

33 **TRANSACTIONS WITH RELATED PARTIES**

2013	2012
(Rupees)	

Borrowings from Directors

1,103,000	5,301,480
-----------	-----------

It represents the amount of loan obtained from directors of the company during the year to meet day repayment of liabilities and it is free of mark-up.

to day running cost and

34 **REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

(Rupees)

PARTICULARS	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	2013	2012	2013	2012	2013	2012
Managerial Remuneration	-	-	-	-	-	-
Directors' Meeting Fee	-	-	-	-	-	-
Directors' Travelling & Houltng	-	-	-	-	-	-
	-	-	-	-	-	-
Number of persons	-	-	-	-	-	-

35 **PRODUCTION CAPACITY**

PARTICULARS	CAPACITY	ACTUAL PRODUCTION	ACTUAL PRODUCTION
	Kgs	Kgs	IN 20 Kgs
YARN:			
Coarse	431,267	-	-
Medium	3,780,187	-	-
Fine	206,570	-	-
Year 2013	4,418,024	-	-
Year 2012	4,418,024	-	-

Capacity in 20/s = 6,585,921 Kgs (2012: 6,585,921 Kgs)

a. Number of spindles installed in the factory is 26,460 (2012: 26,460)

b. Number of shifts worked per day is NIL (2012: NIL)

36 **DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on

October 08, 2013

by the Board of Directors of the Company.

37 **NUMBER OF EMPLOYEEES**

Number of permanent employees at the end of the year was

NIL (2012 : NIL)

Chief Executive

Director

BALANCE SHEET
AS AT JUNE 30, 2013

		2013	2012			2013	2012
		(Rupees)				(Rupees)	
CAPITAL AND LIABILITIES				PROPERTY & ASSETS			
SHARE CAPITAL & RESERVE				NON CURRENT ASSETS			
<i>SHARE CAPITAL</i>				FIXED ASSETS -			
<i>Authorised:</i>				<i>Property, Plant & Equipment</i>			
<i>1,500,000 Ordinary Share of</i>				11			
<i>Rs. 10/- each</i>				<u>15,000,000</u>	<u>15,000,000</u>	488,376,356	30,684,704
<i>Issued:</i>				LONG TERM DEPOSITS			
<i>1,298,543 Ordinary Share of</i>				<u>12,985,430</u>	<u>12,985,430</u>	88,983	88,983
<i>Rs. 10/- each</i>						<u>488,465,339</u>	<u>30,773,687</u>
<i>Subscribed & paid-up</i>				CURRENT ASSETS			
6				12,275,030	12,275,030		
RESERVE				<i>Stores & Spares</i>			
<i>Capital - Statutory Reserve</i>				12			
<i>U/s 15-BB</i>				257,782	257,782	3,000,000	6,300,205
				<u>12,532,812</u>	<u>12,532,812</u>		
<i>Unappropriated Profit / (Loss)</i>				<i>Stock-in-Trade</i>			
<i>Shareholders' Equity</i>				(55,386,237)	(48,066,522)	13	
				<u>(42,853,425)</u>	<u>(35,533,710)</u>		
SURPLUS ON REVALUATION OF				<i>Trade Debtors</i>			
FIXED ASSETS				14			
7				460,591,709	-		
NON CURRENT LIABILITIES				<i>Loans and Advances</i>			
<i>Long Term Loans</i>				15			
8				33,492,975	32,389,975		
CURRENT LIABILITIES				<i>Trade Deposits &</i>			
<i>Trade & Other Payables</i>				<i>Short Term Prepayments</i>			
9				40,547,514	40,567,514	16	
CONTINGENCIES &				<i>Taxes Refundable</i>			
COMMITMENTS				17			
10				<u>491,778,773</u>	<u>37,423,779</u>		
				<i>Cash and Bank Balances</i>			
				18			
						47,107	56,700
						<u>3,313,434</u>	<u>6,650,092</u>
						<u>491,778,773</u>	<u>37,423,779</u>

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

Chief Executive

Director

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2013**

		2013	2012
		(Rupees)	
	Note		
Sales	19	-	-
Cost of Sales	20	-	-
Gross Loss		-	-
<i>Distribution Cost</i>		-	-
<i>Administrative Expenses</i>	21	2,240,732	1,161,827
<i>Other Operating Expenses</i>	22	140,000	140,000
<i>Other Operating Income</i>	23	(794,003)	(427,615)
		1,586,729	874,212
Operating Loss		(1,586,729)	(874,212)
<i>Finance Cost</i>	24	-	-
Loss before Tax		(1,586,729)	(874,212)
Provision for Taxation	25		
<i>- Current Year</i>		-	-
Loss after Tax		(1,586,729)	(874,212)
Other Comprehensive Income / (Expense)			
<i>Amortization relating to surplus</i>		(15,715,533)	-
<i>Mills Store Written Off</i>		(3,300,205)	-
<i>Liabilities over three years written back</i>		-	5,358,913
<i>Income from agriculture</i>		457,166	675,000
		(18,558,572)	6,033,913
Total Comprehensive Income / Loss for the year		(20,145,301)	5,159,701
Income / Loss per share	26	(16.41)	4.20

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

Chief Executive

Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

	2013	2012
	(Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES		
<i>(Loss) after tax</i>	(1,586,729)	(874,212)
Adjustment of Non Fund Items:		
Depreciation	10,110	11,356
Deferred Cost - Written off	-	-
Obsolete Spares written off	-	-
Trade Debts - Written off	-	-
Deferred Tax Liability - Written back	-	-
Liabilities over three years written back	-	-
Financial Expenses	-	-
	<u>10,110</u>	<u>11,356</u>
	(1,576,619)	(862,856)
(Increase)/Decrease in Current Assets		
Stores & Spares	-	-
Stock in Trade	-	-
Trade Debts	-	-
Loans & Advances	-	-
Trade Deposits & Short Term Prepayments	26,860	294
Taxes Refundable	-	-
	<u>26,860</u>	<u>294</u>
Increase/(Decrease) in Current Liabilities		
Trade & Other Payables	(20,000)	90,000
Accrued Interest	-	-
Short Term Liability	-	-
Current portion of Long Term Loan	-	-
Provision for Taxation	-	-
	<u>(20,000)</u>	<u>90,000</u>
Effect on Cash Flow due to changes in		
Working Capital	6,860	90,294
Sundry Income Received	457,165	675,000
Income Tax Paid	-	-
	<u>(1,112,594)</u>	<u>(97,562)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Deferred Cost	-	-
Sale proceed on Disposal of Assets	-	-
	<u>-</u>	<u>-</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Long Term Obligation	-	(5,193,750)
Long Term Loan Received from Directors	1,103,000	5,301,480
	<u>1,103,000</u>	<u>107,730</u>
Net (Decrease) Increase in Cash	(9,594)	10,167
Cash and Cash Equivalents at the beginning of the year	56,700	46,533
Cash and Cash Equivalents as the end of the year.	<u>47,107</u>	<u>56,700</u>

Chief Executive

Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2013

Share Capital		Reserves		Unappropriated Profit & Loss		Total
(Rupees)						

<i>Balance as on July 01, 2011</i>	12,275,030	257,782	(53,226,223)	(40,693,411)
<i>Loss for the year 2011 – 2012</i>	-	-	(874,212)	(874,212)
<i>Other Comprehensive Income / (Expense)</i>			6,033,913	6,033,913
<i>Total Comprehensive Income for the year</i>			5,159,701	5,159,701
<i>Balance as on June 30, 2012</i>	<u>12,275,030</u>	<u>257,782</u>	<u>(48,066,522)</u>	<u>(35,533,710)</u>
<i>Loss for the year 2012 – 2013</i>	-	-	(1,586,729)	(1,586,729)
<i>Other Comprehensive Income / (Expense)</i>			(18,558,572)	(18,558,572)
<i>Total Comprehensive Loss for the year</i>			(20,145,301)	(20,145,301)
<i>Amortization relating to surplus on revaluation of fixed assets</i>			12,825,586	12,825,586
<i>Balance as on June 30, 2013</i>	<u>12,275,030</u>	<u>257,782</u>	<u>(55,386,237)</u>	<u>(42,853,425)</u>

Chief Executive

Director

2013	2012
(Rupees)	

6. SHARE CAPITAL

SUBSCRIBED & PAID UP CAPITAL:

a) *Issued for Cash*

i) 517,813 Ordinary Shares of
Rs. 10/- each fully paid up

5,178,130

5,178,130

ii) 200,000 Ordinary Shares of
Rs.10/- each, Rs.8.75 paid up

1,750,000

1,750,000

6,928,130

6,928,130

b) *Issued for Consideration other than cash*
64,897 ordinary shares of Rs. 10/-each
fully paid for acquisition of assets

648,970

648,970

c) *Issued as Bonus Shares*

i) 444,793 Ordinary Shares of
Rs. 10/- each, fully paid-up

4,447,930

4,447,930

ii) 200,000 Ordinary Shares of Rs. 10/each
Rs. 1.25 paid-up to make these shares as
fully paid up.

250,000

250,000

4,697,930

4,697,930

12,275,030

12,275,030

7. SURPLUS ON REVALUATION OF FIXED ASSETS

This represents revaluation surplus relating to Freehold Land, Building & Civil Works and Plant & Machinery of the company (Refer Note 11).

Surplus arising on revaluation of freehold land, building and plant & machinery.

473,417,295

Amortization relating to surplus on revaluation of fixed assets

12,825,586

460,591,709

-

Surplus arising on these revaluations have been incorporated in the books during the year under review and would be amortized over the useful lives of the revalued assets in accordance with the requirements of section 235 of the Companies Ordinance, 1984, further amended vide the Companies (Amendment) Ordinance 2002.

2013	2012
(Rupees)	

8. LONG TERM LOANS

Loan from Directors - unsecured

<i>Opening Balance</i>	32,389,975	27,088,495
<i>Amounts received during the year</i>	1,103,000	5,301,480
	33,492,975	32,389,975

It represents the amount received from directors of the Company for the purpose of meeting day to day expenses and other pressing payments. The terms of the loans are not agreed and also do not carry any mark up.

9. TRADE AND OTHER PAYABLES

<i>Trade Creditors</i>	40,202,714	40,202,714
<i>Accrued Liabilities</i>	316,242	336,242
<i>Other Liabilities</i>	28,558	28,558
	40,547,514	40,567,514

10. CONTINGENCIES & COMMITMENTS

- (a) *A Suit had been filed in the Court of Law against the Company by NBP for an amount of Rs. 437 million which is being contested by the Company. The Company does not acknowledge the claim as this was already decided by Committee No. 5 for the Revival of Sick Units, established in 1997 by the Government of Pakistan and given authorization by State Bank of Pakistan through Circulars No 19,20 & 21. KTML followed the Committee's binding decision and paid the entire dues determined by Committee No 5, however NBP has wrong fully claimed the aforementioned additional amount in blatant disregard of Committee's binding decisions. The Company's attorney has been granted leave to defend by the Honorable High Court, based upon the above mentioned facts. Therefore, management and the legal department are confident for a favorable judgment by the Honorable Court.*

II . FIXED ASSETS (Tangible)

- Property, Plant and Equipment

PARTICULARS	C O S T / R E V A L U A T I O N				D E P R E C I A T I O N						WRITTEN DOWN
	AS ON	REVALUATION SURPLUS	DISPOSALS	AS ON	RATE	AS ON	DEPRECIATION FOR THE YEAR	DEPRECIATION ON REVALUATION FOR THE YEAR	DISPOSALS	ACCUMULATED DEPRECIATION AS ON	VALUES AS ON
	01/07/2012			30/06/2013		01/07/2012				30/06/2013	30/06/2013
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.		Rs.	Rs.	Rs.
Free Hold Land	101,574	292,698,426	-	292,800,000		-	-	-	-	-	292,800,000
Building and Civil Works	28,350,309	104,926,026	-	133,276,335	5%	25,176,335	158,699	5,246,301	-	30,581,335	102,695,000
Plant & Machinery	178,861,971	75,792,843	-	254,654,814	10%	152,854,814	2,600,716	7,579,284	-	163,034,814	91,620,000
Tools & Equipment	1,200,738	-	-	1,200,738	10%	1,009,855	19,088	-	-	1,028,943	171,795
Electric Fittings	7,933,823	-	-	7,933,823	10%	6,900,280	103,354	-	-	7,003,634	930,189
Furniture & Fixture	877,824	-	-	877,824	10%	796,921	8,090	-	-	805,011	72,813
Telephone Fitting	238,000	-	-	238,000	10%	212,352	2,565	-	-	214,917	23,083
Office Equipment	408,665	-	-	408,665	10%	387,181	2,148	-	-	389,329	19,336
Electric, Gas & Hone Appliance	433,468	-	-	433,468	10%	388,358	4,511	-	-	392,869	40,599
Motor Vehicles	907,904	-	-	907,904	20%	903,476	886	-	-	904,361	3,543
Total : 2013	219,314,276	473,417,295	-	692,731,571		188,629,572	2,900,057	12,825,586	-	204,355,215	488,376,356

2012 488,376,356

PARTICULARS	C O S T				RATE	D E P R E C I A T I O N					WRITTEN DOWN
	AS ON	ADDITIONS	DISPOSALS	AS ON		AS ON	DEPRECIATION FOR THE YEAR		DISPOSALS	AS ON	VALUES AS ON
	01/07/2011			30/06/2012		01/07/2011				30/06/2012	30/06/2012
	Rs.	Rs.	Rs.	Rs.	%	Rs.	Rs.		Rs.	Rs.	Rs.
Free Hold Land	101,574	-	-	101,574	0	-	-	-	-	-	101,574
Building on Freehold Land	24,225,246	-	-	24,225,246	5	21,546,409	-	-	-	21,546,409	2,678,837
Mills Quarters on Freehold Land	e.RHF.sla	L	L	e.RHF.sla	10	3,629,926	-	-	-	3,629,926	495,137
Plant & Machinery	178,861,971	-	-	178,861,971	10	152,854,814	-	-	-	152,854,814	26,007,157
Tools & Equipment	1,200,738	-	-	1,200,738	10	1,009,855	-	-	-	1,009,855	190,883
Electric Fittings	7,933,823	-	-	7,933,823	10	6,900,280	-	-	-	6,900,280	1,033,543
Furniture & Fixture	877,824	-	-	877,824	10	796,921	-	-	-	796,921	80,903
Telephone Fitting	238,000	-	-	238,000	10	209,503	2,850	-	-	212,352	25,648
Office Equipment	408,665	-	-	408,665	10	384,794	2,387	-	-	387,181	21,484
Electric, Gas & Hone Appliance	ea.eld	L	L	ea.eld	10	383,346	5,012	-	-	388,358	45,110
Motor Vehicles	907,904	-	-	907,904	20	902,369	1,107	-	-	903,476	4,428
Total : 2012	219,314,276	-	-	219,314,276		188,618,216	11,356	-	-	188,629,572	30,684,704

Revaluation of fixed assets of the company was carried out in June 2013 on the instructions of the Securities and Exchange Commission of Pakistan by an independent valuer, M/s Impulse (Pvt) Ltd., 1081, 4th Floor, Rehman Building, Saddar Road, Peshawar. Surplus arising on revaluations has been credited to the Revaluation Surplus account in accordance with the requirements of section 235 of the Companies Ordinance, 1984, further amended vide the Companies (Amendment) Ordinance 2002.

The fair values of assets have been determined with reference to market-based evidences, based on active market prices and relevant enquires and information as considered necessary, adjusted for any difference in nature, location and conditions of the specific property and in case where market-based evidences are not available or not applicable due to the specialized nature of asset, than it were based on depreciated replacement cost method. The details are as under:

	<u>Surplus on Revaluation</u>
Freehold Land	292,698,426
Building and Civil Works	104,926,026
Plant and Machinery	75,792,843
	<u>473,417,295</u>

Had there been no revaluation, the values of specific classes of freehold land, building & civil works and plant & machinery

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Written Down Values</u>
Freehold Land	101,574	-	101,574
Building and Civil Works	28,350,309	25,335,033	3,015,276
Plant and Machinery	178,861,971	155,455,530	23,406,441
	<u>207,313,854</u>	<u>180,790,563</u>	<u>26,523,291</u>

Depreciation charge for the year has been allocated as under;

	<u>2013</u>	<u>2012</u>
	<u>Rs.</u>	<u>Rs.</u>
Cost of goods manufactured	2,889,947	-
Administrative Expenses	10,110	11,356
	<u>2,900,057</u>	<u>11,356</u>

	2013	2012
	(Rupees)	
12. STORES & SPARES		
General Stores	6,300,205	6,300,205
Less: Obsolescence, due to diminution in value	(3,300,205)	-
	<u>3,000,000</u>	<u>6,300,205</u>
13. STOCK-IN-TRADE		
Raw Material	-	-
Work-in-process	-	-
Finished Goods	-	-
	<u>-</u>	<u>-</u>
14. TRADE DEBTS		
(Unsecured-Considered Good)	-	-
	<u>-</u>	<u>-</u>
15. LOANS AND ADVANCES		
(Unsecured, Considered good)	-	-
	<u>-</u>	<u>-</u>
16. TRADE DEPOSIT & SHORT TERM PREPAYMENTS		
Prepaid Insurance	-	26,860
	<u>-</u>	<u>26,860</u>
17. TAXES REFUNDABLE		
Income Tax Refundable	60,542	60,542
Sales Tax Recoverable	205,785	205,785
	<u>266,327</u>	<u>266,327</u>
18. CASH & BANK BALANCES		
Cash in hand	574	10,167
Cash at Bank		
In Current Accounts	46,533	46,533
	<u>47,107</u>	<u>56,700</u>
19. SALES		
Yarn Sales - Local	-	-
Cotton Soft Waste Sales	-	-
Cotton Hard Waste Sales	-	-
	<u>-</u>	<u>-</u>

	2013	2012
	(Rupees)	
20 COST OF SALES		
<i>Finished Goods Opening</i>	-	-
<i>Add: Fixed Factory Overheads</i>	-	-
<i>Add: Cost of Goods Manufactured</i>	-	-
<i>Less: Finished Goods Closing</i>	-	-
	-	-
	-	-
20.1 Cost of Goods Manufactured		
<i>Raw Material Opening</i>	-	-
<i>Add: Purchases</i>	-	-
	-	-
<i>Less: Cost of Raw Material Sold</i>	-	-
<i>Less: Raw Material Closing</i>	-	-
<i>Raw Material Consumed</i>	-	-
<i>Stores Consumed</i>	-	-
<i>Packing Expenses</i>	-	-
<i>Fuel and Power</i>	-	-
<i>Salaries, Wages, & Benefits</i>	-	-
<i>Insurance</i>	-	-
<i>Repairs and Maintenance</i>	-	-
<i>Vehicle Running Expenses</i>	-	-
<i>Telephone, Telex and Postage</i>	-	-
<i>Travelling and Conveyance</i>	-	-
<i>Printing and Stationery</i>	-	-
<i>Entertainment</i>	-	-
<i>Other Manufacturing Expenses</i>	-	-
<i>Depreciation</i>	-	-
<i>Cost of Fixed Factory Overhead</i>	-	-
	-	-
<i>Work-in-Process Opening</i>	-	-
<i>Work-in-Process Sold</i>	-	-
<i>Work-in-Process Closing</i>	-	-
	-	-
<i>Cost of Goods Manufactured</i>	-	-

Salaries, Wages and benefits include Rs. NIL (2012 : Rs.NIL) in respect of staff retirement benefits.

21 ADMINISTRATIVE EXPENSES

<i>Salaries and Allowances</i>	639,400	641,120
<i>Conveyance, Traveling & Entertainment</i>	-	500
<i>Postage, Telegram & Telephone</i>	34,469	31,487
<i>Membership Fee & Subscription</i>	151,417	83,750
<i>Printing & Stationery</i>	49,675	30,800
<i>Other Miscellaneous Expenses</i>	-	23,500
<i>Depreciation Expenses</i>	10,110	11,356
<i>Insurance</i>	26,860	108,024
<i>Fuel and Power</i>	1,278,801	231,290
<i>Legal & Professional Charges</i>	50,000	-
	2,240,732	1,161,827

Salaries and allowances represent payment to contract and casual staff.

		2013	2012
		(Rupees)	
22	OTHER OPERATING EXPENSES		
	<i>Auditors' Remuneration</i>		
	Annual Audit Fee	100,000	100,000
	Half Yearly Review Fee	40,000	40,000
		<u>140,000</u>	<u>140,000</u>
23	OTHER OPERATING INCOME		
	Sundry Income	<u>794,003</u>	<u>427,615</u>
24.	FINANCE COST		
	Bank Charges & Commission	<u>-</u>	<u>-</u>
25	TAXATION		
	25.1 CURRENT		
	25.1.1 <i>Income Tax assessments of the Company have been finalized upto and including the tax year 2012 under section 120 of the Income Tax Ordinance, 2001.</i>		
	25.1.2 <i>The charge for the year can be reconciled to the profit or loss as per statement of comprehensive income as follows:</i>		
	Accounting loss before tax	(1,586,729)	(874,212)
	Less: Liabilities over three years written back	-	5,358,913
	Taxable Income	<u>(1,586,729)</u>	<u>4,484,701</u>
	- Tax at the applicable income tax rate of thirty five percent	(555,355)	1,569,645
	- Tax effect of expenses that are not deductible in determining taxable profit	6,554	10,901
	- Tax effect on brought forward losses of earlier years	548,801	(1,580,546)
		<u>-</u>	<u>-</u>
	25.2 DEFERRED		
	<i>Due to suspension of business activities since July 01, 2007 and available brought forward assessed losses of the Company the effect of temporary differences both taxable and deductible are not likely to arise.</i>		
26	LOSS PER SHARE - Basic		
	Weighted average number of ordinary shares outstanding during the year	(Numbers) <u>1,227,503</u>	<u>1,227,503</u>
	Total comprehensive income / loss after taxation	(Rupees) (20,145,301)	5,159,701
	Income / Loss per share	(Rupees) <u>(16.41)</u>	<u>4.20</u>
	<i>There is no dilutive effect on loss per share during the year.</i>		
27	FAIR VALUE OF FINANCIAL INSTRUMENTS		

2013	2012
(Rupees)	

27 **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 arm's length transaction. The carrying value of all the financial assets and financial liabilities of the Company reflected in the financial statements approximate their fair values.

28 **FINANCIAL RISK MANAGEMENT**

The Company is exposed to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's risk management policy focuses on the impact of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework and for developing and monitoring the Company's risk management policies. The Board regularly meets and any changes and compliance issues are reported to the Board through the audit committee.

29 **MARKET RISK**

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

29.1 **Interest rate risk**

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

	Carrying amount in rupees	
	2013	2012
Financial Assets	-	-
Financial Liabilities	33,492,975	32,389,975

Sensitivity Analysis

The Company is not exposed to interest rate risk. (refer note-8)

29.2 **Foreign Currency risk**

Foreign currency risk is the risk that the fair value of future cash flows relating to 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 entered into foreign currencies.

Sensitivity Analysis

The Company is not materially exposed to foreign currency risk on its financial assets and liabilities as there are no transaction involving such risk in the current year.

30. CREDIT RISK

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The Company under usual circumstances receives advance against sales and only casually applies credit limits to its customers therefore does not have any significant exposure to any individual customer resulting in the concentration of credit risk.

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. It indicates the related sensitivity of the Company's performance to developments affecting the particular industry.

The Company's gross maximum exposure to credit risk at the reporting date is as follows:

	Carrying amount in rupees	
	2013	2012
Financial Assets		
Long Term Deposits	88,983	88,983
Trade Deposits & Prepayments	-	26,860
Bank Balances	46,533	46,533
	135,516	162,376

31. LIQUIDITY RISK

Liquidity risk reflects the Company's inability of generating funds to meet its commitments. The Company applies effective funds management techniques by maintaining sufficient cash and bank balances and by keeping committed credit limits in the circumstances in which the Company for the being continues.

The table below analyse the maturity profile of the Company's financial liabilities at the reporting date to the maturity date.

	Carrying amount	Contractual cash flows	Less than one year	Over one year
-----2013-----				
Financial Liabilities				
Long term loans	33,492,975	33,492,975	-	33,492,975
Trade Creditors	40,202,714	40,202,714	40,202,714	-
Accrued Liabilities	316,242	316,242	316,242	-
Other Liabilities	28,558	28,558	28,558	-
	74,040,489	74,040,489	40,547,514	33,492,975
-----2012-----				
Long term loans	32,389,975	32,389,975	-	32,389,975
Trade Creditors	40,202,714	40,202,714	40,202,714	-
Accrued Liabilities	336,242	336,242	336,242	-
Other Liabilities	28,558	28,558	28,558	-
	72,957,489	72,957,489	40,567,514	32,389,975

32. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can provide returns for shareholders benefits, for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company manages its capital structure by monitoring return on net assets and financial leverages.

33 **TRANSACTIONS WITH RELATED PARTIES**

2013	2012
(Rupees)	

Borrowings from Directors

1,103,000 5,301,480

It represents the amount of loan obtained from directors of the company during the year to meet day to day running cost and repayment of liabilities and it is free of mark-up.

to day running cost and

34 **REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

(Rupees)

PARTICULARS	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	2013	2012	2013	2012	2013	2012
Managerial Remuneration	-	-	-	-	-	-
Directors' Meeting Fee	-	-	-	-	-	-
Directors' Travelling & Houltng	-	-	-	-	-	-
	-	-	-	-	-	-
Number of persons	1	1	6	6	-	-

Chief Executive has been provided with free use of Company maintained car, reimbursement of utility bills, medical expenses for self & dependent family members and retirement benefits as per Company's rules.

bills, medical expenses

35 **PRODUCTION CAPACITY**

PARTICULARS	CAPACITY	ACTUAL PRODUCTION	ACTUAL PRODUCTION
	Kgs	Kgs	IN 20 Kgs
YARN:			
Coarse	431,267	-	-
Medium	3,780,187	-	-
Fine	206,570	-	-
Year 2013	4,418,024	-	-
Year 2012	4,418,024	-	-

Capacity in 20/s = 6,585,921 Kgs (2012: 6,585,921 Kgs)

a. Number of spindles installed in the factory is 26,460 (2012: 26,460)

b. Number of shifts worked per day is NIL (2012: NIL)

36 **DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on

October 08, 2013

by the Board of Directors of the Company.

37 **NUMBER OF EMPLOYEEES**

Number of permanent employees at the end of the year was

NIL (2012 : NIL)

Chief Executive

Director

Pattern of Shareholding as per Code of Corporate Governance

<u>Categories of Shareholders</u>	Numbers	Shares Held	Percentage of Paid-up Capital
<u>Associated Companies, Undertaking and Related Parties</u>	-	-	-
 <u>Directors and Relatives</u>			
Farid M. Jadoon	1	138,255	
Sandra Jadoon	1	88,868	
Adam Jadoon	1	137,877	
Sara Jadoon	1	88,965	
Ch. M Eusaff	1	6,739	
Aurangzeb Khan	1	5,298	
Nasir Khan	1	3,950	
Omer Farid Jadoon	1	87,598	
M. Bahauddin	1	2,800	
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	9	560,350	46
<u>Executive</u>	-		
 <u>Banks, Development Finance Institution, Non Banking Financial Institutions, Insurance Companies, Modarabas and Mutual Funds</u>			
	13	20800	2
 <u>Individuals</u>			
	414	646353	52
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	436	1,227,503	100%
 <u>Shareholders holding 10% or more voting Interest in the Company</u>			
	3		