

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2013	2012		2013	2012
Number of shares		Note	Rupees	Rupees
3,976,000	3,976,000	Ordinary shares of Rs. 10 each allotted for consideration fully paid in cash	39,760,000	39,760,000
491,036	491,036	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	4,910,360	4,910,360
<u>4,467,036</u>	<u>4,467,036</u>		<u>44,670,360</u>	<u>44,670,360</u>

5.1 The shareholders' are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry "one vote" per share without restriction.

5.2 During the year the company has issued Nil (June 30, 2012 : 292,236) shares of Rs. 10 each as fully paid bonus shares.

6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX

	2013	2012
	Rupees	Rupees
Surplus on revaluation of property, plant and equipment at the beginning of the year	373,532,392	389,649,392
Add: Surplus raised during the year	97,123,446	-
<i>Transfer to unappropriated profit in respect of:</i>		
Disposal of property, plant and equipment	5,783,744	-
Incremental depreciation on revalued assets	10,640,433	10,476,050
Related deferred tax liability	8,843,788	5,640,950
	<u>25,267,965</u>	<u>16,117,000</u>
Surplus on revaluation of property, plant and equipment as at the end of year	445,387,873	373,532,392
<i>Related deferred tax liabilities on:</i>		
Revaluation at the beginning of the year	104,488,389	110,129,339
Surplus arised during the year	27,649,122	-
Effect of change in tax rate	(2,732,703)	-
Incremental depreciation on revalued assets	(5,729,464)	(5,640,950)
Disposal of property, plant and equipment	(3,114,324)	-
	<u>120,561,020</u>	<u>104,488,389</u>
	<u>324,826,853</u>	<u>269,044,003</u>

7 DEFERRED INCOME

Opening balance	2,931,155	5,129,519
Amortized during the year	(2,198,364)	(2,198,364)
	<u>732,791</u>	<u>2,931,155</u>

7.1 This represents excess of sale proceeds over carrying amount in sale and lease back transactions. This amount is being amortized over the lease term in equal proportion.

8 LONG TERM FINANCING

Secured - from banking companies

	2013	2012
	Rupees	Rupees
Term finance-I	82,407,606	105,991,606
Demand finance-I	30,976,949	-
Inland letter of credit	-	52,847,299
Term finance-II - Frozen markup	30,046,214	-
Demand finance-II - frozen markup	7,046,773	-
	<u>150,477,542</u>	<u>158,838,905</u>

	Note	Term finance	Demand Finance	Inland letter	Frozen Markup		2013	2012
		1	I	of credit	SNBL TF II	NBP DF-II	Rupees	Rupees
		8.1	8.2	8.3	8.4	8.5		
Opening balance		105,991,606	-	52,847,299	-	-	105,991,606	114,824,240
Transferred / restructured during the year		-	53,103,149	(52,847,299)	30,046,214	10,066,819	93,216,182	52,847,299
		<u>105,991,606</u>	<u>53,103,149</u>	<u>-</u>	<u>30,046,214</u>	<u>10,066,819</u>	<u>199,207,788</u>	<u>167,671,539</u>
Repaid during the year		(8,000,000)	(4,425,240)	-	-	-	(12,425,240)	(8,832,634)
		<u>97,991,606</u>	<u>48,677,909</u>	<u>-</u>	<u>30,046,214</u>	<u>10,066,819</u>	<u>186,782,548</u>	<u>158,838,905</u>
Current portion	17	(15,584,000)	(17,700,960)	-	-	(3,020,046)	(36,305,006)	-

<u>82,407,606</u>	<u>30,976,949</u>	<u>-</u>	<u>30,046,214</u>	<u>7,046,773</u>	<u>150,477,542</u>	<u>158,838,905</u>
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8.1 This represents term finance obtained from Soneri Bank Limited to pay off import bills of the company related to BMRE. During the year the loan is rescheduled by the bank. As per the terms of revised agreement, the company has made down payment of Rs. 2.00 million and remaining outstanding amount will be repayable in 12 equal monthly installments of Rs. 1.5 million (started from March 31, 2013 and ending on February 28, 2014) and 96 equal monthly installments of Rs. 0.896 million (starting from March 31, 2014 and ending on February 28, 2022) along with markup due from the month of March 2014. Previously the loan was repayable in 14 equal quarterly installments commenced after one year grace period. The loan is secured against joint pari passu charges of Rs. 485,666,667 (Soneri Bank Limited's share of Rs. 164,000,000) on all the present and future fixed assets (both movable and immovable) of the company, Equitable mortgage with legal mortgage on House no. 41, Block L, Gulberg III, Lahore in the name of Mr. Noman Almas Valuing Rs. 55,000,000 and personal guarantee of sponsoring directors. The loan is subject to mark up at three months KIBOR plus 2.75 percent from July 2012 to December 2012 and one month KIBOR plus 1.00 percent from January 2013 to onwards (June 30, 2012 : three months KIBOR plus 2.75%) per annum payable monthly from March 31, 2014. Markup payable from July 01, 2011 to February 28, 2014 is payable as mentioned in note 8.4.

8.2 During the year National Bank of Pakistan has rescheduled and converted overdue amount of inland letter of credit (usage) of 90 days into demand finance - I facility of Rs. 53.102 million. As per the terms of restructured agreement, the loan is repayable in 12 equal quarterly installments of Rs. 4.426 millions each started from June 30, 2013. It carries markup at three month Kibor plus 2.50% per annum payable quarterly with prompt payable rebate as mentioned in restructuring documents. The facility is secured against first joint pari passu charge of Rs. 135 millions on fixed assets of the company and personal guarantee of the sponsoring directors of the company.

8.3 As fully explained in note 8.2 above the overdue amount of inland letter of credits(usage) of 90 days have been converted into demand finance - I.

8.4 As fully explained in note 8.1, overdue markup upto June 30, 2013 amounting to Rs. 30.046 million on term finance -I facility has been freezed and converted into term finance-II (frozen markup account). As per the terms of rescheduling agreement as fully explained in note 8.1 above, markup accrued up to February 2014 will be deferred and transferred to frozen markup account. term finance II (Frozen markup) is payable in 74 installments of Rs. 0.3 million (starting from January 2016 and ending on June 2017) and Rs. 0.5 million (starting from July 2017 and finally adjusted by February 2022).

8.5 As fully explained in note 8.2 above, markup and charges amounted to Rs. 10.066 million on overdue amount of inland letter of credits (usage) from National Bank of Pakistan has been freezed and converted into demand finance - II (frozen markup account). As per the terms of restructuring agreement. Demand finance II (Frozen markup) is payable in ten equal quarterly installments of Rs. 1.006 millions starting from December 31, 2013. The facility is secured against ranking charge on fixed assets of Rs. 33 millions subsequent to joint pari passu charge on fixed assets of the company within six months from the date of creation of demand finance and personal guarantee of the sponsoring directors of the company.

## 9 LONG TERM FINANCING FROM DIRECTORS AND OTHERS

### Unsecured - related parties

2013 Rupees	2012 Rupees
71,622,513	71,622,513

These are unsecured and interest free loans. The directors of the company, and others have acknowledged that they have no intention to demand such loans within next twelve months, therefore, current maturity has not been recognized. It includes Rs. 71,622,513/- (June 30, 2012 : Rs. 42,556,983) as subordinated to the loans from banking companies.

## 10 LONG TERM MURABAHA

### Secured - from banking companies and other financial institutions

	Note	Orix-I 10.1	Orix-II 10.2	2013 Rupees	2012 Rupees
Opening balance		3,529,415	3,499,990	7,029,405	11,506,530
Obtained during the year		-	-	-	-
		3,529,415	3,499,990	7,029,405	11,506,530
Transferred during the year		(3,529,415)	3,529,415	-	(4,477,125)
Repaid during the year		-	(5,529,405)	(5,529,405)	-
Liability waived off		-	(1,500,000)	(1,500,000)	-
		-	-	-	7,029,405
Current maturity					
Over due installment		-	-	-	(2,931,375)
Current portion of long term financing		-	-	-	(3,320,270)
Current maturity	17	-	-	-	(6,251,645)
		-	-	-	777,760

10.1 This loan has obtained from Orix Leasing Pakistan Limited formally Orix Investment Bank Pakistan Limited which represents letter of credits for the import of plant and machinery. The loan is secured against joint pari passu charges of Rs. 485,666,667 (Orix Leasing Pakistan Limited's share of Rs. 23,000,000) on all the present and future fixed assets (both movable and immovable) of the company, demand promissory note amounting to Rs. 15,752,508 and personal guarantee of sponsoring directors. The loan is subject to mark up at six months ask KIBOR plus 3.5% (June 30, 2012: six months ask KIBOR plus 3.5%) per annum payable quarterly. Previously the loan is payable in seventeen quarterly installments started from August 26, 2009 after grace period of six months. During the year the loan has been restructured / rescheduled and transferred to Orix - II to make payment of full and final settled amount.

10.2 This loan has been obtained from Orix Leasing Pakistan Limited formally Orix Investment Bank Limited which represents letter of credits for the import of plant and machinery. The loan is secured against joint pari passu charges of Rs. 485,666,667 (Orix Leasing Pakistan Limited's share of Rs. 23,000,000) on all the present and future fixed assets (both movable and immovable) of the company, demand promissory note amounting to Rs. 10,624,842 and personal guarantee of sponsoring directors. The loan is subject to mark up at six months ask KIBOR plus 3.5% (June 30, 2012 : six months ask KIBOR plus 3.5%) per annum payable quarterly. Previously the loan is payable in twenty quarterly installments started from August 07, 2009 after grace period of six months.

During the year company has settled its total outstanding principal liability of Orix I and Orix to II amounted to Rs. 7.029 million. As per the terms of settlement agreement Orix Leasing Pakistan Limited has waived off principal liability amounted to Rs. 1.5 million and balancing outstanding liability has been paid by the company. Orix leasing also waived off portion of outstanding markup on lease liability amounted to Rs. 400,000.

**11 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**

	2013			2012		
	Minimum lease payments	Financial charges for future period	Present value of minimum lease payments	Minimum lease payments	Financial charges for future period	Present value of minimum lease payments
Up to one year	26,200,822	4,799,512	21,401,310	48,111,878	19,374,297	28,737,581
Later than one year but not later than five years	82,528,952	7,064,415	75,464,537	85,734,489	14,184,998	71,549,491
	108,729,774	11,863,927	96,865,847	133,846,367	33,559,295	100,287,072

	ABBPL	ABBPL	FNBM	FDIB	HMBL	HMBL	2013	2012
	Frozen Markup					Frozen Markup	Rupees	Rupees
Note	11.1	11.2	11.3	11.4	11.5	11.6		
Opening balance	43,287,410	-	39,242,042	4,029,362	13,728,258	-	100,287,072	101,947,196
Obtained during the year	-	8,335,000	-	-	-	2,170,000	10,505,000	-
Paid during the year	43,287,410	8,335,000	39,242,042	4,029,362	13,728,258	2,170,000	110,792,072	101,947,196
Security deposit	(3,000,000)	-	-	(2,172,375)	-	-	(5,172,375)	(1,660,124)
Waived off	(6,896,863)	-	-	(721,954)	-	-	(7,618,817)	-
	-	-	-	(1,135,033)	-	-	(1,135,033)	-
	33,390,547	8,335,000	39,242,042	-	13,728,258	2,170,000	96,865,847	100,287,072
Current Maturity								
Over due installment	-	-	(1,192,447)	-	-	-	(1,192,447)	(5,179,796)
Current portion	(8,347,632)	(1,190,712)	(7,700,951)	-	(2,969,568)	-	(20,208,863)	(23,557,785)
Current portion	17	(8,347,632)	(1,190,712)	(8,893,398)	-	(2,969,568)	(21,401,310)	(28,737,581)
		25,042,915	7,144,288	30,348,644	-	10,758,690	2,170,000	75,464,537
								71,549,491

**11.1** These represent finance lease which have been obtained from Al Baraka Bank (Pakistan) Limited (previously Emirates Global Investment Bank) under the lease arrangement for plant and machinery for balancing, modernization, restructuring and expansion of the project. These facilities were partly used to finance the imported machinery through usance L/C of 450 days which was issued by the National Bank of Pakistan. The facility has been again rescheduled during the year and as per revised repayment terms company has made down payment of Rs. 3.0 million, security deposits amounted to Rs. 6.897 million has been adjusted against lease liability and balancing outstanding principal liability is payable in 48 equal monthly installment starting from July, 2013. Previously the lease liability were repayable in twenty quarterly installments with one year grace period from the date of initial restructuring and carries markup at six month KIBOR (ask) plus 3 percent. It carries markup at 6 months KIBOR (flat) applicable after repayment of 24th installment of principal (June 30, 2012: Six month ask KIBOR plus 3 percent). These are secured against joint pari passu charges of Rs. 485,666,667 (Al Baraka Bank's share of Rs. 21,000,000) on all the present and future fixed assets (both movable and immovable) of the company, exclusive ownership of the asset under Ijarah, assignment of insurance policy of assets under Ijarah in favor of ABBPL, 10% key money of Ijarah value and personal guarantee of the sponsoring directors.

**11.2** As fully explained in note 11.1 about rescheduled agreement, markup accrued on lease liability from Al Baraka Bank (Pakistan) Limited amounted to Rs. 8.335 million has been frozen and converted into frozen markup account. The repayment of frozen markup will be made in 42 equal monthly installment of Rs. 198,452/- per month starting from January 2014.

**11.3** These represent finance lease which have been obtained from First National Bank Modaraba for two sets of Gen-set (gas generator) JGS 420 GS-N.L for balancing, modernization, restructuring and expansion of the project. These facilities were partly used to finance the imported machinery through usance L/C at sight which was issued by the National Bank of Pakistan. In previous year, the facility has been rescheduled and as per rescheduled documents the banks has extended the tenure of lease facility by two years and five months. Moratorium period is allowed on principal amount due from June 10, 2011 to April 10, 2013. Markup accrued amounted to Rs. 10,513,039 during the moratorium period will be accumulated and paid by partial rentals amounted to Rs. 4,267,888 during the moratorium period and differential markup of Rs. 6,245,151 will be payable after the moratorium period according to the revised schedule. The total minimum lease payments are payable in 57 monthly installment carrying markup at six months KIBOR plus 3.25 percent (June 30, 2012:six months kibar plus 3 %). These are secured against title over leased asset, 20% security deposit of the facility amount, ranking modified charges of Rs. 66,474,666 reduced from Rs. 85,141,333 over the moveable and immovable assets and all present and future fixed assets of the company and personal guarantee of the sponsoring directors.

**11.4** These represent finance lease which have been obtained from First Dawood Investment Bank Limited (FDIBL) for plant and machinery for balancing, modernization, restructuring and expansion of the project. These facilities were partly used to finance the imported machinery through usance L/C of 720 days which was issued by the Soneri Bank Limited. During the year company has carried out restructuring arrangements with FDIBL and as per revised repayment terms company has made down payment of Rs. 0.434 million, security deposits amounted to Rs. 0.722 million has been adjusted against lease liability and balancing outstanding principal liability has been paid by the company. It carries mark up of six months ask KIBOR plus 2.5% (June 30, 2012 : Six months ask KIBOR plus 2.5%). These are secured against joint pari passu charge of Rs. 485,666,667 (First Dawood Investment Bank Limited's share of Rs. 7,000,000) on all present and future fixed assets (both movable and immovable) of the company, post dated cheques for entire lease rentals, security deposits of Rs.721,954 and personal guarantee of the sponsoring directors.

**11.5** These represent finance lease which have been obtained from Habib Metropolitan Bank Limited for plant and machinery for balancing, modernization, restructuring and expansion of the project. These facilities are partly used to finance the imported machinery through usance L/C of 720 days which was issued by the Habib Metropolitan Bank Limited. During the year the facility has been restructured / rescheduled and as per the terms of rescheduled agreement the lease liability is repayable in 48 equal monthly installments commencing from July, 2013. It carries mark up at three months ask KIBOR plus 1% (June 30, 2012 : three months ask KIBOR plus 2.50%) payable quarterly. The markup calculated as per previous rate amounting to Rs. 2.170 million shall be deferred. After rescheduling the securities these are secured against the ownership of lease machinery, ranking hypothecation charge over stock and receivable of Rs. 16 million duly insured in bank favor, ranking hypothecation charge for Rs. 18.5 million over specific machinery consisting two sets Haras high speed drawing frame with all the standard accessories has already registered with SECP with 25% margin and personal guarantees of directors, (previously, these were secured against hypothecation charges over machinery valuing Rs. 18.50 million (Two Hara's High Speed Drawing frames Model DX8-LT (Finisher) with auto leveler and all parts / accessories) with 10% margin). Previously the total minimum lease payment are payable in three year by quarterly installment after six month grace period.

11.6 As fully explained in note 11.5 about rescheduled agreement, markup accrued on lease liability from Habib Metropolitan Bank Limited amounted to Rs. 2.170 million has been freed and converted into frozen markup account. The repayment of frozen markup will be made after the adjustment of entire rescheduled facility in one year period.

12 DEFERRED LIABILITIES	Note	2013 Rupees	2012 Rupees			
Staff retirement benefits - gratuity	12.1	17,717,793	17,752,378			
Deferred taxation	12.2	144,288,322	121,276,692			
		<u>162,006,115</u>	<u>139,029,070</u>			
<b>12.1 Staff retirement benefits - gratuity</b>						
<b>12.1.1 Movement in net liability recognized in the balance sheet</b>						
Opening balance		17,752,378	15,555,617			
Charge to profit and loss account		9,089,654	7,515,019			
Benefits paid during the period		(9,124,239)	(5,318,258)			
Closing balance of balance sheet liability		<u>17,717,793</u>	<u>17,752,378</u>			
<b>12.1.2 Reconciliation of the liability recognized in the balance sheet</b>						
Present value of defined benefit obligation		21,584,013	18,637,438			
Add: Unrecognized actuarial loss		(3,866,220)	(885,060)			
Closing liability		<u>17,717,793</u>	<u>17,752,378</u>			
<b>12.1.3 Expense recognized in the profit and loss account</b>						
Current service cost		7,913,078	5,904,934			
Interest cost		1,299,048	1,464,801			
Actuarial loss recognized		2,858,689	145,284			
		<u>12,070,815</u>	<u>7,515,019</u>			
<b>12.1.4 The movement in the present value of defined benefit obligation</b>						
Present value of defined benefit obligation		18,637,438	18,541,446			
Current service cost		7,913,078	5,904,934			
Interest cost		1,299,048	1,464,801			
Actuarial gain / (loss)		2,858,688	(1,955,485)			
Benefits paid		(9,124,239)	(5,318,258)			
		<u>21,584,013</u>	<u>18,637,438</u>			
<b>12.1.5 Changes in unrecognized actuarial loss</b>						
Opening balance of unrecognized actuarial loss		(885,060)	(2,985,829)			
Actuarial gain / (loss) arised during the year		(2,858,688)	1,955,485			
Actuarial loss charged to profit and loss		(122,472)	145,284			
Closing balance of unrecognized actuarial loss		<u>(3,866,220)</u>	<u>(885,060)</u>			
<b>12.1.6 Historical information</b>						
		2013	2012	2011	2010	2009
		-----Rupees-----				
Present value of defined benefit obligation		21,584,013	18,637,438	18,541,446	14,239,518	16,778,547
Experience adjustments		(2,858,688)	1,955,485	(1,273,878)	1,495,961	1,495,961
<b>12.1.7 General description</b>						
The scheme provide for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charge is made using the actuarial technique of Projected Unit Credit Method.						
<b>12.1.8 Principal actuarial assumptions</b>				2013	2012	
Following are few important actuarial assumption used in the valuation.				%	%	
Discount rate				10.5	13	
Expected rate of increase in salary				10	10	
<b>12.1.9 Expected gratuity expenses for the year ending June 30, 2014 works out Rs. 10,229,357.</b>						
<b>12.2 Deferred taxation</b>				2013	2012	
				Rupees	Rupees	
Opening balance				121,276,692	120,240,883	
Add: Provide on surplus - net				24,916,419	-	
Effect of rate change				(3,465,048)		
Provided during the year				1,560,259	1,035,809	
				<u>144,288,322</u>	<u>121,276,692</u>	

	Note	2013 Rupees	2012 Rupees
<b>12.2.1 The liability of deferred taxation comprises of temporary differences</b>			
<i>Deferred tax liabilities on taxable temporary differences:</i>			
Accelerated depreciation on owned assets		27,010,416	35,585,113
Liabilities against assets subject to finance lease - net		35,561,231	29,150,619
Surplus on revaluation of property, plant and equipment		120,561,020	104,488,389
		183,132,667	169,224,121
<i>Deferred tax asset on deductible temporary differences</i>			
Staff retirement benefits - gratuity		6,024,050	6,213,332
Brought forward tax losses		32,820,295	41,734,097
		38,844,345	47,947,429
		144,288,322	121,276,692
<b>13 LONG TERM LOANS FROM OTHERS</b>		15,000,000	35,000,000
These are unsecured loans from parties carrying zero percent markup (June 30, 2012 : zero percent to three months KIBOR) per annum. The parties have agreed that they have no intention to demand such loans within next twelve months, therefore not shown under normal trade creditors.			
<b>14 TRADE AND OTHER PAYABLES</b>			
	Note	2013 Rupees	2012 Rupees
Creditors		65,833,485	58,127,460
Accrued expenses	14.1	30,232,047	24,403,159
Advances from customers		33,245,847	19,303,310
Workers' welfare fund		104,374	104,374
Workers' profit participation fund	14.2	6,541,208	5,692,957
Unclaimed dividend		184,476	184,476
Withholding tax payable		12,494,560	10,835,566
Bills payable		-	4,030,807
		148,635,997	122,682,109
<b>14.1</b> Accrued liabilities also includes fuel price adjustment surcharge of Rs. 14,276,619/- (June 30, 2012: Rs. 5,549,089). Company has taken stay orders from the Honorable Islamabad High Court against writ petitions No. , 335/2013, 4192/2013, 17495/2013 dated: January 01, 2013, April 20,2013 and July 11, 2013 respectively. The Honorable Islamabad High Court, Islamabad has passed a judgment dated 27.06.13, No 164-W/2013, for the levy of fuel price adjustment, the same had been appealed against in the Honorable Supreme Court of Pakistan vide C.P.L.A No. 1202/2013 in connection of which the Honorable Supreme Court of Pakistan has passed an order under CM no 4563/2013 that if the company pay 1/6th of the installment the electricity connection would not be disconnected. In notification No. 67/PA/CSD dated: July 07, 2012 Lahore Electric Supply Company Limited (LESCO) it has been decided that outstanding amount of fuel price adjustment shall be recovered in 6 equal monthly installments from all the petitioners whose cases were pending adjudication in the High courts. The company has paid 1/6th of the outstanding amount and has taken stay order from Honorable Lahore High court against payment of remaining 5 installments.			
<b>14.2 Workers' profit participation fund</b>			
	Note	2013 Rupees	2012 Rupees
Opening balance		5,692,957	4,928,967
Interest on funds utilized in the company's business	14.3	848,251	763,990
		6,541,208	5,692,957
Allocation for the period		-	-
		6,541,208	5,692,957
Payments during the period		-	-
		6,541,208.00	5,692,957.00
<b>14.3</b> Interest on workers' profit participation fund has been provided at the rate 14.90% (2012 : 15.50%) per annum up to June 30, 2013.			
<b>15 ACCRUED MARK UP / INTEREST</b>			
	Note	2013 Rupees	2012 Rupees
<b>Accrued markup / interest on :</b>			
Long term financing		1,657,659	16,819,044
Long term murabaha		400,465	399,472
Short term borrowings		6,970,780	7,359,689
Liabilities against assets subject to finance lease		8,694,026	12,671,962
		17,722,930	37,250,167
<b>16 SHORT TERM BORROWINGS</b>			
<b>Secured - from banking companies</b>			
Cash finance - NBP	16.2	101,159,040	63,627,189
Cash finance - BAFL	16.3	14,958,265	14,658,529
Cash finance - BIPL	16.4	12,259,919	12,265,650
Cash finance - FNBM	16.5	29,000,000	29,000,000
Running finance - B AHL	16.6	61,840,213	47,936,997
Book overdraft - unsecured	16.7	1,075,172	1,520,540
		220,292,609	169,008,905

- 16.1 The aggregate unavailed short term financing facilities available amounted to Rs. 146.467 million (June 30, 2012 : Rs. 304.762 million).
- 16.2 This loan has been obtained from National Bank of Pakistan to meet working capital needs of the company. It is secured against pledge of cotton bales, polyester, viscose, man mad fiber bales and yarn with 10% margin on cotton / polyester / viscose/ man made fiber bales and 25% margin on yarn, joint pari passu hypothecation charge of Rs. 75 million on all current assets, joint pari passu charges of Rs. 485,666,667 (National Bank of Pakistan's share of Rs. 135,000,000) on all the present and future fixed assets (both movable and immovable) of the company and personal guarantee of sponsoring directors. It is subject to mark up at three months average ask KIBOR plus 2.5% (June 30, 2012 : three months average ask KIBOR plus 2%) per annum payable quarterly. The limit will expire on December 31, 2013.
- 16.3 This loan has been obtained from Bank Alfalah Limited to finance working capital requirements. The loan is secured against pledge of local cotton (under covered area) with 10% margin on Karachi Cotton Association rates, 10% margin on invoice value for imported cotton, pledge of polyester at 20% margin over invoice value, joint pari passu hypothecation charge of Rs. 50 million on all current assets, joint pari passu charges of Rs. 485,666,667 ( Bank Alfalah Limited's share of Rs. 50,000,000) on all the present and future fixed assets (both movable and immovable) of the company, lien on export documents/accepted drafts and personal guarantee of all the sponsoring directors of the company. The loan is subject to mark up at three months ask KIBOR plus 3% (June 30, 2012 : three months KIBOR plus 3%) payable quarterly. The limit will expire on November 30, 2013.
- 16.4 This murabaha facility has been obtained from Bank Islami Pakistan Limited to facilitate purchase of raw material from identified customers. This facility has been secured against joint pari passu charges of Rs. 485,666,667 ( Bank Islami Pakistan Limited's share of Rs. 67,000,000) on all the present and future fixed assets (both movable and immovable) of the company with 25% margin and personal guarantee of all the sponsoring directors. This loan is subject to mark up at three months ask KIBOR plus 4% with a floor of 13.90% (June 30, 2012 : three months ask KIBOR plus 6%) per annum. The limit will expire on April 30, 2014.
- 16.5 This murabaha facility has been obtained from First National Bank Modaraba to facilitate purchase of raw material from identified customers. This facility has been secured against joint pari passu charge of Rs. 485,666,667 (First National Bank Modaraba's share of Rs. 18,667,000) on all the present and future fixed assets (both movable and immovable) of the company, ranking charge of Rs. 20.67(M) on all present and future fixed assets of the company and personal guarantee of all the sponsoring directors. This loan is subject to mark up at six months ask KIBOR plus 3.5% (June 30, 2012 : Six months Kibor plus 3.5%) per annum. Principal and profit will be paid at maturity. The limit will expire on August 10, 2013.
- 16.6 This loan has been obtained from Bank Al Habib Limited to meet working capital needs of the company. It is secured against lien over Al Habib special saver certificates valuing Rs. 80.00 million in the name of Mian Muhammad Ahmed with 12.50% margin. It is subject to mark up at three months average ask KIBOR plus 2% (June 30, 2012 : three months Kibor plus 2%) per annum payable quarterly. The limit will expire on February 28, 2014.
- 16.7 This represents cheque issued in excess of bank balance. Since there was no bank facility this has been grouped under Book Overdraft.

17 CURRENT PORTION OF NON CURRENT LIABILITIES	Note	2013	2012
		Rupees	Rupees
Long term financing	8	36,305,006	-
Long term murabaha	10	-	6,251,645
Liabilities against assets subject to finance lease	11	21,401,310	28,737,581
		<u>57,706,316</u>	<u>34,989,226</u>

17.1 It includes overdue installment of Rs. 1,192,447 in respect of finance lease.

#### 18 CONTINGENCIES AND COMMITMENTS

##### Contingencies

Bank guarantee issued in the ordinary course of business 18,100,000 18,100,000

##### Commitments

Letters of credit for other than capital expenditure - 52,500,218

	Note	2013 Rupees	2012 Rupees
<b>20 LONG TERM DEPOSITS</b>			
Security deposits			
Electricity		1,360,620	1,360,620
Sui gas		938,200	938,200
Leasing companies		4,375,609	11,994,426
Others		511,060	510,060
		<u>7,185,489</u>	<u>14,803,306</u>
<b>21 STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores		19,180,899	16,217,545
Spare parts		39,390,950	24,168,470
Loose tools		84,865	54,845
		<u>58,656,714</u>	<u>40,440,860</u>
<b>22 STOCK IN TRADE</b>			
Raw material	22.2	238,006,815	147,727,456
Work in process		11,184,349	10,378,661
Finished goods	22.1 & 22.2	19,442,226	14,028,372
		<u>268,633,390</u>	<u>172,134,489</u>
22.1 It includes Rs. 363,184/- (June 30, 2012 : Rs. 959,143) in respect of waste stock being valued at net realizable value .			
22.2 The value of pledged stock in raw material and finished goods is Rs. 79,829,720/- (June 30, 2012 : Rs. 62,240,456)			
<b>23 LOANS AND ADVANCES</b>	Note	2013 Rupees	2012 Rupees
<b>Considered good</b>			
Advances to / against:			
Employees		3,056,542	3,314,305
Suppliers		10,382,032	40,944,518
Letters of credit fee and expenses		1,913,953	3,618,495
		<u>15,352,527</u>	<u>47,877,318</u>
<b>24 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Prepaid insurance		1,125,073	677,561
		<u>1,125,073</u>	<u>677,561</u>
<b>25 OTHER RECEIVABLES</b>			
Claim receivable		-	1,255,500
		<u>-</u>	<u>1,255,500</u>
<b>26 TAX REFUNDS DUE FROM GOVERNMENT</b>			
Advance income tax		18,104,105	11,423,311
Sales tax receivable		11,850,142	5,969,712
		<u>29,954,247</u>	<u>17,393,023</u>
<b>27 CASH AND BANK BALANCES</b>	Note	2013 Rupees	2012 Rupees
Cash in hand		465,606	1,124,521
Cash with banks :			
In current accounts		4,591,580	13,313,753
In saving accounts	27.1	84,442	-
		<u>5,141,628</u>	<u>14,438,274</u>
27.1 It carries interest rate ranging from 4.50 to 5.25 percent (June 30, 2012 :Nil) per annum.			
<b>28 SALES - NET</b>			
<b>Local</b>			
Yarn		1,266,978,102	1,519,199,936
Waste		12,375,176	5,564,153
Raw material		40,192,120	12,506,950
Sales return		(22,171,948)	-
		<u>1,297,373,450</u>	<u>1,537,271,039</u>
Less: Commission on local sales		(5,347,109)	(4,043,464)
Sales tax		(7,803,481)	-
		<u>1,284,222,860</u>	<u>1,533,227,575</u>



29 COST OF SALES	Note	2013 Rupees	2012 Rupees
Cost of goods manufactured	29.1	1,209,806,448	1,569,459,166
Finished goods			
Opening stock		14,028,372	14,311,164
Closing stock		(19,442,226)	(14,028,372)
		(5,413,854)	282,792
		<u>1,204,392,594</u>	<u>1,569,741,958</u>
<b>29.1 Cost of goods manufactured</b>	<b>Note</b>	<b>2013 Rupees</b>	<b>2012 Rupees</b>
Raw material consumed	29.1.1	802,193,502	1,193,811,264
Cost of raw material sold	29.1.1	37,409,312	12,526,979
Packing material consumed		16,011,762	18,009,334
Stores and spares consumed		30,183,017	28,611,103
Salaries, wages and other benefits	29.1.2	105,152,951	94,583,700
Fuel and power		162,931,689	165,861,237
Insurance		4,487,145	4,604,478
Depreciation	19.2	34,506,848	34,927,285
Repairs and maintenance		9,061,245	7,012,045
Other manufacturing overheads		8,674,665	9,641,673
		<u>1,210,612,136</u>	<u>1,569,589,098</u>
Work in process			
Opening stock		10,378,661	10,248,729
Closing stock		(11,184,349)	(10,378,661)
		(805,688)	(129,932)
		<u>1,209,806,448</u>	<u>1,569,459,166</u>
<b>29.1.1 Raw material consumed</b>			
Opening stock		147,727,456	244,529,596
Add: Purchases - net		929,882,173	1,110,409,954
		<u>1,077,609,629</u>	<u>1,354,939,550</u>
Less: Closing stock		238,006,815	147,727,456
		<u>839,602,814</u>	<u>1,207,212,094</u>
Less: Cost of raw material sold		37,409,312	12,526,979
Cotton claim received		-	873,851
		<u>802,193,502</u>	<u>1,193,811,264</u>
<b>29.1.2 Salaries, wages and other benefits include Rs. 9,084,389 (June 30, 2012: Rs. 6,430,236) in respect of staff retirement benefits - gratuity.</b>			
<b>30 OTHER OPERATING INCOME</b>	<b>Note</b>	<b>2013 Rupees</b>	<b>2012 Rupees</b>
<b>From financial assets</b>			
Profit on bank deposits	30.1	72,143	-
<b>From other than financial assets</b>			
Liabilities waived off	30.2	2,635,033	-
Gain on disposal of property, plant and equipment		-	483,476
Amortization of deferred income	7	2,198,364	2,198,364
		<u>4,905,540</u>	<u>2,681,840</u>
<b>30.1</b> It represents interest earned on deposit of saving account which was created with Habib Bank Limited.			
<b>30.2</b> As fully explained in note 10.2 and note 11.4, it represents liabilities waived off amounted to Rs. 1.5 million and Rs. 1.135 million by Orix Leasing Pakistan Limited and First Dawood Investment Bank Limited respectively.			
<b>31 DISTRIBUTION COST</b>	<b>Note</b>	<b>2013 Rupees</b>	<b>2012 Rupees</b>
Freight		1,504,430	1,550,600
Loading charges		210,535	258,991
		<u>1,714,965</u>	<u>1,809,591</u>

32 ADMINISTRATIVE EXPENSES	Note	2013 Rupees	2012 Rupees
Directors' remuneration		2,400,000	2,400,000
Director's benefits		547,353	622,062
Staff salaries and other benefits	32.1	7,105,172	5,347,553
Rent, rates and taxes		568,522	313,753
Printing and stationery		200,104	200,603
Electricity, gas and water		385,991	424,839
Vehicles running and maintenance		2,252,610	2,037,548
Postage and telephone		514,350	485,035
Fee and subscription		408,233	219,990
Traveling and conveyance		458,895	1,056,090
Legal and professional		850,100	3,415,010
Repairs and maintenance		230,262	301,785
Auditors' remuneration	32.2	638,900	672,020
Insurance		97,371	47,836
Entertainment		451,158	310,018
Depreciation	19.2	549,702	573,270
Advertisement		53,415	48,000
Other expenses		462,910	490,787
		<u>18,175,048</u>	<u>18,966,199</u>

32.1 Staff salaries and other benefits include Rs. 5,265 (June 30, 2012 : Rs. 1,84,783) in respect of staff retirement benefits.

32.2 Auditors' remuneration	Note	2013 Rupees	2012 Rupees
Statutory annual audit		550,000	550,000
Half yearly review		70,000	70,000
Other reviews and certifications		18,900	52,020
		<u>638,900</u>	<u>672,020</u>

### 33 OTHER OPERATING EXPENSES

Donation	33.1	36,956	128,680
Loss on disposal of property, plant and equipment		8,050,847	22,869
		<u>8,087,803</u>	<u>151,549</u>

33.1 No director or his spouse has any interest in the donee funds.

34 FINANCE COST	Note	2013 Rupees	2012 Rupees
Mark up / interest on			
Short term borrowings		29,494,348	26,620,905
Long term financing		24,951,648	24,299,044
Liabilities against assets subject to finance lease		9,908,820	13,926,892
Long term murabaha		-	1,268,149
Workers' profit participation fund	14.3	848,251	763,990
Bank charges, commission and excise duty		1,641,722	1,081,768
		<u>66,844,789</u>	<u>67,960,748</u>

### 35 TAXATION

Current			
Current year		6,447,850	-
Prior year		-	(177,091)
Additional tax		-	33,493
Deferred			
Current year		1,560,259	1,035,809
Prior year - effect of change in tax rate		(3,465,048)	-
		<u>4,543,061</u>	<u>892,211</u>

35.1 The assessment of the company will be finalized under section 113 of the Income Tax Ordinance, 2001. During last year company had declared gross loss before set off of depreciation and other inadmissible expenses under the Income Tax Ordinance, 2001. Therefore, no provision for the previous year tax expense had been provided in these financial statements. The income tax assessment of the company has been finalized up to the tax year 2012.

35.2 The relationship between tax expense and accounting profit has not been presented in these financial statements as the total income of the company attracts minimum tax under section 113 of the Income Tax Ordinance, 2001.

36 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief executive		Directors		Executives	
	2013	2012	2013	2012	2013	2012
	-----Rupees-----					
Remuneration	800,000	800,000	800,000	800,000	4,012,080	1,204,800
House rent	360,000	360,000	360,000	360,000	542,160	542,160
Utilities	40,000	40,000	40,000	40,000	60,240	60,240
Others	-	-	-	-	-	-
	1,200,000	1,200,000	1,200,000	1,200,000	4,614,480	1,807,200
Number of persons	1	1	1	1	5	3

36.1 No meeting fee has been paid to directors except nominee director during the period.

36.2 Chief executive and directors are also provided with free use of company maintained cars and medical facility. The monetary value of the benefits amount to Rs. 854,766/- (June 30, 2012 : Rs. 773,212).

36.3 Chief executive and directors are also entitled for reimbursement of residential telephone bills. The monetary value of the benefits amount to Rs.165,622/- (June 30, 2012 : Rs. 185,160).

37 LOSS PER SHARE - BASIC AND DILUTED

The calculation of the basic and diluted earnings per share is based on the following data.

		2013	2012
<b>Loss</b>			
Loss for the year after taxation	Rupees	(14,629,860)	(123,612,841)
<b>Number of shares</b>			
Weighted average number of ordinary shares outstanding during the year	Numbers	4,467,036	4,467,036
Loss per share - basic and diluted	Rupees	(3.28)	(27.67)

37.1 Weighted average number of shares in issue during last year have been restated for the effect of bonus shares issued during last year.

37.2 There is no dilutive effect on the basic earnings per share of the company.

38 TRANSACTIONS WITH RELATED PARTIES

The related parties comprises of associated companies, directors and key management personnel. Amounts due to related parties and transactions with related parties (key management personnel) are disclosed in the relevant notes.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The company considers all members of their management team, including the chief executive officer and directors to be its key management personnel. There are no transactions with key management personnel other than under the terms of employment.

There are no transactions with key management personnel other than under their terms of employments / entitlements. Balance outstanding from related parties are unsecured and repayable on demand or as contracted. Amounts due to related parties are shown in the relevant notes to the financial statements. Transactions with related parties essentially entail sale and purchase of goods and / or services from the aforementioned concerns. All transactions are carried out on commercial basis. Transaction with related parties are disclosed below.

38.1 Transaction of related parties			2013	2012
	Nature of relationship	Transaction	Rupees	Rupees
Directors	Related party	Receipts of long term financing from directors	2,100,000	-
		Repayment of long term financing	2,100,000	-