

**INDEPENDENT AUDITORS REPORT AND
AUDITED FINANCIAL STATEMENTS OF AIK HUNAR AIK NAGAR (AHAN)
FOR THE YEAR ENDED JUNE 30, 2014**



RSM

RSM Aya's Hyder Liaquat Noor

10/10/2014 10:00:00 AM

10/10/2014 10:00:00 AM

10/10/2014 10:00:00 AM

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Aik Hunar Aik Nagar** (the "Company") as at **June 30, 2014** and the related income and expenditure account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as "Financial Statements"), 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 purpose of our audit.

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

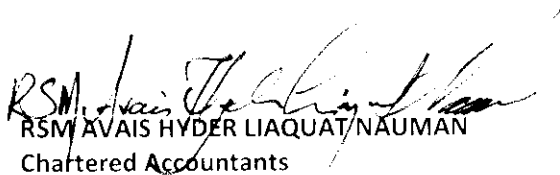
We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis,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

- a) We were not appointed as auditors of the company until after June 30, 2014 and thus did not observe the counting of physical inventories at the beginning and end of the year. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at June 30, 2013 and 2014 which are stated in the statement of financial position at Rs. 10,021,851/- and Rs. 9,700,751/-, respectively. As a result of this, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded inventories, and the elements making up the income and expenditure account, statement of comprehensive income, statement of changes in equity and statement of cash flows.
- b) the management has classified CDRs amounting to Rs. 84,733,581/- in Cash at Bank which in our opinion should be classified under cash in hand.
- c) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

RSM

- d) 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;
- e) in our opinion, except for the effect of the matter described in paragraph (b) and possible effect of the matter described in paragraph (a) above, the Financial Statements conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2014 and of the deficit, its cash flows and changes in equity for the year then ended; and
- f) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVII of 1980).

The financial statements of the Company as at June 30, 2013 and for the year then ended were audited by another firm of chartered accountants who expressed an unqualified opinion on those financial statements in their report dated on October 29, 2014.


RSM AVAIS HYDER LIAQUAT/NAUMAN
Chartered Accountants

Engagement Partner: *Syed Ali Adnan Tirmizey*

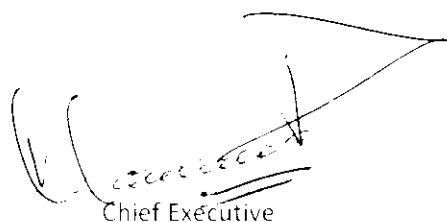
Date: 22 MAR 2016

Place: Lahore

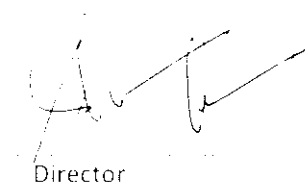
AIK HUNAR AIK NAGAR (AHAN)**(A Company registered under section 42 of the Companies Ordinance, 1984)****BALANCE SHEET****AS AT JUNE 30, 2014**

	NOTE	2014 PKR	2013 PKR
NON-CURRENT ASSETS			
Property, plant and equipment	3	19,959,319	21,741,116
Intangibles	4	210,216	315,308
		20,169,535	22,056,424
CURRENT ASSETS			
Stock in trade	5	9,700,751	10,021,851
Advances, deposits and prepayments	6	9,953,525	8,232,714
Accrued markup		828,712	1,005,014
Tax refund from due Government		5,125,426	4,166,307
Short term investment	7	40,000,000	70,000,000
Cash and bank balances	8	90,168,519	41,009,660
		155,776,933	134,435,546
CURRENT LIABILITIES			
Trade and other payables	9	88,383,727	77,138,972
NET WORKING CAPITAL		67,393,206	57,296,574
NON-CURRENT LIABILITIES			
Deferred grants	10	6,280,564	7,002,731
Contingencies and commitments	11	-	-
NET CAPITAL EMPLOYED		81,282,177	72,350,267
Issued subscribed and paid-up capital	12	200,000,000	200,000,000
Reserves	13	(118,717,823)	(127,649,733)
		81,282,177	72,350,267

The annexed notes 1 to 24 form an integral part of these financial statements.



Chief Executive




Director

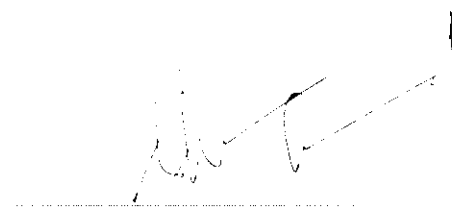
AIK HUNAR AIK NAGAR (AHAN)**(A Company registered under section 42 of the Companies Ordinance, 1984)****INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014**

	NOTE	2014 PKR	2013 PKR
INCOME			
Grant income	14	62,627,732	149,862,997
Trading (loss) / income	15	(976,739)	2,540,094
Other income	16	9,929,189	3,521,223
		71,580,182	155,924,314
EXPENDITURE			
Administrative costs	17	70,560,036	69,077,396
Programme activities costs	18	47,878,236	104,350,339
		118,438,272	173,427,735
NET DEFICIT BEFORE TAX		(46,858,090)	(17,503,421)
PROVISION FOR INCOME TAX		-	-
NET DEFECIT		(46,858,090)	(17,503,421)

The annexed notes 1 to 24 form an integral part of these financial statements.



Chief Executive



Director

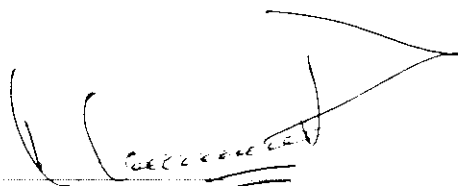
AIK HUNAR AIK NAGAR (AHAN)

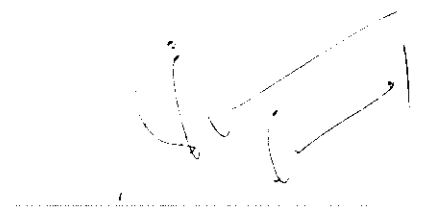
(A Company registered under section 42 of the Companies Ordinance, 1984)

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

	NOTE	2014 PKR	2013 PKR
Deficit after tax for the year		(46,858,090)	(17,503,421)
OTHER COMPREHENSIVE INCOME:			
Other comprehensive income for the period		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(46,858,090)</u>	<u>(17,503,421)</u>

The annexed notes 1 to 24 form an integral part of these financial statements.

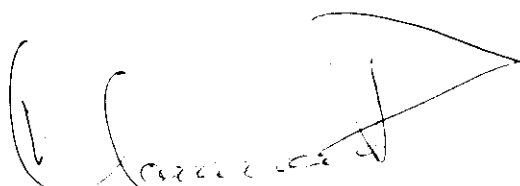

Chief Executive


Director

AIK HUNAR AIK NAGAR (AHAN)**(A Company registered under section 42 of the Companies Ordinance, 1984)****STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2014**

	Issued, subscribed and paid-up capital	Capital reserve Share deposit money	Revenue reserve Accumulated deficit	Total
Balance as at July 01, 2012	200,000,000	38,430,444	(189,921,498)	48,508,946
Total comprehensive income for the year	-	41,344,742	(17,503,421)	23,841,321
Balance as at June 30, 2013	<u>200,000,000</u>	<u>79,775,186</u>	<u>(207,424,919)</u>	<u>72,350,267</u>
Total comprehensive income for the year	-	55,790,000	(46,858,090)	8,931,910
Balance as at June 30, 2014	<u><u>200,000,000</u></u>	<u><u>135,565,186</u></u>	<u><u>(254,283,009)</u></u>	<u><u>81,282,177</u></u>

The annexed notes 1 to 24 form an integral part of these financial statements.



Chief Executive

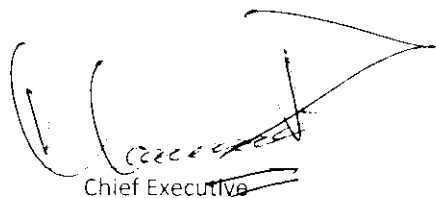


Director


AIK HUNAR AIK NAGAR (AHAN)**(A Company registered under section 42 of the Companies Ordinance, 1984)****STATEMENT OF CASH FLOW****FOR THE YEAR ENDED JUNE 30, 2014**

	NOTE	2014 PKR	2013 PKR
CASH FLOW FROM OPERATING ACTIVITIES			
Deficit for the year		(46,858,090)	(17,503,421)
Adjustments for:			
Depreciation of property, plant and equipment	3	3,469,148	3,822,739
Amortization of intangible assets	4	105,092	157,630
Grant received	14	(62,627,732)	(149,862,997)
Interest income	16	(9,929,189)	(3,521,223)
		(68,982,681)	(149,403,851)
Deficit from operations before working capital changes		(115,840,772)	(166,907,272)
Decrease / (Increase) in current assets:			
Stock in trade		321,100	(6,916)
Advances, deposits and prepayments		(1,720,811)	2,111,336
Tax refunds due from the government		(959,119)	(940,564)
		(2,358,830)	1,163,856
Increase / (decrease) in current liabilities:			
Trade and other payables		11,244,755	74,949,738
Cash used in operations		(106,954,847)	(90,793,678)
Grant received		61,905,565	148,963,216
Interest income received		10,105,492	2,516,209
		72,011,057	151,479,425
Net cash generated/(used) in operating activities		(34,943,790)	60,685,747
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure	3	(1,687,351)	(3,159,896)
Short term Investments		30,000,000	(70,000,000)
Net cash generated/(used) in operating activities		28,312,649	(73,159,896)
CASH FLOWS FROM FINANCING ACTIVITIES			
Share deposit money received from PIDC		55,790,000	41,344,742
Net cash generated/(used) in operating activities		55,790,000	41,344,742
Net increase in cash and cash equivalent during the year		49,158,859	28,870,593
Cash and cash equivalent at the beginning of the year		41,009,660	12,139,067
Cash and cash equivalent at the end of the year		90,168,519	41,009,660

The annexed notes 1 to 24 form an integral part of these financial statements.



Chief Executive



Director

AIK HUNAR AIK NAGAR (AHAN)

(A Company registered under section 42 of the Companies Ordinance, 1984)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

AIK HUNAR AIK NAGAR (AHAN) ("the Company") was incorporated in Pakistan on 17th October, 2007 under section 42 of the Companies Ordinance 1984 as a company limited by guarantee. The registered office of the Company is 29 A Model Town Lahore. The overall objective of the Company is to facilitate rural male and female craft persons, artisans and poor producer groups in accessing enterprise development services, focusing neglected sector of hand-crafted products produced in rural and semi urban areas through developing and making these products competitive in local and international markets, enhancing viability of small businesses and their products and through employment generation.

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and directives issued by the Securities and Exchange Commission of Pakistan, and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Accounting Standards (IASs) / International Financial Reporting Standards (IFRSs) as notified under the provisions of the Ordinance. Wherever, the requirements of the Ordinance or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Ordinance or the requirements of the said directives take precedence.

The Company has opted to present comprehensive income in two separate but consecutive statements named as "Income and Expenditure account" and "Statement of comprehensive income" as allowed under IAS-1 Presentation of financial statements.

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Company for the periods beginning on or after July 01, 2013 and therefore, have been applied in preparing these financial statements.

- IFRS 7 (Amendments) "Financial Instruments Disclosures" on offsetting financial assets and financial liabilities. The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement. The Company does not have any offsetting arrangements in place, therefore, the amendments do not have material impact on the disclosures.

- IFRS 13 "Fair Value Measurement" establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 defines fair value for financial reporting purposes, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. It applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. The application of IFRS 13 may result in changes in how entities determine fair values for financial reporting purposes. IFRS 13 requires extensive disclosures about fair value measurements. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures are extended by IFRS 13 to cover all assets and liabilities within its scope. The standard does not have any material impact on the Company's financial statements.

AIK HUNAR AIK NAGAR (AHAN)
(A Company registered under section 42 of the Companies Ordinance, 1984)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

There are certain amendments to standards that became effective during the year and are mandatory for accounting periods of the Company beginning on or after July 01, 2013 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

The following standards, amendments to standards and interpretations have been published and are mandatory for the Company's accounting periods beginning on or after their respective effective dates:

- IFRS 9 Financial Instruments (2014): A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the areas of classification and measurement, impairment hedge accounting, de-recognition:
- Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. Introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The standard is effective for accounting period beginning on or after January 01, 2018.
- IFRS 9 (2014) supersedes IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013), but these standards remain available for application if the relevant date of initial application is before 1 February 2015. The management of the Company is reviewing the changes to evaluate the impact of application of standard on the financial statements.
- IFRS 15 Revenue from Contracts with Customers: IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.
- Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The standard is effective for accounting periods beginning on or after January 01, 2017. The Management is in the process of evaluating the impact of application of the standard on the Company's financial statements.
- Amendment to IAS 16 "Property Plant and Equipment" and IAS 38 "Intangible Assets": In this amendment it is clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The amendment is effective for accounting periods beginning on or after January 01, 2016. The application of amendment is not expected to have any material impact on the Company's financial statements.

AIK HUNAR AIK NAGAR (AHAN)
(A Company registered under section 42 of the Companies Ordinance, 1984)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

- IAS 32 (Amendment) "Financial Instruments: Presentation". This amendment updates the application guidance to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendment is effective for accounting periods of the Association beginning on or after July 01, 2014. The application of the amendment is not expected to have any material impact on the Company's financial statements.
- Amendments to IAS 36 "Impairment of Assets": These amendments address the disclosures and clarify the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The amendments are effective for accounting periods beginning on or after January 01, 2014. The application of amendments is not expected to have any material impact on the Company's financial statements.

- The IASB has issued Annual Improvements to IFRS's 2010-2012 Cycle

Amendments to the following standards were made which are effective for accounting periods beginning on or after July 01, 2014:

- IFRS 2 — Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'.
- IFRS 3 — Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.
- IFRS 8 — Requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.
- IFRS 13 — Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).
- IAS 16 and IAS 38 — Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

These amendments are not expected to have any material impact on the Company's financial statements.

The IASB has issued Annual Improvements to IFRS's 2011-2013 Cycle

Amendments to the following standards were made which are effective for accounting periods beginning on or after July 01, 2014:

- IFRS 1 — Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only).
- IFRS 3 — Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.
- IFRS 13 — Clarify the scope of the portfolio exception in paragraph 52.
- IAS 40 — Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

These amendments are not expected to have any material impact on the Company's financial statements.

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

- IFRIC 21 Levies

This interpretation provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.

The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides guidance on recognition of a liability to pay levies. The interpretation is effective for accounting periods beginning on or after January 01, 2014. The application is not expected to have material impact on the Company's financial statements.

There are certain new standards, amendments to standards and interpretations that are effective from different future periods but are considered not to be relevant to the Company's operations, therefore, not disclosed in these financial statements.

These financial statements have been prepared under the historical cost convention.

Property, plant and equipment are stated at cost less accumulated depreciation and identified impairment losses, if any. Depreciation is charged to income and expenditure account by applying the reducing balance method so as to write off the property, plant and equipment over their expected useful life at the rates given in note 5.

Depreciation is charged on all fixed assets capitalized during the year on a monthly basis i.e. depreciation is charged for a complete month at the time of purchase and no depreciation is charged in the month of disposal.

Normal repair and maintenance is charged to income and expenditure account as and when incurred. Gain and loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense in income and expenditure account.

Depreciation methods, residual values and useful lives of assets are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

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

Investment available for sale

Available for sale financial assets are non-derivative financial assets that are designated as such on initial recognition or are not classified as loans and receivable, held to maturity investments or financial assets at fair value through profit or loss. These are initially recognized on trade date at fair value plus transaction cost, if any. Subsequently, these investments are remeasured to fair value.

AIK HUNAR AIK NAGAR (AHAN)**(A Company registered under section 42 of the Companies Ordinance, 1984)****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED JUNE 30, 2014****Held to maturity investments**

Investments with a fixed maturity that the company has the intention and ability to hold to maturity are classified as held-to maturity investments. These are initially recognized on trade date at cost and derecognized by the company on the date it commits to sell them off. At each balance sheet date held-to-maturity investments are stated at amortized cost using the effective interest rate method.

Stock of raw materials and finished goods is valued at lower of moving average cost and net realizable value except for in transit which is valued at invoices price and related expenses. Cost in relation to work-in-process and finished goods includes prime cost and appropriate proportion of production overheads. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs to complete and to make the sales.

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for the taxation of income. The charge for the current tax is calculated using the prevailing tax rates or tax rates expected to apply to the income for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for the current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

The Company's income from donations, contributions and profits from investment in securities of the Federal Government are exempted from Income Tax Under Clause 58 part 1 of the second schedule to the Income Tax Ordinance,2001

No provision has been made for the tax during the year in accordance with Sec 113 of the Income Tax Ordinance,2001

Deferred

Deferred tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax asset is recognised for all deductible temporary differences and carry forward of unused tax losses and tax credits, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realised or the liabilities are settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is charged or credited to the income and expenditure account, except in case of items charged or credited directly to equity in which case it is included in equity through the statement of comprehensive income.

AIK HUNAR AIK NAGAR (AHAN)**(A Company registered under section 42 of the Companies Ordinance, 1984)****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED JUNE 30, 2014****Grants related to income**

Grants related to income are recognized on a systematic basis as income over the periods necessary to match them with related expenses incurred in accordance with terms of respective grant agreements.

Grants related to Assets

Company recognises the grant as deferred grant that is recognised in profit or loss on a systematic basis over the useful life of the asset.

Bank profit

Income on bank deposits and markup based securities is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return/interest.

Sale of goods

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

Revenue from sale of goods is recognized when the significant risk and reward of ownership of the goods are transferred to the buyer.

The Company enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods, except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so.

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

This represent the net audited book value of the assets and liabilities of AHAN project of Government of Pakistan as at 30 June 2008 (" effective date"). These has been transferred at effective date to the Company in consideration of future issue of shares.

AIK HUNAR AIK NAGAR (AHAN)
(A Company registered under section 42 of the Companies Ordinance, 1984)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

3 PROPERTY PLANT AND EQUIPMENT

	Furniture and Fixture	Office Equipment	Computer equipment	Vehicles	Total
Cost					
Balance at 01 July 2012	5,981,886	7,649,283	9,804,668	25,883,532	49,319,369
Addition	434,482	394,127	486,787	1,844,500	3,159,896
Balance at 30 June 2013	6,416,368	8,043,410	10,291,455	27,728,032	52,479,265
Balance at 01 July 2013	6,416,368	8,043,410	10,291,455	27,728,032	52,479,265
Addition	339,357	894,382	453,612	-	1,687,351
Balance at 30 June 2014	6,755,725	8,937,792	10,745,067	27,728,032	54,166,616
Depreciation					
Balance at 01 July 2012	1,697,860	1,938,153	5,094,899	18,189,498	26,915,410
Depreciation for the year	452,256	581,055	973,946	1,815,482	3,822,739
Balance at 30 June 2013	2,145,116	2,519,208	6,068,845	20,004,980	30,738,149
Balance at 01 July 2013	2,145,116	2,519,208	6,068,845	20,004,980	30,738,149
Depreciation for the year	435,866	593,390	895,282	1,544,610	3,469,148
Balance at 30 June 2014	2,580,982	3,112,598	6,964,127	21,549,590	34,207,297
Carrying amounts					
At 30 June 2013	4,271,252	5,524,202	4,222,610	7,723,052	21,741,116
At 30 June 2014	4,174,743	5,825,194	3,780,940	6,178,442	19,959,319
Depreciation rates (%)	10%	10%	20%	20%	

3.1 The vehicles costing Rs. 15,796,644/-are titled in the name of Small & Medium Enterprise Development Authority.

4 INTANGIBLES

	Software	License	Total
	----- PKR -----		
Cost			
Balance at 30 June 2013	425,000	397,900	822,900
Balance at 30 June 2014	425,000	397,900	822,900
Amortization			
Balance at 01 July 2012	173,133	176,829	349,962
Amortization for the year	83,947	73,683	157,630
Balance at 30 June 2013	257,080	250,512	507,592
Balance at 01 July 2013	257,080	250,512	507,592
Amortization for the year	55,967	49,125	105,092
Balance at 30 June 2014	313,047	299,637	612,684
Carrying amount			
At 30 June 2013	167,920	147,388	315,308
At 30 June 2014	111,953	98,263	210,216
Rate of amortization - %age	33.33%	33.33%	

AIK HUNAR AIK NAGAR (AHAN)
(A Company registered under section 42 of the Companies Ordinance, 1984)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

5	STOCK IN TRADE	NOTE	2014 PKR	2013 PKR
	Raw material		2,148,841	1,307,039
	Work in process		253,701	-
	Finished goods		7,298,209	8,714,812
			<u>9,700,751</u>	<u>10,021,851</u>

6	ADVANCES, DEPOSITS AND PREPAYMENTS	NOTE	2014 PKR	2013 PKR
	Advances to employees against expenses	6.1	3,251,801	1,742,856
	Advances to partner organizations		222,315	587,562
	Security deposits		2,223,000	2,216,700
	Prepayments		4,256,409	3,685,596
			<u>9,953,525</u>	<u>8,232,714</u>

6.1 The Chief Executive and Directors have not taken any loan from the company.

7	SHORT TERM INVESTMENTS	NOTE	2014 PKR	2013 PKR
	Short term investments	7.1	40,000,000	70,000,000
			<u>40,000,000</u>	<u>70,000,000</u>

7.1 This represents Term Deposit Receipts (TDRs) placed with National Bank of Pakistan - Tech Society Branch Lahore, having a maturity period of one year. These carry mark-up of 9.95% per annum.

8	CASH AND BANK	NOTE	2014 PKR	2013 PKR
	Cash in hand		159,023	167,923
	Cash at Bank - Local Currency			
	Saving Accounts	8.1	86,922,178	38,838,702
	Current Accounts		3,087,318	2,003,035
			<u>90,009,496</u>	<u>40,841,737</u>
			<u>90,168,519</u>	<u>41,009,660</u>

8.1 This balance includes Rs. 84,733,581/- CDRs in hand which were deposited in banks on July 2, 2014,

9	TRADE AND OTHER PAYABLES	NOTE	2014 PKR	2013 PKR
	Grant from Government of Pakistan	9.1	40,000,000	40,000,000
	Advances against projects	9.2	42,786,897	32,056,852
	Accrued expenses		892,310	708,242
	Tax deducted at source		1,369,418	1,046,920
	Payable to suppliers		3,335,102	3,326,958
			<u>88,383,727</u>	<u>77,138,972</u>

9.1 The Company has received this grant with a restriction to invest in 'AAA' rated Government Securities.

AIK HUNAR AIK NAGAR (AHAN)
(A Company registered under section 42 of the Companies Ordinance, 1984)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

9.2 Advance against projects

Project Name	Donor Name	Balance as at July 01, 2013	Additions during the year	Utilized/ Adjusted	Balance as at June 30, 2014
Northern Punjab Craft Development Project	Pakistan Industrial Development Corporation	15,622,063	-	(15,621,060)	1,003
Central Punjab Craft Development Project	Pakistan Industrial Development Corporation	16,434,789		(10,972,959)	5,461,830
National Craft Development Project	Pakistan Industrial Development Corporation	-	50,000,000	(12,675,936)	37,324,064
		<u>32,056,852</u>	<u>50,000,000</u>	<u>(39,269,955)</u>	<u>42,786,897</u>
10 DEFERRED GRANTS			NOTE	2014 PKR	2013 PKR
Income based grants			10.1	2,551,094	2,551,094
Asset based grants				3,729,470	4,451,637
				<u>6,280,564</u>	<u>7,002,731</u>
10.1 Income based grants					
Planning and Development - Sindh Government				<u>2,551,094</u>	<u>2,551,094</u>
10.2 Assets based grant					
US-AID Capacity Building			10.2.1	<u>3,729,470</u>	<u>4,451,637</u>
10.2.1 US-AID Capacity Building					
Balance as at July 01, 2013				4,451,637	5,351,418
Amortization during the year				722,167	899,781
Balance as at July 30, 2014				<u>3,729,470</u>	<u>4,451,637</u>
11 CONTINGENCIES AND COMMITMENTS					
There are no known contingencies and commitments at the balance sheet date. (2013: Nil)					
12 SHARE CAPITAL			NOTE	2014 PKR	2013 PKR
12.1 Authorized Share Capital					
20,000,000 (2013: 20,000,000) ordinary shares of Rs. 10/- each				<u>200,000,000</u>	<u>200,000,000</u>
12.2 Issued, subscribed and paid-up-capital					
20,000,000 (2013: 20,000,000) ordinary shares of Rs. 10/- each fully paid in cash				<u>200,000,000</u>	<u>200,000,000</u>
13 RESERVES			NOTE	2014 PKR	2013 PKR
13.1 Capital reserve					
Share deposit money			13.1.1	28,430,444	28,430,444
Share deposit money - PIOC			13.1.2	107,134,742	51,344,742
				<u>135,565,186</u>	<u>79,775,186</u>
13.2 Revenue reserve					
Accumulated deficit				(254,283,009)	(207,424,919)
				<u>(118,717,823)</u>	<u>(127,649,733)</u>

AIK HUNAR AIK NAGAR (AHAN)**(A Company registered under section 42 of the Companies Ordinance, 1984)****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED JUNE 30, 2014**

13.1.1 This represents the net audited book value of the assets and liabilities of AHAN project of Government of Pakistan as at 30 June 2008 ("effective date"). These has been transferred at effective date to the Company in consideration of future issue of Share.

13.1.2 As on 1st April 2012 AHAN is entered into a new equity based project 'Rural Craft Development Project' with PIDC (the Holding Company). According to the underlying agreement the 75% of the total funding (i.e.: Rs. 200 Million) is to be provided by PIDC and the rest 25% is to be arranged by AHAN. Upto 30 June 2014, PIDC has released an amount of Rs. 107.13 Million in favour of AHAN against the equity shares are to be issued by AHAN.

14	GRANT INCOME	NOTE	2014	2013
			PKR	PKR
	Bhittai Social Watch & Advocacy (BSWA)		1,260,000	-
	Women Development Association		400,000	-
	Basic Development Foundation		1,260,000	-
	Sindh Health & Education Development Society (SHEDS)		1,260,000	-
	Sindh Educational Welfare Association (SEWA)		1,260,000	-
	Strugglien's Pakistan Social Welfare Organization (SPSO)		1,260,000	-
	Ministry of Foreign Affairs		5,790	-
	Skill Enhancement Project I UNDP RAHA		910,000	-
	Community Development Council (CDC)		1,260,000	-
	Community Development Network		1,260,000	-
	National Craft Development Project (NCDP)		12,675,936	-
	Skill Enhancement and Livelihood Initiative - UNHCR		10,750,000	-
	Sports Board Punjab		405,000	-
	World Wildlife Federation - WWF		67,500	-
	Northern Punjab Craft Development Project - PIDC		15,621,060	19,960,937
	Central Punjab Craft Development Project - PIDC		10,972,959	27,935,211
	FATA Development Authority		1,277,320	3,885,959
	USAID - Capacity Building		722,167	899,781
	Government of Pakistan		-	40,000,000
	SAARC exhibition		-	42,294,111
	Punjab Skill Development Fund		-	12,657,258
	Sindh Rural Support - SRS		-	600,000
	Strengthening Participation Organization - SPO		-	1,479,740
	Peace Welfare and Education Foundation		-	150,000
			62,627,732	149,862,997
15	TRADING INCOME	NOTE	2014	2013
			PKR	PKR
	Cluster support sales		6,884,349	8,755,148
	Less: Cost of product sold		(7,861,088)	(6,215,054)
			(976,739)	2,540,094
16	OTHER INCOME	NOTE	2014	2013
			PKR	PKR
	Profit on bank deposit		5,009,397	2,949,623
	Mark-up on Term Deposit Receipts (TDRs)		4,919,792	571,600
			9,929,189	3,521,223

AIK HUNAR AIK NAGAR (AHAN)
(A Company registered under section 42 of the Companies Ordinance, 1984)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

17 ADMINISTRATIVE COSTS	NOTE	2014 PKR	2013 PKR
Salary and wages		30,204,401	28,377,864
Traveling and conveyance		3,272,267	3,108,692
Fuel vehicles		3,250,277	3,710,884
Communication		1,440,809	1,565,484
Utilities		2,269,074	2,383,951
Insurance		385,109	478,928
Repair and maintenance		1,317,254	787,168
Printing and stationery		840,445	846,636
Rent rates and taxes		11,166,293	8,770,188
Legal and professional charges		57,000	235,012
Fees and subscriptions		119,650	90,725
Auditor's remuneration	17.1	198,000	275,000
Depreciation	3	3,469,148	3,822,739
Amortisation	4	105,092	157,630
Publicity expenses		2,827,358	2,463,300
Outlets operational expense		5,276,298	4,822,274
Board meeting expenses		325,764	3,736,308
Miscellaneous expenses		4,035,797	3,444,613
		70,560,036	69,077,396

17.1 Auditor's remuneration

Audit fee	180,000	250,000
Out of pocket expenses	18,000	25,000
	198,000	275,000

18 PROGRAMME ACTIVITIES COSTS	NOTE	2014 PKR	2013 PKR
Beneficiary capacity building		25,669,331	24,942,141
Product development costs		6,453,967	11,999,742
Traveling and transportation		2,912,370	2,591,474
Rent and accommodation		3,459,087	1,687,395
Marketing expenses		2,864,486	8,739,271
Technical up gradation		2,288,747	9,247,614
Survey, research and data collection		260,424	424,005
SAARC conference and exhibition expenses			44,718,697
Project shop renovation		3,969,824	-
		47,878,236	104,350,339

19 RELATED PARTY TRANSACTIONS

The Company is a subsidiary of Pakistan Industrial Development Corporation (PIDC) with a 99.99% holding. Therefore, all the subsidiaries and associated undertakings of (PIDC) are related parties of the Company. The other related parties comprise of entities over which the Directors are able to exercise significant influence, entities with common directorships, major shareholders and key management personnel. Detail of transactions with related parties are as follows:

Parent company	Nature of transactions	NOTE	2014 PKR	2013 PKR
	Share deposit money		55,790,000	41,344,742
Pakistan Industrial Development Corporation (PIDC)	Grant income recognized during the period	19.1	39,269,955	47,896,148
	Advance against projects received during the year - National Craft Development Project	9.2	50,000,000	-

AIK HUNAR AIK NAGAR (AHAN)
(A Company registered under section 42 of the Companies Ordinance, 1984)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

19.1 Grant income recognized during the period

Northern Punjab Craft Development Project - PIDC	14	15,621,060	19,960,937
Central Punjab Craft Development Project - FICG	14	16,972,959	27,935,211
National Craft Development Project - PIDC	14	12,675,936	-
		<u>39,269,955</u>	<u>47,896,148</u>

20 NUMBER OF EMPLOYEES

The Company has 47 employees as at June 30, 2014

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company finances its operations through the mix of members' contributions and working capital management. The overall risk management is carried out by the Board. Financial assets and financial liabilities are carried at amortised cost.

The Company's activities expose it to a variety of financial risks (credit risk, liquidity risk and market risk). Risks measured and managed by the Company are explained below:

21.1 Financial instruments and related disclosures

21.1.1 Credit risk and concentration of credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Trust's credit risk is primarily attributable to its investments and balances at banks. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2014 PKR	2013 PKR
Advances, deposits and prepayments	9,953,525	8,232,714
Short term investment	40,000,000	70,000,000
Cash and bank balances	90,168,519	41,009,660
	<u>140,122,044</u>	<u>119,242,374</u>

The credit quality of the Company's bank balances can be assessed with reference to external credit ratings;

	Short term	Long term	Rating Agency	2014 PKR	2013 PKR
Bank of Punjab	AA-	A1+	PACRA	1,690,579	1,835,258
Standard Chartered Bank	A1+	AAA	PACRA	9,937,828	5,112,889
Allied Bank Ltd.	AA+	A1+	PACRA	8,851,683	33,874,131
Summit Bank Ltd.	A-	A-3	JCR-VIS	69,529,406	19,460
				<u>90,009,496</u>	<u>40,841,737</u>

21.1.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to manage liquidity is to maintain sufficient level of liquidity of the Company on the basis of expected cash flows and requirements of holding highly liquid assets to cover liquidity risk.

The following are the contractual maturities of financial liabilities as at June 30, 2014:

	Carrying amount	Less than one year	One to five years	More than five years
Trade and other payables	88,383,727	88,383,727	-	-
	<u>88,383,727</u>	<u>88,383,727</u>	<u>-</u>	<u>-</u>

AIK HUNAR AIK NAGAR (AHAN)**(A Company registered under section 42 of the Companies Ordinance, 1984)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014****21.1.3 Market risk**

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange 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.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to any interest rate risk.

At the balance sheet date, the interest rate profile of the Trust's interest bearing financial instrument was:

	2014	2013
	PKR	PKR
Financial Assets		
Term Deposit Receipts	40,000,000	70,000,000
	<u>40,000,000</u>	<u>70,000,000</u>

ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The Company is not exposed to any currency risk.

iii) Equity price risk

Trading and investing in equity securities give rise to equity price risk. The Company is not exposed to equity price risk.

22 DATE OF AUTHORIZATION

The financial statements were authorized for issue on 22 MAR 2015 by the Board of Directors of the Company.

23 RECLASSIFICATION

Corresponding figures have been reclassified / re-arranged, wherever necessary for better presentation.

Particulars	Note	From	To	Amount (Rupees)
Entertainment	17	Printing and stationery	Miscellaneous expenses	376,993
Janitorial	17	Printing and stationery	Miscellaneous expenses	1,769,603
Security Charges	17	Printing and stationery	Miscellaneous expenses	996,286
Bank Charges	17	Printing and stationery	Miscellaneous expenses	30,037
Zakat Deduction	17	Printing and stationery	Miscellaneous expenses	170,786
Bank Charges	17	Printing and stationery	Miscellaneous expenses	24,317
Summit Bank (account number 1314-20620-714-100690)	8	Cash at bank - Current accounts	Cash at bank - Savings accounts	19,460
Bank of Punjab (account number 0024090001)	8	Cash at bank - Current accounts	Cash at bank - Savings accounts	275,811


AIK HUNAR AIK NAGAR (AHAN)

(A Company registered under section 42 of the Companies Ordinance, 1984)

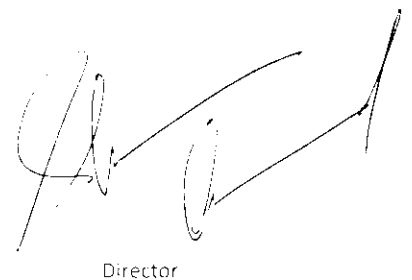
**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

24 GENERAL

The figures in the financial statements have been rounded off to the nearest rupee.



Chief Executive



Director