

AMTEX LIMITED

Third Quarterly Report

March 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

Amtex Limited

1-Km. Khurrianwala Jaranwala Road, Faisalabad. (Pakistan)

Tel: +92-41-4361724 (6Lines) Fax: +92-41-4361726 & 27

E-mail: amtex@amtexile.com URL: <http://www.amttextile.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 period ended March 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 March 31,		Period ended March 31,	
	2015	2014	2015	2014
	Rupees	Rupees	Rupees	Rupees
Sales	698,691,879	710,365,244	2,003,714,773	2,198,167,052
Cost of sales	860,815,020	956,831,726	2,298,655,975	2,646,786,708
Gross loss	(162,123,141)	(246,466,482)	(294,941,202)	(448,619,656)
Net loss for the period	(234,599,806)	(306,154,359)	(476,891,395)	(575,515,199)
Loss per share - Basic and diluted	(0.90)	(1.18)	(1.84)	(2.22)

Very tight situation observed in last couple of months specially in spinning sector due to downward trend in yarn prices and import of yarn from India at low prices. During nine months under review company incurred gross loss of Rs.294.941 million as compared to gross loss of Rs. 448.619 million in the corresponding period of last year and net loss of Rs. 476.891 million as compared to net loss of Rs. 575.515 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. 2,003.714 million in nine months against sales of Rs. 2,198.167 million in the corresponding period of last year. Decrease in sales mainly attributes to prevailing gas and electricity load shedding in the country. As company is exporting value added textile made ups, timely deliveries of shipments are most important. But due to shortage of gas, productions were delayed and company lost valuable as well as profitable customers resulting into decrease in export sales. Underutilization of capacities due to huge power shedding, increase in energy tariffs and amplified financial charges badly affected the revenues and enhanced manufacturing cost culminated in after tax loss of Rs. 476.891 million.

Presently the company is facing huge power shedding crises and liquidity problems due to additional requirement of working capital. Steps are being taken to change the operational strategy to achieve the optimum level of plant utilization. Further, in coming periods subject to restructuring of existing debt and receiving fresh funding from the banks the company will revive its export sales business. The company has already finalized restructuring/rescheduling of certain portion of its liabilities with its lenders and have received fresh structured export finances and is in negotiation with other lenders for settlement/adjustment of loans to facilitate the cash flow of the company. The management is confident that upon maturity of offered settlement plans to its lenders the company will be able to attain satisfactory level of viability.



Excellence Without Compromise



Amtex Limited

1-Km. Khurrianwala Jaranwala Road, Faisalabad. (Pakistan)
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Further certain banks / financial institutions have filed a suit against the Company for recovery of its financing and mark up and the Company has not provided any markup / cost of funds on the outstanding amounts. Based on the legal opinion, the company feels that, after institution of the suit, a financial institution is only entitled to cost of funds if so awarded by the court in case the suit is decided 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

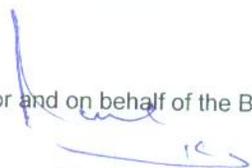
No doubt textile sector is the back bone and one of the primary sectors of our economy and a major contributor in forex earning of the country. But due to current energy crises, poor law and order condition, competitions with Indian yarn and stuck up of sales tax and excise duty refunds has made very difficult to survive. Government needs to take immediate steps to resolve the persistent issues of high financial cost, gas and electricity supply otherwise they will continue to hurt the textile industry in Pakistan and the benefits of GSP plus status could not be capitalized.

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


Khurram Iftikhar

Faisalabad
April 30, 2015

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

	Un-audited March 31 2015 Rupees	Audited June 30 2014 Rupees		Un-audited March 31 2015 Rupees	Audited June 30 2014 Rupees
Note			Note		
EQUITY AND LIABILITIES			ASSETS		
SHARE CAPITAL AND RESERVES			NON-CURRENT ASSETS		
Authorised capital 260,000,000 ordinary shares of Rs.10/- each	2,600,000,000	2,600,000,000	Property, plant and equipment	4,414,515,906	4,699,965,450
Issued, subscribed and paid up capital	2,594,301,340	2,594,301,340	Long term deposits	55,342,868	35,967,868
Reserves	(4,691,164,820)	(4,353,370,923)		4,469,858,774	4,735,933,318
	(2,096,863,480)	(1,759,069,583)			
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	3 1,755,784,084	1,894,881,582			
NON-CURRENT LIABILITIES					
Redeemable capital	4 -	-			
Long term financing	5 1,603,510,492	1,828,728,822			
Deferred liabilities					
Staff retirement gratuity	35,242,068	33,492,371			
Deferred markup	562,464,858	542,043,609			
	2,201,217,418	2,404,264,802			
CURRENT LIABILITIES			CURRENT ASSETS		
Trade and other payables	393,555,403	406,955,359	Stores, spares and loose tools	748,911,698	749,728,790
Interest / markup payable	2,750,321,250	2,709,953,887	Stock in trade	2,468,320,800	2,790,660,569
Short term borrowings	6 6,916,953,434	6,857,129,814	Trade debts	9 4,708,210,395	4,671,392,930
Current portion of non-current liabilities	1,052,447,883	946,447,477	Loans and advances	51,552,384	27,819,296
	1,113,277,970	10,920,486,537	Deposits and prepayments	10,889,564	11,132,806
			Other receivables	105,409,146	110,145,065
			Tax refunds due from Government	226,232,514	212,469,281
			Cash and bank balances	184,030,717	151,281,283
				8,503,557,218	8,724,630,020
CONTINGENCIES & COMMITMENTS	7 -	-			
	2,973,415,992	13,460,563,338		12,973,415,992	13,460,563,338

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

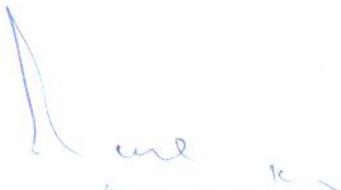
CHIEF EXECUTIVE

DIRECTOR

AMTEX LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE PERIOD ENDED MARCH 31, 2015

	Note	Quarter ended March 31,		Period ended March 31,	
		2015 Rupees	2014 Rupees	2015 Rupees	2014 Rupees
Sales		698,691,879	710,365,244	2,003,714,773	2,198,167,052
Cost of sales	10	860,815,020	956,831,726	2,298,655,975	2,646,786,708
Gross loss		(162,123,141)	(246,466,482)	(294,941,202)	(448,619,656)
Other operating income		481,571	-	47,405,060	81,974,381
		(161,641,570)	(246,466,482)	(247,536,142)	(366,645,275)
Selling and distribution expenses		3,713,834	8,124,796	17,486,643	15,310,243
Administrative expenses		16,108,006	15,100,365	48,476,985	45,959,203
Finance cost		46,235,423	43,917,959	143,282,787	141,066,529
		66,057,263	67,143,120	209,246,415	202,335,975
Loss for the period before taxation		(227,698,833)	(313,609,602)	(456,782,557)	(568,981,250)
Provision for taxation		6,900,973	(7,455,243)	20,108,838	6,533,949
Net loss for the period		(234,599,806)	(306,154,359)	(476,891,395)	(575,515,199)
Loss per share - Basic and diluted		(0.90)	(1.18)	(1.84)	(2.22)

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 PERIOD ENDED MARCH 31, 2015

	Quarter ended March 31,		Period ended March 31,	
	2015	2014	2015	2014
	Rupees	Rupees	Rupees	Rupees
Loss for the period	(234,599,806)	(306,154,359)	(476,891,395)	(575,515,199)
Other comprehensive income for the period				
Surplus realized on disposal of revalued assets during the period	-		62,072,441	67,855,419
Incremental depreciation on revalued assets for the period	25,675,019	28,546,430	77,025,057	85,639,290
	25,675,019	28,546,430	139,097,498	153,494,709
Total comprehensive loss for the period	<u>(208,924,787)</u>	<u>(277,607,929)</u>	<u>(337,793,897)</u>	<u>(422,020,490)</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 PERIOD ENDED MARCH 31, 2015

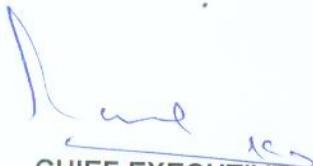
	Period ended March 31, 2015	2014
	Rupees	Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period before taxation	(456,782,557)	(568,981,250)
Adjustments for:		
Depreciation of property, plant and equipment	227,143,235	242,977,876
Amortisation of intangible asset	-	1,189,176
Provision for staff retirement gratuity	4,973,625	7,080,627
Markup waived off	(43,183,287)	-
Gain on disposal of :		
Property, plant and equipment	(4,195,567)	(81,974,381)
Finance cost	143,282,787	141,066,529
Operating cash flows before working capital changes	(128,761,764)	(258,641,423)
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	817,092	78,083,674
Stock in trade	322,339,769	329,953,779
Trade debts	(36,817,465)	(3,784,286)
Loans and advances	(20,968,445)	(2,274,299)
Deposits and prepayments	243,242	964,362
Other receivables	4,735,919	4,818,223
Tax refunds due from Government	(13,763,233)	(5,970,581)
Increase / (decrease) in current liabilities		
Trade and other payables	(13,399,956)	(191,212,777)
	243,186,923	210,578,095
Cash generated from / (used in) operations	114,425,159	(48,063,328)
Income tax paid	(22,873,481)	(19,201,095)
Finance cost paid	(39,310,888)	(14,219,246)
Staff retirement gratuity paid	(3,223,928)	(1,968,640)
Net cash generated from / (used in) operating activities	49,016,862	(83,452,309)
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(19,931,699)	(36,640,691)
Capital work in progress	(9,215,425)	(1,686,630)
Proceeds from disposal of		
Property, plant and equipment	91,649,000	154,465,320
Long term deposits	(19,375,000)	(3,448,465)
Net cash generated from investing activities	43,126,876	112,689,534

	Period ended March 31,	
	2015	2014
	Rupees	Rupees

c) CASH FLOWS FROM FINANCING ACTIVITIES

Long term financing	(117,755,254)	(32,212,461)
Liabilities against assets subject to finance lease	(1,462,670)	-
Short term borrowings - net	59,823,620	25,058,585
Net cash used in financing activities	<u>(59,394,304)</u>	<u>(7,153,876)</u>
Net increase in cash and cash equivalents (a+b+c)	32,749,434	22,083,349
Cash and cash equivalents at the beginning of the period	151,281,283	136,308,029
Cash and cash equivalents at the end of the period	<u>184,030,717</u>	<u>158,391,378</u>

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 PERIOD ENDED MARCH 31, 2015

	Issued, subscribed and paid up capital	RESERVES					Total	
		Capital reserves			Revenue reserves			
		Merger reserve	Share premium	Sub Total	General reserve	Unappropriated profit / (loss)		Sub Total
-----Rupees-----								
Balances as at July 01, 2013 as restated	2,594,301,340	98,039,330	183,000,000	281,039,330	250,000,000	(3,104,625,317)	(2,854,625,317)	20,715,353
Total comprehensive loss for the period								
Loss for the period	-	-	-	-	-	(575,515,199)	(575,515,199)	(575,515,199)
Other comprehensive income	-	-	-	-	-	153,494,709	153,494,709	153,494,709
						(422,020,490)	(422,020,490)	(422,020,490)
Balances as at March 31, 2014	2,594,301,340	98,039,330	183,000,000	281,039,330	250,000,000	(3,526,645,807)	(3,276,645,807)	(401,305,137)
Total comprehensive loss for the period								
Loss for the period	-	-	-	-	-	(1,391,118,571)	(1,391,118,571)	(1,391,118,571)
Other comprehensive income	-	-	-	-	-	33,354,125	33,354,125	33,354,125
						(1,357,764,446)	(1,357,764,446)	(1,357,764,446)
Balances as at June 30, 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	-	-	-	-	-	(476,891,395)	(476,891,395)	(476,891,395)
Other comprehensive income	-	-	-	-	-	139,097,498	139,097,498	139,097,498
						(337,793,897)	(337,793,897)	(337,793,897)
Balances as at March 31, 2015	2,594,301,340	98,039,330	183,000,000	281,039,330	250,000,000	(5,222,204,150)	(4,972,204,150)	(2,096,863,480)

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 PERIOD ENDED MARCH 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. 456.782 million 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, 2014.
- 2.4 This condensed interim financial report is unaudited 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, 2014.
- 2.6 Standards, amendments to published approved accounting standards and interpretations effective from July 01, 2014:

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, 2014 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, 2014 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 March 31, 2015 Rupees	Audited June 30, 2014 Rupees
3. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Opening balance	3.1	1,894,881,582	2,076,922,720
Less:			
Transferred to Comprehensive Income for the period / year in respect of :			
Incremental depreciation for the period / year		77,025,057	114,185,719
Surplus realised on disposal of assets during the period / year		62,072,441	67,855,419
		139,097,498	182,041,138
		<u>1,755,784,084</u>	<u>1,894,881,582</u>

3.1. First revaluation of freehold land, building on freehold land, plant and machinery, electric installations and factory equipment was carried out by independent valuers M/S Observers (Private) Limited as at June 03, 2004. Second revaluation was carried out by M/S BFA (Private) Limited as at June 30, 2009. And third revaluation was carried out as at December 31, 2012 by M/S Empire Enterprises (Pvt) Ltd. Revaluation of freehold land was carried out on market value basis and building on freehold land, plant and machinery, electric installations and factory equipment 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 has directed the guarantor by another order to deposit the remaining overdue rentals, as claimed by the sukuk unit holders and not acknowledged by the company, in above referred escrow account opened by the Deputy Registrar (Judicial) to secure the payments.

	Note	Un-audited March 31, 2015 Rupees	Audited June 30, 2014 Rupees
5. Long term financing			
Secured			
From banking companies and financial institutions			
Demand finance	5.1	1,789,741,216	1,887,778,216
Term finance	5.2	150,000,000	155,000,000
Long term finances		19,176,163	19,176,163
Syndicated term finance		10,500,000	11,288,814
Morabaha finance		19,301,582	19,301,582
Morabaha finance II		175,608,464	189,537,904
Not subject to markup			
Demand finance		33,216,000	33,216,000
		<u>2,197,543,425</u>	<u>2,315,298,679</u>
Less: Current portion			
Installments due / overdue		380,733,623	287,103,253
Payable within one year		213,299,310	199,466,604
		<u>594,032,933</u>	<u>486,569,857</u>
		<u>1,603,510,492</u>	<u>1,828,728,822</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 directors of the Company. Bank guarantee is secured against first charge over current assets of the Company.

5.2. The company has entered into settlement agreement with the NIB Bank as on December 11, 2014 as a result of which company has transferred the property measuring 227 kanal adjacent to Amtex Spinning Unit, Sheikhpura road, Chak # 70/RB, Tehsil Jaranwala & District Faisalabad owned by Amtex Ltd. amounting to Rs. 90,000,000/- against the principal amount of long term demand finance amounting to Rs.81,326,051/- and mark up amounting to Rs. 8,673,949/-. Further remaining Mark up till date mentioned amounting to Rs. 43,183,287/- has been waived off by the bank.

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. Nil (June 30, 2014: Rs. 49 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 9.45% to 23.725% per annum (June 30, 2014: 9.11% 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, 2014 except following:
- Refer Note 14.1.j of the financial statements for the year ended June 30, 2014, the suit filed by M/S First Punjab Modarba Limited for recovery of outstanding balance with cost of suit and cost of funds was decided against the company and court has passed the decree amounting Rs. 14,349,878. The company is seeking legal advice and also approaching M/S First Punjab Modaraba Limited for out of court settlement by rescheduling the outstanding liabilities.
- 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. 665.768 million and accumulated loss and interest / markup payable would have been increased by Rs. 1,633.417 million.
- Financial impact, if any, of the above (a to c) has not been acknowledged in these financial statements because of pending litigations.

	Un-audited March 31, 2015 Rupees	Audited June 30, 2014 Rupees
7.2. Commitments		
Bank guarantees issued in favour of Sui Northern Gas Pipelines Limited for supply of gas.	33,091,000	64,018,000
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	4,379,283,582	4,673,948,551
Capital work in progress		35,232,324	26,016,899
		<u>4,414,515,906</u>	<u>4,699,965,450</u>
8.1. Operating fixed assets			
Opening balance written down value.		4,673,948,551	4,984,065,404
Additions during 9 months / 12 months:	8.1.1	19,931,699	50,224,455
Deletions during 9 months / 12 months:	8.1.2	(88,603,000)	(74,282,490)
Depreciation charge for 9 months / 12 months		(227,143,235)	(326,392,442)
Depreciation adjustment for disposal		1,149,567	1,791,551
Transfer from capital work in process		-	38,542,073
Closing written down value		<u>4,379,283,582</u>	<u>4,673,948,551</u>

	Un-audited March 31, 2015 Rupees	Audited June 30, 2014 Rupees
8.1.1. Additions during 9 months / 12 months:		
Plant and machinery	17,414,749	37,859,643
Electric installations	-	58,400
Furniture & fixture	-	1,820,500
Office equipment	175,950	630,822
Vehicles	2,341,000	9,855,090
	<u>19,931,699</u>	<u>50,224,455</u>
8.1.2 Deletions during 9 months / 12 months:		
Freehold land	(86,260,000)	(71,103,800)
Vehicles	(2,343,000)	(3,178,690)
	<u>(88,603,000)</u>	<u>(74,282,490)</u>
9. Trade debts		
Considered good		
Unsecured		
Foreign	4,483,247,462	4,462,911,850
Local	224,962,933	208,481,080
	<u>4,708,210,395</u>	<u>4,671,392,930</u>
Considered doubtful		
Unsecured		
Foreign	2,651,491,122	2,651,491,122
Less: Provision for doubtful debts	(2,651,491,122)	(2,651,491,122)
	<u>-</u>	<u>-</u>
	<u>4,708,210,395</u>	<u>4,671,392,930</u>
9.1. Not past due	269,715,464	220,116,249
Past due within one year	8,786,000	21,567,750
Past due more than one year	7,081,200,053	7,081,200,053
	<u>7,089,986,053</u>	<u>7,102,767,803</u>
	<u>7,359,701,517</u>	<u>7,322,884,052</u>

	Note	Quarter ended March 31, 2015 Rupees	2014 Rupees	Period ended March 31, 2015 Rupees	2014 Rupees
10. Cost of sales					
Cost of goods manufactured	10.1	854,951,516	860,645,441	2,162,270,867	2,515,773,042
Finished goods					
Opening stock		1,393,933,111	1,810,484,554	1,524,454,715	1,845,311,935
Closing stock		(1,388,069,607)	(1,714,298,269)	(1,388,069,607)	(1,714,298,269)
		<u>5,863,504</u>	<u>96,186,285</u>	<u>136,385,108</u>	<u>131,013,666</u>
		<u>860,815,020</u>	<u>956,831,726</u>	<u>2,298,655,975</u>	<u>2,646,786,708</u>
10.1. Cost of goods manufactured					
Raw material consumed		507,593,348	467,941,939	1,123,938,606	1,350,184,794
Salaries, wages and benefits		76,747,743	85,729,796	226,613,254	246,571,401
Staff retirement benefits		2,411,525	2,842,577	4,973,625	7,080,627
Stores and spares		19,482,854	12,299,762	57,444,978	56,259,102
Dyes and chemicals		44,705,448	41,569,032	127,972,935	146,721,596
Packing material		11,678,999	11,970,461	34,069,265	33,298,604
Conversion and processing charges		1,439,859	1,235,271	4,316,914	8,753,827
Engraving and wadding		7,029,417	4,200,100	17,051,030	9,434,989
Repairs and maintenance		3,133,904	3,462,240	9,900,795	9,191,055
Fuel and power		87,422,325	105,414,092	293,100,470	328,069,672
Insurance		165,565	251,748	565,511	964,362
Depreciation		74,533,645	70,636,685	223,162,052	239,562,855
Other		14,222,653	10,614,155	26,722,964	20,720,812
		<u>850,567,285</u>	<u>818,167,858</u>	<u>2,149,832,399</u>	<u>2,456,813,696</u>
Work in process					
Opening stock		196,925,566	237,526,023	204,979,803	254,007,786
Closing stock		(192,541,335)	(195,048,440)	(192,541,335)	(195,048,440)
		<u>4,384,231</u>	<u>42,477,583</u>	<u>12,438,468</u>	<u>58,959,346</u>
		<u>854,951,516</u>	<u>860,645,441</u>	<u>2,162,270,867</u>	<u>2,515,773,042</u>

10.2. It includes an amount of Rs.137.450 million (June 30, 2014: Rs.485.439) in respect of write down of inventories to net realizable value as per valuation report given by an independent valuer.

11. 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. 380.733 million alongwith mark up of Rs. 230.248 million, lease finance amounting to Rs. 79.248 million alongwith mark up of Rs.20.346 million and short term borrowings amounting to Rs.6,173.311 million along with mark up of Rs.2,393.305 million were over due.

On reporting date, the carrying amount of loans relevant to above overdues are redeemable capital of Rs. 379.167 million, long term finances of Rs. 2,197.543 million, lease finance of Rs. 79.248 million and short term borrowings of Rs. 6,916.953 million.

Overdue installment of long term finance was paid subsequently amounting to Rs. 1.87 million.

12. 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 March 31, 2015 Rupees	Audited June 30, 2014 Rupees
Rent received	-	180,000
Sales to Shama Exports	-	527,717
	<u> </u>	<u> </u>

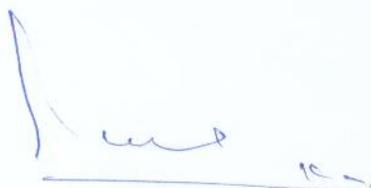
13. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 30, 2015 by the Board of Directors of the Company.

14. GENERAL

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

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



CHIEF EXECUTIVE



DIRECTOR