

				NOTE	2013 Rupees	2012 Rupees
<b>3</b>	<b>ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL</b>					
	<b>2013</b>	<b>2012</b>				
	<b>(Number of shares)</b>					
	2,952,429	2,952,429	Ordinary shares of Rupees 10 each fully paid-up in cash		29,524,290	29,524,290
	100,000	100,000	Ordinary shares of Rupees 10 each issued as fully paid bonus shares		1,000,000	1,000,000
	<u>3,052,429</u>	<u>3,052,429</u>			<u>30,524,290</u>	<u>30,524,290</u>
<b>4</b>	<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF DEFERRED INCOME TAX</b>					
			Opening Balance		576,267,065	561,787,617
			Deferred tax adjustment due to change in tax rate from 35% to 34%		528,925	-
			Surplus on revaluation of property, plant and equipment during the year		-	3,091,483
			Related deferred income tax liability		-	15,682,981
					-	18,774,464
			Transferred to accumulated loss in respect of surplus realized on disposal of revalued property, plant and equipment		-	(209,673)
			Related deferred income tax liability		-	73,386
					-	(136,287)
			Transferred to accumulated loss in respect of incremental depreciation charged during the year		(4,357,428)	(6,398,045)
			Related deferred income tax liability		1,481,526	2,239,316
					(2,875,902)	(4,158,729)
					<u>573,920,088</u>	<u>576,267,065</u>
<b>5</b>	<b>LONG TERM FINANCING</b>					
			Financing from banking companies - secured	5.1	73,193,999	73,193,999
					73,193,999	73,193,999
			Less: Current portion shown under current liabilities	12	73,193,999	73,193,999
					-	-

5.1	Lender	2013	2012	Rate of interest per annum	Number of installments	Interest repricing	Interest payable	Security
		-----Rupees-----						
	NIB Bank Limited	73,193,999	73,193,999	3 Month KIBOR+ 4.25% with floor 14%	Twenty four equal quarterly installments, commenced from 26 July 2005.	First working day of Jan, April, July and Oct.	Quarterly	First equitable charge of Rupees 360 million on land, building and machinery, hypothecation of current assets and personal guarantees of sponsor directors.
		<u>73,193,999</u>	<u>73,193,999</u>					

	NOTE	2013 Rupees	2012 Rupees
<b>6 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>			
Future minimum lease payments		11,501,074	57,300,007
Less: Unamortized finance charges		(214,388)	(10,297,795)
Present value of future minimum lease payments		<u>11,286,686</u>	<u>47,002,212</u>
Less: Current portion shown under current liabilities	12	<u>11,286,686</u>	<u>47,002,212</u>
		<u>-</u>	<u>-</u>

- 6.1 During the year, the Company entered into settlement agreements with Saudi Pak Leasing Company Limited and First Dawood Investment Bank Limited. Pursuant to the agreements, liabilities against assets subject to finance lease including related mark-up and deferred mark-up were reduced by Rupees 30.003 million. Remaining balance is payable in equal monthly instalments and has been stated at present value using effective interest rate of 9.75%. Gain on settlement of these liabilities has been accounted for as other income.

In case of default, the settlement agreements shall stand cancelled / withdrawn. Consequently, the lessor will be entitled to recover outstanding amount as per books of ledger. Taxes, repairs and insurance cost are to be borne by the Company. These are secured against charge on leased assets, personal guarantees of sponsor directors.

	2013 Rupees	2012 Rupees
<b>7 DEFERRED INCOME TAX LIABILITY</b>		
This comprises of following :		
<b>Taxable temporary differences</b>		
Accelerated tax depreciation	36,212,290	44,574,670
Surplus on revaluation of property, plant and equipment	16,501,916	18,512,366
Liabilities against assets subject to finance lease	17,889,205	7,225,037
	<u>70,603,411</u>	<u>70,312,073</u>
<b>Deductible temporary differences</b>		
Provision for gratuity	(2,773,867)	(2,840,281)
Overdue mark-up of leased liability	(45,237)	(2,689,465)
Deferred mark-up of leased liability	-	(2,419,349)
	<u>(2,819,104)</u>	<u>(7,949,095)</u>
	<u>67,784,307</u>	<u>62,362,978</u>

- 7.1 Deferred income tax asset of Rupees 79.577 million (2012: Rupees 80.140 million) has not been recognized in these financial statements as the temporary differences are not expected to reverse in foreseeable future because taxable profits will not be probably available against which the temporary differences can be utilized.

	NOTE	2013 Rupees	2012 Rupees
<b>8 DEFERRED MARK-UP</b>			
Deferred mark-up - long term financing	8.1	4,455,371	5,748,044
Deferred mark-up - finance leases		-	6,912,426
		<u>4,455,371</u>	<u>12,660,470</u>
Less : Current portion shown under current liabilities	12	<u>1,426,870</u>	<u>8,205,100</u>
		<u>3,028,501</u>	<u>4,455,370</u>

- 8.1 MCB Bank Limited (MCB) deferred payment of capitalized mark-up of Rupees 5.175 million (2012: Rupees 6.995 million) repayable in 11 equal quarterly installments of Rupees 455,000 and one installment of Rupees 170,000 in the end commenced from 01 September 2009, after repayment of original demand finance. The deferred mark-up has been stated at present value using effective interest rate of 10%. Deferred mark-up is secured against charge over fixed assets amounting to Rupees 51.288 million.

	NOTE	2013 Rupees	2012 Rupees
<b>9 TRADE AND OTHER PAYABLES</b>			
Creditors, un-secured		76,963,835	74,744,518
Advances from customers		5,436,840	2,811,367
Accrued liabilities		25,553,001	24,598,606
Withholding tax payable		6,085,521	6,085,557
Unclaimed dividend		144,947	144,947
Security deposit		1,380,000	-
Others		11,515	65,328
		<u>115,575,659</u>	<u>108,450,323</u>
<b>10 ACCRUED MARK-UP</b>			
Long term financing		69,999,935	59,267,567
Liabilities against assets subject to finance lease		133,050	7,684,186
Short term borrowings		61,258,409	49,533,956
		<u>131,391,394</u>	<u>116,485,709</u>
<b>11 SHORT TERM BORROWINGS</b>			
<b>From banking companies - secured</b>			
Running finance	11.1	23,698,540	23,698,540
Demand finances	11.2	41,738,711	41,738,712
		<u>65,437,251</u>	<u>65,437,252</u>
<b>From related parties - unsecured and non interest bearing</b>			
Chief Executive Officer (C.E.O.)	11.3	50,206,666	37,739,100
Close family members of C.E.O.	11.3	3,870,000	4,548,370
		<u>54,076,666</u>	<u>42,287,470</u>
<b>Others - unsecured</b>			
Interest bearing	11.4	4,850,000	1,250,000
Non - interest bearing	11.3	3,000,000	-
		<u>127,363,917</u>	<u>108,974,722</u>
11.1	It is secured against first equitable charge on land, building and machinery, hypothecation charge on current assets and personal guarantees of three sponsor directors. Rate of mark up on this finance is 39.53 paisa (2012: 39.53 paisa) per thousand per day.		
11.2	These represent demand finance facility of Rupees 56.122 million obtained from Faysal Bank Limited (formally The Royal Bank of Scotland Limited) and NIB Bank Limited. These are secured against registered hypothecation charge of Rupees 50 million, second supplement agreement of hypothecation on all future and current assets, stocks of raw material, work in process, finished goods, plant and machinery, equipment tools and stores and spares. Rates of mark-up on these finances range from 50 paisa to 60 paisa (2012: 50 paisa to 60 paisa) per thousand per day.		
11.3	These are interest free and unsecured loans. Repayment terms and other conditions of these loans are yet to be finalized.		
11.4	The rate of mark up on this loan is 18% to 20% (2012: 20%) per annum. Repayment terms and other conditions of this loan are yet to be finalized.		

	NOTE	2013 Rupees	2012 Rupees
<b>12 CURRENT PORTION OF NON-CURRENT LIABILITIES</b>			
Long term financing:			
Over due	5	73,193,999	73,193,999
Finance leases:			
Current		7,444,143	26,865,813
Over due		3,842,543	20,136,399
	6	11,286,686	47,002,212
Deferred mark-up:			
Current		1,426,870	3,416,339
Over due		-	4,788,761
	8	1,426,870	8,205,100
		<u>85,907,555</u>	<u>128,401,311</u>

### 13 CONTINGENCIES AND COMMITMENTS

#### 13.1 Contingencies

- (a) Sui Northern Gas Pipelines Limited (SNGPL) Islamabad demanded arrears of Rupees 10.405 million for the period from November 2006 to November 2007 due to doubt on accuracy of meter. The Company filed a case in the Court of Senior Civil Judge Islamabad on 18 December 2007. SNGPL has encashed the bank guarantee amounting to Rupees 15.293 million issued to it by NIB Bank Limited on behalf of the Company. However, Civil Judge Islamabad has rejected SNGPL claim for excessive billing vide order dated 18 December 2012. Management is trying for refund of Rupees 15.293 million.
- (b) The Company has filed an appeal before Lahore High Court, Rawalpindi Bench against the recovery of electricity duty amounting to Rupees 19.07 million on self generation charged by Electric Inspector Islamabad Region. The Court has issued notices to the respondents to file comments. The case is still pending before the Court and the Company, based on advice of legal advisor, is hopeful for favorable outcome.
- (c) The Company filed an appeal before Lahore High Court, Rawalpindi Bench, against demand of property tax amounting to Rupees 5.51 million raised by Inspector Military Lands and Cantonments, Rawalpindi. Being aggrieved on decision of Lahore High Court, Rawalpindi Bench, the Company filed appeal before the Supreme Court of Pakistan, whereby, the case has been remanded back to Lahore High Court, Rawalpindi Bench. The Company is hopeful for favorable outcome.
- (d) For tax year 2010, assessment order dated 20 February 2011 was passed under section 122(1) read with section 122(5) of the Income Tax Ordinance, 2001 by the Deputy Commissioner Inland Revenue, whereby demand of tax amounting to Rupees 4.223 million was created. The Company filed an appeal before Commissioner Inland Revenue (Appeals) and the case was decided in favour of the Company. However, the department has filed appeal against decision of Commissioner Inland Revenue (Appeals) before Income Tax Appellate Tribunal. The case is still pending and the Company is hoping favourable outcome.
- (e) NIB Bank Limited filed a suit before Lahore High Court against the Company for recovery of outstanding loans and other charges amounting to Rupees 165.041 million. The suit is pending adjudication before Lahore High Court. The Company has filed a counter suit against NIB Bank Limited before Islamabad High Court.
- (f) Guarantees of Rupees 0.0399 million (2012: Rupees 1.021 million) have been given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connection.

	2013 Rupees	2012 Rupees
13.2 Commitments	<u>Nil</u>	<u>Nil</u>

- 14.2 Detail of property, plant and equipment exceeding book value of Rupees 50,000 disposed off during the year is as follows:

Description	Qty	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchaser
-----Rupees-----								
Owned								
Plant and machinery:								
Ring frame EJM168	6	10,379,511	4,654,511	5,725,000	6,000,000	275,000	Negotiation	Bilal Fibres Limited
Murata 21 C Process Coner	1	15,153,237	3,553,237	11,600,000	12,000,000	400,000	Negotiation	Bilal Fibres Limited
Card cross Roll MK6	2	3,752,386	1,362,386	2,390,000	2,000,000	(390,000)	Negotiation	Bilal Fibres Limited
Carding machine A-186 F	4	2,742,762	2,025,762	717,000	600,000	(117,000)	Negotiation	Bilal Fibres Limited
		32,027,896	11,595,896	20,432,000	20,600,000	168,000		

- 14.3 The revaluation of property, plant and equipment was carried out by an independent valuer Messrs K.S. Ahmad & Company (Private) Limited as on 30 June 2012 on the basis of depreciated replacement value method. Had there been no revaluation, the cost, accumulated depreciation and book value of revalued property, plant and equipment would have been as follows:

Description	2013			2012
	Historical cost	Accumulated depreciation	Book value	Book value
Freehold land	113,044	-	113,044	113,044
Factory Building on free hold land	43,190,483	33,260,438	9,930,045	11,033,383
Non factory building	12,505,284	6,105,180	6,400,104	6,736,952
Plant and machinery	261,311,099	170,609,248	90,701,851	115,428,671
Factory equipment	13,017,498	11,242,068	1,775,430	1,972,700
Electric installations	9,687,926	6,237,710	3,450,216	2,749,062
Furniture and fixture	2,312,105	1,849,213	462,892	514,324
Vehicles	7,546,160	5,587,088	1,959,072	2,448,840
	349,683,599	234,890,945	114,792,654	140,996,976

## 15 ADVANCE AGAINST PROPERTY

It represents full consideration of Rupees 51.150 million given as advance for purchase of property. The Property has not yet been transferred in the Company's name due to the want of completion of legal formalities. With reference to this advance, the Director (Enforcement) of Securities and Exchange Commission of Pakistan (SECP) vide his Order dated 29 November 2007 imposed a penalty of Rupees 100,000 on each of the director except one (nominee NIT) of the Company for contravention of Section 196(2j) of the Companies Ordinance, 1984. Further directions were given under section 473 for transferring the property in the name of the Company within thirty days from the Order date. The Chief Executive Officer of the Company filed a revision application with the Appellate Bench of SECP under section 484 of the Companies Ordinance, 1984 against this Order on 10 January 2008, where the Appellate Bench decided not to interfere with the impugned order.

The Chief Executive Officer also filed an appeal under section 485 of the Companies Ordinance, 1984 read with Section 34 of SECP Act, 1997 before the Lahore High Court Rawalpindi Bench whereby stay order was granted to suspend the operation of above said impugned order.

	NOTE	2013 Rupees	2012 Rupees
<b>16 LONG TERM INVESTMENTS - Held to Maturity</b>			
Defence saving certificates		1,340,221	1,340,221
Term deposit receipts		643,000	643,000
		1,983,221	1,983,221
Less : Current portion shown under current assets	23	1,983,221	643,000
		-	1,340,221

- 16.1 These certificates and TDR's have been matured and are under lien with the banks against guarantees given to SNGPL on behalf of the Company.

	NOTE	2013 Rupees	2012 Rupees
<b>17 LONG TERM DEPOSITS</b>			
Security deposits		24,282,046	34,138,121
Less : Current portion shown under current assets	21	-	10,649,415
		<u>24,282,046</u>	<u>23,488,706</u>
<b>18 STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores		1,178,989	587,433
Spare parts		5,043,724	4,334,669
Loose tools		14,201	18,839
		<u>6,236,914</u>	<u>4,940,941</u>
<b>19 STOCK-IN-TRADE</b>			
Raw material		3,091,993	2,440,017
Work-in-process		6,520,035	-
Finished goods		6,567,260	-
		<u>16,179,288</u>	<u>2,440,017</u>

19.1 Stock in trade of Rupees 0.020 million (2012: Nil) is valued at net realizable value.

19.2 The aggregate amount of write down of inventories to net realizable value recognized as an expense during the year was Rupees 0.054 million (2012: Rupees Nil).

	NOTE	2013 Rupees	2012 Rupees
<b>20 ADVANCES</b>			
<b>Considered good:</b>			
Employees - interest free		138,854	60,410
Advances to suppliers		309,058	3,283,410
		<u>447,912</u>	<u>3,343,820</u>
<b>21 SHORT TERM DEPOSITS</b>			
Current portion of long term deposits	17	-	10,649,415
Deposit for acquisition of machinery	21.1	2,000,000	2,000,000
		<u>2,000,000</u>	<u>12,649,415</u>

21.1 It represents the amount recoverable from Messrs Fauji Foundation. The amount is considered good as the Court decided the case in favour of the Company on 10 June 1999. Fauji Foundation however, filed appeal before Honorable Lahore High Court, Rawalpindi Bench, against the aforesaid order, and provided bank guarantee of Rupees 2 million to the Court. Honorable High Court remanded the case to the Civil Court who decided against the Company. The Company has filed petition in Lahore High Court Rawalpindi Bench, where the case is still pending.

	NOTE	2013 Rupees	2012 Rupees
<b>22 OTHER RECEIVABLES</b>			
<b>Considered good:</b>			
Advance income tax		6,194,700	5,499,948
Sales tax refundable		4,998,530	5,178,996
Export rebate and claims		134,667	134,667
Others		159,500	183,459
		<u>11,487,397</u>	<u>10,997,070</u>
<b>23 SHORT TERM INVESTMENTS</b>			
Term deposit certificates	23.1	100,000	100,000
Current maturity of long-term investments	16	1,983,221	643,000
		<u>2,083,221</u>	<u>743,000</u>

23.1 These certificates have been matured and are under lien with the banks against guarantees given on behalf of the Company.

	NOTE	2013 Rupees	2012 Rupees
<b>24 CASH AND BANK BALANCES</b>			
<b>With banks:</b>			
On PLS saving accounts	24.1	21,829	7,546
On current accounts		282,181	295,046
		<u>304,010</u>	<u>302,592</u>
<b>Cash in hand</b>		150,877	80,990
		<u>454,887</u>	<u>383,582</u>
24.1	The balances in saving accounts carry interest rates at the rate of 6% (2012: 6%) per annum.		
<b>25 SALES</b>			
Local sales		45,179,109	27,242,445
Less : Sales tax		833,025	-
		<u>44,346,084</u>	<u>27,242,445</u>
<b>26 COST OF SALES</b>			
Raw materials consumed	26.1	33,710,245	-
Stores, spare parts and loose tools consumed		8,452,638	-
Salaries, wages and other benefits		4,358,789	4,253,187
Fuel and power		8,377,856	1,334,491
Insurance		-	306,018
Packing material consumed		1,075,690	-
Repair and maintenance		1,917,782	1,387,524
Other factory overheads		806,669	1,055,640
Depreciation	14.1	15,851,071	18,403,188
		<u>74,550,740</u>	<u>26,740,048</u>
Work-in-process			
Opening stock		-	-
Closing stock		(6,520,035)	-
		<u>(6,520,035)</u>	<u>-</u>
Cost of goods manufactured		68,030,705	26,740,048
Finished goods			
Opening stock		-	21,853,589
Closing stock		(6,567,260)	-
		<u>(6,567,260)</u>	<u>21,853,589</u>
Cost of sales - own manufactured goods		61,463,445	48,593,637
Cost of raw material sold		5,062,835	4,745,213
Cost of sales		<u>66,526,280</u>	<u>53,338,850</u>
26.1 <b>Raw material consumed</b>			
Opening stock		2,440,017	7,185,230
Add : Purchases during the year		39,425,056	-
		<u>41,865,073</u>	<u>7,185,230</u>
Cost of raw material sold		(5,062,835)	(4,745,213)
Less : Closing stock		(3,091,993)	(2,440,017)
		<u>33,710,245</u>	<u>-</u>

	NOTE	2013 Rupees	2012 Rupees
<b>27 DISTRIBUTION COST</b>			
Salaries, and other benefits		857,530	605,360
Outward freight and handling		10,842	17,300
Commission to selling agents		-	256,000
		<u>868,372</u>	<u>878,660</u>
<b>28 ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and other benefits		4,648,815	4,502,431
Rent, rates and taxes		1,068,000	1,068,000
Printing and stationery		144,649	140,927
Postage and telephone		398,038	374,325
Traveling and conveyance		960,940	1,646,345
Vehicles' running		1,245,227	1,263,982
Entertainment		234,635	195,437
Advertisement		103,150	78,850
Legal and professional		923,366	485,000
Fees and subscription		344,545	503,886
Depreciation	14.1	1,883,380	2,552,949
		<u>11,954,745</u>	<u>12,812,132</u>
<b>29 OTHER EXPENSES</b>			
Auditors' remuneration	29.1	505,000	548,713
Impairment of property, plant and equipment		-	18,554,742
Donations	29.2	92,400	225,940
Long outstanding receivables written off		206,090	-
		<u>803,490</u>	<u>19,329,395</u>
<b>29.1 Auditors' remuneration</b>			
Audit fee		455,000	455,000
Half yearly review		50,000	50,000
Reimbursable expenses		-	43,713
		<u>505,000</u>	<u>548,713</u>
29.2	There is no interest of any directors or there spouses in donees' fund.		
<b>30 OTHER INCOME</b>			
<b>Income from financial assets</b>			
Profit on deposits with banks		8,138	9,068
Return on term deposit receipts		72,566	74,476
Gain on settlement of liabilities against assets subject to finance lease		30,002,889	26,724,643
Long outstanding liabilities written back		72,457	2,509,561
		<u>30,156,050</u>	<u>29,317,748</u>
<b>Income from non-financial assets</b>			
Gain on sale of property, plant and equipment	14.2	168,000	1,751,610
Rental income		2,841,216	44,679
		<u>3,009,216</u>	<u>1,796,289</u>
		<u>33,165,266</u>	<u>31,114,037</u>



	2013 Rupees	2012 Rupees
<b>31 FINANCE COST</b>		
Mark-up on:		
Long term financing	10,732,368	10,561,894
Liabilities against assets subject to finance lease	1,616,569	6,108,522
Deferred mark-up	527,327	1,570,276
Short term borrowings	11,932,518	11,951,030
	<u>24,808,782</u>	<u>30,191,722</u>
Bank charges and commissions	42,226	14,880
	<u>24,851,008</u>	<u>30,206,602</u>
<b>32 EMPLOYEES' RETIREMENT BENEFIT</b>		
The latest actuarial valuation was carried out as at 30 June 2013, using the projected unit credit method. The amounts recognized in financial statements are determined as follows:		
<b>Balance sheet obligation for gratuity</b>		
Present value of unfunded defined benefit obligation	8,158,433	8,115,091
<b>Movement in liability recognized in the balance sheet</b>		
At the beginning of the year	8,115,091	10,501,395
Current service cost	391,580	355,982
Interest cost	354,699	1,260,167
Actuarial (gain) / loss	(149,097)	881,334
Benefit paid during the year	(553,840)	(4,883,787)
At the end of the year	<u>8,158,433</u>	<u>8,115,091</u>
<b>Amount recognized in profit and loss account</b>		
Current service cost	391,580	355,982
Interest cost for the year	354,699	1,260,167
Actuarial (gain) / loss on present value of defined benefit obligations	(149,097)	881,334
	<u>597,182</u>	<u>2,497,483</u>
<b>Changes in present value of defined benefit obligations</b>		
Present value of defined benefit obligations	8,115,091	10,501,395
Current service cost	391,580	355,982
Interest cost for the year	354,699	1,260,167
Benefits paid during the year	(553,840)	(4,883,787)
Actuarial (gain) / loss on present value of defined benefit obligations	(149,097)	881,334
	<u>8,158,433</u>	<u>8,115,091</u>
<b>Allocation of charge for the year</b>		
Cost of sales	79,275	2,497,483
Selling and distribution expenses	216,730	-
Administrative expenses	301,177	-
	<u>597,182</u>	<u>2,497,483</u>

	2013 Rupees	2012 Rupees
<b>Principal actuarial assumptions used</b>		
Discount rate	10.50%	13%
Expected rate of increase in salary	9.50%	12%
Average expected remaining working life of employees	8 Year	7 years

Experience adjustment on plan unfunded liabilities:

2013	2012	2011	2010	2009
-----Rupees-----				
(149,097)	881,334	-	(1,967,978)	-

The expected gratuity expense for next financial year is Rupees 541,696.

	NOTE	2013 Rupees	2012 Rupees
<b>33 TAXATION</b>			
Current year			
Current	33.1	(249,122)	-
Deferred		(5,950,254)	(12,644,934)
		<u>(6,199,376)</u>	<u>(12,644,934)</u>

33.1 Provision for current tax was made on rental income only because of gross loss for the year and in view of available tax losses of Rupees 234.049 million (2012: Rupees 228.973 million). Consequently, tax expense reconciliation is not being presented.

		2013	2012
<b>34 LOSS PER SHARE - BASIC AND DILUTED</b>			
There is no dilutive effect on the basic loss per share which is based on:			
Loss attributable to ordinary shares	(Rupees)	<u>(33,691,921)</u>	<u>(70,854,091)</u>
Weighted average number of ordinary shares	(Numbers)	<u>3,052,429</u>	<u>3,052,429</u>
Loss per share	(Rupees)	<u>(11.04)</u>	<u>(23.21)</u>
	NOTE	2013 Rupees	2012 Rupees

### 35 CASH (USED IN) / GENERATED FROM OPERATIONS

<b>Loss before taxation</b>		(27,492,545)	(58,209,157)
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation		17,734,451	20,956,137
Impairment of property, plant and equipment		-	18,554,742
Provision for gratuity		597,182	2,497,483
Gain on sale of property, plant and equipment		(168,000)	(1,751,610)
Long outstanding receivables written off		206,090	-
Finance cost		24,851,008	30,206,602
Gain on settlement of lease liabilities		(30,002,889)	(26,724,643)
Long outstanding liabilities written back		(72,457)	(2,509,561)
Working capital changes	35.1	(4,900,577)	31,408,258
		<u>(19,247,737)</u>	<u>14,428,251</u>

#### 35.1 Working capital changes

Decrease / (increase) in current assets:			
Stores, spare parts and loose tools		(1,295,973)	1,235,498
Stock in trade		(13,739,271)	26,598,802
Trade debts		-	4,187,691
Advances		2,895,908	1,101,438
Other receivables		40,966	1,128,519
		<u>(12,098,370)</u>	<u>34,251,948</u>
Increase / (decrease) in trade and other payables			
		7,197,793	(2,843,690)
		<u>(4,900,577)</u>	<u>31,408,258</u>

### 36 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER AND DIRECTORS

The aggregate amount charged in the financial statements for the year for remuneration including certain benefits to the chief executive officer and directors of the Company are as follows:

	Chief Executive Officer		Directors	
	2013	2012	2013	2012
	-----Rupees-----			
<b>Managerial remuneration</b>	2,400,000	2,400,000	661,140	616,140
<b>Allowances</b>				
Utilities	-	-	69,740	64,740
	<u>2,400,000</u>	<u>2,400,000</u>	<u>730,880</u>	<u>680,880</u>
<b>Number of persons</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>

36.1 The Company also provides to Chief Executive Officer free use of the Company maintained cars, residential telephone, medical facility and residence to Chief Executive Officer and two directors.

36.2 The aggregate amount charged in the financial statements in respect of directors' meeting fee paid to 1 (2012:2) directors was Rupees 20,000 (2012: Rupees 10,000).

### 37 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings and key management personnel. The Company in the normal course of business carries out transaction with various related parties. Detail of transactions with related parties other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2013 Rupees	2012 Rupees
<b>Famous Securities (SMC - Private) Limited</b>		
Payment against outstanding balance	-	9,285,591
<b>Close family members of C.E.O.</b>		
Loan obtained during the year	1,936,105	5,370,000
Payment against outstanding balance	2,614,475	2,500,000
<b>Mr. Habib Ullah - Chief Executive officer</b>		
Loan obtained during the year	29,649,700	38,666,216
Payment against outstanding balance	17,182,134	7,355,012

### 38 PLANT CAPACITY AND ACTUAL PRODUCTION

	<b>(Numbers)</b>	
Spindles installed	21,960	24,192
	<b>(Kilograms)</b>	
100% plant capacity converted into 20s count based on 3 shifts per day for 1095 shifts (2012: 1098 shifts)	11,782,141	11,860,086
Actual production converted into 20's count based on 3 shifts per day for 240 shifts (2012: 1,098 shifts)	408,632	-

#### 38.1 REASON FOR LOW PRODUCTION

- The mill remained closed for 310 days during the year due to compulsory electricity and captive power gas load shedding.