chief Executive	Executive
	(Rs in '000)		(Rs in '000)	
Remuneration	**3,233**	**13,131**	2,296	7,151
House rent allowance	**1,617**	**4,820**	1,148	2,263
Utilities	**808**	**1,071**	574	503
Retirement benefits	**308**	**1,240**	216	545
Other allowances	**316**	**6,618**	2,169	3,637
	6,282	**26,880**	6,403	14,099
No. of person(s)	**1**	**5**	1	4

Chief executive and other executives of the Company are entitled use of company maintained vehicles.

30. SEGMENT REPORTING

During the period management has determined the operating segments for allocation of resources and assessment of performance. The Company is organized into the following two reportable operating segments;

- Renewable energy solutions
- Textile - discontinued operations

Segment analysis is as under;

Notes to the Financial Statements

For the year ended December 31, 2014

30.1 Segment results

	Renewable energy		Textile - discontinued operations		Unallocated		The Company	
	December 31,		December 31,		December 31,		December 31,	
	2014	2013	2014	2013	2014	2013	2014	2013
	Rupees in '000							
Revenue	129,199	31,987	70,423	186,586	-	-	199,622	218,573
Cost of goods sold	(102,148)	(24,233)	(83,319)	(186,806)	-	-	(185,467)	(211,039)
Segment gross profit	27,051	7,754	(12,896)	(220)	-	-	14,155	7,534
Administrative expenses	(127,315)	(48,128)	(168,912)	(141,771)	-	-	(296,227)	(189,899)
Selling and distribution expenses	(118,897)	(57,423)	(889)	(2,949)	-	-	(119,786)	(60,372)
Finance cost	-	-	(3)	(7)	(31,806)	(5,707)	(31,809)	(5,714)
Other income	-	-	265,565	8,112	89,310	104,285	354,875	112,397
Voluntary separation scheme cost	-	-	-	(201,812)	-	-	-	(201,812)
Taxation	-	-	-	-	(10,065)	(2,300)	(10,065)	(2,300)
Segment net profit	(219,161)	(97,797)	82,865	(338,647)	47,439	96,278	(88,857)	(340,166)

30.2 Segment assets

	Renewable energy		Textile - discontinued operations		Unallocated		The Company	
	December 31,		December 31,		December 31,		December 31,	
	2014	2013	2014	2013	2014	2013	2014	2013
	Rupees in '000							
Property, plant and equipment	37,527	19,918	107,170	208,933	-	-	144,696	228,851
Intangible assets	-	-	-	-	14,191	1,147	14,191	1,147
Long term investments	-	-	-	-	459,043	445,785	459,043	445,785
Long term deposits	-	-	10,544	10,544	-	-	10,544	10,544
Stores and spares	-	45	12,000	50,631	-	-	12,000	50,676
Stock-in-trade	179,289	73,677	101,230	187,664	-	-	280,519	261,341
Trade debts	38,927	11,277	12,606	83,604	-	-	51,533	94,881
Loans and advances	23,085	16,098	28,032	26,013		-	51,117	42,111
Deposits, prepayments and other receivables	30,856	31,405	51,644	65,556	35	-	82,535	96,961
Cash and bank balances	-	-	-	-	20,303	20,256	20,303	20,256
Total segment assets	309,684	152,420	323,226	632,945	493,572	467,188	1,126,481	1,252,553

Segment Liabilities

Deferred Liabilities	17,748	8,690	-	729	-	-	17,748	9,419
Running Finance	-	-		-	178,491	261,708	178,491	261,708
Trade and other payables	139,216	13,083	-	96,535	-	-	139,216	109,618
Accrued Markup	-	-	-	-	5,132	5,131	5,132	5,131
Provision for taxation	-	-	-	-	22,963	12,898	22,963	12,898
	156,964	21,773	-	97,264	206,586	279,737	363,550	398,774

Notes to the Financial Statements

For the year ended December 31, 2014

30.3 Included in the revenues arising from direct sales of fabric of Rs. 70.52 million (December 2013: Rs. 186.52 million) are revenues of approximately Rs. 38.7 million (December 2013: Rs. 172.59 million) which arose from sales to the Company's major customer. No other single customer contributed 10% or more to Company revenues.

31. TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties. Related parties comprise of subsidiary companies, associated undertakings, directors, key management personnel and others. Amounts due from and to other related parties, directors and key management personnel are shown under respective notes of receivables and payables. Remuneration of directors and key management personnel is disclosed in note 29. Other significant transactions with related parties are as follows:

	Relationship	Nature of transaction	2014 (Rs in '000)	2013 (Rs in '000)
a.	**Subsidiary company**			
	Tenaga Generasi Limited	Reimbursable expenses to the Company	**11,276**	13,090
		Subscription of ordinary shares	**-**	100,000
	Reon Energy Limited	Investment in shares	**10,000**	-
		Reimbursable expenses to the Company	**1,027**	-
b.	**Associated companies**			
	Dawood Hercules Corporation Limited	Dividend income	**77,932**	77,932
		Reimbursable expenses by the Company	**7,320**	4,397
		Reimbursable expenses to the Company	**65**	32
	DH Fertilizer Limited	Reimbursable expenses by the Company	**2,766**	970
		Reimbursable expenses to the Company	**-**	12
		Sale of renewable energy products	**-**	102
	Sach International (Private) Limited	Sale of fabric	**39,692**	172,588
		Reimbursable expenses to the Company	**656**	2,705
		Royalty charged	**9,436**	2,927
		Penalty charged	**1,030**	-
		Retirement and other benefits transferred	**-**	1,113
		Purchase of fabric	**-**	-
		Transfer of assets	**-**	1,384
	Cyan Limited	Insurance claims received		-
		Purchase of assets		-
		Reimbursable expenses to the Company	**100**	65
	Sui Northern Gas Pipelines Limited	Utility charges paid	**-**	6,816
	The Dawood Foundation	Rental charges paid	**4,950**	4,829
		Reimbursable expenses by the Company	**1,829**	1,355
	Inbox Business Technologies (Pvt) Limited	Hardware maintenance charges paid	**279**	250
	Pebbles (Private) Limited	Sale of solar solutions	**-**	3,188
		Penalty charged	**122**	-

Notes to the Financial Statements

For the year ended December 31, 2014

		Nature of transaction	2014 (Rs in '000)	2013 (Rs in '000)
	National Database and Registration Authority (NADRA)	Verification charges	**11**	-
	Dawood Public School	Sale of renewable energy products	**-**	59
		Promotional solar solutions	**-**	510
c.	**Other related parties**			
	Dawood Lawrencepur Limited (Burewala Mills) - Staff Provident Fund	Contribution by the Company	**-**	97
	Directors	Sale of solar solutions	**174**	1,564

32. FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities comprise trade and other payables, and short term borrowings. The Company's financial assets comprise of trade debts, bank balances and investments in equity securities. The Company also holds loans, advances, deposits and other receivables.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including cash flow interest rate risk, currency risk, equity price risk and fair value interest rate risk).

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management. The responsibility includes developing and monitoring the Company's risk management policies. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing Company's financial risk exposures.

32.1 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company is exposed to credit risk from its operating activities primarily for trade debts and from its investing activities, including investment in securities, deposits with banks and other financial instruments.

Out of the total financial assets of Rs. 572.35 million (2013: Rs. 597.79 million), the financial assets which are subject to credit risk amounted to Rs. 93 million (2013: Rs. 131.75 million).

Notes to the Financial Statements

For the year ended December 31, 2014

32.1.1 Credit risk related to receivables

The Company only deals in local sales. Customer credit risk is managed by the business unit subject to the Company's established policies, procedures and controls relating to customer credit risk management. The Company mainly deals with customers of high credit rating based on their internal assessment, taking account of their financial position, past experience and other factors. In addition, outstanding customer receivables are regularly monitored and appropriate actions are taken to minimize risk of bad debts.

At December 31, 2014, the Company had approximately 106 customers (2013: 137 customers) that owed Rs.51.6 million (2013: Rs. 94.88 million). There were 3 customers (2013: 1 customers) with balances greater than Rs. 5 million covering over 62.65% (2013: 88.56%) of trade debts. As at December 31, 2014, Rs. 17.26 million (2013: Rs. 4.17 million) are overdue for more than 180 days which have been provided for in accordance with Company policy.

32.1.2 Credit risk related to financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by Chief Executive Officer and Chief Financial Officer in accordance with the Company's policy.

The credit risk on liquid funds (cash and bank balances) is limited because the counter parties are banks with a reasonably high credit rating. The names and credit rating of banks as at December 31, 2014, where the Company maintains its major bank balances are as follows:

	Credit rating	
Name of bank	**Short-term**	Long-term
Bank Al Habib Limited	**A1+**	AA+
Habib Bank Limited	**A-1+**	AAA
MCB Bank Limited	**A1+**	AAA
National Bank of Pakistan	**A-1+**	AAA
Barclays Bank PLC	**A-1**	A

32.2 Liquidity risk

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

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

Notes to the Financial Statements

For the year ended December 31, 2014

	As at December 31, 2014		
	Total	**Up to three months**	**More than three months & up to one year**
		Rupees in '000	
Running finance	**178,491**	178,491	-
Trade and other payables	**91,698**	55,015	36,683
Accrued markup	**5,132**	5,132	-
	275,321	238,638	36,683

	As at December 31, 2013		
	Total	**Up to three months**	**More than three months & up to one year**
		Rupees in ,000	
Running finance	**261,708**	261,708	-
Trade and other payables	**88,176**	67,063	21,113
Accrued markup	**5,131**	5,131	-
	355,015	333,902	21,113

32.3 Market risk management

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

32.3.1 Interest rate risk management

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

Interest rate sensitivity

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's profit for the year would decrease/increase by Rs. 0.09 million (2013: Rs. 0.13 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

Notes to the Financial Statements

For the year ended December 31, 2014

32.3.2 Foreign exchange risk management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities which mainly include payables to foreign suppliers of goods in foreign currency. The Company deals in local sales and does not have any foreign currency exports or foreign debtors.

At December 31, 2014, Company does not have any exposure in foreign currency asset or liability.

32.3.3 Equity price risk management

The Company has investments in top listed and unlisted equity securities. These securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through proper review of individual and total equity investments. Reports on the equity portfolio are submitted to the senior management on a regular basis.

a) Investment at 'Available for sale ' - Equity securities

At the balance sheet date, the exposure to listed equity securities at fair value is Rs. 13.22 million (2013: Rs. 9.96 million). A decrease / increase of 5% on the KSE market index would have an impact of approximately Rs. 0.16 million (2013: Rs. 0.17 million) on the other comprehensive income of the Company, depending on whether or not the decline is significant and prolonged.

b) Investment in subsidiary and associated companies

The Company has exposure of Rs. 380.53 million (2013: Rs. 370.53 million) to unlisted equity securities in the wholly owned subsidiaries and in listed equity securities in an associate of Rs. 65.29 million (2013: Rs. 65.29 million) having fair value of Rs. 6,586 million (2013: Rs. 4,373 million). These are held for strategic rather than trading purpose. The Company does not actively trade in these securities. Since these are carried at cost, hence decrease/increase of market index would have no impact on the financial statements.

32.4 Determination of fair values

32.4.1 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values except investment in an associate company which is stated at cost.

Notes to the Financial Statements

For the year ended December 31, 2014

32.5 Financial instruments by category

The accounting policies for financial instruments have been applied for line items below:

	Loans & receivables	Available for sale	Fair value through profit or loss	Total
	Rupees in '000			
Assets as per balance sheet				
- December 31, 2014				
Long term investments	-	459,043	-	459,043
Cash and bank balances	20,303	-	-	20,303
Trade debts - net	51,533	-	-	51,533
Long term deposits	10,544	-	-	10,544
Loans and advances	13,483	-	-	13,483
Deposits and other receivables	17,440	-	-	17,440
	113,303	459,043	-	572,346

	At amortized cost	Total
Liabilities as per balance sheet	Rupees in '000	
- December 31, 2014		
Short term finance	178,491	178,491
Trade and other payables	91,698	91,698
Accrued markup	5,132	5,132
	275,321	275,321

	Loans & receivables	Available for sale	Fair value through profit or loss	Total
	Rupees in '000			
Assets as per balance sheet				
- December 31, 2013				
Long term investments	-	445,785	-	445,785
Cash and bank balances	20,256	-	-	20,256
Trade debts - net	94,882	-	-	94,882
Long term deposits	10,544	-	-	10,544
Loans and advances	16,709	-	-	16,709
Deposits and other receivables	9,617	-	-	9,617
	152,008	445,785	-	597,793

	At amortized cost	Total
Liabilities as per balance sheet	Rupees in '000	
- December 31, 2013		
Short term finance	261,708	261,708
Trade and other payables	88,176	88,176
Accrued markup	5,131	5,131
	355,015	355,015

Notes to the Financial Statements

For the year ended December 31, 2014

32.6 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
Available for sale				
Long term investment	78,515	-	-	78,515

33. CAPITAL RISK MANAGEMENT

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

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in 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 or issue new shares. The Company also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings less cash and bank balances. The gearing ratio is as follows:

	December 31, 2014	December 31, 2013
	Rupees in ,000	
Short term finance	**178,491**	261,708
Cash and bank balance	**(20,303)**	(20,256)
Net debt	**158,188**	241,452
Share capital	**590,578**	590,578
Reserves	**217,432**	214,174
Unappropriated profit	**(45,079)**	49,027
Equity	**762,931**	853,779
Debt and equity	**921,119**	1,095,231
Gearing ratio	**17.17%**	22.05%

34. NUMBER OF EMPLOYEES

The total average number of employees during the year and as at December 31, 2014 and 2013 respectively are as follows:

	2014	2013
Average number of employees during the year	**79**	341
Number of employees as at December 31	**79**	79

35. SUBSEQUENT EVENTS

The Board of Directors of the Company in its meeting held on February 27, 2015 approved and recommended for shareholders' approval in the forthcoming Annual General meeting, the disposal of the assests pertaining to the renewable energy business to the wholly owned subsidiary of the Company, Reon Energy Limited, at the fair market value of Rs. 173.90 million, having book value of Rs. 135.40 million as of December 31, 2014.

36. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 27, 2015 by the Board of Directors of the Company.

37. GENERAL

Figures have been rounded off to the nearest thousand of Rupees.

Shahid Hamid Pracha
Chairman

Inam ur Rahman
Chief Executive Officer

Consolidated Financial Statements

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Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Dawood Lawrencepur Limited (the Holding Company) and its subsidiary companies Tenaga Generasi Limited and Reon Energy Limited (the Group) as at December 31, 2014 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year ended. We have also expressed separate opinions on the separate financial statements of the Holding Company and its subsidiary company Tenaga Generasi Limited whereas financial statements of REON Energy Limited were audited by another firm of chartered accountants whose report has been furnished to us and our opinion, in so far as it relates to the amount included for such Company, is based solely on the report of such auditors. These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on the accompanying consolidated financial statements based on our audit.

Our audit was conducted in accordance with the auditing standards as applicable in Pakistan and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2014 and the results of their operations, cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

M. Yousuf Adil Saleem & Co.
Chartered Accountants

Engagement Partner
Mushtaq Ali Hirani

Karachi
Dated: February 27, 2015

Consolidated Balance Sheet

As at December 31, 2014

	Note	2014 (Rs in '000)	2013 (Rs in '000)
ASSETS			
Non-current assets			
Property, plant and equipment	4	**380,222**	235,209
Intangible assets	5	**37,063**	24,124
Long term investments	6	**4,939,421**	4,615,752
Long term deposits	7	**10,544**	10,544
		5,367,250	4,885,629
Current assets			
Stores and spares	8	**12,000**	36,582
Stock in trade	9	**280,519**	261,306
Trade debts	10	**51,533**	94,882
Loans and advances	11	**51,588**	42,302
Deposits, prepayments and other receivables	12	**79,419**	95,147
Short term investments	13	**72,001**	107,624
Cash and bank balances	14	**49,047**	35,415
		596,107	673,258
Assets classified as 'held for sale'	15	**-**	194,529
		5,963,357	5,753,416
SHARE CAPITAL AND RESERVES			
Share capital	16	**590,578**	590,578
Reserves		**211,609**	208,282
Unappropriated profit		**4,765,985**	4,549,834
		5,568,172	5,348,694
LIABILITIES			
Non current liabilities			
Deferred liabilities	17	**20,329**	11,388
Current liabilities			
Running finance	18	**178,491**	261,708
Trade and other payables	19	**167,774**	113,171
Accrued markup		**5,132**	5,131
Provision for taxation		**23,459**	13,323
		374,856	393,333
		5,963,357	5,753,416
CONTINGENCIES AND COMMITMENTS	20		

The annexed notes from 1 to 38 form an integral part of these financial statements.

Shahid Hamid Pracha
Chairman

Inam ur Rahman
Chief Executive Officer

Consolidated Profit and Loss Account

For the year ended December 31, 2014

	Note	2014 (Rs in '000)	2013 (Rs in '000)
CONTINUING OPERATIONS			
Sales - net	21	**129,199**	31,987
Cost of goods sold	22	**(102,148)**	(24,233)
Gross profit		**27,051**	7,754
Other income	23	**20,769**	32,482
Selling and distribution expenses	24	**(118,897)**	(57,423)
Administrative expenses	25	**(146,112)**	(65,718)
Finance cost	26	**(31,999)**	(5,898)
		(297,008)	(129,039)
		(249,188)	(88,803)
Share of profit from investment in an associate		**398,274**	464,122
Profit before taxation		**149,086**	375,319
Taxation	27	**(10,551)**	(2,725)
Profit after taxation from continuing operations		**138,535**	372,594
DISCONTINUED OPERATIONS			
Profit / (loss) from discontinued operations	28	**82,865**	(338,647)
Profit for the year		**221,400**	33,947

	Note	2014	2013
Earnings per share - Basic and diluted Discontinued operations (Rs.)	29	**2.35**	6.31
Earnings per share - Basic and diluted Discontinued operations (Rs.)	29	**1.40**	(5.73)

The annexed notes from 1 to 38 form an integral part of these financial statements.

Shahid Hamid Pracha
Chairman

Inam ur Rahman
Chief Executive Officer

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2014

	Note	2014 (Rs in '000)	2013 (Rs in '000)
Profit after taxation		**221,400**	33,947
Other comprehensive income			
Items that may not to be reclassified subsequently through profit and loss account			
Remeasurement of defined benefit obligation	17.1.7	**(5,249)**	(6,984)
		216,151	26,963
Items that may be reclassified subsequently through profit and loss account			
Surplus on remeasurement of ' 'available for sale' investments		**3,327**	4,982
Total comprehensive income		**219,478**	31,945

The annexed notes from 1 to 38 form an integral part of these financial statements.

Shahid Hamid Pracha
Chairman

Inam ur Rahman
Chief Executive Officer

Consolidated Cash Flow Statement

For the year ended December 31, 2014

	For the year ended December 31, 2014			For the year ended December 31, 2013		
	Continuing operations	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
	——— Rupees in '000 ———					
A. CASH FLOWS FROM OPERATING ACTIVITIES						
Profit / (loss) before taxation	**149,086**	**82,865**	**231,951**	375,319	(338,647)	36,672
Adjustments for						
Depreciation	**5,365**	**92,915**	**98,280**	4,310	3,702	8,012
Amortization	**730**	**-**	**730**	603	-	603
Staff retirement benefits	**7,707**	**-**	**7,707**	21,118	144	21,262
Provision / (reversal of provision) against stock-in-trade	**5,215**	**-**	**5,215**	-	(1,675)	(1,675)
Provision against stores and spares	**-**	**2,131**	**2,131**			-
Provision against sales tax refundable	**-**	**4,085**	**4,085**			-
Provision against trade debts	**-**	**-**	**-**	4,167	-	4,167
Reversal of provision against trade debts	**(447)**	**(4,339)**	**(4,786)**			-
Finance cost	**31,999**	**3**	**32,002**	5,898	7	5,905
(Loss) / gain on disposal of property, plant and equipment	**(220)**	**(245,082)**	**(245,302)**	367	-	367
Share of profit from as associate	**(398,274)**	**-**	**(398,274)**	(464,122)	-	(464,122)
Dividend income	**(820)**	**-**	**(820)**	(750)	-	(750)
Interest income	**(1,134)**	**-**	**(1,134)**	(1,215)	-	(1,215)
Gain on sale of short-term investments	**(2,451)**	**-**	**(2,451)**	(26,765)	-	(26,765)
Unrealized gain on remeasurement of short term investments	**(5,676)**	**-**	**(5,676)**			-
Operating loss before working capital changes	**(208,918)**	**(67,422)**	**(276,340)**	(81,070)	(336,469)	(417,539)
(Increase) / decrease in current assets						
Stores and spares	**-**	**36,582**	**36,582**	(46)	995	949
Stock in trade	**(110,826)**	**86,398**	**(24,428)**	(63,587)	99,108	35,521
Trade debts	**48,135**	**-**	**48,135**	(7,051)	67,019	59,968
Loans and advances	**2,228**	**725**	**2,953**	(16,083)	2,429	(13,654)
Deposits, prepayments and other receivables	**12,840**	**(4,197)**	**8,643**	(31,282)	4,427	(26,855)
Increase/ (decrease) in current liabilities						
Trade and other payables	**64,156**	**(6,567)**	**57,589**	11,974	(11,088)	886
	16,533	**112,941**	**129,474**	(106,075)	162,890	56,815
Cash (used in) / generated from operations	**(192,385)**	**45,519**	**(146,866)**	(187,145)	(173,579)	(360,724)
Gratuity paid	**(4,016)**	**-**	**(4,016)**	(100,365)	(144)	(100,509)
Finance cost paid	**(32,002)**	**-**	**(32,002)**	(767)	(7)	(774)
Tax paid	**(12,652)**	**-**	**(12,652)**	(13,592)	-	(13,592)
Net cash (used in) / generated from operating activities	**(241,056)**	**45,519**	**(195,537)**	(301,869)	(173,730)	(475,599)
B. CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of property, plant and equipment	**(20,508)**	**(647)**	**(21,155)**	(15,901)	(1,482)	(17,383)
Sale proceeds from disposal of property, plant and equipment	**1,136**	**252,620**	**253,756**	2,121	-	2,121
Purchases of intangible assets	**(13,669)**	**-**	**(13,669)**	(350)	-	(350)
Additions to capital work in progress	**(49,667)**	**-**	**(49,667)**	(12,684)	-	(12,684)
Purchase of short-term investments	**-**	**-**	**-**	(158,500)	-	(158,500)
Sales proceeds from disposal of short-term investments	**43,750**	**-**	**43,750**	653,299	-	653,299
Interest received	**1,057**	**-**	**1,057**	1,784	-	1,784
Dividend received	**78,752**	**-**	**78,752**	78,682	-	78,682
Net cash generated from / (used in) investing activities	**40,852**	**251,973**	**292,825**	548,451	(1,482)	546,969
C. CASH FLOWS FROM FINANCING ACTIVITIES						
Payment of dividend	**(439)**	**-**	**(439)**	(346,578)	-	(346,578)
Net cash used in financing activities	**(439)**	**-**	**(439)**	(346,578)	-	(346,578)
Net (decrease) / increase in cash and cash equivalent (A+B+C)	**(200,643)**	**297,492**	**96,849**	(99,996)	(175,212)	(275,208)
Cash and cash equivalent at beginning	**(115,922)**	**(110,370)**	**(226,293)**	(15,926)	64,842	48,916
Cash and cash equivalent at end	**(316,565)**	**187,122**	**(129,444)**	(115,922)	(110,370)	(226,293)
Cash and cash equivalent						
Cash and bank balance	**-**	**-**	**49,047**	-	-	35,415
Running finance	**-**	**-**	**(178,491)**	-	-	(261,708)
	-	**-**	**(129,444)**	-	-	(226,293)

The annexed notes from 1 to 38 form an integral part of these financial statements.

Shahid Hamid Pracha
Chairman

Inam ur Rahman
Chief Executive Officer

Consolidated Statement of Changes in Equity

For the year ended December 31, 2014

	Ordinary Shares	Share capital				General reserve	Unappro-priated profit	Unrealized gain on remeasure-ment of available for sale investments	Total
		Merger reserve	Share premium reserve	Capital reserve	Capital redemption reserve fund				
	(Rupees in '000)								
Balance at December 31, 2012	590,578	10,521	136,865	33,311	25,969	395,355	4,481,863	(3,366)	5,671,096
Profit for the year	-	-	-	-	-	-	33,947	-	33,947
Other comprehensive income	-	-	-	-	-	-	(6,984)	4,982	(2,002)
Total comprehensive income for the year	-	-	-	-	-	-	26,963	4,982	31,945
Final cash dividend for the year ended December 31, 2012 @ Rs. 5 per share	-	-	-	-	-	-	(295,289)	-	(295,289)
Interim cash dividend for year ended December 31, 2013 @ Re. 1 per share	-	-	-	-	-	-	(59,058)	-	(59,058)
Transfer to unappropriated profit	-	-	-	-	-	(395,355)	395,355	-	-
Balance at December 31, 2013	590,578	10,521	136,865	33,311	25,969	-	4,549,834	1,616	5,348,694
Profit for the year	-	-	-	-	-	-	221,400	-	221,400
Other comprehensive income	-	-	-	-	-	-	(5,249)	3,327	(1,922)
Total comprehensive income for the year	-	-	-	-	-	-	216,151	3,327	219,478
Balance at December 31, 2014	590,578	10,521	136,865	33,311	25,969	-	4,765,985	4,943	5,568,172

The annexed notes from 1 to 38 form an integral part of these financial statements.

Shahid Hamid Pracha
Chairman

Inam ur Rahman
Chief Executive Officer

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

1. GENERAL INFORMATION

The "Group" consists of :
(i) Dawood Lawrencepur Limited (incorporated in Pakistan) - The Holding Company
(ii) Tenaga Generasi Limited (incorporated in Pakistan) - a wholly owned Subsdiary Company (TGL)
(iii) Reon Energy Limited (incorporated in Pakistan) - a wholly owned Subsidiary Company (Reon)

1.1 Holding company

Dawood Lawrencepur Limited, "the Holding Company" was incorporated in Pakistan in the year 2004 as a public listed company. The shares of the Holding Company are listed on the Karachi and Lahore Stock Exchanges. The Holding Company is engaged in the business of trading and marketing of renewable energy solutions, mainly solar, to commercial and industrial consumers, along with the legacy textile business. The registered office of the Holding Company is situated at 3rd Floor, Dawood Centre, M.T.Khan Road, Karachi, in the province of Sindh.

In prior years the Holding Company suspended operations of Lawrencepur Woolen and Textile Mills Limited (LWTM), Burewala Textile Mills Limited (BTM), Dilon Limited (DL) and Dawood Cotton Mills Limited (DCM). Assets of DL and DCM were sold in prior years, whereas movable assets of LWTM have been sold during the year and accordingly, comparative figures of profit and loss account have been reclassified to facilitate comparison and to conform with the current year presentation. The results of discontinued operations include DCM, LWTM and BTM. During the year, the assets of BTM have been reclassified from 'held for sale' to discontinued operations as mentioned in note 15.1.

During the year, the assets of BTM have been reclassified from 'held for sale' to discontinued operations as mentioned in note 15.1.

The 'Lawrencepur' brand name continues to operate under a license.

1.2 Subsidiary companies

1.2.1 TGL was incorporated in Pakistan on December 01, 2005 under the Companies Ordinance, 1984 as a public unlisted company to primarily carry out the business of power generation as an independent power producer using wind energy. The registered office of the Company is situated at Dawood Centre, M.T. Khan Road, Karachi, Pakistan.

TGL is in the process of setting up a wind energy project in Mirpur Sakro, District Thatta, Sindh. A Letter of Support has been obtained from the Alternative Energy Development Board (AEDB). The TGL has obtained a tariff under feed-in tariff regime and Financial Close will be achieved by March 31, 2015.

1.2.2 Reon was incorporated in Pakistan on September 15, 2014 under the Companies Ordinance, 1984 as a public unlisted company to carry out the business of trading and marketing of renewable energy solutions, mainly solar, to commercial and industrial consumers. The registered office of the Reon is situated at 3rd Floor, Dawood Centre, M.T.Khan Road, Karachi in the province of Sindh.

1.2 Associated company

Holding Company also has investment in an associate 'Dawood Hercules Corporation Limited' where it holds ownership of 16.19 % (2013: 16.19%).

2. BASIS OF PREPARATION

2.1 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except that obligations under certain staff retirement benefits have been measured at present value, certain investments which have been measured at fair market value and investment in associate is accounted for using equity method.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

2.2 Statement of compliance

These consolidated financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984, directives issued by the Securities and Exchange Commission of Pakistan (SECP) and approved accounting and financial reporting standards as applicable in Pakistan, unless otherwise disclosed. Approved accounting and financial reporting standards comprise of such International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as notified under the provisions of the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.3 Basis of consolidation

Subsidiaries are those enterprises in which the Holding Company has the power to govern the financial and operating policies ,directly or indirectly controls, beneficially owns or holds more than 50 percent of the voting securities or otherwise has power to elect and appoint more than 50 percent of its directors.

The financial statements of the subsidiary companies have been consolidated on a line-by-line basis and the carrying value of the investments held by the Holding Company have been eliminated against the shareholders equity in the subsidiary companies.

The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

All intra-group balances, transactions, income, expenses, profits and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Holding Company obtain control, and continue to be consolidated until the date that such control ceases.

2.4 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees which is the functional and presentation currency of the Group.

2.5 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates, if any, are recognized prospectively commencing from the period of revision.

Judgments and estimates made by the management that may have a significant risk of material adjustments to the financial statements in the subsequent years are as follows:

Useful life and depreciation rate of :

- Property, plant and equipment
- Intangible assets

Valuation of stock in trade and stores and spares
Impairment of goodwill
Employees benefits
Taxation
Impairment loss of ‘available for sale ‘ investments

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

2.6 New accounting standards/amendments and IFRS interpretations that are effective for the year ended December 31, 2014

The following standards, amendments and interpretations are effective for the year ended December 31, 2014. These standards, interpretations and the amendments are either not relevant to the Group's operations or are not expected to have significant impact on the Group's financial statements other than certain additional disclosures.

Standards/Amendments/Interpretations	Effective for periods Beginning on or after
Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities	January 01, 2014
IAS 36 Impairment of Assets - Recoverable amount disclosures for non-financial assets	January 01, 2014
IAS 39 Financial Instruments: Recognition and measurement - Novation of derivatives and continuation of hedge accounting.	January 01, 2014
IFRIC 21 - Levies	January 01, 2014

New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Group's operations or are not expected to have significant impact on the Group's financial statements other than certain additional disclosures.

Standards/Amendments/Interpretations	Effective for periods Beginning on or after
Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortization	January 01, 2016
Amendments to IAS 16 and IAS 41 Agriculture: Bearer plants	January 01, 2016
Amendments to IAS 19 Employee Benefits: Employee contributions	July 01, 2014

Standards/Amendments/Interpretations	Effective for periods Beginning on or after
IAS 27 (Revised 2011) – Separate Financial Statements	January 01, 2015
IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures	January 01, 2015
IFRS 10 – Consolidated Financial Statements	January 01, 2015
IFRS 11 – Joint Arrangements	January 01, 2015
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 – Fair Value Measurement	January 01, 2015

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers

3. 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.

3.1 Property, plant and equipment and capital work in progress

3.1.1 Recognition and measurement

Property, plant and equipment, except for free hold land, are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Disposal of assets is recognized when significant risks and rewards incidental to the ownership have been transferred to the buyers. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized in profit and loss.

3.1.2 Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day to day servicing of property, plant and equipment are recognized in profit and loss as they are incurred.

3.1.3 Assets subject to finance lease

Lease in terms of which the Group assumes substantially all the risks and rewards of ownership, are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Outstanding obligations under the lease less finance cost allocated to future periods are shown as a liability.

Finance cost under lease agreements are allocated to the periods during the lease term so as to produce a constant periodic rate of markup on the remaining balance of principal liability for each period.

3.1.4 Depreciation

Depreciation is charged to profit and loss account applying reducing balance method, whereby the cost of an asset is written off over its estimated useful life. Depreciation on additions is charged from the date on which asset is available for use and on disposals up to the date of deletion. Freehold land is not depreciated. The residual value, depreciation method and the useful lives of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date.

3.1.5 Impairment

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

3.1.6 Capital Work in Progress

Capital work-in-progress is stated at cost less any identified impairment loss and represents expenditure incurred during construction and installation. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

3.2 Intangible assets

3.2.1 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiary is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

The management uses the Income Approach - Discounted Cash Flow Method (DCF) to determine the NPV of the wind project, covering a twenty-year period. The key assumptions used in the financial projections are discount rates and key commercial assumptions such as revenue growth and contribution margins.

3.2.2 Software

These are recognized when it is probable that the expected future economic benefits will flow to the Group and cost of the assets can be measured reliably. Cost of the software includes purchase cost and directly attributable expenses incidental to make the asset available for use in the manner as intended by management. Software is stated at cost less accumulated amortization and accumulated impairment losses, if any. These are amortized using the 'Straight Line Method' from the month the software is available for use up to the month of its disposal at the rate mentioned in note 5.2. The residual values, useful lives and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

3.3 Financial instruments

All financial assets and liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets include trade debts, other receivables, loans, advances and deposits. These are recognized initially at cost plus directly attributable transaction costs, if any, and subsequently measured at fair value or amortized cost using effective interest rate method as the case may be less provision for impairment, if any. Exchange gains and losses arising in respect of financial assets or liabilities in foreign currency are added to the respective carrying amounts.

3.4 Investments

The Group recognizes an investment when it becomes a party to the contractual provisions of the instrument. A regular way purchase of financial assets is recognized using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded. Financial liabilities are not recognized unless one of the parties has performed its part of the contract or the contract is a derivative contract.

3.4.1 Investment in associates

Investment in associates over which the Holding Company has significant influence but not control, generally represented by a shareholding of 20% to 50% of the voting rights or by virtue of common directorship. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Holding Company's share of its associates, post acquisition profits or losses are recognized in the profit and loss account and its share of post acquisition comprehensive income is recognized in Holding Company' s other comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

3.4.2 Financial assets at fair value through profit or loss

An instrument is classified as 'fair value through profit or loss' if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sales decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognized in the profit and loss account when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in the profit and loss account. Purchases and sales of investments are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the investment.

3.4.3 Investments available for sale

Investments 'available for sale' are initially recognized at fair value, plus attributable transaction costs. Subsequent to initial recognition these are measured at fair value. Gains or losses on available-for-sale investments resulting from changes in fair value are recognized directly in equity until the investments are sold or disposed off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in equity is included in the current year's profit and loss account.

All other investments in unquoted securities are stated at cost, less provision for impairment, if any.

3.4.4 Held-to-maturity investments

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold till maturity. These are recorded at amortized cost using the effective interest rate method, less any amount written off to reflect impairment.

3.4.5 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Group as fair value through profit or loss or available-for-sale. This includes receivable against sale of investments and other receivables.

3.4.6 Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the profit and loss account - is removed from equity and recognized in the profit and loss account. Impairment losses on equity investments are not reversed through the profit and loss account; increases in their fair value after impairment are recognized directly in equity.

3.4.7 Derecognition

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS-39 'Financial Instruments; Recognition and Measurement'.

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

3.5 Stores, spares and loose tools

These are valued at weighted average cost except for items in transit, which are stated at cost incurred up to the reporting date. For items which are slow moving, adequate provision is made for any excess book value over estimated realizable value and for this, the Group reviews the carrying amount of stores and spares on a regular basis and accordingly provision is made for obsolescence.

3.6 Stock in trade

"Stock in trade is valued at lower of cost and net realizable value. Cost is determined using weighted average method except for raw material in transit, which is stated at cost. Cost includes applicable purchase cost and manufacturing expenses. The cost of work in process includes material and proportionate conversion costs".

Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.7 Provisions

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

3.8 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, deposits held with banks and highly liquid investments with less than three months maturity from the date of acquisition. Running finance facilities availed by the Group, which are repayable on demand and form an integral part of the Group's cash management are included as part of cash and cash equivalents for the purpose of statement of consolidated cash flows.

3.9 Non-current assets held for sale and discontinued operations

3.9.1 Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. The assets (or disposal group) are measured at lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in profit and loss account. Non-Current assets classified as held for sale are not depreciated or amortized.

3.9.2 Discontinued operations

A discontinued operation is a component of the Holding Company's business that represents a separate major line of business or geographical area of operations that has been disposed of or is being held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

3.10 Employees' retirement benefits

3.10.1 Defined contribution plan

A defined contribution plan is a post – employment benefit plan under which the Group pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit and loss account when they are due.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

3.10.2 Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods and that benefit is discounted to determine its present value. The calculation is performed at least once annually, by a qualified actuary using the projected unit credit method. The Holding Company and subsidiary operates a Defined Benefit 'Gratuity' Plan, for their regular permanent employees who have completed qualifying period of service. A funded Gratuity scheme is in place for the Management employees of the 'Lawrencepur Woolen and Textile Mills Unit', and unfunded gratuity scheme is followed for other employees.

Provisions are made in the financial statements to cover obligations under the scheme. The provisions require assumptions to be made of future outcome which mainly include increase in remuneration, expected return on plan assets and the discount rate used to convert future cash flows to current values. Actuarial gains and losses arising from the actuarial valuation are recognized immediately and presented in statement of comprehensive income.

3.11 Taxation

3.11.1 Current

Provision for current tax is based on the taxable income for the year at the rates of taxation after taking into account tax credits and rebates available, if any, or a fixed percentage of a gross turnover (as described by law), whichever is higher. It also includes any adjustment to tax payable in respect of prior years, if any.

3.11.2 Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognized is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and the tax laws that have been enacted or substantively enacted at the reporting date.

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

3.12 Contingent liabilities

Contingent liability is disclosed when:

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

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

3.12 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable in the normal course of business. Revenue is recognized net of brokerages, commission and trade discounts.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

Project revenue

Project revenues and costs relating to projects are recognized by reference to stage of completion of project activity at the balance sheet date. Stage of completion of a project is determined by applying 'cost to-cost method'. Under this method stage of completion of a project is determined by reference to the proportion that project cost incurred to date bears to the total estimated contract cost. Expected losses on projects are recognized as an expense immediately.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Interest income

Income from investments and deposits is recognized on a time-apportioned basis using the effective rate of return.

Dividend income

Dividend income is recognized when the Group's right to receive the dividend is established.

Capital gain

Capital gains / losses arising on sale of investments are included in the income on the date at which the transaction takes place.

3.13 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred except, to the extent of borrowing cost that is directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of such asset.

3.14 Foreign currency translation

Transactions in the foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at rates of exchange prevailing at the balance sheet date. Foreign exchange differences are recognized in the profit and loss account.

3.15 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary share holders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.16 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

3.17 Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiary is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

3.18 Segment reporting

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

Segment results that are reported to CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets, liabilities and related income and expenditure. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment. The business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risks and rewards of other segments. Segments reported are renewable energy and textile discontinued business which also reflects the management structure of the Group. There is no geographical segmentation as the group's operations are only in Pakistan.

Management has disclosed information as required by IFRS- 8 'Segment reporting' in note 32 to these financial statements.

		Note	2014 (Rs in '000)	2013 (Rs in '000)
4.	**PROPERTY, PLANT AND EQUIPMENT**			
	Operating assets	4.1	**147,625**	52,278
	Capital work in progress	4.7	**232,597**	182,931
			380,222	235,209

4.2 The above include assets with an aggregate carrying value of Rs. 107.89 million (2013: Rs 28.54 million) which relate to discontinued textile units.

4.3 Addition and disposal pertains to land in village Manga Autar, Tehsil and district Lahore of Burewala Textile Mills Limited. It represents Rs. 1.63 million being cost of the land transferred to the Company during amalgamation recorded in the current year.

4.4 It includes depreciation of Rs. 89.67 million in respect of assets transferred from 'held for sale' charged for the period from the date assets were classified as 'held for sale' i.e. April 2008 to December 2014.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

Particulars	Cost at January 01, 2014	Additions/ (disposals)/ transfer*	Transfer from held for sale refer note 14.1	Cost at December 31, 2014	Accumulated depreciation at December 31, 2014	Transfer from held for sale refer note 14.1	Depreciation/ (Disposals)/ transfer*for the year refernot 4.3	Accumulated depreciation at December 31, 2014	Carrying value as at December 31, 2014	Annual rate of depreciation
	Rupees in '000									%
Freehold land	48	1,636 (1,636)	3,109	3,157	-	-	-	-	3,157	-
Leasehold land	1,081	-		1,081	499	-	6	505	576	1
Buildings on freehold land	39,294	- -	31,263	70,557	36,272	26,735	1,491	64,498	6,059	10
Buildings on leasehold land	54,414	-		54,414	43,986		1,043	45,029	9,385	10
Plant and machinery	228,152	- (227,713) (321)*	377,587	377,705	221,343	210,515	86,877 (222,580) (81)*	296,074	81,631	10-20
Wind measuring equipment	3,881	-		3,881	1,335		255	1,590	2,291	10
Furniture, fixtures and office equipment	28,995	10,132 1,870* (9,684)*	35,663 -	66,976	15,354	30,720	3,420 115* (1,178)*	48,431	18,545	10
Computers	10,157	1,363 (176)	-	11,344	7,255	-	1,454 (127)	8,582	2,762	33
Tools and Equipment	-	4,585 7,814*	2,893	15,292	-	2,147	1,171 1,063*	4,381	10,911	10
Vehicles	23,572	2,626 (5,911)	-	20,287	15,378	-	1,843 (4,275)	12,492	7,341	20
Promotional and demo projects	4,107	2,449 321* (1,232)**	-	5,645	-	-	719 81* (123)**	677	4,968	10-50
2014	393,701	22,791 (235,436) (1,232)	450,515	630,339	341,422	270,117	98,280 (226,982) (123)	482,713	147,625	

Particulars	Cost at January 01, 2013	Additions/ (disposals)	Cost at December 31, 2013	Accumulated depreciation at December 31, 2013	Depreciation/ (Disposals)/ for the year	Accumulated depreciation at December 31, 2013	Carrying value as at December 31, 2013	Annual rate of depreciation
	Rupees in '000							%
Freehold land	48	-	48	-	-	-	48	-
Leasehold land	1,081	-	1,081	493	6	499	582	1
Buildings on freehold land	39,294	-	39,294	35,981	291	36,272	3,022	10
Buildings on leasehold land	54,414	-	54,414	42,827	1,159	43,986	10,428	10
Plant and machinery	227,713	439 -	228,152	219,693	1,650	221,343	6,809	20
Wind measuring equipment	3,881	-	3,881	1,052	283	1,335	2,546	10
Furniture, fixtures and office equipment	21,721	7,798 (525)	28,995	14,597	970 (213)	15,354	13,640	10
Computers Equipment	9,128	3,118 (2,089)	10,157	6,856	1,844 (1,445)	7,255	2,902	33
Vehicles	24,333	1,920 (2,681)	23,572	14,717	1,808 (1,147)	15,378	8,194	20
Promotional and demo projects	-	4,107	4,107	-	-	-	4,107	5
2013	381,613	17,382 (5,295)	393,700	336,215	8,012 (2,805)	341,422	52,278	

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

	Note	**2014 (Rs in '000)**	2013 (Rs in '000)
4.5 Depreciation for the year has been allocated as under			
Administrative expenses	25	**96,952**	5,430
Selling and distribution expenses	24	**1,328**	1,146
Cost of goods sold	22	**-**	1,436
		98,280	8,012

4.6 The following assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Carrying value	Sale proceed	Mode of disposal	Particulars of buyer
	Rupees in '000					
Plant and Machinery	227,713	222,580	5,133	6,162	Auction	5 Star Enterprises, SITE Area, Karachi
Land	1,636	-	1,636	245,577	Tender	Kohat Cement Company Limited, Rawalpindi Road, Kohat
Computer equipment	71	71	-	-	Group policy	Mr. Adil Ashraf (an employee)
Computer equipment	50	21	29	29	Group policy	Mr. Omar Mazhar (an employee)
Computer equipment	55	34	21	21	Group policy	Mr. Muhammad Farooq (an employee)
Vehicle	891	468	423	512	Group policy	Mr. Adil Ashraf (an employee)
Vehicle	770	726	44	490	Insurance claim	EFU General insurance Limited
Vehicle	30	30	-	0	Group policy	Mr. Izhar Iqbal (an employee)
Vehicle	34	33	1	1	Group policy	Mr. Muhammad Ramzan (an employee)
Vehicle	168	163	5	6	Auction	5 Star Enterprises, SITE Area, Karachi
Vehicle	311	299	12	19	Auction	5 Star Enterprises, SITE Area, Karachi
Vehicle	692	686	6	7	Auction	5 Star Enterprises, SITE Area, Karachi
Vehicle	84	82	2	2	Auction	5 Star Enterprises, SITE Area, Karachi
Vehicle	213	209	4	5	Auction	5 Star Enterprises, SITE Area, Karachi
Vehicle	35	34	1	1	Auction	5 Star Enterprises, SITE Area, Karachi
Vehicle	601	408	193	84	Auction	5 Star Enterprises, SITE Area, Karachi
Vehicle	160	65	95	115	Auction	5 Star Enterprises, SITE Area, Karachi
Vehicle	614	208	406	151	Auction	5 Star Enterprises, SITE Area, Karachi
Vehicle	1,308	865	443	574	Group policy	Mr. Hafeez ur Rehman (an employee)
2014	**235,436**	**226,982**	**8,454**	**253,756**		
2013	5,295	2,805	2,490	2,122		

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

		Note	2014 (Rs in '000)	2013 (Rs in '000)
4.7	**Capital work in progress**			
	This represents cost incurred in respect of the following:			
	Lease hold land		**23,296**	23,296
	Survey and consulting charges		**24,637**	24,638
	Professional fee		**166,912**	115,128
	Traveling, boarding and lodging		**17,605**	17,525
	Soil investigation and grid inter connection study		**147**	147
	Advances		**-**	2,197
			232,597	182,931
5.	**INTANGIBLE ASSETS**			
	Goodwill	5.1	**22,834**	22,834
	Computer software	5.2	**646**	1,290
	Capital work-in-progress	5.3	**13,583**	-
			37,063	24,124

5.1 Goodwill

In 2008, the Holding Company acquired 100% shareholding of TGL. The business combination with TGL has been accounted for by applying the purchase method. The cost of the acquisition has been measured at the fair value of equity instruments issued at the date of exchange plus cost directly attributable to acquisition. Identified assets acquired, liabilities (including contingent liabilities) assumed or incurred have been carried at the fair value at the acquisition date. The excess cost of acquisition over the fair value of identifiable net assets acquired has been recorded as goodwill in these consolidated financial statements.

At December 31, 2014, the management of the Group carried out an impairment testing of its goodwill recorded in the consolidated financial statements as a result of acquisition of TGL. Based on the said testing, the NPV of the wind project was in excess of the respective carrying amount of goodwill as at December 31, 2014.

		2014 (Rs in '000)	2013 (Rs in '000)
5.2	**Computer software**		
	Cost		
	Balance as on January 1	**4,984**	4,634
	Additions during the year	**86**	350
	Balance as on December 31	**5,070**	4,984
	Amortization @ 33%		
	Balance as on January 1	**3,694**	3,091
	During the year	**730**	603
	Balance as on December 31	**(4,424)**	(3,694)
	Carrying amount	**646**	1,290

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

5.3 This includes amount related to the implementation of Microsoft Dynamics Enterprise Resource Program amounting to Rs. 13.58 million.

		Note	2014 (Rs in '000)	2013 (Rs in '000)
6.	**LONG TERM INVESTMENTS**			
	Share of investment in an associate	6.1	**4,926,200**	4,605,789
	Other investments	6.2	**13,221**	9,963
			4,939,421	4,615,752

6.1 Share of investment in an associate

Associated Company - quoted

Dawood Hercules Corporation Limited (DHCL)

	Note	2014 (Rs in '000)	2013 (Rs in '000)
Opening balance		**4,605,789**	4,217,927
Add: Share of profit after taxation	6.1.2	**398,274**	464,122
Share of other comprehensive income		**69**	1,672
		5,004,132	4,683,721
Less: Dividend received		**(77,932)**	(77,932)
		4,926,200	4,605,789

6.1.1 The Holding Company has investment in an associate 'Dawood Hercules Corporation Limited' (DHCL) - ownership 16.19 % (2013: 16.19%), comprising of 77,931,896 (December 31, 2013: 77,931,896) fully paid ordinary shares of Rs. 10/- each, having market value of Rs. 6,586 million (2013: 4,373 million).

6.1.2 The financial year end of DHCL is December 31, 2014. Unaudited financial results as of September 30, 2014 (2013: September 30, 2013) have been used for the purpose of application of equity method.

		2014 (Rs in '000)	2013 (Rs in '000)
6.1.3	Summarized financial information of DHCL is as follows:		
	Total assets	**40,037,904**	39,228,994
	Total liabilities	**10,076,527**	11,246,708
	For 12 months October 01, 2013 to September 30, 2014 - unaudited		
	- Revenue	**3,612,761**	4,065,023
	- Profit after taxation	**2,460,002**	3,185,878
	- Dividend	**481,287**	481,287
	- Other comprehensive income	**427**	10,325

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

6.1.4 'The Holding Company holds 16.19% of the voting power in DHCL, however due to representation of its Directors on the Board of Directors of DHCL and participation in policy making processes including participation in decisions about dividends or other distributions, it has significant influence over DHCL.

6.2 Other investments

- Available for sale investments

2014	2013		**2014**	2013
No. of Units / Shares		**Name of Investee**	**(Rs in '000)**	(Rs in '000)
Listed Securities				
200,000	200,000	National Investment (Unit) Trust	**13,206**	9,948
Un-Listed Securities				
1,500	1,500	Asian Co-operative Society Limited	**15**	15
			13,221	9,963

6.3 Reconciliation between fair value and cost of investments classified as 'available for sale'

Fair value of investments	**13,221**	9,963
Surplus on remeasurement of investments as at December 31	**(10,766)**	(7,508)
Cost of investments	**2,455**	2,455

7. LONG TERM DEPOSITS

Electricity and gas	**9,019**	9,019
Others	**1,525**	1,525
	10,544	10,544

8. STORES AND SPARES

Stores	**11,090**	23,358
Spares	**4,488**	33,535
	15,578	56,893
Provision for slow moving and obsolete items	**(3,578)**	(20,311)
	12,000	36,582

8.1 It represents stores and spares of Burewala Textile Mills transferred from assets classified as 'held for sale' (refer note 15.1). Stores and spares of LWTM have been sold during the year.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

		Note	2014 (Rs in '000)	2013 (Rs in '000)
9.	**STOCK-IN-TRADE**			
	Renewable energy			
	Stock in trade		**182,920**	71,188
	Stock in transit		**1,584**	2,490
			184,504	73,678
	Provision for slow moving and obsolete items	9.1	**(5,215)**	-
			179,289	73,678
	Textile			
	Raw material		**-**	3,276
	Work in process		**-**	6,338
	Finished goods		**108,055**	191,374
			108,055	200,988
	Provision for slow moving and obsolete items	9.1	**(6,825)**	(13,360)
			101,230	187,628
			280,519	261,306

		Note	2014 (Rs in '000)	2013 (Rs in '000)
9.1	**Provision for slow moving and obsolete items**			
	Finished goods - textile		**6,825**	3,276
	Finished goods - renewable energy		**5,215**	3,259
	Raw material - textile		**-**	6,825
	Work in process - textile		**-**	
			12,040	13,360

		Note	2014 (Rs in '000)	2013 (Rs in '000)
10.	**TRADE DEBTS**			
	Unsecured			
	Considered good			
	Textile		**12,606**	83,605
	Renewable energy - projects		**31,843**	8,689
	Renewable energy - others		**7,084**	2,588
			51,533	94,882
	Considered doubtful			
	Textile		**17,033**	21,373
	Renewable energy		**87**	533
			17,120	21,906
		10.1	**68,653**	116,788
	Provision against doubtful debts	10.2	**(17,120)**	(21,906)
			51,533	94,882

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

10.1 The amount due and maximum aggregate amount from related parties at the end of any month during the year is as follows:-

	Amount Outstanding (Rs in '000)	Maximum month end balance (Rs in '000)
December 31, 2014		
Sach International (Private) Limited	**12,606**	26,181
Pebbles (Private) Limited	**-**	3,188
Director	**1,738**	1,738
December 31, 2013		
Sach International (Private) Limited	**83,605**	83,605
Pebbles (Private) Limited	**2,248**	3,188
Director	**1,564**	1,564

		2014 (Rs in '000)	2013 (Rs in '000)
10.2	**Movement in provision for doubtful debt**		
	Opening balance	**21,906**	17,739
	Provision made during the year	**-**	4,167
	Reversal made during the year	**(4,786)**	-
	Closing balance	**17,120**	21,906

10.3 There is no amount that is past due but not impaired. The amount receivable from related party is outstanding for not more than six months.

11. LOANS AND ADVANCES

Unsecured		
Considered good		
Advance tax	**37,826**	25,587
Loans and advances to employees	**4,714**	3,321
Advance to suppliers	**9,048**	13,394
	51,588	42,302

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

		Note	2014 (Rs in '000)	2013 (Rs in '000)
12.	**DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Income tax refundable	12.1	**61,765**	61,765
	Security deposits		**5,116**	4,068
	Prepayments		**3,148**	3,439
	Letters of credit		**203**	16,979
	Sales tax	12.2	**-**	5,188
	Others	12.3	**9,187**	3,708
			79,419	95,147

		2014 (Rs in '000)	2013 (Rs in '000)
12.1	**Income tax refundable**		
	Considered good	**61,765**	61,765
	Considered doubtful	**21,509**	21,509
		83,274	83,274
	Provision against doubtful receivables	**(21,509)**	(21,509)
		61,765	61,765

12.2	**Sales tax**		
	Sales tax		
	Considered good	**-**	5,188
	Considered doubtful	**12,213**	8,128
		12,213	13,316
	Provision against doubtful receivables	**(12,213)**	(8,128)
		-	5,188

12.3 The amount due and maximum aggregate amount from related parties at the end of any month during the year is as follows:-

	Amount Outstanding (Rs in '000)	Maximum month end balance (Rs in '000)
December 31, 2014		
Sach International (Private) Limited	**7,322**	7,322
Cyan Limited	**8**	8
December 31, 2013		
Sach International (Private) Limited	**2,360**	5,674
Cyan Limited	**45**	45

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

13. SHORT TERM INVESTMENTS

At fair value through profit or loss

2014 No. of Units	2013 No. of Units		2014 (Rs in '000)	2013 (Rs in '000)
139,573	454,445	MCB Cash Management Optimizer Fund	**14,560**	45,468
548,134	616,633	Askari Sovereign Cash Fund	**57,441**	62,156
			72,001	107,624

13.1 Reconciliation between fair value and cost of investments classified as 'held for trading at fair value through profit or loss'

	2014 (Rs in '000)	2013 (Rs in '000)
Fair value of investments	**72,001**	107,624
Movement in unrealized (loss) / gain on remeasurement of investment		
Opening balance	**4,186**	1,589
Unrealized gain during the year	**5,676**	4,186
Reversal made during the year	**(4,186)**	(1,589)
Closing balance	**5,676**	4,186
	66,325	103,438

14. CASH AND BANK BALANCES

	Note	2014 (Rs in '000)	2013 (Rs in '000)
Cash in hand		**313**	390
Cash at banks			
In current accounts		**32,008**	17,217
In deposit accounts	14.1	**16,726**	17,808
		48,734	35,025
		49,047	35,415

14.1 These include Term Deposit Receipts (TDRs) amounting to Rs. 14 million (2013: Rs. 14 million) and deposits with commercial banks, and carry a profit of 8.1% per annum (2013: 8.1%) and 6% (2013: 6%) per annum respectively.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

		Note	**2014 (Rs in '000)**	2013 (Rs in '000)
15.	**ASSETS CLASSIFIED AS 'HELD FOR SALE'**			
	Property, plant and equipment	15.2	**-**	180,398
	Stores and spares		**-**	15,578
			-	195,976
	Provision for slow moving / obsolescence on stock in trade and stores and spares		**-**	(1,447)
			-	194,529

15.1 Management has been negotiating the deal with the prospective buyers. However, in view of prolonged delay in finalization of the deal and based on assessment of criteria as defined in IFRS-5, these assets have been classified under operating assets.

15.2 Property, plant and equipment

Particulars	Cost at January 01, 2014	Transfer	Disposal	Cost at December 31, 2014	Accumulated depreciation at January 01, 2014	Transfer	Depreciation adjusted for the year	Accumulated depreciation at December 31, 2014	Carrying value at December 31, 2014
	Rupees in '000								
Freehold land	3,109	(3,109)	-	-	-	-	-	-	-
Building on freehold land	31,263	(31,263)	-	-	26,735	(26,735)	-	-	-
Plant and machinery	377,587	(377,587)	-	-	210,515	(210,515)	-	-	-
Electric installations	35,663	(35,663)	-	-	30,720	(30,720)	-	-	-
Tools and equipment	2,893	(2,893)	-	-	2,147	(2,147)	-	-	-
2014	450,515	(450,515)	-	-	270,117	(270,117)	-	-	-

For comparative year

Particulars	Cost at January 01, 2014	Transfer	Disposal	Cost at December 31, 2014	Accumulated depreciation at January 01, 2014	Transfer	Depreciation adjusted for the year	Accumulated depreciation at December 31, 2014	Carrying value at December 31, 2014
	Rupees in '000								
Freehold land	3,109	-	-	3,109	-	-	-	-	3,109
Building on freehold land	31,263	-	-	31,263	(26,735)	-	-	(26,735)	4,528
Plant and machinery	377,587	-	-	377,587	(210,515)	-	-	(210,515)	167,072
Electric installations	35,663	-	-	35,663	(30,720)	-	-	(30,720)	4,943
Tools and equipment	2,893	-	-	2,893	(2,147)	-	-	(2,147)	746
2013	450,515	-	-	450,515	270,117	-	-	270,117	180,398

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

16. SHARE CAPITAL

16.1 Authorized capital

2014	2013		2014	2013
Number of Shares			**(Rs in '000)**	(Rs in '000)
75,000,000	75,000,000	Ordinary shares of Rs.10/- each	**750,000**	750,000

16.2 Issued, subscribed and paid up capital

2014	2013		2014	2013
Number of Share			**(Rs in '000)**	(Rs in '000)
2,204,002	2,204,002	Ordinary shares of Rs.10/- each fully paid in cash Issued for consideration other than cash	**22,040**	22,040
12,805,118	12,805,118	fully paid as bonus	**128,051**	128,051
44,048,739	44,048,739		**440,487**	440,487
59,057,859	59,057,859		**590,578**	590,578

16.2.1 Associates holding of the Holding Company's share capital are as under:

	2014	2013
	No. of Shares	
Dawood Corporation (Private) Limited	**28,974,998**	28,974,998
Patek (Private) Limited	**3,501,884**	3,501,884
Cyan Limited	**2,965,095**	2,965,095
Pebbles (Private) Limited	**302,718**	302,718
Dawood Industries (Private) Limited	**494,921**	495,351
Sach International (Private) Limited	**3,776**	3,776
	36,243,392	36,243,822

16.2.2 The Holding Company has one class of ordinary shares which carry no right to fixed income. The holders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Holding Company. All shares rank equally with regard to the Holding Company's residual assets.

	Note	2014 (Rs in '000)	2013 (Rs in '000)
17. DEFERRED LIABILITIES			
Staff retirement gratuity	17.1	**20,329**	11,388
Deferred taxation	17.2	**-**	-
		20,329	11,388

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

17.1 Staff retirement gratuity

17.1.1 The details of employee retirement benefit obligation based on actuarial valuations carried out by independent actuary as at December 31, 2014 under the Projected Unit Credit Method are as follows:

17.1.2 As per the actuarial valuation carried out as at December 31, 2014, following significant assumptions were used for determining the gratuity liability:

	2014	2013
	%	
Discount rate	**11.25**	12.5
Expected rate of salary increase	**10.25**	11.5
Expected return on plan assets	**11.25**	12.5

	Note	**2014 (Rs in '000)**	2013 (Rs in '000)
17.1.3 Balance Sheet Reconciliation			
Present value of defined benefit obligation	17.1.4	**22,950**	13,680
Fair value of plan assets	17.1.5	**(2,621)**	(2,292)
Net Liability at end of the year		**20,329**	11,388
17.1.4 Movement in present value of defined benefit obligation			
Present value of defined benefit obligation at beginning of the year		**13,680**	85,855
Current service cost		**6,781**	9,505
Interest cost		**1,214**	9,332
Benefits paid		**(4,016)**	(101,926)
Liability transferred from Group company		**-**	1,417
Settlement losses		**-**	2,755
Remeasurements: experience adjustments		**5,291**	6,743
Present value of defined benefit obligation at end of the year		**22,950**	13,680
17.1.5 Movement in fair value of plan assets			
Fair value of plan assets at beginning of the year		**2,292**	2,283
Contributions made by the Group		**4,016**	101,762
Interest income		**287**	251
Benefits paid		**(4,016)**	(101,763)
Return on plan assets exlcuding interest income		**42**	(241)
Fair value of plan assets at end of the year		**2,621**	2,292

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

		2014 (Rs in '000)	2013 (Rs in '000)
17.1.6	**Expense recognized in profit and loss account**		
	Current service cost	**6,781**	9,505
	Gains and losses arising on plan assets	**-**	2,755
	Interest cost on defined benefit obligation	**1,214**	9,332
	Interest income on plan assets	**(287)**	(251)
	Expense for the year	**7,708**	21,341
17.1.7	**Remeasurement losses recognized in other comprehensive income**		
	Experience adjustments	**5,291**	6,743
	Interest income on plan assets	**(42)**	241
		5,249	6,984
17.1.8	**Net recognized liability**		
	Net liability at beginning of the year	**11,388**	83,572
	Expense recognized in profit and loss account	**7,708**	21,341
	Remeasurement losses recognized in other comprehensive income	**5,249**	6,984
	Liability transferred from Group company	**-**	1,417
	Payments made during the year	**(4,016)**	(101,926)
	Net liability at end of the year	**20,329**	11,388
17.1.9	**Plan assets comprise of following**		
	Cash and cash equivalents	**2,477**	2,278
	Mutual funds	**144**	14
		2,621	2,292
17.1.10	**Sensitivity analysis for actuarial assumptions**		
	Discount rate (+100 bps)	**18,333**	10,602
	Discount rate (-100 bps)	**22,750**	12,998
	Future salary increase rate (+100 bps)	**22,790**	12,998
	Future salary increase rate (-100 bps)	**18,262**	10,583

Notes to the Consolidated Financial Statements

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

17.1.11 The weighted average duration of the defined benefit obligation is 11 years.

17.1.12 The expected maturity analysis of undiscounted retirement benefit plan is:

Less than a year	**1,655**
Between 1-2 years	**2,170**
Between 2-3 years	**2,487**
Between 3-4 years	**2,738**
Between 4-5 years	**2,915**
More than 5 years	**802,128**

17.2. Deferred taxation

Deferred tax asset works out to Rs. 362.87 million (2013: Rs. 308.810 million). It is likely that the income of the Company will be taxable based on turnover tax and under final tax regime in future, hence as a matter of prudence, deferred tax asset is not recognized.

18. RUNNING FINANCE

The Holding Company has arranged running finance of Rs. 400 million (2013: Rs. 400 million) under a mark-up arrangement. The facility is subject to markup @ 3 month KIBOR + 1.1% which is determined at the start of each quarter and is payable on a quarterly basis in arrears. The running finance under mark-up arrangement is secured by way of pledge over Holding Company's investment in a related party.

	Note	2014 (Rs in '000)	2013 (Rs in '000)
19. TRADE AND OTHER PAYABLES			
Creditors		**29,582**	22
Accrued expenses		**32,762**	35,257
Unclaimed dividend		**29,466**	29,905
Due to Islamic Development Bank	19.1	**25,969**	25,969
Advance from customers and others	19.2	**32,209**	18,659
Sales tax payable		**6,844**	-
Workers' welfare fund		**1,997**	1,997
Gratuity to an ex-staff		**-**	119
Deposits	19.3	**2,477**	457
Withholding tax		**6,468**	786
		167,774	113,171

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

19.1 This represents amount payable against the preference shares issued before amalgamation in the year 2004, by one of the merged entity to Islamic Development Bank with a right to redeem. The merged entity had served notice to the Bank for redemption before the scheme of amalgamation and redemption reserve has been created.

	2014 (Rs in '000)	2013 (Rs in '000)
19.2 These include amounts due to following related parties:		
The Dawood Foundation	**361**	92
Dawood Hercules Corporation Limited	**1,805**	1,063
Engro Powergen Limited	**3,283**	-
DH Fertilizer Limited	**-**	195

19.3 All deposits are interest free and re-payable on demand.

20. CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

a) For the tax year 2003, the Taxation Officer in his order disallowed expenses relating to gratuity, lease rentals, employee perquisites and utilities amounting to Rs. 18.6 million. The Commissioner Inland Revenue (Appeals) [CIR(A)] also maintained these disallowances. The Holding Company filed an appeal against these disallowances before Appellate Tribunal Inland Revenue (ATIR). In 2010, ATIR in its order set aside the order of taxation officer and remanded back the matters to taxation officer for reconsideration. The tax incidence of the above mentioned disallowances is Rs. 6.5 million. The Taxation Officer has not yet initiated his proceedings.

b) "For tax years 2004, 2005 and transitional year of 2005, the Additional Commissioner Inland Revenue (ACIR) through its order erroneously allocated expenses from business income to dividend income and capital gains and revised expenses to Rs. 62.5 million from the original allocation of Rs. 136.1 million resulting in reduction in tax incidence to Rs. 21.9 million. The Holding Company later filed an appeal before CIR(A) on this matter, who upheld the order of ACIR during the year. The Holding Company again filed an appeal before ATIR which is pending for hearing.

Further for tax year 2004, the matter of disallowance of adjustment of assessed losses of amalgamating companies amounting to Rs. 20.62 million against the income of the Holding Company is also pending at Lahore High Court.

c) For tax years 2008 and 2009, the CIR(A), in prior year, in his order did not allow to set off dividend income against business losses, having tax impact of Rs. 13.92 million. The Holding Company filed an appeal before ATIR for both years which is pending for hearing.

d) A sales tax audit was initiated by the Sales Tax Department for the period July 2010 to June 2011. During the current year, the Holding Company received an order from DCIR, raising an erroneous demand of Rs. 5.88 million relating mainly to inadmissible input taxes, non-payment of sales tax on scrap scales and non-payment of withholding sales tax. The Holding Company filed an appeal against the order before CIR(A) who upheld the demand of DCIR subsequent to the year end. The Holding Company is in the process of filing an appeal before ATIR against this order which is pending for hearing.

The outcome of the above pending matters is not certain. Based on the facts of the matters and in consultation with tax advisers, management is confident of a favourable outcome on these matters and as such no further provision has been considered necessary.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

20.2 The Group has arranged a bank guarantee of USD 125,000 (December 2013: USD 125,000) to Alternate Energy Development Board (AEDB) for Letter of Support which is valid up to June 30, 2015.

20.3 The Group is contingently liable against guarantees and counter guarantees amounting to Rs. 128.13 million (December 2013: Rs. 15.13 million).

20.4 Commitments

Letters of credit outstanding for purchase of renewable energy products amount to Rs. Nil (December 2013: Rs. 9.98 million).

Outstanding amount against implementation of software amounts to Rs. 0.8 million (December 2013: Nil).

	Note	**2014 (Rs in '000)**	2013 (Rs in '000)
21. SALES - NET			
Renewable energy			
Project revenue	21.1	**82,788**	14,079
Solar lights		**32,845**	12,886
Others		**15,491**	5,045
		131,124	32,010
Less: Return and discount		**(1,925)**	(23)
		129,199	31,987
Textile			
Fabric		**70,423**	170,142
Yarn		**-**	16,444
		70,423	186,586
Related to discontinued operations		**(70,423)**	(186,586)
		129,199	31,987

21.1 It includes Rs. 43.34 million (2013: Rs. 4.89 million) relating to projects in progress at reporting date.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

		Note	2014 (Rs in '000)	2013 (Rs in '000)
22	**COST OF GOODS SOLD**			
	Renewable energy			
	Opening stock		**71,188**	10,091
	Purchases and related expense		**215,464**	85,330
	Closing stock		**(184,504)**	(71,188)
	Cost of goods sold	22.1	**102,148**	24,233
	Textile			
	Work in process			
	Opening balance		**6,338**	53,420
	Manufacturing expenses	22.2	**-**	91,174
	Less: Sold during the year		**(6,338)**	(821)
	Closing balance		**-**	(6,338)
	Cost of goods manufactured		**-**	137,435
	Finished goods			
	Opening balance		**191,374**	240,745
	Closing balance		**(108,055)**	(191,374)
			83,319	49,371
	Cost of goods sold		**83,319**	186,806
	Related to discontinued operations		**(83,319)**	(186,806)
			102,148	24,233

22.1 It includes Rs. 33.41 million (2013: Rs. 4.35 million) relating to projects in progress at reporting date.

22.2 Manufacturing expenses

	Note	2014 (Rs in '000)	2013 (Rs in '000)
Raw material consumed	22.2.1	-	2,646
Salaries, wages and allowances		-	63,541
Electricity, gas and water		-	16,504
Stores and spares consumed	22.2.2	-	1,830
Travelling and conveyance		-	2,955
Depreciation	4.5	-	1,436
Insurance		-	490
Workers' canteen		-	1,116
Repairs and maintenance		-	406
Postage and telephone		-	250
Other overheads		-	-
		-	91,174

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

		2014 (Rs in '000)	2013 (Rs in '000)
22.2.1	**Raw material consumed**		
	At January 01,	**3,276**	5,926
	Purchases and related expenses	**-**	(4)
	Less: Sold during the year	**(3,276)**	-
	At December 31,	**-**	(3,276)
		-	2,646
22.2.2	**Raw material consumed**		
	At January 01,	**56,893**	57,842
	Transferred from held for sale (refer note 15.1)	**15,578**	-
	Purchases and related expenses	**-**	881
	Less: Sold during the year	**(56,893)**	-
		15,578	58,723
	At December 31,	**(15,578)**	(56,893)
		-	1,830
23.	**OTHER INCOME**		
	Income from financial assets		
	Dividend Income - National Investment (Unit) Trust	**820**	750
	Profit on deposits	**1,313**	2,585
	Capital gain on sale of investments - held for trading	**2,451**	22,579
	Unrealized gain on short term investments	**5,676**	4,186
		10,260	30,100
	Income / (loss) from non financial assets		
	Gain / (loss) on sale of property, plant and equipment	**245,302**	(354)
	Gain on sale of stores and spares and stock-in-trade	**8,271**	-
	Other income	**9,581**	4,808
	Royalty income	**9,436**	2,927
	Storage income	**4,096**	3,695
	Exchange loss	**(612)**	(582)
		276,074	10,494
		286,334	40,594
	Related to discontinued operations	**(265,565)**	(8,112)
		20,769	32,482

23.1 Other income includes net gain of Rs. 243.94 million on disposal pertaining to land in Village Manga Autar, Tehsil and District Lahore, of Burewala Textile Mills Limited.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

		Note	2014 (Rs in '000)	2013 (Rs in '000)
24.	**SELLING AND DISTRIBUTION EXPENSES**			
	Salaries and allowances	24.1	**63,952**	32,339
	Sales promotion		**2,616**	123
	Storage and forwarding		**-**	762
	Depreciation	4.5	**1,328**	1,146
	Conveyance and travelling		**13,385**	7,924
	Fees and Subscription		**4,555**	-
	Postage and telephone		**2,661**	742
	Electricity, gas and water		**550**	509
	Rent, rates and taxes		**5,227**	5,823
	Printing and stationery		**2,013**	617
	Repairs and maintenance		**5,529**	1,107
	Freight and insurance		**1,582**	392
	Advertisement		**14,016**	4,567
	Miscellaneous		**2,372**	4,321
			119,786	60,372
	Related to discontinued operations	28	**(889)**	(2,949)
			118,897	57,423

24.1 Staff salaries and benefits include Rs. 3.02 million (2013: Rs. 4.16 million) in respect of staff retirement benefits.

		Note	2014 (Rs in '000)	2013 (Rs in '000)
25.	**ADMINISTRATIVE EXPENSES**			
	Salaries and allowances	25.1	**122,923**	121,306
	Legal and professional		**4,417**	16,673
	Rent, rates and taxes		**10,652**	11,500
	Electricity and gas		**13,002**	13,481
	Depreciation	4.5	**96,951**	5,430
	Printing and stationery		**3,424**	3,028
	Fees and subscription		**14,185**	10,137
	Insurance		**4,829**	3,822
	Conveyance and travelling		**7,106**	4,002
	Repairs and maintenance		**11,567**	3,410
	Postage and telephone		**3,347**	2,180
	Entertainment		**1,923**	927
	Auditors' remuneration	25.2	**810**	725
	Amortization	5.2	**730**	603
	Provision against stores and spares		**2,131**	2,492
	Provision against stock in trade and doubtful receivables		**9,300**	-
	Miscellaneous		**7,727**	7,774
			315,024	207,489
	Related to discontinued operations	28	**(168,912)**	(141,771)
			146,112	65,718

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

25.1 Staff salaries and benefits include Rs. 4.69 million (2013: Rs. 13.04 million) in respect of staff retirement benefits.

		Note	2014 (Rs in '000)	2013 (Rs in '000)
25.2	**Auditors' remuneration**			
	Annual audit fee		**590**	505
	Half yearly review and other certification fee		**220**	220
			810	725
26.	**FINANCE COST**			
	Mark-up on running finance		**30,421**	5,131
	Bank charges		**1,581**	774
			32,002	5,905
	Related to discontinued operations	28	**(3)**	(7)
			31,999	5,898
27.	**TAXATION**			
	Current year		**10,563**	2,725
	Prior year		**(12)**	-
			10,551	2,725

27.1 **Relationship between tax expense and accounting profit**

The relationship between tax expense and accounting profit has not been presented in these financial statements as the total income falls under: (a) turnover tax provided under section 113 (b) and income that is separately taxed under respective sections of the Income Tax Ordinance, 2001.

		Note	2014 (Rs in '000)	2013 (Rs in '000)
28.	**PROFIT / (LOSS) FROM DISCONTINUED OPERATIONS**			
	Sales - net		**70,423**	186,586
	Cost of goods sold	22	**(83,319)**	(186,806)
	Gross loss		**(12,896)**	(220)
	Other income	23	**265,565**	8,112
	Administrative expenses	25	**(168,912)**	(141,771)
	Voluntary separation scheme cost		**-**	(201,812)
	Selling expense	24	**(889)**	(2,949)
	Finance cost	26	**(3)**	(7)
	Net profit / (loss) from discontinued operations		**82,865**	(338,647)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

29. EARNINGS PER SHARE - BASIC AND DILUTED

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

29.1 Continuing operations

Profit after taxation (Rs. in '000)	**138,535**	372,594
Weighted average number of ordinary shares outstanding during the year	**59,058**	59,058
Earnings per share (Rs.)	**2.35**	6.31

29.2 Discontinued operations

Profit / (loss) after taxation (Rs. in '000)	**82,865**	(338,647)
Weighted average number of ordinary shares outstanding during the year	**59,058**	59,058
Earnings per share (Rs.)	**1.40**	(5.73)

30. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

	2014		2013	
	Chief Executive	**Executive**	Chief Executive	Executive
	(Rs in '000)		(Rs in '000)	
Remuneration	**7,160**	**14,209**	5,916	10,666
House rent allowance	**3,580**	**5,305**	2,958	3,973
Utilities	**1,790**	**1,179**	1,479	1,239
Retirement benefits	**1,682**	**1,574**	1,188	1,318
Other allowances	**1,159**	**6,918**	4,244	4,381
	15,371	**29,185**	15,785	21,577
No. of person (s)	**1**	**5**	1	5

Chief executive and other executives of the Group are entitled use of Company maintained vehicles.

31. TRANSACTIONS WITH RELATED PARTIES

The Group in the normal course of business carries out transactions with various related parties. Related parties comprise of a subsidiary companies, associated undertaking, directors, key management personnel and others. Amounts due from and to other related parties, directors and key management personnel are shown under respective notes of receivables and payables. Remuneration of directors and key management personnel is disclosed in note 30. Other significant transactions with related parties are as follows:

Notes to the Consolidated Financial Statements

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	Relationship		2014 (Rs in '000)	2013 (Rs in '000)
a.	**Associated companies**			
	Dawood Hercules Corporation Limited	Dividend income	**77,932**	77,932
		Reimbursable expenses by the Holding Company	**7,544**	4,719
		Reimbursable expenses to the Holding Company	**65**	32
	DH Fertilizer Limited	Reimbursable expenses by the Group	**2,802**	970
		Reimbursable expenses to the Group	**-**	12
		Sale of renewable energy products	**-**	102
	Sach International (Private) Limited	Sale of fabric	**39,692**	172,588
		Reimbursable expenses to the Group	**656**	2,884
		Reimbursable expenses by the Group	**-**	50
		Royalty charged	**9,436**	2,927
		Penalty charged	**1,030**	-
		Retirement and other benefits transferred to the Group	**-**	1,113
		Purchase of computer	**-**	53
		Transfer of assets by the Group	**-**	1,384
	Cyan Limited	Reimbursable expenses to the Group	**100**	65
	Sui Northern Gas Pipelines Limited	Utility charges paid	**-**	6,816
	The Dawood Foundation	Rental charges paid	**4,950**	4,829
		Reimbursable expenses by the Group	**1,829**	1,355
	Inbox Business Technologies (Pvt) Limited	Hardware maintenance charges paid	**279**	250
	Pebbles (Private) Limited	Sale of solar solutions	**-**	3,188
		Penalty charged	**122**	-
	National Database and Registration Authority (NADRA)	Verification charges	**11**	-
	Dawood Public School	Sale of renewable energy products	**-**	59
		Promotional solar solutions	**-**	510
	Engro Powergen Limited	Project management fee	**5,333**	-
		Reimbursable expenses by the Group	**10,163**	-
b.	**Other related parties**			
	Dawood Lawrencepur Limited (Burewala Mills) - Staff Provident Fund	Contribution by the Group	**-**	97
	Directors	Sale of solar solutions	**174**	1,564

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

32. SEGMENT REPORTING

During the period management has determined the operating segments for allocation of resources and assessment of performance. The Group is organized into the following three reportable operating segments:

- Renewable energy solutions
- Textile - discontinued operations
- Alternate energy

Segment analysis is as under:

32.1 Segment results

	Renewable energy		Textile - discontinued operations		Alternate Energy		Unallocated		The Group	
	December 31,		December 31,		December 31,		December 31,		December 31,	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	Rupees in '000									
Revenue	129,199	31,987	70,423	186,586	-	-	-	-	199,622	218,573
Cost of goods sold	(102,148)	(24,233)	(83,319)	(186,806)	-	-	-	-	(185,467)	(211,039)
Segment gross profit	27,051	7,754	(12,896)	(220)	-	-	-	-	14,155	7,534
Administrative expenses	(128,402)	(48,128)	(168,912)	(141,771)	(17,710)	(17,589)	-	-	(315,024)	(207,488)
Selling and distribution expenses	(118,897)	(57,423)	(889)	(2,949)			-	-	(119,786)	(60,372)
Finance cost	-	-	(3)	(7)	(193)	(191)	(31,806)	(5,708)	(32,002)	(5,906)
Other income	-	-	265,565	8,112	9,392	6,129	11,377	26,353	286,334	40,594
Voluntary separation scheme									-	-
cost	-	-	-	(201,812)			-	-	-	(201,812)
Profit from associate	-	-	-	-			398,274	464,122	398,274	464,122
Taxation	-	-	-	-	(486)	(425)	(10,065)	(2,300)	(10,551)	(2,725)
Segment net profit	(220,248)	(97,797)	82,865	(338,647)	(8,997)	(12,076)	367,780	482,467	221,400	33,947

32.2 Segment assets

	Renewable energy		Textile - discontinued operations		Alternate Energy		Unallocated		The Group	
	December 31,		December 31,		December 31,		December 31,		December 31,	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	Rupees in '000									
Property, plant and equipment	37,525	19,918	107,170	208,932	235,527	186,756	-	-	380,222	415,606
Intangible assets	-	-	-	-	37	143	37,026	23,981	37,063	24,124
Long term investments	-	-	-	-	-	-	4,939,421	4,615,752	4,939,421	4,615,752
Long term deposits	-	-	10,544	10,544	-	-	-	-	10,544	10,544
Stores and spares	-	46	12,000	50,631	-	-	-	-	12,000	50,677
Stock-in-trade	179,289	73,677	101,230	187,664	-	-	-	-	280,519	261,341
Trade debts	38,927	11,277	12,606	83,604	-	-	-	-	51,533	94,881
Loans and advances	23,086	16,098	28,032	26,013	471	194	-	-	51,589	42,305
Deposits, prepayments and					-	-				
other receivables	27,116	29,042	51,644	65,552	623	553	35	-	79,418	95,147
Short term investments	-	-	-	-	72,001	107,624	-	-	72,001	107,624
Cash and bank balances	-	-	-	-	18,744	15,159	30,303	20,256	49,047	35,415
Total segment assets	305,943	150,058	323,226	632,940	327,403	310,429	5,006,785	4,659,989	5,963,357	5,753,416

Segment Liabilities

Deferred Liabilities	17,748	8,690	-	729	2,581	1,969	-	-	20,329	11,388
Running Finance	-	-	-	-	-	-	178,491	261,708	178,491	261,708
Trade and other payables	140,303	10,706	-	96,535	27,471	5,930	-	-	167,774	113,171
Accrued Markup	-	-	-	-	-	-	5,132	5,131	5,132	5,131
Provision for taxation	-	-	-	-	498	425	22,961	12,898	23,459	13,323
	158,051	19,396	-	97,264	30,550	8,324	206,584	279,737	395,185	404,721

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

32.3 Included in the revenues arising from direct sales of fabric of Rs. 70.52 million (2013: Rs. 186.52 million) are revenues of approximately Rs. 38.7 million (2013: Rs. 172.59 million) which arose from sales to the Group's major customer. No other single customer contributed 10% or more to Group revenues .

33. FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprise trade and other payables, and short term borrowings. The Group's financial assets comprise of trade debts, bank balances and investments in equity securities. The Group also holds loans, advances, deposits and other receivables.

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including cash flow interest rate risk, currency risk, equity price risk and fair value interest rate risk).

The Board of Directors has overall responsibility for the establishment and oversight of the Group's financial risk management. The responsibility includes developing and monitoring the Group's risk management policies. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing Group's financial risk exposures.

33.1 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Holding Company's performance to developments affecting a particular industry.

The Holding Company and subsidiaries are exposed to credit risk from its operating activities primarily for trade debts and from its investing activities, including investment in securities, deposits with banks and other financial instruments.

Out of the total financial assets of Rs. 5,141.6 million (2013: Rs. 4,875.37 million), the financial assets which are subject to credit risk amounted to Rs. 129.87 million (2013: Rs. 151.55 million).

33.1.1 Credit risk related to receivables

The Group only deals in local sales. Customer credit risk is managed by the business unit subject to the Group's established policies, procedures and controls relating to customer credit risk management. The Group mainly deals with customers of high credit rating based on its internal assessment, taking account of financial position, past experience and other factors. In addition, outstanding customer receivables are regularly monitored and appropriate actions are taken to minimize risk of bad debts.

At December 31, 2014, the Holding Company had approximately 106 customers (2013: 137 customers) that owed Rs. 51.6 million (2013: Rs. 94.88 million). There were 3 customers (2013: 1 customers) with balances greater than Rs. 5 million covering over 62.65% (2013: 88.56%) of trade debts. As at December 31, 2014, Rs. 17.26 million (2013: Rs. 4.17 million) are overdue for more than 180 days which have been provided for in accordance with Holding Company policy.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

33.1.2 Credit risk related to financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by Chief Executive Officer and Chief Financial Officer in accordance with the Group's policy.

The credit risk on liquid funds (cash and bank balances) is limited because the counter parties are banks with a reasonably high credit rating. The names and credit rating of major banks as at December 31, 2013, where the Holding Company maintains its major bank balances are as follows:

	Credit rating	
Name of bank	**Short-term**	Long-term
Bank Al Habib Limited	**A1+**	AA+
Habib Bank Limited	**A-1+**	AAA
MCB Bank Limited	**A1+**	AAA
National Bank of Pakistan	**A-1+**	AAA
Barclays Bank PLC	**A-1**	A

33.2 Liquidity risk

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

The table below analyses the Holding Company and subsidiary Companies financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	As at December 31, 2014		
	Total	**Up to three months**	**More than three months & up to one year**
	Rupees in '000		
Running finance	**178,491**	178,491	-
Trade and other payables	**120,256**	83,573	36,683
Accrued markup	**5,132**	5,132	-
	303,879	267,196	36,683

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

	As at December 31, 2013		
	Total	**Up to three months**	**More than three months & up to one year**
	Rupees in '000		
Running finance	**261,708**	261,708	-
Trade and other payables	**91,729**	67,517	24,212
Accrued markup	**5,131**	5,131	-
	358,568	334,356	24,212

33.3 Market risk management

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Holding Company and Subsidiary Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

33.3.1 Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Company's exposure to the risk of changes in market interest rates relates primarily to the Group's short term debt obligations with floating interest rates and relates primarily to the Group's investment in an open-ended money market fund.

33.3.2 Interest rate sensitivity

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the year would decrease/increase by Rs. 0.01 million (2013: Rs. 0.09 million). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

33.3.3 Foreign exchange risk management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities which mainly include payables to foreign suppliers of goods in foreign currency. The Group deals completely in local sales and does not have any foreign currency exports against foreign debtors.

At December 31, 2014, the Group does not have any exposure in foreign currency asset or liability.

33.3.4 Equity price risk management

The Group has investments in top listed and unlisted equity securities. These securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through proper review of individual and total equity investments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

a) Investment at ‚Available for sale ‚ - Equity securities

At the balance sheet date, the exposure to listed equity securities at fair value is Rs. 13.22 million (2013: Rs. 9.96 million). A decrease / increase of 5% on the KSE market index would have an impact of approximately Rs. 0.16 million (2013: Rs. 0.17 million) on the other comprehensive income of the Group, depending on whether or not the decline is significant and prolonged.

b) Investment in associated company

Holding Company has investment in an associate ‚Dawood Hercules Corporation Limited' - (ownership 16.19%). The associated Company was incorporated in Pakistan on April 17, 1968, currently its shares are quoted on Karachi, Lahore and Islamabad Stock Exchanges. The principal activity of the asscociated Company is to manage investments in its subsidiary and associated companies. Summarized financial information of the associated company is disclosed in note 6.1.

33.4 Determination of fair values

33.4.1 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values except investment in an associate company which is stated at cost.

33.5 Financial instruments by category

The accounting policies for financial instruments have been applied for line items below:

	Loans & receivables	Available for sale	Fair value through profit or loss	Total
Assets as per balance sheet				
- December 31, 2014				
Long term investments	-	4,939,421	-	**4,939,421**
Short term investments	-	-	72,001	**72,001**
Cash and bank balances	49,047	-	-	**49,047**
Trade debts - net	51,533	-	-	**51,533**
Long term deposits	10,544	-	-	**10,544**
Loans and advances	4,714			**4,714**
Deposits and other receivables	14,303	-	-	**14,303**
	130,141	4,939,421	72,001	**5,141,563**

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

	At amortized cost	Total
Liabilities as per balance sheet	Rupees in '000	
- December 31, 2014		
Short term finance	178,491	**178,491**
Trade and other payables	120,256	**120,256**
Accrued markup	5,132	**5,132**
	303,879	**303,879**

	Loans & receivables	Available for sale	Fair value through profit or loss	Total
Assets as per balance sheet				
- December 31, 2013				
Long term investments	-	4,615,752	-	**4,615,752**
Short term investments	-	-	107,624	**107,624**
Cash and bank balances	35,415	-	-	**35,415**
Trade debts - net	94,882	-	-	**94,882**
Long term deposits	10,544	-	-	**10,544**
Loans and advances	3,321	-	-	**3,321**
Deposits and other receivables	7,776	-	-	**7,776**
	151,938	4,615,752	107,624	**4,875,314**

	At amortized cost	Total
Liabilities as per balance sheet	Rupees in '000	
- December 31, 2013		
Short term finance	261,708	**261,708**
Trade and other payables	91,729	**91,729**
Accrued markup	5,131	**5,131**
	358,568	**358,568**

33.6 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Financial asset at fair value through profit or loss				
Short term investment	72,001	-	-	**72,001**
Available for sale				
Long term investment	13,206	-	-	**13,206**

34. CAPITAL RISK MANAGEMENT

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

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders or issue new shares. The Group also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings less cash and bank balances. The gearing ratio is as follows:

	December 31, 2014	December 31, 2013
	Rupees in '000	
Short term finance	**178,491**	261,708
Cash and bank balance	**(49,047)**	(35,415)
Net debt	**129,444**	226,293
Share capital	**590,578**	590,578
Reserves	**211,609**	208,282
Accumulated profit	**4,765,985**	4,549,834
Equity	**5,568,172**	5,348,694
Capital	**5,697,616**	5,574,987
Gearing ratio	**2.27%**	4.06%

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

35.	NUMBER OF EMPLOYEES	2014	2013
	The total average number of employees during the year and as at December 31, 2014 and 2013 respectively are as follows:		
	Average number of employees during the year	**81**	344
	Number of employees as at December 31	**81**	81

36. SUBSEQUENT EVENTS

The Board of Directors of the Holding Company in its meeting held on February 27, 2015 approved and recommended for shareholders' approval in the forthcoming Annual General meeting, the disposal of the assests pertaining to the renewable energy business to the wholly owned subsidiary of the Company, Reon Energy Limited, at the fair market value of Rs. 173.90 million, having book value of Rs. 135.40 million as of December 31, 2014.

37. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 27, 2015 by the Board of Directors of the Group.

38. GENERAL

Figures have been rounded off to the nearest thousand of Rupees.

Shahid Hamid Pracha
Chairman

Inam ur Rahman
Chief Executive Officer

Pattern of Shareholding

As at December 31, 2014

Number of Shareholders	Type of Share holdings			Total Shares Held
2791	1	TO	100	115,058
1822	101	TO	500	468,973
555	501	TO	1,000	421,395
702	1,001	TO	5,000	1,586,638
96	5,001	TO	10,000	676,345
33	10,001	TO	15,000	384,489
14	15,001	TO	20,000	232,791
17	20,001	TO	25,000	391,147
6	25,001	TO	30,000	169,001
3	30,001	TO	35,000	94,261
5	35,001	TO	40,000	185,217
2	40,001	TO	45,000	87,267
4	45,001	TO	50,000	197,895
1	55,001	TO	60,000	56,178
2	60,001	TO	65,000	127,159
2	65,001	TO	70,000	136,000
1	75,001	TO	80,000	77,808
1	110,001	TO	115,000	111,200
1	135,001	TO	140,000	135,387
1	165,001	TO	170,000	170,000
1	275,001	TO	280,000	275,595
1	300,001	TO	305,000	302,718
1	390,001	TO	395,000	394,295
1	490,001	TO	495,000	494,921
1	555,001	TO	560,000	556,639
1	620,001	TO	625,000	625,000
1	715,001	TO	720,000	719,808
1	965,001	TO	970,000	966,196
2	1,015,001	TO	1,020,000	2,032,393
1	1,080,001	TO	1,085,000	1,081,357
2	1,175,001	TO	1,180,000	2,353,492
1	1,645,001	TO	1,650,000	1,646,530
1	2,965,001	TO	2,970,000	2,965,095
1	2,975,001	TO	2,980,000	2,979,324
1	3,360,001	TO	3,365,000	3,363,405
1	3,500,001	TO	3,505,000	3,501,884
1	28,970,001	TO	28,975,000	28,974,998
6,078			TOTAL	59,057,859

Pattern of Shareholding

For the year ended December 31, 2014

Catagories of Shareholders as at December 31, 2014	Number of Shareholders	Total Shares Held	Percentage
Individuals	5,531	18,300,036	30.99%
Investment Companies	4	2,966,084	5.02%
Insurance Companies	3	557,415	0.94%
Joint Stock Companies	45	33,434,550	56.61%
Financial Institutions	16	272,559	0.46%
Mutual Funds	2	337,754	0.57%
Others			
Other Trusts	8	3,052,875	5.17%
Charitable Organizations	1	36,366	0.06%
Co-operative Societies	466	98,756	0.17%
Administrator General of Sindh	1	1,437	0.00%
Kukab Agencies (Pakistan)	1	27	0.00%
Total	6,078	59,057,859	100.00%

Disclosure Requirement under Code of Corporate Governance

			Shares Held
1	**Directors, CEO and their Spouse(s) and minor children**		
	Shahid Hamid Pracha	Chairman	1,000
	Inam ur Rahman	Chief Executive	7,134
	Shahzada Dawood	Director	1,016,196
	Abdul Samad Dawood	Director	1,646,530
	Shafiq Ahmed	Director	1,154
	Sarfaraz Ahmed Rehman	Director	1,000
	Jawaid Abdul Ghani	Director	1,150
	Hasan Reza Ur Rahim	Director	1,079
	Mrs. Ayesha Dawood (w/o Abdul Samad Dawood)		30,000

2	**Associated Companies, Undertakings and Related Parties**	
	Cyan Limited	2,965,095
	Dawood Corporation (Pvt.) Ltd.	28,974,998
	Sach International (Pvt.) Ltd.	3,776
	Dawood Industries (Pvt.) Ltd.	494,921
	Patek (Pvt.) Ltd.	3,501,884
	Pebbles (Pvt.) Ltd.	302,718
3	**Mutual Funds**	
	National Bank of Pakistan - Trustee Department	275,595
	Golden Arrow Selected Stock	62,159
4	**Public Sector Companies and Corporations**	
	Investment Corporation of Pakistan	1,254
5	**Banks, DFI, NBFI, Insurance Companies and Modaraba**	828,720
6	**Investment Companies**	2,966,084
7	**Joint Stock Companies**	156,253
8	**Other (Detail below)**	
	Others Trusts	3,052,875
	Charitable Organization	36,366
	Co-operative Societies	98,756
	Administrator General of Sindh	1,437
	Kaukab Agencies (Pakistan)	27
9	**Shareholders holding five percent or more voting rights**	
	Dawood Corporation (Pvt.) Ltd.	28,974,998
	Patek (Pvt.) Ltd.	3,501,884
	Hussain Dawood	3,363,405
	Dawood Foundation	2,979,324
	Cyan Limited	2,965,095

10 Detail of purchase/sale of shares by Directors/Company Secretary/Chief Financial Officer and their spouses/ minor children during 2014

Name	Dated	Purchase	Sale	Rate Rs./Share
Mrs. Ayesha Dawood w/o Abdul Samad Dawood	Jan 31	1,000		76.0837
	Jan 31	500		76.2340
	Jan 31	500		76.4245
	Jan 31	500		76.6851
	Jan 31	1,000		76.9357
	Jan 31	500		77.1663
	Jan 31	6,000		77.1863
	Feb 03	10,000		78.6899
	Feb 03	10,000		79.1912
Mr. Abdul Samad Dawood	Apr 01	500		87.1507
	Apr 01	2,500		87.1607
	Apr 01	4,500		87.5112
	Apr 01	51,000		89.3940
	Apr 02	500		90.8872
	Apr 02	1,000		90.8972
	Apr 02	1,500		90.9172
	Apr 02	1,000		91.1576
	Apr 02	500		91.1676
	Apr 02	5,000		92.1691
	Apr 03	500		91.4184
	Apr 03	500		92.1695
	Apr 03	500		92.4199
	Apr 03	1,000		92.6001
	Apr 03	4,500		92.6703
	Apr 03	7,000		92.9206
	Apr 03	1,000		93.0608
	Apr 03	3,000		93.0709
	Apr 03	1,000		93.1610
	Apr 03	1,000		93.1710
	Apr 04	500		92.1693
	Apr 07	2,500		93.6728
	Apr 07	2,000		93.9231
	Apr 07	1,000		94.1635
	Apr 07	2,500		94.1735
	Apr 07	1,500		94.4740
	Apr 07	1,000		94.5240
	Apr 07	1,000		94.6743
	Apr 07	1,000		94.9246
	Apr 07	1,500		95.1750
	Apr 07	500		95.9161
	Apr 07	500		96.1765
	Apr 07	1,500		96.5771
	Apr 07	500		96.6672
	Apr 07	1,000		96.6773
	Apr 07	500		96.7674
	Apr 07	15,500		96.7774

Apr 29	500	91.1575
Apr 29	21,500	91.1675
Apr 29	1,000	92.4194
Apr 29	4,000	92.6698
Apr 30	500	95.6763
Apr 30	1,000	96.9181
Apr 30	500	96.9281
Apr 30	500	97.0784
Apr 30	3,000	97.1785
Apr 30	5,500	97.2787
May 06	500	103.1902
May 06	1,500	104.1917
May 06	500	104.6824
May 06	1,000	104.7926
May 06	500	105.1832
May 06	3,500	105.1932
May 06	500	105.3935
May 06	3,500	105.5938
May 12	500	117.7172
May 12	500	118.0677
May 12	2,000	118.2079
May 12	1,000	118.2179
May 12	1,000	118.4683
May 12	500	118.6686
May 12	2,500	118.7187
May 12	500	119.2194
May 12	1,000	119.9205
May 12	500	119.9705
May 12	3,000	120.1208
May 12	8,000	120.2209
May 12	2,000	120.6215
May 12	500	120.6716
May 12	500	120.6816
May 12	2,000	120.6916
May 12	500	120.7016
May 12	191,000	120.7116
May 26	3,000	122.2148
May 26	16,000	122.2248
May 26	10,000	122.7256
May 26	10,000	122.9759
May 26	11,000	123.2263
May 26	11,000	123.7271
May 26	500	124.2278
May 26	1,000	124.4782
May 26	500	124.9789
May 26	5,000	125.2293
Sep 03	2,000	100.1725
Sep 03	48,000	100.1825
Sep 03	1,400	101.4344

All the above trading has been done through the Karachi Stock Exchange.

Proxy Form

I/We ____
of ____________________________ being a member of Dawood Lawrencepur Limited and holder of _______________ Ordinary Shares, as per:

Share Register Folio No. _______________ and/or
CDC Participant ID No. _______________ Sub A/c No. _______________
hereby appoint Mr./Ms. ____ of
__________, or failing him/her Mr./Ms. ____
of ___________________ ,as my/our proxy to attend, speak and vote for me/us and on my/our behalf, at the Sixty Fifth (65^{th}) Annual General Meeting of the Company to be held on Friday, April 10, 2015 at Beach Luxury Hotel, M.T. Khan Road, Karachi and at any adjournment thereof.

Signed this _______________ day of _______________ 2015.

WITNESSES:

1. Signature: ________________________
   Name: ________________________
   Address: ________________________

   CNIC No. or ________________________
   Passport No. ________________________

2. Signature: ________________________
   Name: ________________________
   Address: ________________________

   CNIC No. or ________________________
   Passport No. ________________________

Signature on Revenue Stamps of Rupees Five

Signature should agree with the specimen signature with the Company.

IMPORTANT:

1. This Proxy Form, duly completed, must be deposited at the Company's Registered Office, not less than forty eight hours before the meeting.

2. CDC shareholders and their proxies are each requested to attach an attested photocopy of their new/ Computerized National Identity Card (CNIC) or Passport with this proxy form before submission to the Company.

3. All proxies attending the AGM are requested to bring their original CNIC/Passport for identification.

AFFIX
CORRECT
POSTAGE

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