

AMTEX LIMITED

Half Yearly Report
December 31, 2016





Excellence Without Compromise



Amtex Limited
 1-Km. Khurrianwala Jaranwala Road, Faisalabad Pakistan.
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 E-mail: amtex@amtextile.com URL: http://www.amtextile.com

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, 2016.

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,	
	2016	2015	2016	2015
	Rupees	Rupees	Rupees	Rupees
Sales	375,438,628	533,970,103	901,164,797	1,154,937,922
Cost of sales	426,509,489	605,999,410	1,013,751,621	1,290,201,080
Gross loss	(51,070,861)	(72,029,307)	(112,586,824)	(135,263,158)
Net loss for the period	(112,918,974)	(145,579,295)	(233,696,831)	(275,403,767)
Loss per share - Basic and diluted	(0.44)	(0.56)	(0.90)	(1.06)

During 1st half year under review company incurred gross loss of Rs.112.586 million as compared to gross loss of Rs.135.263 million in the corresponding period of last year and net loss of Rs.233.696 million as compared to net loss of Rs.275.403 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.901.164 million in first half year against sales of Rs.1,154.937 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 233.696 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 partial 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 been made to the other financial institutions. In view of the above the management is hopeful that it will be successful in its efforts and company will be able to continue as a going concern.



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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 is the largest export making industry in Pakistan and due to high cost of doing business textile industry in Pakistan is facing stiff competition from the rival countries. The large amounts of working capital of textile industry are stuck up in the various tax refunds due that Government has held to manage its fiscal deficit at the expense of exporters. There is continuous decline in the textile exports since last many years and banks are also reluctant to provide financing facilities to the ailing textile units. In this year 2017 Government of Pakistan has announced a package to support the export oriented industries and to reduce their cost of doing business. The future of growth of exports and textile industry mainly depends on the actual realization of the supports announced by the Government, release of refunds to exporters and on availability of financial support from 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 28, 2017

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, 2016** 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, 2016 and 2015 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, 2016.

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. 112.587 million (June 2016: Rs. 623.096 million), net loss of Rs. 233.696 million (June 2016: Rs. 1,525.898 million) during the period ended December 31, 2016 and as at that date, accumulated losses are Rs. 7,950.642 million (June 2016: Rs. 7,758.481 million) and current liabilities exceeded its current assets by Rs. 4,986.135 million (June 2016: Rs. 4,775.091 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, 2016. 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;

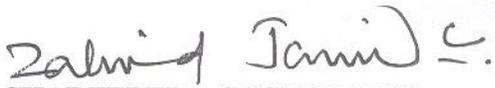
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- b) Trade debtors amounting to Rs. 7,100.677 million (June 2016: Rs. 7,109.239 million) remained unconfirmed / un-reconciled in the absence of balance confirmations and relevant information. Past due foreign debtors amounting to Rs. 7,053.560 million (June 2016: Rs. 7,069.613 million) are impaired, the company has made the provision amounting to Rs. 3,933.360 million (June 2016: Rs. 3,933.360 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. 3,120.199 million (June 2016: Rs. 3,136.253 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. 345.098 million (June 2016: Rs. 668.464 million), mark up payable and accumulated losses would have been increased by Rs. 2,829.73 million (June 2016: Rs. 2,484.632 million).

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, 2016 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 28, 2017


Zahid Jamil & Co.
CHARTERED ACCOUNTANTS
(Engagement Partner: Muhammad Amin)

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AMTEX LIMITED
CONDENSED INTERIM BALANCE SHEET (Un-audited)
AS AT DECEMBER 31, 2016

	Un-audited December 31 2016	Audited June 30 2016		Un-audited December 31 2016	Audited June 30 2016
Note	Rupees	Rupees	Note	Rupees	Rupees
EQUITY AND LIABILITIES			ASSETS		
SHARE CAPITAL AND RESERVES			NON-CURRENT ASSETS		
Authorised capital 260,000,000 (June 2016: 260,000,000) ordinary shares of Rs.10/- each	<u>2,600,000,000</u>	<u>2,600,000,000</u>	Property, plant and equipment	8 3,951,480,379	4,078,928,051
Issued, subscribed and paid up capital	2,594,301,340	2,594,301,340	Long term deposits	9 62,021,425	62,021,425
Reserves	(7,419,603,662)	(7,227,441,423)		4,013,501,804	4,140,949,476
	(4,825,302,322)	(4,633,140,083)			
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	3 1,596,208,122	1,637,742,714			
NON-CURRENT LIABILITIES					
Redeemable capital	4 -	-			
Long term financing	5 1,431,916,279	1,580,939,617			
Liabilities against assets subject to finance lease	-	-			
Deferred liabilities	824,544,507	780,316,203			
	2,256,460,786	2,361,255,820			
CURRENT LIABILITIES			CURRENT ASSETS		
Trade and other payables	334,217,599	385,792,130	Stores, spares and loose tools	665,622,959	664,545,130
Interest / markup payable	2,605,325,006	2,599,616,255	Stock in trade	1,733,363,687	1,797,415,644
Short term borrowings	6 7,355,323,405	7,371,076,295	Trade debts	10 3,280,501,788	3,357,835,924
Current portion of non-current liabilities	867,073,793	739,812,129	Loans and advances	9,481,870	21,333,830
	11,161,939,803	11,096,296,809	Deposits and prepayments	8,021,304	9,998,782
			Other receivables	95,107,773	94,798,690
			Tax refunds due from the Government	222,141,316	229,188,251
			Cash and bank balances	161,563,888	146,089,533
				6,175,804,585	6,321,205,784
CONTINGENCIES & COMMITMENTS	7 -	-			
	<u>10,189,306,389</u>	<u>10,462,155,260</u>		<u>10,189,306,389</u>	<u>10,462,155,260</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, 2016

	Note	Quarter ended December 31,		Half year ended December 31,	
		2016	2015	2016	2015
		Rupees	Rupees	Rupees	Rupees
Sales		375,438,628	533,970,103	901,164,797	1,154,937,922
Cost of sales	11	<u>426,509,489</u>	<u>605,999,410</u>	<u>1,013,751,621</u>	<u>1,290,201,080</u>
Gross loss		(51,070,861)	(72,029,307)	(112,586,824)	(135,263,158)
Other income		<u>503,426</u>	<u>6,982</u>	<u>503,426</u>	<u>549,449</u>
		(50,567,435)	(72,022,325)	(112,083,398)	(134,713,709)
Selling and distribution expenses		<u>5,113,983</u>	<u>6,040,911</u>	<u>9,776,723</u>	<u>10,344,024</u>
Administrative expenses		<u>17,462,642</u>	<u>21,104,303</u>	<u>32,778,700</u>	<u>39,453,077</u>
Finance cost		<u>35,881,072</u>	<u>38,114,274</u>	<u>69,920,574</u>	<u>79,390,341</u>
		<u>58,457,697</u>	<u>65,259,488</u>	<u>112,475,997</u>	<u>129,187,442</u>
Loss for the period before taxation		(109,025,132)	(137,281,813)	(224,559,395)	(263,901,151)
Provision for taxation		3,893,842	8,297,482	9,137,436	11,502,616
Net loss for the period		<u>(112,918,974)</u>	<u>(145,579,295)</u>	<u>(233,696,831)</u>	<u>(275,403,767)</u>
Loss per share - Basic and diluted		<u>(0.44)</u>	<u>(0.56)</u>	<u>(0.90)</u>	<u>(1.06)</u>

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, 2016

	Quarter ended December 31,		Half year ended December 31,	
	2016	2015	2016	2015
	Rupees	Rupees	Rupees	Rupees
Net loss for the period	(112,918,974)	(145,579,295)	(233,696,831)	(275,403,767)
Other comprehensive income for the period				
Surplus realized on disposal of revalued assets during the period	-	-	-	-
Incremental depreciation on revalued assets for the period	20,951,045	23,091,587	41,534,592	46,183,175
	20,951,045	23,091,587	41,534,592	46,183,175
Total comprehensive loss for the period	<u>(91,967,929)</u>	<u>(122,487,708)</u>	<u>(192,162,239)</u>	<u>(229,220,592)</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, 2016

	Half year ended December 31, 2016 Rupees	2015 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period before taxation	(224,559,395)	(263,901,151)
Adjustments for:		
Depreciation of property, plant and equipment	127,314,204	138,145,186
Provision for staff retirement gratuity	3,500,750	2,675,544
Gain on disposal of property, plant and equipment	(447,532)	(542,467)
Finance cost	69,920,574	79,390,341
Operating cash flows before working capital changes	(24,271,399)	(44,232,547)
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(1,077,829)	537,711
Stock in trade	64,051,957	2,697,304
Trade debts	77,334,136	27,187,567
Loans and advances	11,851,960	(32,982,875)
Deposits and prepayments	1,977,478	102,433
Other receivables	(309,083)	6,780,656
Tax refunds due from the Government	9,078,939	23,426,224
Increase / (decrease) in current liabilities		
Trade and other payables	(51,574,532)	62,041,137
	111,333,026	89,790,157
Cash generated from operations	87,061,627	45,557,610
Income tax paid	(11,169,440)	(16,208,465)
Finance cost paid	(18,456,468)	(20,404,399)
Staff retirement gratuity paid	(5,027,800)	(2,107,499)
Net cash generated from operating activities	52,407,919	6,837,247
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(889,000)	(15,738,689)
Proceeds from disposal of		
Property, plant and equipment	1,470,000	1,225,000
Long term deposits	-	(6,529,667)
Net cash generated from / (used in) investing activities	581,000	(21,043,356)
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	(19,561,674)	(30,512,110)
Liabilities against assets subject to finance lease	(2,200,000)	-
Short term borrowings - net	(15,752,890)	52,330,800
Net cash (used in) / generated from financing activities	(37,514,564)	21,818,690
Net increase in cash and cash equivalents (a+b+c)	15,474,355	7,612,581
Cash and cash equivalents as at Jun 30,	146,089,533	172,408,298
Cash and cash equivalents at the end of the period	161,563,888	180,020,879

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, 2016

	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 , 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)
Total comprehensive loss for the period								
Loss for the period	-	-	-	-	-	(1,250,493,830)	(1,250,493,830)	(1,250,493,830)
Other comprehensive income	-	-	-	-	-	44,026,556	44,026,556	44,026,556
	-	-	-	-	-	(1,206,467,274)	(1,206,467,274)	(1,206,467,274)
Balances as at June 30, 2016	2,594,301,340	98,039,330	183,000,000	281,039,330	250,000,000	(7,758,480,753)	(7,508,480,753)	(4,633,140,083)
Total comprehensive loss for the period								
Loss for the period	-	-	-	-	-	(233,696,831)	(233,696,831)	(233,696,831)
Other comprehensive income	-	-	-	-	-	41,534,592	41,534,592	41,534,592
	-	-	-	-	-	(192,162,239)	(192,162,239)	(192,162,239)
Balances as at December 31, 2016	2,594,301,340	98,039,330	183,000,000	281,039,330	250,000,000	(7,950,642,992)	(7,700,642,992)	(4,825,302,322)

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, 2016

1. STATUS AND ACTIVITIES

- 1.1 Amtex Limited (the Company) is a public limited company incorporated in Punjab, Pakistan under the Companies Ordinance, 1984 and listed on Pakistan Stock Exchange limited (formerly Karachi Stock Exchange Limited) 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 and fabrics on its own & conversion basis. 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. 224,559,395/- 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. Moreover, the operation of our spinning division were temporarily closed in the 2nd week of October, 2016 only for maintenance of plant and machinery, the Company is planning to resume its operation in the normal course of business during 1st week of March 2017.

The management is hopeful that with the improvement in supply of energy, 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, 2016.
- 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, 2016.
- 2.6 Standards, amendments to published approved accounting standards and interpretations effective from July 01, 2016. 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, 2016 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, 2016 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, 2016 Rupees	Audited June 30, 2016 Rupees
3. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Opening balance	3.1	1,637,742,714	1,730,109,065
Less:			
Transferred to Comprehensive Income for the period / year in respect of :			
Incremental depreciation for the period / year		41,534,592	92,366,351
Surplus realised on disposal of assets during the period / year		-	-
		<u>41,534,592</u>	<u>92,366,351</u>
		<u>1,596,208,122</u>	<u>1,637,742,714</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.

		Un-audited December 31, 2016 Rupees	Audited June 30, 2016 Rupees
4. Redeemable capital			
Secured			
Sukuk certificates	4.1	-	379,166,665
Less : Adjusted during the year		-	(379,166,665)
		<u>-</u>	<u>-</u>

- 4.1 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 two different interim orders of The Honorable Lahore High Court, Lahore guarantor has deposited the amount of guarantee against all overdue rentals, as claimed by the sukuk unit holders amounting Rs. 529,734,801, in an escrow account opened by the Deputy Registrar (Judicial) to secure the payments due under sukuk arrangement. The payable sukuk rentals, as claimed by the sukuk holders, have been adjusted in these financial statements against the amounts paid by the guarantor, however, due to pending litigation, sukuk unit holders have not received these payments and sukuk unit holders have not acknowledged the adjustment of sukuk rentals.

Further, in its final order The Honorable Lahore High Court, Lahore has dismissed the above referred suit, with no findings on the issue and prayer of the Company, stating that this Court lacks jurisdiction under Financial Institutions (Recovery of Finances) Ordinance, 2001 and the plaint is returned to the plaintiff (Company) to be presented to the court in which the suit should have been instituted. Being aggrieved Company has filed first appeal against this order before Division Bench of Honorable Lahore High Court, Lahore and same is pending for adjudication and in its interim order Division Bench has passed stay order that no amount will be withdrawn, paid by the guarantor, from escrow account opened by the Deputy Registrar (Judicial) up till further orders in this matter.

5. Long term financing

Secured

From banking companies and financial institutions

Under mark up arrangements

Demand finance	5.1	1,744,910,419	1,759,020,216
Term finance		150,000,000	150,000,000
Long term finances		19,176,163	19,176,163
Syndicated term finance		7,875,000	7,875,000
Morabaha finance		19,301,582	19,301,582
Morabaha finance II		154,643,623	160,095,500

Not subject to markup

Demand finance		134,835,000	134,835,000
		<u>2,230,741,787</u>	<u>2,250,303,461</u>

Less: Current portion

Installments due / overdue		509,124,300	394,928,822
Payable within one year		289,701,208	274,435,022
		<u>798,825,508</u>	<u>669,363,844</u>
		<u>1,431,916,279</u>	<u>1,580,939,617</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 3.04% to 10.01% per annum (June 30, 2016: 3.65% to 10.05% per annum).
- 5.3. 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. 54.780 million (June 30, 2016: 2.371 million).

- 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 5.04% to 23.725% per annum (June 30, 2016: 5.36% 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, 2016 except following:

- As disclosed in Note 14.1 (k) of the audited financial statements for the year ended June 30, 2016 M/S Habib Bank Ltd has instituted a suit for recovery of Rs. 946,312,769/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable High Court Lahore against the company. Court has passed the decree in favor of Habib Bank Ltd and the company has filed an appeal against the court decree order before Honorable Lahore High Court, Lahore and the appeal is pending for adjudication.
- As disclosed in Note 14.1 (m) of the audited financial statements for the year ended June 30, 2016 M/S Askari Bank Ltd has instituted a suit for recovery of Rs. 619,486,166/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable High Court Lahore against the company. Court has passed the decree in favor of Askari Bank Ltd and the company filed an appeal against the court decree order before Honorable Lahore High Court, Lahore and this appeal is pending for adjudication.
- Company has filed writ petition before Honorable Islamabad High Court praying to set aside the order, issued by Executive Director (Corporate and Supervision Department) Securities and Exchange Commission of Pakistan (SECP), for appointment of inspectors to carry out investigation in to the affairs of the Company, the writ petition filed and matter is sub-judice and Honorable Islamabad High Court through its interim order has suspended the operation of order for appointment of inspectors.
- The Company has not fully recognized mark up on long and short term financing due to pending litigations and also due to settlements with other banks.
- Financial impact, if any, of the above (a to d) has not been acknowledged in these financial statements because of pending litigations.

	Un-audited December 31, 2016 Rupees	Audited June 30, 2016 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
Bank guarantees issued in favour of		
Faisalabad Electric Supply Corporation for new connection.	8,940,000	8,940,000
Collector of Custom	21,486,791	21,486,791

8. Property, plant and equipment

Operating fixed assets	8.1	<u>3,951,480,379</u>	<u>4,078,928,051</u>
8.1. Operating fixed assets			
Opening balance written down value		4,078,928,051	4,299,280,603
Additions during 6 months / 12 months:	8.1.1	889,000	18,897,259
Deletions during 6 months / 12 months:	8.1.2	(1,983,293)	(4,815,035)
Depreciation charge for 6 months / 12 months		(127,314,204)	(277,002,135)
Depreciation adjustment for disposal		960,825	2,816,803
Transfer from capital work in process		-	39,750,556
Closing written down value		<u>3,951,480,379</u>	<u>4,078,928,051</u>
8.1.1. Additions during 6 months / 12 months:			
Plant and machinery		-	13,316,252
Office equipment		889,000	-
Vehicles		-	5,581,007
		<u>889,000</u>	<u>18,897,259</u>

	Un-audited December 31, 2016 Rupees	Audited June 30, 2016 Rupees
8.1.2 Deletions during 6 months / 12 months:		
Vehicles	(1,983,293)	(4,815,035)
	<u>(1,983,293)</u>	<u>(4,815,035)</u>
9. Long term deposits		
Against utilities	52,646,928	52,646,928
Against TFC	9,374,497	9,374,497
	<u>62,021,425</u>	<u>62,021,425</u>
10. Trade debts		
Considered good		
Unsecured		
Foreign	3,167,316,780	3,175,878,516
Local	113,185,008	181,957,408
	<u>3,280,501,788</u>	<u>3,357,835,924</u>
Considered doubtful		
Unsecured		
Foreign	3,933,360,396	3,933,360,396
Less: Provision for doubtful debts	(3,933,360,396)	(3,933,360,396)
	<u>-</u>	<u>-</u>
	<u>3,280,501,788</u>	<u>3,357,835,924</u>
10.1. Not past due	160,302,523	213,859,849
Past due within one year	-	7,722,964
Past due more than one year	7,053,559,661	7,069,613,507
	<u>7,053,559,661</u>	<u>7,077,336,471</u>
	<u>7,213,862,184</u>	<u>7,291,196,320</u>

	Note	Quarter ended December 31,		Half year ended December 31,	
		2016	2015	2016	2015
		Rupees	Rupees	Rupees	Rupees
11. Cost of sales					
Cost of goods manufactured	11.1	412,522,648	611,371,448	997,843,074	1,301,138,132
Finished goods					
Opening stock		912,598,880	1,164,287,479	914,520,586	1,158,722,465
Closing stock	11.2	(898,612,039)	(1,169,659,517)	(898,612,039)	(1,169,659,517)
		<u>13,986,841</u>	<u>(5,372,038)</u>	<u>15,908,547</u>	<u>(10,937,052)</u>
		<u>426,509,489</u>	<u>605,999,410</u>	<u>1,013,751,621</u>	<u>1,290,201,080</u>

11.1. Cost of goods manufactured					
		2016	2015	2016	2015
		Rupees	Rupees	Rupees	Rupees
Raw material consumed	11.1.1	99,861,020	243,746,965	314,113,608	551,773,220
Salaries, wages and benefits		53,550,169	88,402,569	142,187,067	164,230,731
Staff retirement benefits		2,150,000	1,455,000	3,500,750	2,675,544
Stores and spares		23,248,874	23,274,595	47,543,653	41,947,349
Dyes and chemicals		54,738,690	61,321,465	119,190,863	118,117,255
Packing material		12,388,462	18,981,036	29,402,595	46,552,617
Conversion and processing charges		281,622	1,129,289	585,840	5,629,015
Engraving and wadding		2,915,428	4,206,411	6,115,943	5,907,219
Repairs and maintenance		1,082,990	3,571,205	2,288,026	6,983,592
Fuel and power		79,671,621	88,765,988	175,226,734	184,356,438
Insurance		351,957	311,829	573,151	652,341
Depreciation		62,631,024	68,026,109	125,262,045	135,965,310
Other		6,603,807	2,004,858	19,839,049	15,633,528
		<u>399,475,664</u>	<u>605,197,319</u>	<u>985,829,324</u>	<u>1,280,424,159</u>
Work in process					
Opening stock		136,562,384	164,341,514	135,529,150	178,881,358
Closing stock		(123,515,400)	(158,167,385)	(123,515,400)	(158,167,385)
		<u>13,046,984</u>	<u>6,174,129</u>	<u>12,013,750</u>	<u>20,713,973</u>
		<u>412,522,648</u>	<u>611,371,448</u>	<u>997,843,074</u>	<u>1,301,138,132</u>

- 11.1.1. It includes an amount of Rs. Nil (June 30, 2016: Rs. Nil) 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, 2016: Rs. 274.28 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 long term finances amounting to Rs. 509.124 million alongwith mark up of Rs. 104.708 million, lease finance amounting to Rs. 68.248 million alongwith mark up of Rs. 19.619 million and short term borrowings amounting to Rs.6,995.252 million along with mark up of Rs.2,573.625 million were over due.

On reporting date, the carrying amount of loans relevant to above overdue are, long term finances of Rs. 2,230.741 million, lease finance of Rs. 68.248 million and short term borrowings of Rs. 7,355.323 million.

Overdue installment of long term finance was paid subsequently amounting to Rs. 7.433 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, 2016 Rupees	Audited June 30, 2016 Rupees
Transactions during the year		
Rent received	-	180,000
Services acquired from Shama Exports (Pvt.) Ltd.	-	3,080,098

14. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 28, 2017 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

برآمد کنندگان کو ٹیکس ریفرنڈز کی ادائیگی اور بینکوں / مالیاتی اداروں کی جانب سے قرضوں کی فراہمی پر ہی ہے۔

توثیقی بیان :

آپ کی کمپنی کے ڈائریکٹر صاحبان کی جانب سے بینکوں ، مالی اداروں ، شراکت داروں اور ریگولیٹرز کی معاونت قابل تحسین ہے اور مستقبل میں بھی ایسی ہی امید وابستہ کی جاتی ہے۔

نیز آپ کے کمپنی کے ڈائریکٹر صاحبان کی جانب سے کمپنی ہذا کے سٹاف اور ورکرز کا پختہ عزم ، محنت اور مستقل مزاجی قابل تحسین ہے۔

خرم افتخار
چیف ایگزیکٹو

فیصل آباد

بتاریخ 28 فروری 2017

حال میں سخت پریشانی کا سامنا کرنا پڑا ہے اور ان حالات میں کمپنی اس قابل نہیں کہ وہ اپنی موجودہ قرض کی ذمہ داری سے احسن طریقہ سے بری ہو سکے۔ بینکوں کے قرضوں کو منظم رکھنے کے لیے اور قرضے کی ادائیگی کی شرائط کے بارے میں بینکوں کے ساتھ کمپنی کی جانب سے گفت و شنید کی جا رہی ہے اور اس بارے میں مستقبل کے منافع کیش کا بہاؤ اور دیگر متعلقہ پیشگوئیں کو مد نظر رکھا جا رہا ہے کچھ بینکوں کی جانب سے کمپنی کے قرضوں کی شرائط از سر نو ترتیب دی گئی ہیں اور تازہ سرمایہ کاری کی منظوری بابت برآمدی کاروبار کو بحال کرنے کے لیے دی گئی ہے اور دیگر مالی اداروں سے بھی یہ استدعا پہلے ہی کی جا چکی ہے۔ مذکورہ بالا صورت حال کے پیش نظر کمپنی منتظمین ڈائریکٹرز پر اعتماد ہیں کہ وہ اپنی کاوشوں میں کامیابی سے سرخرو ہونگے اور کمپنی اس قابل ہو جائیگی کہ وہ اپنے کاروبار کو جاری رکھ سکے۔

کچھ بینکوں / مالی ادارہ کی جانب سے کمپنی سے اپنی سرمایہ کاری رقم / قرض اور مارک اپ کی رقم کو وصول کرنے کے لیے مجاز عدالتوں میں دعوے دائر کیے گئے ہیں لہذا کمپنی ایسے بینکوں کی واجب الادا قرض اور سرمایہ کاری کی رقم کی بابت مالی لاگت کو کاؤٹس میں نہیں لے رہی اور اس رقم کی وضاحت کھاتہ جات کے نوٹس میں بیان کی گئی ہے۔ قانونی رائے پر انحصار کرتے ہوئے کمپنی کی جانب سے اس بات کو محسوس کیا گیا ہے کہ دعویٰ کے دائر ہونے کے بعد، بینک / مالی ادارہ کو صرف کمپنی سے فنڈ کی لاگت کی رقم کا استحقاق حاصل ہے اگر عدالت کی جانب سے دعویٰ کی نسبت بینک کو کمپنی کے خلاف فیصلہ مل جائے۔ اس لیے عدالتی فیصلوں کے التوا اور سٹیٹ بینک آف پاکستان کی جانب سے لاگت فنڈ کی فیصد متعین ہونے تک ایسے بینکوں کی واجب الادا قرض کی مالی لاگت کا تخمینہ نہیں لگایا جاسکتا۔

مستقبل کے امکانات :

ٹیکسٹائل کی صنعت پاکستان کی سب سے بڑی برآمدی صنعت ہے اور زیادہ پیداواری لاگت کی وجہ سے پاکستان میں ٹیکسٹائل کی صنعت کو حریف ممالک کے ساتھ سخت مقابلے کا سامنا ہے۔ ٹیکسٹائل کی صنعت کا زیادہ تر ورکنگ سرمایہ مختلف قسم کے ٹیکس ریفرنڈز کی مد میں رکا ہوا ہے جسے حکومت اپنے مالی خسارے کو پورا کرنے کے لیے استعمال کر رہی ہے۔ پچھلے کچھ سالوں سے ٹیکسٹائل برآمدات مسلسل کم ہو رہی ہیں اور بینک / مالیاتی ادارے بھی ٹیکسٹائل کی صنعت کو قرضوں کی سہولیات دینے میں ہچکچاہٹ کا شکار ہیں۔ سال 2017 میں حکومت پاکستان نے برآمدی صنعتوں کی پیداواری لاگت کو کم کرنے کے لیے مراعات کا اعلان کیا ہے۔ برآمدات اور ٹیکسٹائل کی صنعتوں کے مستقبل کا انحصار حکومت کی اعلان کردہ مراعات کی اصل میں وصولی

ڈائریکٹرز کی رپورٹ:

آپ کی کمپنی کے ڈائریکٹرز حضرات آپ کے روبرو 31 دسمبر 2016 کو ختم ہونے والے نصف سال کی ڈائریکٹرز رپورٹ مع غیر آڈٹ شدہ مالیاتی حساب آڈیٹر کی محدود دائرہ کار پر مشتمل ریویو رپورٹ کے ساتھ پیش کرتے ہیں۔

مالی نتائج:

مالی نتائج برائے زیر غور نصف سال مع موازنہ اعداد و شمار بابت سابقہ نصف سال کو ذیل میں پیش کیا جاتا ہے

2015 نصف سال	2016 نصف سال	2015 نصف سال	2016 نصف سال	
روپے	روپے	روپے	روپے	
533,970,103	375,438,628	1,154,937,922	901,164,797	فروخت
605,999,410	426,509,489	1,290,201,080	1,013,751,621	لاگت فروخت
(72,029,307)	(51,070,861)	(135,263,158)	(112,586,824)	مجموعی نقصان
(145,579,295)	(112,918,974)	(275,403,767)	(233,696,831)	بعد از ٹیکس نقصان
(0.56)	(0.44)	(1.06)	(0.90)	

پہلے نصف سال کے دوران کمپنی کو کل نقصان مبلغ 112.586 ملین روپے ہوا جبکہ پچھلے نصف سال کے موازنہ میں کل نقصان مبلغ 135.263 ملین روپے ہوا تھا اور بعد از ٹیکس نقصان مبلغ 233.696 ملین روپے ہوا جبکہ پچھلے نصف سال کے موازنہ میں بعد از ٹیکس نقصان مبلغ 275.403 ملین روپے ہوا تھا۔ فروخت پچھلے نصف سال کے موازنہ میں کم ہوئی ہیں کمپنی کی کل فروخت مبلغ 901.164 ملین روپے ہوئی ہیں جبکہ پچھلے نصف سال کل فروخت مبلغ 1154.937 ملین روپے ہوئی تھیں۔ خالص نقصان مبلغ 233.696 ملین روپے کی بنیاد پر مینوفیکچرنگ سہولیات کا کم استعمال بجلی اور گیس کی لوڈ شیڈنگ اور توانائی کی لاگت میں اضافہ ہے۔

آڈیٹر کے مشاہدات:

آپ کی کمپنی کے آڈیٹرز کی جانب سے رائے دی گئی ہے کہ برآمدی گاہکوں کے ساتھ ماضی میں کی گئی فروخت کی زائد المعیار رقوم کی وصولی یقینی نہیں اور تمام زائد المعیار رقوم اخراجات میں شمار کرتے ہوئے تخمینہ مختص کیا جانا چاہیے کمپنی نے برآمدی گاہکوں سے قابل وصول زائد المعیار رقوم کا جزوی تخمینہ اخراجات مختص کیا ہے اور کمپنی کی جانب سے ماضی کی فروخت کی رقوم کی وصولیوں کو حاصل کرنے کی کوشش کی جا رہی ہے۔

آڈیٹر حضرات کی رپورٹ میں "کاروبار کے چلنے" کے متعلق مشاہدہ کے بارے میں آپ کی کمپنی کے ڈائریکٹرز حضرات موجودہ صورت حال، مستقبل کے نتائج اور لائحہ عمل کے متعلق وضاحت بیان کر رہے ہیں کہ کمپنی کے منتظمین ڈائریکٹرز کی جانب سے کاروبار کے عمل کو جاری رکھنے کے لیے پوری کاوشیں کی جا رہی ہیں۔ موجودہ پیداواری گنجائش سے کم استفادہ کاری اور نقصانات کی وجہ سے کمپنی کو رقوم کے بہاؤ کی صورت

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