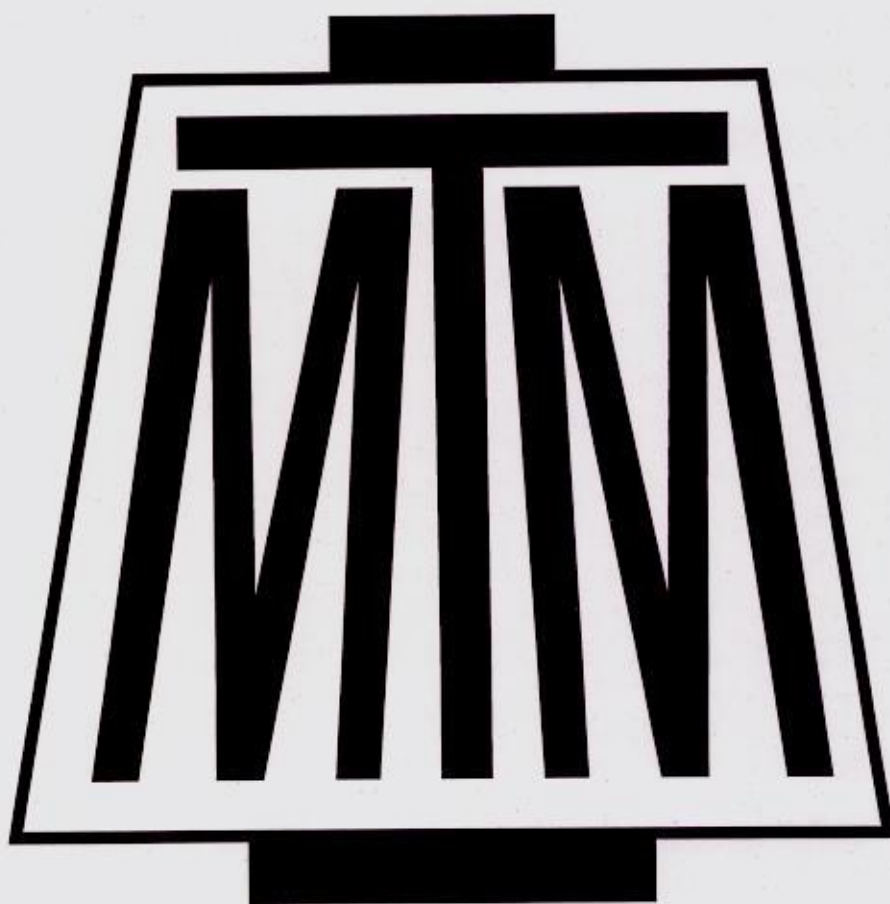


23rd Annual Report
2014



MUKHTAR
TEXTILE MILLS LIMITED

ANNUAL REPORT 2014

MUKHTAR TEXTILE MILLS LIMITED

Registered Office:

P-48 Street # 1,
Douglass Pura,
Faisalabad

Mills:

40 K.M, Jhang-Faisalabad Road,
Nia Lahore, Distt. Toba Tek Singh

MUKHTAR TEXTILE MILLS LIMITED

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MUKHTAR TEXTILE MILLS LIMITED

Mission / Vision Statement

Mission Statement:

To produce and supply best quality yarn with the understanding of customer behavior. Build the company on sound financial footing, increase earning distribution of adequate return to shareholders, employees and contribute the government exchanges.

Vision Statement:

1. To work with a team effort envisioning to positively impact shareholders by performing with dynamism in a deregulated environment.
2. To provide career growing opportunities to the related professionals.
3. To become a good corporate citizen.
4. Our policies and our performance will positively contribute to society to help built a stronger and progressive Pakistan.

MUKHTAR TEXTILE MILLS LIMITED
COMPANY'S INFORMATION

BOARD OF DIRECTORS

RANA MUHAMMAD SALEEM
RANA RASHID AHMED KHAN
FAKHIRA REHMAN
MRS. SHAISTA SALEEM
MISS. NADIA SALEEM
RANA ADNAN RASHID
MR. UMER SALEEM

CHIEF EXECUTIVE
EXECUTIVE DIRECTOR
NON-EXECUTIVE DIRECTOR
NON-EXECUTIVE DIRECTOR
NON-EXECUTIVE DIRECTOR
NON-EXECUTIVE DIRECTOR
NON-EXECUTIVE DIRECTOR

AUDIT COMMITTEE

FAKHIRA REHMAN (CHAIRPERSON)
MR. UMER SALEEM
MISS. NADIA SALEEM

HUMAN RESOURCE & REMUNERATION COMMITTEE

MR. UMER SALEEM (CHAIRMAN)
MISS. NADIA SALEEM
MRS. SHAISTA SALEEM

COMPANY SECRETARY / CFO

MR. RUSTAM ALI NASIR

LEGAL ADVISOR

MR. MUHAMMAD IRFAN MAJEED
(Advocate High Court)

AUDITORS

M. ATHER & CO.
CHARTERED ACCOUNTANTS

BANKERS

HABIB BANK LIMITED

REGISTRAR OFFICE

ORIENT SOFTWARE & MANAGEMENT SERVICES (PVT) LIMITED
35-Z, AMEER PLAZA, OPPOSITE MUJAHID HOSPITAL,
COMMERCIAL CENTER, MADINA TOWN, FAISALABAD

REGISTERED OFFICE

P-48, STREET NO.1, DOUGLAS PURA, FAISALABAD

MILLS

40-K.M JANG -FAISALABAD ROAD, NIA LAHORE, TOBA TEK SINGH

MUKHTAR TEXTILE MILLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 23rd Annual General Meeting of the Mukhtar Textile Mills Limited will be held at 09:00 A.M. on Friday, October 31, 2014 at P-48, Street No.1, Douglasspura, Faisalabad, to transact the following business:-

1. To confirm the minutes of Extra Ordinary General Meeting held on 31st March, 2014.
2. To receive and adopt the Audited Accounts for the year ended June 30, 2014 together with the Auditors and Directors report thereon.
3. To appoint auditors for the year ending June 30, 2015 and fix their remuneration.
4. To transact any other business with the permission of the chair.

NOTES:

- 1) The Share transfer books of the company shall remain closed from October 25, 2014 to October 31, 2014 (both days inclusive).
- 2) A member, who has deposited his / her shares with Central Depository Company of Pakistan Limited, must bring his / her participant's ID number and account / sub-account number along with original Computerized National Identity Card (CNIC) or original Passport at the time attending the meeting.
- 3) A member entitled to attend and vote at the Annual General Meeting may appoint another member as his / her proxy to attend, speak and vote instead of him / her.
- 4) Form of proxy to be valid must be received by the company at its registered office not later than 48 hours before the time of the meeting.
- 5) Members are requested to notify the company promptly of any changes in their addresses.
- 6) Members who have not yet submitted photocopy of their Computerized National Identity Card (CNIC) to the Company are requested to send the same at the earliest.

By order of the Board

October 09, 2014
Faisalabad

(RUSTAM ALI NASIR)
Company Secretary

MUKHTAR TEXTILE MILLS LIMITED

DIRECTORS' REPORT TO THE MEMBERS

On behalf of board of Directors it is my pleasures to present the 23rd Annual audited Accounts along with Directors and Auditors' Report thereon for the year ended 30th June, 2014 with the following comments.

FINANCIAL HIGH LIGHTS:

	(Rupees In Million) 2014	(Rupees In Million) 2013
Revenue	1.200	1.200
Cost of Revenue	3.793	4.206
Gross loss	(2.593)	(3.006)
Administrative expenses	0.716	0.667
Financial cost	-	-
Loss before taxation	(3.309)	(3.673)
Provision for taxation	(0.012)	(0.012)
Loss for the year after taxation	(3.321)	(3.685)
Earnings per share Basic (Rupees)	(0.229)	(0.254)

The financial highlights for the eight years are attached.

The plant is operating on lease from April 13, 2011 under the lease agreement with M/S Fazal Awais Textiles.

AUDITORS OBSERVATIONS:

Financial statements

- (a) The confirmation letters were circulated but some of the response is still awaited and we hope to receive the same in due course.

MUKHTAR TEXTILE MILLS LIMITED

- (b) Because of the closure of the operations and in the absence of the concerned staff the review of carrying amounts of fixed assets could not be carried out.
- (c) The company has defaulted in repayment because of financial constraints. However, we will resume payment as soon as funds become available.
- (d) The position has been explained in the note No. 4 to the financial statements. The management is making all out efforts to bring the project back in self operation as soon as possible, but this depends upon our success in arranging sufficient funds and improvement in market conditions.

Corporate Governance:

- (1) Three directors have no taxable incomes so they did not obtain NTN.
- (2 to 4) Due to the suspension of the self-operation during the year, the company could not comply with the requirements of code of corporate governance.

DIVIDEND:

Due to accumulated losses the declaration of dividend becomes irrelevant.

EARNINGS PER SHARE:

Earnings per share during the year under report works out to Rs. (0.229) [2013: Rs. (0.254)].

OUTSTANDING STATUTORY DUES

Detail of outstanding statutory dues is given in Note No.7 of the accounts.

MUKHTAR TEXTILE MILLS LIMITED

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The directors would like to confirm in relation to the financial statements and controls the following:

1. The financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operation, cash flow and changes in equity.
2. Proper books of accounts of the Company as required under Companies Ordinance, 1984 have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards (IAS) / IFRS, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
5. The system of internal control is sound in design.
6. There has been no material departure from the best practices of Corporate Governance, as detailed in listing regulations. Compliance to Corporate Governance is annexed.
7. During the year under report five board meetings were held. The attendance of the directors was as under:

Rana Muhammad Saleem	5 Nos
Fakhira Rehman	5 Nos
Mrs. Shaista Saleem	5 Nos
Miss Nadia Saleem	5 Nos
Mr. Umer Saleem	5 Nos
Rana Adnan Rashid	5 Nos
Rana Rashid Ahmad Khan	5 Nos

8. We have framed an Audit Committee from amongst the members of the Board of Directors. Following are its members.

Fakhira Rehman – Chairperson
Umer Saleem – Member
Nadia Saleem – Member

MUKHTAR TEXTILE MILLS LIMITED

The audit committee held meetings during the year. Attendance of each member is as follows:

Fakhira Rehman	5 Nos
Umer Saleem	5 Nos
Nadia Saleem	5 Nos

PATTERN OF SHARE HOLDINGS:

Pattern of shareholding is attached.

LABOUR MANAGEMENT RELATIONS:

During the year the operation of the mill remained closed. However due to lease arrangements these become irrelevant.

STAFF RETIREMENT BENEFITS:

The Company operates a defined benefit un-funded gratuity scheme covering all its employees who have completed one year services. The balance of gratuity account as at June 30, 2014 was Rs. Nil (2013- Rs. Nil).

AUDITORS:

The auditors of the company M/s M. Ather & Co. Chartered Accountants retire and, being eligible, offer themselves for re-appointment. The audit committee recommends the reappointment of M/s M. Ather & Co. Chartered Accountants, as auditors for the year 2014-2015.

On behalf of the Board

October 09, 2014
Faisalabad

Rana Muhammad Saleem
(Chief Executive)

MUKHTAR TEXTILE MILLS LIMITED

FINANCIAL PERFORMANCE AT A GLANCE

	2014	2013	2012	2011	2010	2009	2008
Rupees In millions							
Operating results							
Revenue	1,200	1,200	3,600	0,770	-	-	11,475
Gross Loss	(2,593)	(3,006)	(2,406)	(0,334)	-	-	(7,024)
Operating Loss	(2,593)	(3,006)	(2,406)	(0,334)	(6,717)	(7,405)	(8,749)
Net Loss before tax	(3,309)	(3,673)	(4,138)	(5,427)	(6,717)	(29,225)	(9,309)
Earning Rupees							
(Per share of Rs 10/- each)	(0.229)	(0.254)	(0.288)	(0.374)	(0.463)	(2.016)	(1.063)
Percentage of Loss							
Gross Loss	(216.094)	(250.501)	(66.833)	-	-	-	(61.211)
Operating Loss	(216.094)	(250.501)	(66.835)	(0.334)	-	-	(76.244)
Net Loss	(275.747)	(306.097)	144.942	(5.427)	-	-	(81.124)

FINANCIAL POSITION AT A GLANCE

Rupees In millions							
Assets Employed							
Operating fixed assets	38,860	42,778	47,127	51,953	57,312	63,261	69,870
Advances against Plant & Machinery	14,057	14,057	14,057	14,057	14,057	14,057	-
Long Term Deposits and Deferred Cost	1,147	1,147	1,147	1,147	1,147	1,147	1,147
Deferred Taxation	-	-	-	-	-	-	-
Current Assets	0,045	0,053	0,062	2,367	2,314	3,095	42,643
Current Liabilities	(19,703)	(20,308)	(20,981)	(23,930)	(23,809)	(23,824)	(26,699)
Total	34,406	37,727	41,412	45,594	51,021	57,736	86,961
Financed by:							
Ordinary capital	145,000	145,000	145,000	145,000	145,000	145,000	145,000
Accumulated Loss	(110,594)	(107,273)	(103,588)	(99,406)	(93,979)	(87,264)	(58,039)
Shareholders Equity	34,406	37,727	41,412	45,594	51,021	57,736	86,961
Long term financing and deferred liabilities	-	-	-	-	-	-	-
Total	34,406	37,727	41,412	45,594	51,021	57,736	86,961

MUKHTAR TEXTILE MILLS LIMITED

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Year ending June 30, 2014

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.35 of listing regulations of KSE, LSE and ISE for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the board includes two executive and five non executive directors and no director representing minority interests. The condition of clause i (b) of the Code of Corporate Governance in relation to independent director will be applicable after election of the next Board of Directors of the Company.
2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. Only four directors of the company are registered as tax payers and none of directors has defaulted in payment of any loan to banking company, a DFI or an NBFI or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.
4. Any casual vacancy occurring in the Board will be filled up at the earliest but not later than 90 days thereof. No vacancy occurred in the board of directors of the Company during the year ended June 30, 2014.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.

MUKHTAR TEXTILE MILLS LIMITED

9. The board arranged no training programs for its directors during the year.
10. The Board has approved appointment of CFO, the Company Secretary and Head of Internal auditor including their remuneration and terms and conditions of employment.
11. The director's report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and Executive do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an audit committee. It comprises three members, all of them are non- executive directors and the chairman of the committee is a non-executive director as well.
16. The meeting of the audit committee held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three members two of them are non-executive director and the chairman of the committee is an executive director.
18. The Board has set-up an effective internal audit function but because of closed operations the same remained inoperative.
19. The statutory auditors of the company has confirmed that they have been given a satisfactory rating under the quality review programme of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan (ICAP).
20. The statutory auditors or the person associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

MUKHTAR TEXTILE MILLS LIMITED

21. The related party transactions are placed before the audit committee and approved by the Board of Directors to comply with the requirements of the listing regulations of the Karachi Stock Exchange (Guarantee) Ltd.
22. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.
23. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
24. We confirm that all other material principles contained in the CCG have been complied with.

On behalf of the Board

October 09, 2014
Faisalabad

Rana Muhammad Saleem
Chief Executive

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("The Code") prepared by the Board of Directors of Mukhtar Textile Mills Limited ("The Company") for the year ended June 30, 2014 to comply with the requirements of Listing Regulation No. 35 of the Islamabad, Karachi and Lahore Stock Exchanges where the Company is listed

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2014.

Further highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph reference where these are stated in the Statement of Compliance

S.No	Paragraph reference	Description
1	1	There is no independent director in the board of directors as required by sub regulation (i) (b) of the code.
2	3	Three of the directors are not registered tax payers.
3	9	Directors have not gone through the mandatory training program required by sub-regulation (xi) of the code.
4	15	The chairman of the audit committee is not an independent director, as required by sub-regulation (xxiv) of the code.
5	18	The company's internal audit function remained inoperative during the year. This is required by sub-regulation (xxxi) of the code.

October 09, 2014
Faisalabad.

M. ATHER & CO.
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of MUKHTAR TEXTILE MILLS LIMITED ("The Company") as at June 30, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that except as discussed in paragraphs (a) below we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, 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.

Except as discussed in paragraphs (a) below we conduct 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) trade creditors amounting to Rs. 2,060,935/- included in Note 7 to the financial statements remained unconfirmed in the absence of direct balance confirmations;
- b) the company as per its accounting policy has not carried out any review of the carrying amounts of its Tangible Assets, in spite of existence of indications of impairment loss, as of balance sheet date, therefore, the carrying amounts of these assets could not be compared with their recoverable amount to estimate the impairment loss, if any;
- c) the company has defaulted in payment of installments of long term loan of M/s Faisalabad Energy Limited towards M/s National Bank of Pakistan against purchase of Land, Building and Plant and Machinery of that company. In view of the same the recovery of the advance amounting to Rs. 14,057,448/- has become doubtful. However no provision has been made in these financial statements (Refer notes 9 and 10);
- d) the company has incurred a net loss of Rs. 3,320,966/- during the year ended June 30, 2014 and as of that date, accumulated loss comes to Rs. 110,594,152/- and company's current liabilities exceeded its current assets by Rs. 19,657,620/-. The said factors indicate a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business;

- e) in our opinion proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- f) in our opinion:
 - i) except as discussed in paragraph (b), (c) and (d) above, 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, except for the change as stated in note 5.1 with which we concur;
 - 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;
- g)

in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan except as discussed in paragraphs (b), (c) and (d) above, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively in view of paragraphs (b), (c) and (d) above do not give a true and fair view of the state of the company's affairs as at June 30, 2014 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended;
- h) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

October 9, 2014
Faisalabad.

M. ATHER & CO.
Chartered Accountants

Engagement Partner
M. Imran Sarver-FCA

MUKHTAR TEXTILE MILLS LIMITED
BALANCE SHEET
AS AT JUNE 30, 2014

EQUITY AND LIABILITIES	NOTE	2014 RUPEES	2013 RUPEES
SHARE CAPITAL AND RESERVES			
Share capital	6	145,000,000	145,000,000
Accumulated loss		<u>(110,594,152)</u>	<u>(107,273,186)</u>
		34,405,848	37,726,814
CURRENT LIABILITIES			
Trade and other payables	7	19,690,910	20,252,160
Taxation	8	12,000	55,700
		19,702,910	20,307,860
CONTINGENCIES AND COMMITMENTS			
	9	-	-
		<u>54,108,758</u>	<u>58,034,674</u>

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

CHIEF EXECUTIVE

MUKHTAR TEXTILE MILLS LIMITED
BALANCE SHEET
AS AT JUNE 30, 2014

ASSETS	NOTE	2014 RUPEES	2013 RUPEES
FIXED ASSETS			
Property, plant and equipment	10	52,916,468	56,835,024
LONG TERM DEPOSITS	11	1,147,000	1,147,000
CURRENT ASSETS			
Trade debts	12	-	-
Loans and advances	13	-	-
Deposits and prepayments	14	36,340	36,340
Cash in hand	15	8,950	16,310
		45,290	52,650
		<u>54,108,758</u>	<u>58,034,674</u>

DIRECTOR

MUKHTAR TEXTILE MILLS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

	NOTE	2014 RUPEES	2013 RUPEES
Revenue	16	1,200,000	1,200,000
Cost of revenue	17	<u>3,793,131</u>	<u>4,206,010</u>
Gross loss		(2,593,131)	(3,006,010)
Administrative expenses	18	715,835	667,150
Loss for the year before taxation		<u>(3,308,966)</u>	<u>(3,673,160)</u>
Provision for taxation	19	(12,000)	(12,000)
Loss for the year after taxation		<u><u>(3,320,966)</u></u>	<u><u>(3,685,160)</u></u>
Earnings per share-Basic	20	(0.229)	(0.254)

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

CHIEF EXECUTIVE

DIRECTOR

MUKHTAR TEXTILE MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014

	2014 Rupees	2013 Rupees
Loss for the year after taxation	(3,320,966)	(3,685,160)
Other comprehensive Income	-	-
Total comprehensive Loss for the year	<u>(3,320,966)</u>	<u>(3,685,160)</u>

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

CHIEF EXECUTIVE

DIRECTOR

MUKHTAR TEXTILE MILLS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

	2014 RUPEES	2013 RUPEES
a) CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the year before taxation	(3,308,966)	(3,673,160)
Adjustments for:		
Depreciation	3,918,556	4,348,560
Operating profit before working capital changes	609,590	675,400
Changes in working capital		
Decrease in current liabilities:		
Trade and other payables	738,750	516,250
Cash generated from operations	1,348,340	1,191,650
Tax paid	(1,355,700)	(1,201,493)
Net cash used in operations	(7,360)	(9,843)
b) CASH FLOW FROM INVESTING ACTIVITIES		
Net cash flow from investing activities	-	-
c) CASH FLOW FROM FINANCING ACTIVITIES		
Net cash flow from financing activities	-	-
Net decrease in cash and bank balances (a+b+c)	(7,360)	(9,843)
Cash and bank balances at the beginning of the year	16,310	26,153
Cash and bank balances at the end of the year	8,950	16,310

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

CHIEF EXECUTIVE

DIRECTOR

MUKHTAR TEXTILE MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2014

	Share Capital	Accumulated Loss	Total
	-----Rupees-----		
Balance as at July 01, 2012	145,000,000	(103,588,026)	41,411,974
Total comprehensive loss for the year	-	(3,685,160)	(3,685,160)
Balance as at June 30, 2013	145,000,000	(107,273,186)	37,726,814
Total comprehensive loss for the year	-	(3,320,966)	(3,320,966)
Balance as at June 30, 2014	145,000,000	(110,594,152)	34,405,848

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

CHIEF EXECUTIVE

DIRECTOR

MUKHTAR TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

1 STATUS AND NATURE OF BUSINESS

The company was incorporated in 1992 as Private Limited Company under the Companies Ordinance, 1984 and was converted into Public Limited Company in 1994. The shares of the company are quoted on all stock exchanges in Pakistan. It is principally engaged in the manufacture and sale of yarn. The registered office of the company is situated at P-48, Street # 1, Douglas Pura, Faisalabad. The mills is located at 40-K.M. Jhang-Faisalabad Road, Nia Lahore, Distt. TT Singh.

2 STATEMENT OF COMPLIANCE

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

2.1 Adoption of new and revised standards and interpretation

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company.

		Effective date (Annual reporting periods beginning on or after)
IFRS 2	Share-based Payments (Amendments)	July 1, 2014
IFRS 3	Business Combinations (Amendments)	July 1, 2014
IFRS 8	Operating Segments (Amendments)	July 1, 2014
IFRS 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 15	Revenue from Contracts with Customers	January 1, 2017
IAS 16	Property, Plant and Equipment (Amendments)	July 1, 2014 & January 1, 2016
IAS 19	Employee benefits (Amendments)	July 1, 2014
IAS 24	Related party disclosures (Amendments)	July 1, 2014
IAS 32	Financial instruments: Presentation (Amendments)	January 1, 2014
IAS 36	Impairment of assets (Amendments)	January 1, 2014
IAS 38	Intangible Assets (Amendments)	July 1, 2014 & January 1, 2016
IAS 39	Financial instruments: Recognition and measurement (Amendments)	January 1, 2014
IAS 40	Investment Property (Amendments)	July 1, 2014
IAS 41	Agriculture (Amendments)	January 1, 2016
IFRIC 21	Leases	January 1, 2014

The management anticipates that adoption of above standards, amendments and interpretations in future periods will have no material impact on the Company's financial statements other than in presentation / disclosures.

Further the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan, for the purpose of their applicability in Pakistan:

IFRS 1	First time adoption of International Financial Reporting
IFRS 9	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint arrangements
IFRS 12	Disclosure of interests in other entities
IFRS 13	Fair value measurement

The following interpretations issued by the IASB have been waived off by SECP:

IFRIC 4	Determining whether an arrangement contains lease
IFRIC 12	Service concession arrangements

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3 COST CONVENTION

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

4 GOING CONCERN ISSUE

Due to unfavorable conditions the spinning business went into financial crises because of heavy losses. The plant was, therefore, temporarily shut down in May 2007. However, the company has cleared all the long term liabilities and now there is no financial burden of debt servicing. The market conditions have improved substantially but the Plant and machinery require BMR and the funds are also required to meet the start up cost. We have been therefore, approaching the Banks and Financial institutions for arrangement of working capital finances for which the company now duly qualifies.

Since the Banks and Financial Institutions showed reluctance to provide advance to the textile sector, specially the spinning, we, with the approval of General meeting decided to lease out plant and machinery. Management is of the view that with expected arrangements of funds, the project will become viable in the due course of time.

5 SIGNIFICANT ACCOUNTING POLICIES

5.1 STAFF RETIREMENT BENEFITS

The company operates a defined benefit unfunded gratuity scheme covering all its employees. Provision is made annually to cover the obligation under the scheme on the basis of actuarial valuation using the projected unit credit method.

Consequent to the revision of IAS 19 "Employee Benefits" which is effective for annual periods beginning on or after January 1, 2013, the Company has changed its accounting policy wherein, the actuarial gains and losses on employees' retirement benefit plans are recognised immediately in other comprehensive income. Previously, the actuarial gains/losses in excess of the corridor limit were recognised in profit and loss account over the remaining service life of the employees. In addition, past service cost and curtailments are recognized in the profit and loss account, in the period in which a change takes place.

However, this change in accounting policy has no financial impact on the financial statements of current as well as any prior year because of closed operations and no staff.

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost.

5.2 TRADE AND OTHER PAYABLES

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

5.3 TAXATION

Current

Provision for current taxation is the higher of the amount computed on taxable income at the current tax rate after taking into account tax credits / rebates, if any, and the minimum tax computed at the prescribed rate on sales.

Deferred

Deferred tax is computed using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rate that have been enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available and the credits can be utilized.

5.4 PROVISIONS

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

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5.5 FINANCIAL INSTRUMENTS

5.5.1 Financial assets

5.5.1.1 Classification

The management determines the appropriate classification of its financial assets in accordance with the requirements of International Accounting Standard 39 (IAS 39) "Financial Instruments: Recognition and measurement" at the time of purchase of financial assets and re-evaluates this classification on a regular basis. The financial assets of the Company are categorised as follows:

a) Financial assets 'at fair value through profit or loss'

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as financial assets 'at fair value through profit or loss' category.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprises of trade debts, loans and advances, deposits, cash and bank balances and other receivables in the balance sheet.

c) Held to maturity

These are financial assets with fixed or determinable payments and fixed maturity with the Company having positive intent and ability to hold to maturity.

d) Available for sale

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables (b) held to maturity (c) financial assets 'at fair value through profit or loss'.

5.5.1.2 Initial recognition and measurement

All financial assets are recognised at the time the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the profit and loss account.

5.5.1.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) Financial asset 'at fair value through profit or loss' & 'available for sale'

Financial assets 'at fair value through profit or loss' are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss account in the period in which these arise.

Available for sale' financial assets are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognised in other comprehensive income.

b) 'Loans and receivables' & 'held to maturity'

'Loans and receivables' and 'held to maturity' financial assets are carried at amortised cost.

5.5.1.4 Impairment

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. A significant or prolonged decline in the fair value of a financial asset below its cost / amortised cost is also an objective evidence of impairment. Provision for impairment in the value of financial assets, if any, is taken to the profit and loss account.

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5.5.1.5 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

5.5.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

5.5.3 Derecognition

Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised at the time when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the profit and loss account.

5.6 LOANS, ADVANCES AND DEPOSITS

These are stated at cost less estimates made for any doubtful receivables based on a review of all outstanding amounts at the balance sheet date. Balances considered bad and irrecoverable are written off when identified.

5.7 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Company designates derivative financial instruments as either fair value hedge or cash flow hedge.

Fair value hedge

Fair value hedge represents hedges of the fair value of recognised assets or liabilities or a firm commitment. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss account, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The carrying value of the hedged item is adjusted accordingly.

Cash flow hedge

Cash flow hedge represents hedges of a highly probable forecast transaction. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account.

Amounts accumulated in equity are reclassified to the profit and loss account in the periods in which the hedged item will affect profit or loss account.

5.8 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Owned

Operating fixed assets except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment loss. Freehold land and capital work-in-process are stated at cost less accumulated impairment loss.

Depreciation is charged applying reducing balance method to write off the cost. Rates of the depreciation are stated in Operating Fixed Assets Note. Depreciation on additions during the year is charged from the month in which an asset is acquired or capitalized, whereas no depreciation is provided on assets for the month in which the asset is disposed of.

Gains/(losses) on disposal of fixed assets are included in current year income.

Normal repairs and replacements are charged to income as and when incurred. Major renewals and replacements are capitalised and assets replaced, if any, are kept as stand-by.

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Leased

These are stated at lower of the present value of minimum lease payments made in lease agreement and the fair value of the leased asset less accumulated depreciation. Depreciation is charged at the same rates as applicable to the company owned assets. Outstanding obligations under the lease, less financial charges allocated to future period are shown as liability. The financial charge is calculated at the interest rate implicit in the lease and is charged to current income.

5.9 IMPAIRMENT OF ASSETS

At each balance sheet date, the company reviews the carrying amounts of its tangible assets to determine whether there is indication that those assets have suffered an impairment loss, if any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the greater of net selling price and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the assets in prior years. A reversal of an impairment loss is recognized as income immediately.

5.10 STORES AND SPARES

These are valued at moving average cost or net realisation value, which ever is lower. Stores in transit are valued at cost accumulated to the balance sheet date.

5.11 STOCK IN TRADE

Basis of valuation are as follows:

Particulars	Mode of valuation
Raw material:	
In godowns	At lower of annual average cost and market value
In transit	At cost accumulated to the balance sheet date
Work-in-process	At manufacturing cost
Finished goods	At lower of cost and net realizable value
Waste	At net realizable value

Cost in relation to work in process and finished goods represents annual average manufacturing cost which consists of prime cost and appropriate production overheads.

Net realizable value signifies the selling price in the ordinary course of business less cost necessary to be incurred to effect such sale.

5.12 TRADE DEBTS

Trade debts are carried at invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Provision is made against those having no activity during the current financial year and are considered doubtful by the management. Balances considered bad and irrecoverable are written off when identified.

5.13 CASH AND CASH EQUIVALENTS

For the purposes of cash flow statement, cash and cash equivalent consists of cash in hand and balances with banks net of borrowings not considered to be in the nature of financing activities.

MUKHTAR TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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5.14 REVENUE RECOGNITION

Direct sales are recognised when goods are dispatched to customers and sales through agents are recorded on intimation from the agents.

Lease Rental is recognised as revenue when rental becomes due as per agreement.

5.15 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized in net profit or loss in the period in which they are incurred.

5.16 FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are translated into rupees at the rates of exchange approximating those prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at exchange rate prevailing on the balance sheet date except those covered by forward exchange contracts. Exchange differences on translations during the year are taken to profit and loss account.

5.17 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, depreciation and provision for doubtful receivables. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

MUKHTAR TEXTILE MILLS LIMITED
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			2014	2013
			Rupees	Rupees
6 SHARE CAPITAL				
Authorized				
	2014	2013		
	15,000,000	15,000,000	Ordinary shares of Rs. 10/- each fully paid in cash	150,000,000
Issued subscribed and paid up				
	14,500,000	14,500,000	Ordinary shares of Rs. 10/- each fully paid in cash	145,000,000
7 TRADE AND OTHER PAYABLES				
Creditors			4,005,832	3,611,528
Accrued charges			5,753,084	5,408,638
Workers welfare fund			388,717	388,717
Sales tax			1,998,578	2,198,578
Withholding tax			1,259,006	1,259,006
Income tax payable			5,476,853	6,576,853
Zakat payable			808,840	808,840
			<u>19,690,910</u>	<u>20,252,160</u>

7.1 Zakat payable pertains to year 1994-95.

8 TAXATION

Opening balance	55,700	43,700
Add: Provision during the year	12,000	12,000
	<u>67,700</u>	<u>55,700</u>
Less: Paid/adjusted during the year	55,700	
	<u>(Note- 8.1)</u>	<u>12,000</u>
		<u>55,700</u>

8.1 The income tax assessment of the company has been finalised upto financial year ended 30th June, 2013.

9 CONTINGENCIES AND COMMITMENTS

- 9.1 The delayed payment of sales tax and income tax by the company entail the additional tax liability, the amount of which could not be calculated with substantial accuracy.
- 9.2 Inland Revenue liability of Rs 38.418 million (2013: Rs 38.418 million) is disputed by the Company because of pending appeals.
- 9.3 The company has entered into an agreement to purchase assets comprising Land, Building and Plant and Machinery of M/s Faisalabad Energy Limited against the discharge of Long Term Liability of that company towards M/s National Bank of Pakistan amounting to Rs. 16.0 million. The amount is payable in 10 quarterly installments of Rs. 1.604 million starting May 08, 2005. However, an amount of Rs. 2.05 million is outstanding as of balance sheet date.

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10 Property, plant and equipment

Operating fixed assets

Advance against Plant and Machinery

	2014	2013
	Rupees	Rupees
(Note 10.1)	38,859,020	42,777,576
(Note 10.2)	14,057,448	14,057,448
	<u>52,916,468</u>	<u>56,835,024</u>

10.1 Operating fixed assets

P a r t i c u l a r s	C o s t			D e p r e c i a t i o n			Written down As at 30-06-14
	As at 01-07-13	Addition/ (Deletion)	As at 30-06-14	Rate %	As at 01-07-13	For the year	
	2,239,695	-	2,239,695				2,239,695
Land freehold							
Building on freehold land							
Factory	32,135,608	-	32,135,608	10	26,726,142	540,947	4,868,519
Non factory	4,585,100	-	4,585,100	5	1,731,209	142,695	2,711,196
Residential							
Officers	209,613	-	209,613	5	129,372	4,012	133,384
Workers	5,345,999	-	5,345,999	10	3,438,586	190,741	3,629,327
	<u>42,276,320</u>	<u>-</u>	<u>42,276,320</u>		<u>32,025,309</u>	<u>878,395</u>	<u>32,903,704</u>
Plant and machinery							
Electric installations	150,094,924	-	150,094,924	10	122,401,733	2,769,319	125,171,052
Equipment and appliances	10,409,349	-	10,409,349	10	8,955,181	145,417	9,100,598
Office equipments	5,203,790	-	5,203,790	10	4,352,525	85,127	4,437,652
Furniture and fixtures	483,231	-	483,231	10	397,987	8,524	406,511
Fire fighting equipments	409,204	-	409,204	10	332,493	7,671	340,164
Tubewell	37,550	-	37,550	10	31,578	597	32,175
Vehicles	39,028	-	39,028	10	33,455	557	34,012
Computer accessories	2,440,000	-	2,440,000	20	2,363,066	15,387	2,378,453
	<u>471,154</u>	<u>-</u>	<u>471,154</u>	<u>20</u>	<u>433,342</u>	<u>7,562</u>	<u>440,904</u>
	169,588,230	-	169,588,230		139,301,360	3,040,161	142,341,521
Rupees 2014	214,104,245	-	214,104,245		171,326,669	3,918,556	38,859,020
Rupees 2013	214,104,245	-	214,104,245		166,978,109	4,348,560	171,326,669

10.1.1 Depreciation for the year has been apportioned as under:

Cost of Revenue	(Note 17)
Administrative Expenses	(Note 18)
	<u>3,793,131</u>
	<u>125,425</u>
	<u>3,918,556</u>

10.1.2 The operating fixed assets of the company are encumbered for Rs 76.351 million against the credit facilities availed by the Company.

However, the Company has paid off all the said liabilities in full in previous years.

10.1.3 The land of company has been attached by FBR, RTO Faisalabad.

10.2 This represents amount paid to National Bank of Pakistan to purchase assets of Faisalabad Energy Limited.

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	2014 Rupees	2013 Rupees
11 LONG TERM DEPOSITS		
Security deposits	<u>1,147,000</u>	<u>1,147,000</u>
12 TRADE DEBTS		
Trade debts	22,700,530	22,700,530
Less: Provision for doubtful debts	<u>22,700,530</u>	<u>22,700,530</u>
Considered good	<u>-</u>	<u>-</u>
13 LOANS AND ADVANCES		
Advances to employees	79,912	79,912
Less : Provision for doubtful advances	<u>79,912</u>	<u>79,912</u>
	<u>-</u>	<u>-</u>
14 DEPOSITS AND PREPAYMENTS		
Excise duty deposit	<u>36,340</u>	<u>36,340</u>
15 CASH IN HAND		
Cash in hand	8,950	16,310
	<u>8,950</u>	<u>16,310</u>
16 REVENUE		
Lease Income	1,200,000	1,200,000
	<u>1,200,000</u>	<u>1,200,000</u>
16.1	This represent revenue from lease of Building, Plant and Machinery of the Company. The monthly rental is Rs 100,000. The lease agreement is to be renewed every year.	
17 COST OF REVENUE		
This represents depreciation of Property plant and equipment	(Note10.1.1) 3,793,131	4,206,010
	<u>3,793,131</u>	<u>4,206,010</u>

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	2014 Rupees	2013 Rupees
18 ADMINISTRATIVE EXPENSES		
Salaries & wages	100,000	
Rent, rate and taxes	48,000	48,000
Printing and advertisement	67,500	51,650
Telephone and postage	13,590	15,200
Auditors' remuneration (Note18.1)	150,000	150,000
Fee and subscription	161,320	159,750
Registrar expenses	50,000	50,000
Sales tax penalty	-	50,000
Depreciation (Note10.1.1)	125,425	142,550
	<u>715,835</u>	<u>667,150</u>
18.1 Auditors' remuneration		
Audit fee	100,000	100,000
Half yearly review	20,000	20,000
Taxation and secretarial	30,000	30,000
	<u>150,000</u>	<u>150,000</u>
19 PROVISION FOR TAXATION		
Current	<u>12,000</u>	<u>12,000</u>
	<u>12,000</u>	<u>12,000</u>
20 EARNINGS PER SHARE	<u>2014</u>	<u>2013</u>
There is no dilutive effect on the basic earnings per share of the company, which is based on:		
Loss for the year	(3,320,966)	(3,685,160)
Weighted average number of ordinary shares	14,500,000	14,500,000
Earnings per share-Basic (Rupees)	(0.229)	(0.254)

MUKHTAR TEXTILE MILLS LIMITED
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21 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

21.1 FINANCIAL INSTRUMENTS BY CATEGORY

		2014	
		Loans and receivables	Total
ASSETS			
Loans		79,912	79,912
Long term deposits		1,147,000	1,147,000
Trade debts		22,700,530	22,700,530
Cash and bank balances		8,950	8,950
		<u>23,936,392</u>	<u>23,936,392</u>
		Financial liabilities at amortized	Total
LIABILITIES			
Trade and other payables		9,758,916	9,758,916
		<u>9,758,916</u>	<u>9,758,916</u>
		2013	
		Loans and receivables	Total
ASSETS			
Loans		79,912	79,912
Long term deposits		1,147,000	1,147,000
Trade debts		22,700,530	22,700,530
Cash and bank balances		16,310	16,310
		<u>23,943,752</u>	<u>23,943,752</u>
		Financial liabilities at amortized	Total
LIABILITIES			
Trade and other payables		9,020,166	9,020,166
		<u>9,020,166</u>	<u>9,020,166</u>

MUKHTAR TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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21.2 FINANCIAL RISK MANAGEMENT

21.2.1 Financial risk factors

The company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). The company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

a. Market risk

(i) Interest rate risk

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates.

The company has no long term or short term interest bearing financial assets or financial liabilities whose fair value or future cash flows will fluctuate because of changes in market interest rates.

However, the maturity analysis of the non interest bearing financial instruments is given below:

	2014		
	Non-Interest / Mark-up Bearing		
	Maturity up to one year	Maturity after one year	Total
FINANCIAL ASSETS			
Loans	79,912	-	79,912
Deposits	1,147,000	-	1,147,000
Trade debts	22,700,530	-	22,700,530
Cash and bank balances	8,950	-	8,950
	<u>23,936,392</u>	<u>-</u>	<u>23,936,392</u>
FINANCIAL LIABILITIES			
Trade and other payables	9,758,916	-	9,758,916
	<u>9,758,916</u>	<u>-</u>	<u>9,758,916</u>
2013			
Non-Interest / Mark-up Bearing			
	Maturity up to one year	Maturity after one year	Total
FINANCIAL ASSETS			
Loans	79,912	-	79,912
Deposits	1,147,000	-	1,147,000
Trade debts	22,700,530	-	22,700,530
Cash and bank balances	16,310	-	16,310
	<u>23,943,752</u>	<u>-</u>	<u>23,943,752</u>
FINANCIAL LIABILITIES			
Trade and other payables	9,020,166	-	9,020,166
	<u>9,020,166</u>	<u>-</u>	<u>9,020,166</u>

(ii) Other price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or Currency risks), whether those changes are caused by factors specified to the individual financial instrument or its issuers, or factors affecting all similar financial instruments traded in the market.

MUKHTAR TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014 .

At the year end the company is not exposed to price risk since there are no financial instruments, whose fair value or future cash flows will fluctuate because of changes in market prices.

(iii) 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. Currency risks arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

However, the company is not exposed to currency risk because there are no transactions giving rise to currency risk.

b. Credit risk

Credit risk represents the risk that one party to the financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Since there is no selling activity, therefore, trade debts amounting to Rs. 22,700,530/- (2013: Rs. 22,700,530/-) are at credit risk against which the company has made a provision for doubtful debts at Rs. 22,700,530/-(2013: Rs. 22,700,530/-).

c. Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities.

As the working capital of the company is on negative side, thus the company is exposed to liquidity risk.

Following are the contractual maturities of financial liabilities as on June 30, 2014

	2014			
	<u>Carrying Amount</u>	<u>Contractual Cash flows</u>	<u>6 Months or less</u>	<u>More than 2 Years</u>
Non- derivative financial liabilities				
Long term Loans				-
Trade and other payables	19,690,910	19,690,910	19,690,910	-
	<u>19,690,910</u>	<u>19,690,910</u>	<u>19,690,910</u>	<u>-</u>
	2013			
	<u>Carrying Amount</u>	<u>Contractual Cash flows</u>	<u>6 Months or less</u>	<u>More than 2 Years</u>
Non- derivative financial liabilities				
Long term Loans				-
Trade and other payables	20,252,160	20,252,160	20,252,160	-
	<u>20,252,160</u>	<u>20,252,160</u>	<u>20,252,160</u>	<u>-</u>

21.3 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values.

MUKHTAR TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

22 CAPITAL RISK MANAGEMENT

The company's objectives when managing capital are to safeguard the company's ability to continue as going concern in order to provide adequate return for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business. Consistent with others in the industry and the requirements of lenders the company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the company may adjust the amount of dividend paid to shareholders, re-purchase of its shares, issue new shares or sell assets to reduce debt.

23 CAPACITY AND PRODUCTION

	<u>2014</u>	<u>2013</u>
Number of spindles installed	17,280	17,280
Number of shifts per day	3	3
Number of days worked	-	-
Number of shifts worked	-	-
Average number of spindles shift worked	-	-
Capacity at 20/s Count	Kgs. 4,760,878	4,760,878
Actual production	Kgs. -	-
Actual production of yarn at 20/s count	Kgs. -	-

24 NUMBER OF EMPLOYEES

Number of employees as at June 30, 2014 was 1 and average number of employees during the year was 1.

25 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on October 09, 2014 by the Board of Directors of the company.

26 GENERAL

- a) Figures of previous year have been re-arranged, wherever necessary, for better presentation.
- b) Figures in the accounts are rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR

MUKHTAR TEXTILE MILLS LTD.
PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2014

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
45	1	100	1,644
671	101	500	329,230
157	501	1,000	154,779
339	1,001	5,000	1,081,527
139	5,001	10,000	1,203,428
37	10,001	15,000	466,772
32	15,001	20,000	590,005
23	20,001	25,000	545,503
12	25,001	30,000	340,500
10	30,001	35,000	334,919
9	35,001	40,000	334,515
4	40,001	45,000	172,510
9	45,001	50,000	441,977
11	50,001	55,000	591,000
6	55,001	60,000	353,610
4	60,001	65,000	253,000
3	65,001	70,000	203,500
6	70,001	75,000	440,225
2	75,001	80,000	155,001
15	85,001	90,000	1,200,500
1	90,001	95,000	94,670
9	95,001	100,000	900,000
1	100,001	105,000	102,485
2	105,001	110,000	215,400
1	120,001	125,000	125,000
1	132,001	137,000	137,000
1	145,001	150,000	150,000
2	150,001	155,000	305,500
2	195,001	200,000	400,000
1	395,001	400,000	400,000
2	485,001	490,000	975,800
3	495,001	500,000	1,500,000
1,560			14,500,000

Categories of Share Holders	No. of Shareholders	No. of Share Held	%-age
Bank & Other Financial Institutions	2	8,500	0.06
Investment Companies	3	30,200	0.21
Insurance Companies	1	4,000	0.03
Joint Stock Companies	20	125,999	0.87
NIT	1	137,000	0.94
Individuals	1533	14,194,301	97.89
Total	1560	14,500,000	100.00

MUKHTAR TEXTILE MILLS LTD.
PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2014

Categories of Shareholders	No. of Shareholders	No. of Share Held	%-age
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Chief Executive Officer/ Directors

Rana Muhammad Saleem	1	274,225	1.89
Fakhira Rehman	1	1,000	0.01
Mrs.Shaista Saleem	1	61,000	0.42
Mrs.Nadia Saleem	1	110,000	0.76
Rana Adnan Rashid	1	405,000	2.79
Rana Rashid Ahmed Khan	1	5,000	0.03
Mr.Umer Saleem	1	534,800	3.69
	7	1,391,025	9.59

Other Relative of Directors

	51	4,185,300	28.86
Bank & Other Financial Institutions	2	8,500	0.06
Investment Companies	3	30,200	0.21
Insurance Companies	1	4,000	0.03
Joint Stock Companies	20	125,999	0.87
NIT	1	137,000	0.94
General Public-Individuals	1475	8,617,976	59.43

Grand Total	1560	14,500,000	100.00
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23rd Annual Report 2014



MUKHTAR TEXTILE MILLS LIMITED

Registered Office:
P-48 Street # 1,
Douglass Pura, Faisalabad.

Mills:
40 K.M, Jhang-Faisalabad Road,
Nia Lahore, Distt. Toba Tek Singh