

AMTEX LIMITED

Half Yearly Report

December 31, 2015



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Company Information

Board of Directors

Mr. Khurram Iftikhar
Chief Executive Officer
Mr. Shahzad Iftikhar
Mr. Nadeem Iftikhar
Mr. Sohail Maqsood Ahmed
Mr. Muhammad Ahsan
Mr. Gul Muhammad Naz
Mr. Usman Ghani

Secretary & Chief Financial Officer

Mr. Tahir Javed

Audit Committee

Mr. Suhail Maqsood Ahmed
Chairman
Mr. Muhammad Ahsan
Member
Mr. Usman Ghani
Member

Auditors

Zahid Jamil & Co.
Chartered Accountants

Legal Advisor

Mushtaq Ahmad Khan
Advocate Supreme Court

Bankers

Albaraka Bank (Pakistan) Limited
Askari Bank Limited
Bank Alfalah Limited
Bankislami Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
KASB Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Summit Bank Limited
The Bank of Punjab
United Bank Limited

Registered Office

P-225 Tikka Gali # 2 Montgomery Bazar
Faisalabad

Share Registrar Office

Vision Consulting Limited
3-C LDA Flats Lawrance Road
Lahore

Projects Locations

30-k.m. Shaiekhupura Road Faisalabad
Spinning Unit
Sargodha Road Faisalabad
Weaving Unit
1-k.m. Khurrianwala Jaranwala Road
Faisalabad
Processing & Stitching Unit

DIRECTORS' REPORT

The Board of Directors of Amtex Limited presents herewith the Directors' Report together with the Company's un-audited financial information for the half year ended December 31, 2015.

Financial Results

The financial results for the period under review with comparative figures of previous period are presented hereunder to have a quick look on the performance of the Company.

	Quarter ended December 31,		Half year ended December 31,	
	2015	2014	2015	2014
	Rupees	Rupees	Rupees	Rupees
Sales	533,970,103	637,851,627	1,154,937,922	1,305,022,894
Cost of sales	605,999,410	702,604,299	1,290,201,080	1,437,840,955
Gross loss	(72,029,307)	(64,752,672)	(135,263,158)	(132,818,061)
Net loss for the period	(145,579,295)	(103,638,508)	(275,403,767)	(242,291,589)
Loss per share - Basic and diluted	(0.56)	(0.40)	(1.06)	(0.93)

During 1st half year under review company incurred gross loss of Rs. 135.263 million as compared to gross loss of Rs. 132.818 million in the corresponding period of last year and net loss of Rs. 275.403 million as compared to net loss of Rs. 242.291 million in the corresponding period of last year. Sales volume has decreased as compared to previous corresponding period and the company's total sales are Rs. 1,154.937 million in first half year against sales of Rs. 1,305.022 million in the corresponding period of last year. Under utilization of production capacity because of continuous load management by the utility companies and increase in energy tariff has culminated in after tax loss of rupees 275.403 million.

Qualification in Auditors' Report to the Members

The auditors of company have opined that past due trade debts are impaired and provision for doubtful debts should be made in the financial statements. Company has provided 47% provision in accounts against foreign receivable debtors and making efforts to recover the past payments.

Regarding the "going concern" observation of auditors, directors of your company explain that on the basis of existing conditions and future judgments about the outcome of the events, the management is making full efforts to continue the entity as a going concern. Currently due to under-utilization of capacities and losses, the company is facing tight cash flow situation and has not been able to pay its certain debt obligations towards its financial creditors. To regularize such bank loans, the repayment terms of loans are being renegotiated with the lenders keeping in view the future cash flows, profits and other relevant forecasts and certain banks have approved the restructuring with approval of fresh funding structured to revive the export business while requests have already been made to the other financial institutions. In view of the above the management is confident that it will be successful in its efforts and company will be able to continue as a going concern.

Certain banks / financial institutions have filed suit against the Company for recovery of its financing and mark up so Company has not provided any mark up / cost of funds on the outstanding amount as also stated in notes to the accounts. Based on the legal opinion, the Company feels that, after institution of the suit, bank/financial institution is only entitled to cost of funds if so awarded by the Court in case the suit is awarded against the company. The levy of cost of funds and the quantum thereof shall be contingent on passing of the decree and rate prescribed by the State Bank of Pakistan during the period of pendency of the claim and discharge of decree, if passed by the Court.

Future outlook

The textile industry in Pakistan is facing severe challenges. During first half of current financial year the exports of Pakistan has witnessed a shortfall of 14.4% in comparison with the same period of previous year. The Government has increased the General Sales Tax (GST) rate from 2% to 3% on textile goods and services which has further pressurized the cash flows of the ailing industry and after this increase from July 2015 no amount of GST refund has been paid to textile exporters which has further adversely affected their working capital. The gas and electricity tariff has increased many folds while the menace of load shedding is uncontrollable. At the start of this winter season gas supply for the textile industry was stopped first and then from December 2015 textile industry in Punjab had to purchase the RLNG at the highest rate in history i.e. equivalent to US\$ 10.10 per MMBTU. Due to current unfavorable situation, textile industry is also lacking required financial support from banks. However, the Government has announced that GST zero rating regime will be restored from the start of next financial year and electricity and gas tariff will be also brought down to compete with the regional players. The future of textile industry is mainly dependent on the steps taken by the Government to reduce the cost of doing business and required financial support provided to the textile industry by the banks.

Acknowledgement

The Directors of your Company would like to place on record their deep appreciation for the support of the customers, banks, financial institutions, regulators and shareholders and hope that this cooperation and support will also continue in future.

The Directors of your Company would also like to express their appreciation for the services, loyalty and efforts being continuously rendered by the executives, staff members and workers of the Company and hope that they will continue to do so in future.

For and on behalf of the Board



CHIEF EXECUTIVE

Khurram Iftikhar

Faisalabad
February 29, 2016

Report to the Members on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **AMTEX LIMITED** as at **December 31, 2015** and the related condensed interim profit & loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with notes forming part thereof (hereinafter referred to as "interim financial information") for the half year then ended. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

The figures for the quarter ended December 31, 2015 and 2014 in the condensed interim profit and loss account have not been reviewed as we are required to review only the cumulative figures for the half year ended December 31, 2015.

Scope of Review

Except as explained in the paragraphs "a" to "c" below, we conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of the persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit opinion.

Basis for Adverse Conclusion

- a) The Company has incurred a gross loss of Rs. 135.263 million (June 2015: Rs. 685.721 million), net loss of Rs. 275.404 million (June 2015: Rs. 1,602.118 million) during the period ended December 31, 2015 and as at that date, accumulated losses are Rs. 6,552.013 million (June 2015: Rs. 6,322.793 million) and current liabilities exceeded its current assets by Rs. 3,984.284 million (June 2015: Rs. 3,676.331 million). The company is facing operational and financial problems. Moreover, the company is defendant / petitioner in various law suits as mentioned in note # 7 to the condensed interim financial information and due to pending litigations certain long and short term liabilities remained unconfirmed / unreconciled in the absence of balance confirmations from related banks and financial institutions as mentioned in note 6, 7, 8 and 12 to the financial statements for the year ended June 30, 2015. Further, there is no sufficient appropriate audit evidence that the management's plans are feasible and ultimate outcome will improve the company's current situation. These factors, along with matters mentioned in paragraph (b) & (c) below, 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. The financial statements, however, do not disclose this fact and any adjustment to that effect;

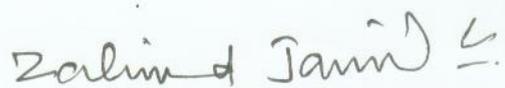


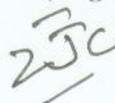
- b) Trade debtors amounting to Rs. 7,159.076 million (June 2015: Rs. 7,144.402 million) remained unconfirmed / un-reconciled in the absence of balance confirmations and relevant information. Past due foreign debtors amounting to Rs. 7,081.200 million (June 2015: Rs. 7,081.200 million) are impaired, the company has made the provision amounting to Rs. 3,322.846 million (June 2015: Rs. 3,322.846 million) against these past due balances, whereas in our opinion these should be fully provided. Had this provision been made, the loss for the period and accumulated losses would have been increased and foreign debtors would have been decreased by Rs. 3,758.355 million (June 2015: Rs. 3,758.355 million);
- c) Mark up expense has not been fully charged in these financial statements on redeemable capital and on long and short term financing due to pending litigations with various banks. Had the mark up been fully charged, net loss for the period would have been increased by Rs. 342.510 million (June 2015: Rs. 848.496 million), mark up payable and accumulated losses would have been increased by Rs. 2,158.655 million (June 2015: Rs. 1,816.145 million) (Refer note # 7.1. (I)).

Adverse Conclusion

Based on our review, on the basis of above mentioned paragraphs "a" to "c", it causes us to believe that the accompanying interim financial information do not give true and fair view of the financial position of the company as at December 31, 2015 and of its financial performance and its cash flow for the six months period then ended in accordance with approved accounting standards as applicable in Pakistan.

FAISALABAD:
February 29, 2016


Zahid Jamil
CHARTERED ACCOUNTANTS
(Engagement Partner: Muhammad Amin)



AMTEX LIMITED
CONDENSED INTERIM BALANCE SHEET (Un-audited)
AS AT DECEMBER 31, 2015

	Un-audited December 31 2015 Rupees	Audited June 30 2015 Rupees
Note		
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised capital 260,000,000 (June 2015: 260,000,000) ordinary shares of Rs.10/- each	<u>2,600,000,000</u>	<u>2,600,000,000</u>
Issued, subscribed and paid up capital	2,594,301,340	2,594,301,340
Reserves	(6,020,974,149)	(5,791,753,557)
	(3,426,672,809)	(3,197,452,217)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
3	1,683,925,890	1,730,109,065
NON-CURRENT LIABILITIES		
Redeemable capital	4	-
Long term financing	5	1,367,087,839
Deferred liabilities		
Staff retirement gratuity	39,825,026	39,256,981
Deferred markup	624,846,766	583,500,837
	2,031,759,631	2,180,867,651
CURRENT LIABILITIES		
Trade and other payables	449,279,909	387,238,772
Interest / markup payable	2,774,739,884	2,757,538,041
Short term borrowings	6	7,008,358,734
Current portion of non-current liabilities	1,245,384,896	1,084,436,842
	11,477,763,423	11,185,241,589
CONTINGENCIES & COMMITMENTS		
7	-	-
	<u>11,766,776,135</u>	<u>11,898,766,088</u>
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	8	4,211,423,897
Long term deposits	9	61,872,535
	4,273,296,432	4,334,512,927
	55,342,868	4,389,855,795
CURRENT ASSETS		
Stores, spares and loose tools	697,574,715	698,112,426
Stock in trade	2,201,963,959	2,204,661,263
Trade debts	10	3,999,215,998
Loans and advances	74,370,408	41,387,533
Deposits and prepayments	7,489,741	7,592,174
Other receivables	94,765,601	101,546,257
Tax refunds due from the Government	238,078,402	256,798,777
Cash and bank balances	180,020,879	172,408,298
	7,493,479,703	7,508,910,293
	<u>11,766,776,135</u>	<u>11,898,766,088</u>

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


CHIEF EXECUTIVE


DIRECTOR

AMTEX LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Note	Quarter ended December 31,		Half year ended December 31,	
		2015 Rupees	2014 Rupees	2015 Rupees	2014 Rupees
Sales		533,970,103	637,851,627	1,154,937,922	1,305,022,894
Cost of sales	11	605,999,410	702,604,299	1,290,201,080	1,437,840,955
Gross loss		(72,029,307)	(64,752,672)	(135,263,158)	(132,818,061)
Other income		6,982	46,923,489	549,449	46,923,489
		(72,022,325)	(17,829,183)	(134,713,709)	(85,894,572)
Selling and distribution expenses		6,040,911	9,228,441	10,344,024	13,772,809
Administrative expenses		21,104,303	17,858,244	39,453,077	32,368,979
Finance cost		38,114,274	47,790,222	79,390,341	97,047,364
		65,259,488	74,876,907	129,187,442	143,189,152
Loss for the period before taxation		(137,281,813)	(92,706,090)	(263,901,151)	(229,083,724)
Provision for taxation		8,297,482	10,932,418	11,502,616	13,207,865
Net loss for the period		(145,579,295)	(103,638,508)	(275,403,767)	(242,291,589)
Loss per share - Basic and diluted		(0.56)	(0.40)	(1.06)	(0.93)

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


CHIEF EXECUTIVE


DIRECTOR

AMTEX LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Quarter ended December 31,		Half year ended December 31,	
	2015	2014	2015	2014
	Rupees	Rupees	Rupees	Rupees
Net loss for the period	(145,579,295)	(103,638,508)	(275,403,767)	(242,291,589)
Other comprehensive income for the period				
Surplus realized on disposal of revalued assets during the period	-	62,072,441	-	62,072,441
Incremental depreciation on revalued assets for the period	23,091,587	25,675,019	46,183,175	51,350,038
	23,091,587	87,747,460	46,183,175	113,422,479
Total comprehensive loss for the period	<u>(122,487,708)</u>	<u>(15,891,048)</u>	<u>(229,220,592)</u>	<u>(128,869,110)</u>

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


 CHIEF EXECUTIVE


 DIRECTOR

AMTEX LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Half year ended December 31,	
	2015	2014
	Rupees	Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period before taxation	(263,901,151)	(229,083,724)
Adjustments for:		
Depreciation of property, plant and equipment	138,145,186	150,947,911
Provision for staff retirement gratuity	2,675,544	2,562,100
Markup waived off	-	(43,183,287)
Gain on disposal of property, plant and equipment	(542,467)	(3,740,000)
Finance cost	79,390,341	97,047,364
Operating cash flows before working capital changes	<u>(44,232,547)</u>	<u>(25,449,636)</u>
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	537,711	7,904,901
Stock in trade	2,697,304	192,844,664
Trade debts	27,187,567	(32,906,825)
Loans and advances	(32,982,875)	(37,531,433)
Deposits and prepayments	102,433	(2,756,698)
Other receivables	6,780,656	4,688,478
Tax refunds due from the Government	23,426,224	(10,124,146)
Increase / (decrease) in current liabilities		
Trade and other payables	62,041,137	(17,622,742)
	<u>89,790,157</u>	<u>104,496,199</u>
Cash generated from operations	<u>45,557,610</u>	<u>79,046,563</u>
Income tax paid	(16,208,465)	(14,352,665)
Finance cost paid	(20,404,399)	(30,271,004)
Staff retirement gratuity paid	(2,107,499)	(2,646,060)
Net cash generated from operating activities	<u>6,837,247</u>	<u>31,776,834</u>
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(15,738,689)	(7,621,024)
Capital work in progress	-	(9,215,425)
Proceeds from disposal of		
Property, plant and equipment	1,225,000	90,000,000
Long term deposits	(6,529,667)	(19,375,000)
Net cash (used in) / generated from investing activities	<u>(21,043,356)</u>	<u>53,788,551</u>

Half year ended December 31,
2015 **2014**
Rupees **Rupees**

c) CASH FLOWS FROM FINANCING ACTIVITIES

Long term financing	(30,512,110)	(106,288,509)
Liabilities against assets subject to finance lease	-	(1,462,670)
Short term borrowings - net	52,330,800	51,456,714
Net cash generated from / (used in) financing activities	21,818,690	(56,294,465)
Net increase in cash and cash equivalents (a+b+c)	7,612,581	29,270,920
Cash and cash equivalents as at June 30,	172,408,298	151,281,283
Cash and cash equivalents at the end of the period	180,020,879	180,552,203

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


 CHIEF EXECUTIVE


 DIRECTOR

AMTEX LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015

Issued, subscribed and paid up capital	RESERVES						Total	
	Capital			Revenue				
	Merger reserve	Share premium	Sub Total	General reserve	Unappropriated profit / (loss)	Sub Total		
-----Rupees-----								
Balances as at July 01, 2014	2,594,301,340	98,039,330	183,000,000	281,039,330	250,000,000	(4,884,410,253)	(4,634,410,253)	(1,759,069,583)
Total comprehensive loss for the period								
Loss for the period	-	-	-	-	-	(242,291,589)	(242,291,589)	(242,291,589)
Other comprehensive income	-	-	-	-	-	113,422,479	113,422,479	113,422,479
	-	-	-	-	-	(128,869,110)	(128,869,110)	(128,869,110)
Balances as at December 31, 2014	2,594,301,340	98,039,330	183,000,000	281,039,330	250,000,000	(5,013,279,363)	(4,763,279,363)	(1,887,938,693)
Total comprehensive loss for the period								
Loss for the period	-	-	-	-	-	(1,359,826,820)	(1,359,826,820)	(1,359,826,820)
Other comprehensive income	-	-	-	-	-	50,313,296	50,313,296	50,313,296
	-	-	-	-	-	(1,309,513,524)	(1,309,513,524)	(1,309,513,524)
Balances as at June 30, 2015	2,594,301,340	98,039,330	183,000,000	281,039,330	250,000,000	(6,322,792,887)	(6,072,792,887)	(3,197,452,217)
Total comprehensive loss for the period								
Loss for the period	-	-	-	-	-	(275,403,767)	(275,403,767)	(275,403,767)
Other comprehensive income	-	-	-	-	-	46,183,175	46,183,175	46,183,175
	-	-	-	-	-	(229,220,592)	(229,220,592)	(229,220,592)
Balances as at December 31, 2015	2,594,301,340	98,039,330	183,000,000	281,039,330	250,000,000	(6,552,013,479)	(6,302,013,479)	(3,426,672,809)

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


CHIEF EXECUTIVE


DIRECTOR

AMTEX LIMITED
CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS (Un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015

1. STATUS AND ACTIVITIES

- 1.1 Amtex Limited (the Company) is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 and listed on Karachi Stock Exchange in Pakistan. The registered office of the Company is situated at P-225, Tikka Gali No. 2, Montgomery Bazar, Faisalabad. The principal business of the Company is export of all kinds of value added fabrics, textile made-ups, casual and fashion garments duly processed. The Company is also engaged in the business of manufacturing and sale of yarn. The cloth processing unit and stitching units are located at 1 KM Jaranwala Road, Khurrianwala, District Faisalabad and spinning unit is located at 30 KM Sheikhpura Road, Khurrianwala, District Faisalabad, in the province of Punjab.
- 1.2 Pursuant to scheme of arrangement approved by the Honorable Lahore High Court, Lahore, assets, liabilities and reserves of Amtex Spinning Limited were merged with the assets, liabilities and reserves of the Company with effect from April 01, 2003.
- 1.3 The Company has incurred loss before taxation of Rs. 263,901,151/- and its sales have also been decreased during the period as compared to previous corresponding period. Under utilization of production capacity because of continuous load management by the utility companies has resulted in higher operating cost. Due to slow turnover of stocks and collection of trade debts, the company is facing tight cash flow situation and has not been able to comply with the terms of certain loan agreements. The company is in litigation with sukuk unit holders and certain other banks / financial institutions and creditors have filed suit against the company for recovery of their outstanding debts and served legal notices against the company which the management is defending.

The management is hopeful that with the improvement in supply of gas and electricity, the production and operating results will improve. The management of the Company has already taken steps for extension and restructuring of loans. The major bankers of the company have agreed to restructure the facilities and negotiations with other banks are in process. There is material uncertainty related to events or conditions which may cast significant doubt about 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. The management is confident that it will be successful in its efforts and hence the Company will be able to continue as a going concern.

- 1.4 This condensed interim financial information is presented in Pak Rupee, which is the company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

- 2.1 This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail.
- 2.2 This condensed interim financial information has been prepared under "historical cost convention" except certain items of property, plant and equipment included at revaluation and staff retirement gratuity carried at present value.
- 2.3 This condensed interim financial information does not include all the information required for annual financial statements, and should be read in conjunction with the Company's published audited financial statements for the year ended June 30, 2015.
- 2.4 This condensed interim financial report is unaudited but subject to limited scope review by the auditors of the Company and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984.
- 2.5 The accounting policies and methods of computation followed in the preparation of this condensed interim financial report is the same as those applied in the preparation of the published audited financial statements for the year ended June 30, 2015.
- 2.6 Standards, amendments to published approved accounting standards and interpretations effective from July 01, 2015:

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods beginning on or after July 01, 2015 but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in this condensed interim financial report.

- 2.7 Standards, amendments to published approved accounting standards and interpretations effective as adopted in Pakistan, those are not yet effective:

There are other amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after July 01, 2015 but are considered not to be relevant or do not have any significant effect on Company's operations and are, therefore, not detailed in this condensed interim financial report.

	Note	Un-audited December 31, 2015 Rupees	Audited June 30, 2015 Rupees
3. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Opening balance	3.1	1,730,109,065	1,894,881,582
Less:			
Transferred to Comprehensive Income for the period / year in respect of :			
Incremental depreciation for the period / year		46,183,175	102,700,076
Surplus realised on disposal of assets during the period / year		-	62,072,441
		46,183,175	164,772,517
		<u>1,683,925,890</u>	<u>1,730,109,065</u>

3.1. This represents surplus on revaluation of freehold land, building on freehold land, plant and machinery, electric installations and factory equipment. Revaluation of freehold land on market value basis and building on freehold land, plant and machinery, electric installations and factory equipment on depreciated replacement values basis was carried out by independent valuers M/S Observers (Private) Limited as at June 03, 2004, by M/S BFA (Private) Limited as at June 30, 2009 and latest revaluation was carried out by independent valuers M/S Empire Enterprises (Pvt) Limited as at December 31, 2012 on depreciated replacement values basis.

4. Redeemable capital

Secured			
Sukuk certificates	4.1	379,166,665	379,166,665
Less : Current portion shown under current liabilities			
Installment overdue		379,166,665	379,166,665
Payable within one year		-	-
		<u>379,166,665</u>	<u>379,166,665</u>
		<u>-</u>	<u>-</u>

4.1 On the reporting date the installment of redeemable capital amounting to Rs. 379.17 million along with markup of Rs. 100.03 million are due, however, the Company has filed suit under Financial Institutions (Recovery of Finances) Ordinance, 2001 against the sukuk unit holders in the Honorable Lahore High Court and prayed for declaration of undertaking to purchase the sukuk units at a pre-agreed price as void, unlawful and satisfaction of obligations against the existing amounts paid. The Company has also sought relief of suspension of operation of the undertaking and the bank guarantee issued there under till the final decision of the suit.

As per the interim order of The Honorable Lahore High Court the guarantor has deposited two overdue rentals in an escrow account opened by the Deputy Registrar (Judicial) to secure the payments due under the sukuk arrangement.

In furtherance to its earlier order, The Honorable Lahore High Court, Lahore has directed the guarantor by another order to deposit the remaining overdue rentals, as claimed by the sukuk unit holders, in above referred escrow account opened by the Deputy Registrar (Judicial) to secure the payments due under sukuk arrangement. Financial impact of this order has not been acknowledged in these interim financial statements.

5. Long term financing

Secured			
From banking companies and financial institutions			
Under mark-up arrangements	5.1		
Demand finance	5.2	1,764,130,216	1,783,596,216
Term finance		150,000,000	150,000,000
Long term finances		19,176,163	19,176,163
Syndicated term finance		10,500,000	10,500,000
Morabaha finance		19,301,582	19,301,582
Morabaha finance II		161,695,654	169,441,764
Not subject to markup			
Demand finance		33,216,000	33,216,000
Ijarah facility	5.3	7,960,347	-
		<u>2,165,979,962</u>	<u>2,185,231,725</u>
Less: Current portion			
Installments due / overdue		540,691,620	419,842,913
Payable within one year		258,200,503	207,278,979
		<u>798,892,123</u>	<u>627,121,892</u>
		<u>1,367,087,839</u>	<u>1,558,109,833</u>

5.1. These are secured against specific charges on fixed assets, first charge over fixed and current assets ranking pari passu with the charges created in respect of short term borrowings, ranking charge over fixed assets and equitable and registered mortgage of properties of the Company and its associates. These are further secured against ranking charge over current assets, pledge of sponsor's 45 million shares in the Company, counter bank guarantee of Rs. 340 million and personal guarantee of all directors of the Company. Bank guarantee is secured against first charge over current assets of the Company.

- 5.2. The effective rate of mark up ranges from 3.90% to 10.01% per annum (June 30, 2015: 5% to 13.21% per annum).
- 5.3. The company has entered into restructuring agreement with the M/S First Punjab Modaraba in respect of ijarah facility No. 199 as on September 04, 2015, as a result of which full and final amount of Rs. 11,260,347 has been decided against outstanding principle and markup, which will be paid in 10 monthly rentals starting from August 31, 2015 and ending on May 31, 2016.
- 5.4. As per terms of agreement with a bank, the recommendation, declaration and payment of dividend is subject to prior written approval of the bank.

6. Short term borrowings

- 6.1. The aggregate unavailed borrowing facilities available to the Company are Rs. 12.780 million (June 30, 2015: Nil).
- 6.2. Short term borrowings, excluding cash finances are secured against lien on export documents, hypothecation of current assets, first charge over current assets ranking pari passu with the charges created in respect of long term financing and ranking charge over current assets of the Company. These are further secured against first charge over fixed assets ranking pari passu with the charges created in respect of long term financing, ranking charge over fixed assets and by personal guarantee of directors of the Company. Cash finances are secured against pledge of stocks and personal guarantee of directors of the Company.

The effective rate of mark up charged during the period / year ranges from 5.62% to 23.725% per annum (June 30, 2015: 7.28% to 23.725% per annum).

7. Contingencies & commitments

7.1. Contingencies

There is no material change in the status of contingencies as disclosed in note # 14.1 of the financial statements for the year ended June 30, 2015 except following:

- a. As disclosed in note # 14.1 (c) of the audited financial statements for the year ended June 30, 2015, Amtex Ltd. has filed suit in the court of Honorable Senior Civil Judge Faisalabad against M/S Pakistan Cargo Services Private Limited for the recovery of Rs. 12,019,087/- . The case has been dismissed for want of evidence. Being aggrieved, company has filed writ petition before Honorable Lahore High Court, Lahore against the dismissal order passed by Senior Civil Judge Faisalabad and the same is pending adjudication.
- b. The Company has challenged before Honorable Lahore High Court, Lahore the notice for the registration under the Punjab Sales Tax on Services Act 2012 issued by Punjab Revenue Authority. It is contended that Company could not be treated as "Manufacturer" and "Service Provider" at the same time and is required to pay tax under both the Federal and Provincial Sales Tax Laws. Honorable Lahore High Court, Lahore has issued stay order in favor of the company against such notice of registration and the same is pending adjudication.
- c. As disclosed in note # 14.1 (k) of the audited financial statements for the year ended June 30, 2015 M/S Saudi Pak Industrial & Agricultural Investment Company Ltd has instituted a suit for recovery of Rs. 19,122,367/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable Banking Court No. II, Lahore against the company. Court has passed the decree against the company and the company has filed an appeal against the court order before Honorable Lahore High Court, Lahore. The Honorable Lahore High Court, Lahore has granted stay against the decree and in compliance of court order, the Company has deposited demand draft amounting to Rs. 2,625,000/- as at 12-Feb-2016 in the name of Judge Banking Court Lahore and same is pending adjudication.
- d. The Company has filed writ petition in Honorable Lahore High Court, Lahore against Commissioner Inland Revenue Regional Tax Office Faisalabad, Revenue Officer Faisalabad, Faisalabad Electric Supply Company and others regarding illegal and unlawful levy of General Sales Tax on newly acquired electric connection / bill of spinning division. The court has granted interim relief for the month of January 2016 and further ordered the respondents to decide the issue within a period of one month.
- e. The Company has filed appeal before Commissioner Inland Revenue (Appeals), Regional Tax Office Faisalabad against unlawful rejection of sales tax refunds deferred due to different objections in supply chain .The case is pending before CIR (Appeals), based on opinion of legal counsel the related provision is not made in these financial statements in view of favorable outcome of the reference.
- f. The Company has filed petition and challenged the imposition of various surcharges on the consumption of electricity and obtained stay order from Honorable Lahore High Court. No any provision is made in these financial statements based on the opinion of the legal council that there is not likelihood of unfavorable outcome or any potential loss.
- g. The Company has filed writ petition in honourable Lahore High Court Lahore against Board of Trustees Employees Old Age Benefits Institution (EOBI) against orders of Adjudicating Authority and Appellate ex-parte decision to the extent of burdening the petitioner to pay penalty and increased employee share. Based on opinion of legal counsel the no provision is made in view of favorable outcome of the reference.
- h. The Company is defendant in various legal proceedings initiated by ex-employees in labor / civil courts. The Company expects decisions in its favor based on grounds of case and legal opinion hence no provision has been made.

- i. The Company has not fully recognised mark up on redeemable capital and on long and short term financing due to litigations and also due to settlements with other banks. Had the mark up been fully charged the loss for the period would have been increased by Rs. 342.510 million (June 30, 2015: Rs. 848.496 million) and accumulated loss and interest / markup payable would have been increased by Rs. 2,158.655 million (June 30, 2015: Rs. 1,816.145 million).
- j. Financial impact, if any, of the above (a to i) has not been acknowledged in these financial statements because of pending litigations.

		Un-audited December 31, 2015 Rupees	Audited June 30, 2015 Rupees
7.2. Commitments			
Bank guarantees issued in favour of Sui Northern Gas Pipelines Limited for supply of gas.		39,018,000	39,018,000
Claim of workers' welfare fund not acknowledged. The Company is claiming exemption from the levy.		3,333,305	3,333,305
Bank guarantees issued in favour of Faisalabad Electric Supply Corporation for new connection.		8,940,000	8,940,000
8. Property, plant and equipment			
Operating fixed assets	8.1	4,176,191,573	4,299,280,603
Capital work in progress		35,232,324	35,232,324
		<u>4,211,423,897</u>	<u>4,334,512,927</u>
8.1. Operating fixed assets			
Opening balance written down value		4,299,280,603	4,673,948,551
Additions during 6 months / 12 months:	8.1.1	15,738,689	15,480,163
Deletions during 6 months / 12 months:	8.1.2	(2,028,000)	(88,776,573)
Depreciation charge for 6 months / 12 months		(138,145,186)	(302,342,905)
Depreciation adjustment for disposal		1,345,467	971,367
Closing written down value		<u>4,176,191,573</u>	<u>4,299,280,603</u>
8.1.1. Additions during 6 months / 12 months:			
Plant and machinery		13,316,252	12,761,297
Office equipment		-	175,950
Laboratory equipment		-	120,000
Vehicles		2,422,437	2,422,916
		<u>15,738,689</u>	<u>15,480,163</u>
8.1.2 Deletions during 6 months / 12 months:			
Freehold land		-	(86,560,573)
Vehicles		(2,028,000)	(2,216,000)
		<u>(2,028,000)</u>	<u>(88,776,573)</u>
9. Long term deposits			
Against utilities		52,498,038	45,968,371
Against TFC		9,374,497	9,374,497
		<u>61,872,535</u>	<u>55,342,868</u>
10. Trade debts			
Considered good			
Unsecured			
Foreign		3,836,230,645	3,821,556,302
Local		162,985,353	204,847,263
		<u>3,999,215,998</u>	<u>4,026,403,565</u>
Considered doubtful			
Unsecured			
Foreign		3,322,845,608	3,322,845,608
Less: Provision for doubtful debts		(3,322,845,608)	(3,322,845,608)
		<u>-</u>	<u>-</u>
		<u>3,999,215,998</u>	<u>4,026,403,565</u>

	Un-audited December 31, 2015 Rupees	Audited June 30, 2015 Rupees
10.1. Not past due	233,029,424	262,186,968
Past due within one year	7,832,129	5,862,152
Past due more than one year	7,081,200,053	7,081,200,053
	<u>7,089,032,182</u>	<u>7,087,062,205</u>
	<u>7,322,061,606</u>	<u>7,349,249,173</u>

	Note	Quarter ended December 31, 2015 Rupees	2014 Rupees	Half year ended December 31, 2015 Rupees	2014 Rupees
11. Cost of sales					
Cost of goods manufactured	11.1	611,371,448	574,882,147	1,301,138,132	1,307,319,351
Finished goods					
Opening stock		1,164,287,479	1,521,655,263	1,158,722,465	1,524,454,715
Closing stock	11.2	(1,169,659,517)	(1,393,933,111)	(1,169,659,517)	(1,393,933,111)
		<u>(5,372,038)</u>	<u>127,722,152</u>	<u>(10,937,052)</u>	<u>130,521,604</u>
		<u>605,999,410</u>	<u>702,604,299</u>	<u>1,290,201,080</u>	<u>1,437,840,955</u>
11.1. Cost of goods manufactured					
Raw material consumed	11.1.1	243,746,965	234,593,541	551,773,220	616,345,258
Salaries, wages and benefits		88,402,569	74,533,636	164,230,731	149,865,511
Staff retirement benefits		1,455,000	1,350,000	2,675,544	2,562,100
Stores and spares		23,274,595	25,695,165	41,947,349	37,962,124
Dyes and chemicals		61,321,465	35,957,751	118,117,255	83,267,487
Packing material		18,981,036	10,306,802	46,552,617	22,390,266
Conversion and processing charges		1,129,289	2,626,462	5,629,015	2,877,055
Engraving and wadding		4,206,411	5,126,212	5,907,219	10,021,613
Repairs and maintenance		3,571,205	1,017,219	6,983,592	6,766,891
Fuel and power		88,765,988	103,428,148	184,356,438	205,678,145
Insurance		311,829	29,624	652,341	399,946
Depreciation		68,026,109	74,351,903	135,965,310	148,628,407
Other		2,004,858	1,461,399	15,633,528	12,500,311
		<u>605,197,319</u>	<u>570,477,862</u>	<u>1,280,424,159</u>	<u>1,299,265,114</u>
Work in process					
Opening stock		164,341,514	201,329,851	178,881,358	204,979,803
Closing stock		(158,167,385)	(196,925,566)	(158,167,385)	(196,925,566)
		<u>6,174,129</u>	<u>4,404,285</u>	<u>20,713,973</u>	<u>8,054,237</u>
		<u>611,371,448</u>	<u>574,882,147</u>	<u>1,301,138,132</u>	<u>1,307,319,351</u>

11.1. It includes an amount of Rs. Nil (June 30, 2015: Rs. 90.122 million) in respect of write down of inventories to net realisable value as per valuation report given by an independent valuer.

11.2. It includes an amount of Rs. Nil (June 30, 2015: Rs. 171.400 million) in respect of write down of inventories to net realizable value as per valuation report given by an independent valuer.

12. Overdue loans

On the reporting date the installments of redeemable capital amounting to Rs. 379.167 million alongwith mark up of Rs.100.032 million, long term finances amounting to Rs. 540.692 million alongwith mark up of Rs. 247.848 million, lease finance amounting to Rs. 67.326 million alongwith mark up of Rs. 19.907 million and short term borrowings amounting to Rs.6,474.716 million along with mark up of Rs.2,364.521 million were over due.

On reporting date, the carrying amount of loans relevant to above overdue are redeemable capital of Rs. 379.167 million, long term finances of Rs. 2,004.284 million, lease finance of Rs. 67.326 million and short term borrowings of Rs. 6,474.716 million.

Overdue installment of long term finance was paid subsequently amounting to Rs. 4.340 million.

13. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, directors of the company and key management personnel. The company in the normal course of business carries out transaction with related parties. The transactions with related parties other than those disclosed in relevant notes are as follows;

	Un-audited December 31, 2015 Rupees	Audited June 30, 2015 Rupees
Associated companies:		
Transactions during the year		
Rent received	-	180,000
Purchase from Shama Exports (Pvt.) Ltd.	3,080,098	-
Sales to Shama Exports (Pvt.) Ltd.	-	<u>527,717</u>
.		
Balance at year end		
Payable to Shama Exports (Pvt.) Ltd.	<u>3,062,156</u>	<u>-</u>

14. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 29, 2016 by the Board of Directors of the Company.

15. GENERAL

15.1. Provision for taxation are based on this condensed interim financial information and is subject to adjustments in annual financial statements.

15.2. Figures have been rounded off to the nearest Rupee.


CHIEF EXECUTIVE


DIRECTOR