

AMTEX LIMITED

Third Quarterly Report

March 31, 2016



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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



Excellence Without Compromise



Amtex Limited
 1-Km. Khurrianwala Jaranwala Road, Faisalabad Pakistan.
 Tel: 92-41-4361724 (6Lines) Fax: 92-41-4361726 & 27
 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 period ended March 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 March 31,		Period ended March 31,	
	2016	2015	2016	2015
	Rupees	Rupees	Rupees	Rupees
Sales	425,788,876	698,691,879	1,580,726,798	2,003,714,773
Cost of sales	546,426,083	860,815,020	1,836,627,163	2,298,655,975
Gross loss	(120,637,207)	(162,123,141)	(255,900,365)	(294,941,202)
Net loss for the period	(196,472,207)	(234,599,806)	(471,875,974)	(476,891,395)
Loss per share - Basic and diluted	(0.76)	(0.90)	(1.82)	(1.84)

During 1st nine months under review company incurred gross loss of Rs. 255.900 million as compared to gross loss of Rs. 294.941 million in the corresponding period of last year and net loss of Rs. 471.875 million as compared to net loss of Rs. 476.891million 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. 1,580.726 million in first nine months against sales of Rs. 2,003.714 million in the corresponding period of last year. Under utilization of production capacity because of continuous load management by the utility companies further huge increase in gas (i.e. RLNG) tariff particularly in last quarter has culminated in after tax loss of rupees 471.875 million.

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 is the mainstay of Pakistan's economy and currently it is facing severe challenges. During current financial year the exports of Pakistan has witnessed significant shortfall 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 delay in payment of GST refunds has further



adversely affected their working capital. The gas and electricity tariff has increased particularly huge increase in gas (RLNG) tariff in last quarter adversely affects the profit margin on exports. Besides unfavorable business environments the management is making full efforts to utilize its full manufacturing capacities and to improve the volume of exports. Currently due to underutilization of capacities and losses, the company is facing tight cash flow situation. To regularize bank loans, the repayment terms of loans are being renegotiated with the lenders keeping in view the future cash flows. Further 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. However 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

A handwritten signature in blue ink, appearing to read 'Khurram Iftikhar', is written over a light blue grid background.

CHIEF EXECUTIVE

Khurram Iftikhar

Faisalabad
April 30, 2016

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

	Un-audited March 31 2016	Audited June 30 2015		Un-audited March 31 2016	Audited June 30 2015
Note	Rupees	Rupees	Note	Rupees	Rupees
EQUITY AND LIABILITIES			ASSETS		
SHARE CAPITAL AND RESERVES			NON-CURRENT ASSETS		
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>	Property, plant and equipment	8 4,141,108,979	4,334,512,927
			Long term deposits	9 62,021,425	55,342,868
				4,203,130,404	4,389,855,795
Issued, subscribed and paid up capital	2,594,301,340	2,594,301,340			
Reserves	(6,194,354,768)	(5,791,753,557)			
	(3,600,053,428)	(3,197,452,217)			
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	3 1,660,834,302	1,730,109,065			
NON-CURRENT LIABILITIES					
Redeemable capital	4 -	-			
Long term financing	5 1,539,140,345	1,558,109,833			
Deferred liabilities					
Staff retirement gratuity	41,116,026	39,256,981			
Deferred markup	815,567,531	583,500,837			
	2,395,823,902	2,180,867,651			
CURRENT LIABILITIES			CURRENT ASSETS		
Trade and other payables	423,919,515	387,238,772	Stores, spares and loose tools	697,166,344	698,112,426
Interest / markup payable	2,610,777,871	2,757,538,041	Stock in trade	2,184,387,589	2,204,661,263
Short term borrowings	6 6,978,513,339	6,956,027,934	Trade debts	10 3,894,767,385	4,026,403,565
Current portion of non-current liabilities	1,065,080,575	1,084,436,842	Loans and advances	24,749,926	41,387,533
			Deposits and prepayments	10,382,062	7,592,174
			Other receivables	93,737,237	101,546,257
			Tax refunds due from the Government	246,771,562	256,798,777
	11,078,291,300	11,185,241,589	Cash and bank balances	179,803,567	172,408,298
				7,331,765,672	7,508,910,293
CONTINGENCIES & COMMITMENTS	7 -	-			
	<u>11,534,896,076</u>	<u>11,898,766,088</u>		<u>11,534,896,076</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 PERIOD ENDED MARCH 31, 2016

	Note	Quarter ended March 31,		Period ended March 31,	
		2016	2015	2016	2015
		Rupees	Rupees	Rupees	Rupees
Sales		425,788,876	698,691,879	1,580,726,798	2,003,714,773
Cost of sales	11	546,426,083	860,815,020	1,836,627,163	2,298,655,975
Gross loss		(120,637,207)	(162,123,141)	(255,900,365)	(294,941,202)
Other income		713,218	481,571	1,262,667	47,405,060
		(119,923,989)	(161,641,570)	(254,637,698)	(247,536,142)
Selling and distribution expenses		4,095,150	3,713,834	14,439,174	17,486,643
Administrative expenses		36,007,892	16,108,006	75,460,969	48,476,985
Finance cost		38,901,605	46,235,423	118,291,946	143,282,787
		79,004,647	66,057,263	208,192,089	209,246,415
Loss for the period before taxation		(198,928,636)	(227,698,833)	(462,829,787)	(456,782,557)
Provision for taxation		(2,456,429)	6,900,973	9,046,187	20,108,838
Net loss for the period		(196,472,207)	(234,599,806)	(471,875,974)	(476,891,395)
Loss per share - Basic and diluted		(0.76)	(0.90)	(1.82)	(1.84)

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, 2016

	Quarter ended March 31,		Period ended March 31,	
	2016	2015	2016	2015
	Rupees	Rupees	Rupees	Rupees
Net loss for the period	(196,472,207)	(234,599,806)	(471,875,974)	(476,891,395)
Other comprehensive income for the period				
Surplus realized on disposal of revalued assets during the period	-	-	-	62,072,441
Incremental depreciation on revalued assets for the period	23,091,588	25,675,019	69,274,763	77,025,057
	23,091,588	25,675,019	69,274,763	139,097,498
Total comprehensive loss for the period	<u>(173,380,619)</u>	<u>(208,924,787)</u>	<u>(402,601,211)</u>	<u>(337,793,897)</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, 2016

	Quarter ended March 31, 2016 Rupees	2015 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period before taxation	(462,829,787)	(456,782,557)
Adjustments for:		
Depreciation of property, plant and equipment	207,153,322	227,143,235
Provision for staff retirement gratuity	4,050,544	4,973,625
Markup waived off	-	(43,183,287)
Gain on disposal of property, plant and equipment	(1,255,685)	(4,195,567)
Finance cost	118,291,946	143,282,787
Operating cash flows before working capital changes	<u>(134,589,660)</u>	<u>(128,761,764)</u>
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	946,082	817,092
Stock in trade	20,273,674	322,339,769
Trade debts	131,636,180	(36,817,465)
Loans and advances	16,637,607	(20,968,445)
Deposits and prepayments	(2,789,888)	243,242
Other receivables	7,809,020	4,735,919
Tax refunds due from the Government	25,163,643	(13,763,233)
Increase / (decrease) in current liabilities		
Trade and other payables	36,680,743	(13,399,956)
	<u>236,357,061</u>	<u>243,186,923</u>
Cash generated from operations	<u>101,767,401</u>	<u>114,425,159</u>
Income tax paid	(24,182,615)	(22,873,481)
Finance cost paid	(32,985,422)	(39,310,888)
Staff retirement gratuity paid	(2,191,499)	(3,223,928)
Net cash generated from operating activities	<u>42,407,865</u>	<u>49,016,862</u>
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(15,738,689)	(19,931,699)
Capital work in progress	-	(9,215,425)
Proceeds from disposal of		
Property, plant and equipment	3,245,000	91,649,000
Long term deposits	(6,678,557)	(19,375,000)
Net cash (used in) / generated from investing activities	<u>(19,172,246)</u>	<u>43,126,876</u>

Quarter ended March 31,
2016 2015
Rupees Rupees

c) CASH FLOWS FROM FINANCING ACTIVITIES

Long term financing	(38,325,755)	(117,755,254)
Liabilities against assets subject to finance lease	-	(1,462,670)
Long term financing obtained	-	-
Short term borrowings - net	22,485,405	59,823,620
Net cash used in financing activities	<u>(15,840,350)</u>	<u>(59,394,304)</u>
Net increase in cash and cash equivalents (a+b+c)	7,395,269	32,749,434
Cash and cash equivalents as at June 30,	172,408,298	151,281,283
Cash and cash equivalents at the end of the period	<u><u>179,803,567</u></u>	<u><u>184,030,717</u></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, 2016

	RESERVES							Total
	Issued, subscribed and paid up capital	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	-	-	-	-	-	(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)
Total comprehensive loss for the period								
Loss for the period	-	-	-	-	-	(1,125,227,014)	(1,125,227,014)	(1,125,227,014)
Other comprehensive income	-	-	-	-	-	24,638,277	24,638,277	24,638,277
	-	-	-	-	-	(1,100,588,737)	(1,100,588,737)	(1,100,588,737)
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	-	-	-	-	-	(471,875,974)	(471,875,974)	(471,875,974)
Other comprehensive income	-	-	-	-	-	69,274,763	69,274,763	69,274,763
	-	-	-	-	-	(402,601,211)	(402,601,211)	(402,601,211)
Balances as at March 31, 2016	2,594,301,340	98,039,330	183,000,000	281,039,330	250,000,000	(6,725,394,098)	(6,475,394,098)	(3,600,053,428)

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, 2016

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. 462,829,787/- 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 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 March 31, 2016 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		69,274,763	102,700,076
Surplus realised on disposal of assets during the period / year		-	62,072,441
		69,274,763	164,772,517
		<u>1,660,834,302</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. 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	1,347,800,216	1,371,996,216
Demand finance I	5.3	411,600,000	411,600,000
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		161,473,839	169,441,764
Not subject to markup			
Demand finance		33,216,000	33,216,000
Ijarah facility	5.4	4,660,347	-
		<u>2,157,728,147</u>	<u>2,185,231,725</u>
Less: Current portion			
Installments due / overdue		367,708,637	419,842,913
Payable within one year		250,879,165	207,278,979
		<u>618,587,802</u>	<u>627,121,892</u>
		<u>1,539,140,345</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 in to restructuring agreement with Soneri Bank Limited for 2nd time restructuring and rescheduling of existing finance facilities along with fresh facilities. The repayment schedule and mark up rate of previous outstanding DF-I have been re-negotiated and will be paid in 28 quarterly installments as mentioned below:

Installments	From	Till	Principal Recovery
04 Quarterly Installments of Rs. 7.000M each	01.09.2016	01.06.2017	Rs. 28.000M
16 Quarterly Installments of Rs. 13.125M each	01.09.2016	01.06.2021	Rs. 210.000M
07 Quarterly Installments of Rs. 21.233M each	01.09.2021	01.03.2023	Rs. 148.631M
Last Installments of DF-I	01.06.2023	01.06.2023	Rs. 24.969M

In 1st restructuring the mark up rate on DF-I was 3-Month KIBOR plus 1.5% per annum now it has been renegotiated at flat 6% per annum and this reduced markup rate will be applied retrospectively from 26-06-2012 and further bank will waive off the differential markup of Rs. 73.747M (i.e. difference between markup accrued at previous rate and recalculated at reduced rate of 6% p.a from 26-06-2012 to 30-06-2016) after full receipt of new DF-I, DF-II and accrued markup of DF-I.

The DF-II amount will be Rs. 134.835M i.e. previous DF-II (mark up) Rs. 33.216M and markup of Rs. 101.619M @ 6% on the outstanding DF-I from 26-06-2012 till 30-06-2016. It will be paid in 06 equal quarterly installments of Rs. 22.473M each starting from 01.09.2023 and ending on 01.12.2024.

Markup on DF-I for the period from 01-07-2016 till date of final adjustment will be deferred and kept in memorandum account and then new DF-III shall be created and paid in 6 equal quarterly installments starting from 01-03-2025 and ending on 01-06-2026.

As part of restructuring fresh facilities have also been approved i.e. Cash Finance (CF) Rs. 50M and Export Refinance (FAPC/FAFB/FBP) of Rs. 50M. However, all restructuring and rescheduling arrangements are subject to payment of Rs. 200.000M to bank by a related party i.e. M/S Shama Exports (Pvt) Ltd. to settle its own financing facilities and Rs. 50.000M has already been paid to bank and further committed to pay Rs. 150.000M up till June 05, 2016.

5.4. 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.

5.5. As per terms of agreement with certain banks, 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. 41.211 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 petition has been decided in favour of the company however the Punjab Revenue Authority filed another appeal before Honorable Lahore High Court, Lahore against this order which 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 and same is pending adjudication. Further 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.
- 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 un-lawful levy of General Sales Tax on newly acquired electric connection / bill of spinning division. The court has granted interim relief on ward in monthly bills 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 no provision is made in view of expected 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. 508.690 million (June 30, 2015: Rs. 848.496 million) and accumulated loss and interest / markup payable would have been increased by Rs. 2,324.830 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 March 31, 2016 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
Collector of customs		6,686,101	-
8. Property, plant and equipment			
Operating fixed assets	8.1	4,105,876,655	4,299,280,603
Capital work in progress		35,232,324	35,232,324
		<u>4,141,108,979</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 9 months / 12 months:	8.1.1	15,738,689	15,480,163
Deletions during 9 months / 12 months:	8.1.2	(4,815,035)	(88,776,573)
Depreciation charge for 9 months / 12 months		(207,153,322)	(302,342,905)
Depreciation adjustment for disposal		2,825,720	971,367
Closing written down value		<u>4,105,876,655</u>	<u>4,299,280,603</u>
8.1.1. Additions during 9 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>

	Un-audited March 31, 2016 Rupees	Audited June 30, 2015 Rupees
8.1.2 Deletions during 9 months / 12 months:		
Freehold land	-	(86,560,573)
Vehicles	4,815,035	(2,216,000)
	<u>4,815,035</u>	<u>(88,776,573)</u>
9. Long term deposits		
Against utilities	52,646,928	45,968,371
Against TFC	9,374,497	9,374,497
	<u>62,021,425</u>	<u>55,342,868</u>
10. Trade debts		
Considered good		
Unsecured		
Foreign	3,755,967,087	3,821,556,302
Local	138,800,298	204,847,263
	<u>3,894,767,385</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>3,894,767,385</u>	<u>4,026,403,565</u>
10.1. Not past due		
	138,322,923	262,186,968
Past due within one year	4,317,012	5,862,152
Past due more than one year	7,074,973,058	7,081,200,053
	<u>7,079,290,070</u>	<u>7,087,062,205</u>
	<u>7,217,612,993</u>	<u>7,349,249,173</u>

	Note	Quarter ended March 31,		Period ended March 31,	
		2016	2015	2016	2015
		Rupees	Rupees	Rupees	Rupees
11. Cost of sales					
Cost of goods manufactured	11.1	558,352,812	854,951,516	1,859,490,944	2,162,270,867
Finished goods					
Opening stock		1,169,659,517	1,393,933,111	1,158,722,465	1,524,454,715
Closing stock	11.2	(1,181,586,246)	(1,388,069,607)	(1,181,586,246)	(1,388,069,607)
		<u>(11,926,729)</u>	<u>5,863,504</u>	<u>(22,863,781)</u>	<u>136,385,108</u>
		<u>546,426,083</u>	<u>860,815,020</u>	<u>1,836,627,163</u>	<u>2,298,655,975</u>
11.1. Cost of goods manufactured					
Raw material consumed	11.1.1	190,501,642	507,593,348	742,274,862	1,123,938,606
Salaries, wages and benefits		80,873,478	76,747,743	245,104,209	226,613,254
Staff retirement benefits		1,375,000	2,411,525	4,050,544	4,973,625
Stores and spares		8,385,911	19,482,854	50,333,260	57,444,978
Dyes and chemicals		50,755,981	44,705,448	168,873,236	127,972,935
Packing material		17,220,232	11,678,999	63,772,849	34,069,265
Conversion and processing charges		1,619,884	1,439,859	7,248,899	4,316,914
Engraving and wadding		3,517,180	7,029,417	9,424,399	17,051,030
Repairs and maintenance		834,145	3,133,904	7,817,737	9,900,795
Fuel and power		109,056,015	87,422,325	293,412,453	293,100,470
Insurance		107,619	165,565	759,960	565,511
Depreciation		67,852,296	74,533,645	203,817,606	223,162,052
Other		23,283,526	14,222,653	38,917,054	26,722,964
		<u>555,382,909</u>	<u>850,567,285</u>	<u>1,835,807,068</u>	<u>2,149,832,399</u>
Work in process					
Opening stock		158,167,385	196,925,566	178,881,358	204,979,803
Closing stock		(155,197,482)	(192,541,335)	(155,197,482)	(192,541,335)
		<u>2,969,903</u>	<u>4,384,231</u>	<u>23,683,876</u>	<u>12,438,468</u>
		<u>558,352,812</u>	<u>854,951,516</u>	<u>1,859,490,944</u>	<u>2,162,270,867</u>

11.1.1. 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. 367.708 million alongwith mark up of Rs. 96.209 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.2,377.889 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. 1,551.438 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. Nil.

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 March 31, 2016 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	-
.	<u> </u>	<u> </u>
Balance at period / year end		
Payable to Shama Exports (Pvt.) Ltd.	3,062,156	-
	<u> </u>	<u> </u>

14. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 30, 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