

AMTEX LIMITED

Third Quarterly Report

March 31, 2017



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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



Amtext 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 Amtext Limited presents herewith the Directors' Report together with the Company's un-audited financial information for the 1st nine months ended March 31, 2017.

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,	
	2017	2016	2017	2016
	Rupees	Rupees	Rupees	Rupees
Sales	320,636,200	425,788,876	1,221,800,997	1,580,726,798
Cost of sales	406,930,738	546,426,083	1,420,682,359	1,836,627,163
Gross loss	(86,294,538)	(120,637,207)	(198,881,362)	(255,900,365)
Net loss for the period	(152,762,944)	(196,472,207)	(386,459,775)	(471,875,974)
Loss per share - Basic and diluted	(0.59)	(0.76)	(1.49)	(1.82)

During 1st nine months under review company incurred gross loss of Rs.198.881 million as compared to gross loss of Rs. 255.900 million in the corresponding period of last year and net loss of Rs. 386.459 million as compared to net loss of Rs. 471.875 million in the corresponding period of last year. Sales volume has decreased as compared to previous corresponding period and the company's total sales are Rs. 1,221.800million in first nine months against sales of Rs. 1,580.726million in the corresponding period of last year. Under-utilization of production capacity due to lack of required financial support from financial institutions and increase in energy tariff has culminated in after tax loss of rupees 386.459 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 sector plays a pivotal role in exports of 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 are stuck up in the various tax refunds due that Government has held to manage its fiscal deficit at the expense of exporters. Lack of institutional financing is also adding to its problems. The exporters are doing their utmost to get out of this situation. Electricity and gas supply is improving although the cost is still highest in the region and the law and order situation in the country is improving which will attract more customers from Europe, USA and rest of the world. Currently due to underutilization of capacities



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>

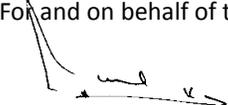
and losses, the company is facing tight cash flow situation. To regularize bank loans, the repayment terms of loans are being renegotiated with the lenders keeping in view the future cash flows. However the future of textile industry is mainly dependent on the actual realization of incentives announced by the Government and required financial support provided to the textile industry by the banks.

Acknowledgement

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

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

For and on behalf of the Board


CHIEF EXECUTIVE
Khurram Iftikhar

Faisalabad
April 29, 2017

AMTEX LIMITED
CONDENSED INTERIM BALANCE SHEET (Un-audited)
AS AT MARCH 31, 2017

	Un-audited March 31 2017	Audited June 30 2016		Un-audited March 31 2017	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	2,600,000,000	2,600,000,000	Property, plant and equipment	8 3,887,803,253	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	(7,552,150,557)	(7,227,441,423)		3,949,824,678	4,140,949,476
	(4,957,849,217)	(4,633,140,083)			
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	3 1,575,992,073	1,637,742,714			
NON-CURRENT LIABILITIES					
Redeemable capital	4 -	-			
Long term financing	5 1,358,354,715	1,580,939,617			
Liabilities against assets subject to finance lease	-	-			
Deferred liabilities	846,969,758	780,316,203			
	2,205,324,473	2,361,255,820			
CURRENT LIABILITIES			CURRENT ASSETS		
Trade and other payables	347,090,515	385,792,130	Stores, spares and loose tools	662,786,581	664,545,130
Interest / markup payable	2,599,935,628	2,599,616,255	Stock in trade	1,687,402,430	1,797,415,644
Short term borrowings	6 7,405,721,362	7,371,076,295	Trade debts	10 3,293,371,122	3,357,835,924
Current portion of non-current liabilities	913,148,254	739,812,129	Loans and advances	13,255,862	21,333,830
	11,265,895,759	11,096,296,809	Deposits and prepayments	8,469,832	9,998,782
			Other receivables	94,386,566	94,798,690
			Tax refunds due from the Government	221,941,256	229,188,251
			Cash and bank balances	157,924,761	146,089,533
				6,139,538,410	6,321,205,784
CONTINGENCIES & COMMITMENTS	7 -	-		10,089,363,088	10,462,155,260
	10,089,363,088	10,462,155,260		10,089,363,088	10,462,155,260

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, 2017

	Note	Quarter ended March 31,		Period ended March 31,	
		2017	2016	2017	2016
		Rupees	Rupees	Rupees	Rupees
Sales		320,636,200	425,788,876	1,221,800,997	1,580,726,798
Cost of sales	11	<u>406,930,738</u>	<u>546,426,083</u>	<u>1,420,682,359</u>	<u>1,836,627,163</u>
Gross loss		(86,294,538)	(120,637,207)	(198,881,362)	(255,900,365)
Other income		<u>37,758</u>	<u>713,218</u>	<u>541,184</u>	<u>1,262,667</u>
		(86,256,780)	(119,923,989)	(198,340,178)	(254,637,698)
Selling and distribution expenses		6,441,390	4,095,150	16,218,113	14,439,174
Administrative expenses		18,740,422	36,007,892	51,519,122	75,460,969
Finance cost		38,085,712	38,901,605	108,006,286	118,291,946
		<u>63,267,524</u>	<u>79,004,647</u>	<u>175,743,521</u>	<u>208,192,089</u>
Loss for the period before taxation		(149,524,304)	(198,928,636)	(374,083,699)	(462,829,787)
Provision for taxation		3,238,640	(2,456,429)	12,376,076	9,046,187
Net loss for the period		<u>(152,762,944)</u>	<u>(196,472,207)</u>	<u>(386,459,775)</u>	<u>(471,875,974)</u>
Loss per share - Basic and diluted		<u>(0.59)</u>	<u>(0.76)</u>	<u>(1.49)</u>	<u>(1.82)</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 PERIOD ENDED MARCH 31, 2017

	Quarter ended March 31,		Period ended March 31,	
	2017	2016	2017	2016
	Rupees	Rupees	Rupees	Rupees
Net loss for the period	(152,762,944)	(196,472,207)	(386,459,775)	(471,875,974)
Other comprehensive income for the period				
Surplus realized on disposal of revalued assets during the period	-	-	-	-
Incremental depreciation on revalued assets for the period	41,167,094	23,091,588	61,750,641	69,274,763
	41,167,094	23,091,588	61,750,641	69,274,763
Total comprehensive loss for the period	<u>(111,595,850)</u>	<u>(173,380,619)</u>	<u>(324,709,134)</u>	<u>(402,601,211)</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, 2017

	Period ended March 31, 2017 Rupees	2016 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period before taxation	(374,083,699)	(462,829,787)
Adjustments for:		
Depreciation of property, plant and equipment	190,991,330	207,153,322
Provision for staff retirement gratuity	5,120,900	4,050,544
Gain on disposal of property, plant and equipment	(447,532)	(1,255,685)
Finance cost	108,006,286	118,291,946
Operating cash flows before working capital changes	(70,412,715)	(134,589,660)
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	1,758,549	946,082
Stock in trade	110,013,214	20,273,674
Trade debts	64,464,802	131,636,180
Loans and advances	9,961,635	16,637,607
Deposits and prepayments	1,528,950	(2,789,888)
Other receivables	412,124	7,809,020
Tax refunds due from the Government	7,246,995	25,163,643
Increase / (decrease) in current liabilities		
Trade and other payables	(38,701,615)	36,680,743
	156,684,654	236,357,061
Cash generated from operations	86,271,939	101,767,401
Income tax paid	(14,259,743)	(24,182,615)
Finance cost paid	(30,486,258)	(32,985,422)
Staff retirement gratuity paid	(15,668,000)	(2,191,499)
Net cash generated from operating activities	25,857,938	42,407,865
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	3,245,000
Long term deposits	-	(6,678,557)
Net cash generated from / (used in) investing activities	581,000	(19,172,246)

Period ended March 31,	
2017	2016
Rupees	Rupees

c) CASH FLOWS FROM FINANCING ACTIVITIES

Long term financing	(47,048,777)	(38,325,755)
Liabilities against assets subject to finance lease	(2,200,000)	-
Short term borrowings - net	34,645,067	22,485,405
Net cash used in financing activities	<u>(14,603,710)</u>	<u>(15,840,350)</u>
Net increase in cash and cash equivalents (a+b+c)	11,835,228	7,395,269
Cash and cash equivalents as at June 30,	146,089,533	172,408,298
Cash and cash equivalents at the end of the period	<u><u>157,924,761</u></u>	<u><u>179,803,567</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, 2017

	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	-	-	-	-	-	(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)
Total comprehensive loss for the period								
Loss for the period	-	-	-	-	-	(1,054,021,623)	(1,054,021,623)	(1,054,021,623)
Other comprehensive income	-	-	-	-	-	20,934,968	20,934,968	20,934,968
	-	-	-	-	-	(1,033,086,655)	(1,033,086,655)	(1,033,086,655)
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	-	-	-	-	-	(386,459,775)	(386,459,775)	(386,459,775)
Other comprehensive income	-	-	-	-	-	61,750,641	61,750,641	61,750,641
	-	-	-	-	-	(324,709,134)	(324,709,134)	(324,709,134)
Balances as at March 31, 2017	2,594,301,340	98,039,330	183,000,000	281,039,330	250,000,000	(8,083,189,887)	(7,833,189,887)	(4,957,849,217)

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, 2017

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 Shekhupura 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. 374,083,699/- 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, however its operations are resume in the normal course of business during 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 un-audited 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 March 31, 2017 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		61,750,641	92,366,351
Surplus realised on disposal of assets during the period / year		-	-
		61,750,641	92,366,351
		1,575,992,073	1,637,742,714

- 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.

	Note	Un-audited March 31, 2017 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	1,720,019,878	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		152,047,061	160,095,500
Not subject to markup			
Demand finance		134,835,000	134,835,000
		<u>2,203,254,684</u>	<u>2,250,303,461</u>
Less: Current portion			
Installments due / overdue		551,966,397	394,928,822
Payable within one year		292,933,572	274,435,022
		<u>844,899,969</u>	<u>669,363,844</u>
		<u>1,358,354,715</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 3.15% 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. 104.320 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 5.12% 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:

- a. 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.
- b. 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.
- c. 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.
- d. M/S. First National Bank Modaraba has instituted a suit under Financial Institutions (Recovery of Finances) Ordinance, 2001 for recovery of Rs. 36,013,341/- along with markup before the Honorable Judge Banking Court, Lahore against the company. The company has duly filed its petition for leave to defend in the said matter and the same is pending adjudication.
- e. 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.
- f. Financial impact, if any, of the above (a to e) has not been acknowledged in these financial statements because of pending litigations.

	Un-audited March 31, 2017 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>3,887,803,253</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 9 months / 12 months	8.1.1	889,000	18,897,259
Deletions during 9 months / 12 months	8.1.2	(1,983,293)	(4,815,035)
Depreciation charge for 9 months / 12 months		(190,991,330)	(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>3,887,803,253</u>	<u>4,078,928,051</u>
8.1.1. Additions during 9 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 March 31, 2017 Rupees	Audited June 30, 2016 Rupees
8.1.2 Deletions during 9 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	3,165,180,869	3,175,878,516
Local	128,190,253	181,957,408
	<u>3,293,371,122</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>3,293,371,122</u>	<u>3,357,835,924</u>
10.1. Not past due	173,171,857	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>7,226,731,518</u>	<u>7,291,196,320</u>

	Note	Quarter ended March 31,		Period ended March 31,	
		2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees
11. Cost of sales					
Cost of goods manufactured	11.1	403,214,760	558,352,812	1,401,057,834	1,859,490,944
Finished goods					
Opening stock		898,612,039	1,169,659,517	914,520,586	1,158,722,465
Closing stock	11.2	(894,896,061)	(1,181,586,246)	(894,896,061)	(1,181,586,246)
		<u>3,715,978</u>	<u>(11,926,729)</u>	<u>19,624,525</u>	<u>(22,863,781)</u>
		<u>406,930,738</u>	<u>546,426,083</u>	<u>1,420,682,359</u>	<u>1,836,627,163</u>
11.1. Cost of goods manufactured					
Raw material consumed	11.1.1	99,727,089	190,501,642	413,840,697	742,274,862
Salaries, wages and benefits		73,464,266	80,873,478	215,651,333	245,104,209
Staff retirement benefits		1,620,150	1,375,000	5,120,900	4,050,544
Stores and spares		3,473,816	8,385,911	51,017,469	50,333,260
Dyes and chemicals		50,102,808	50,755,981	169,293,671	168,873,236
Packing material		16,203,791	17,220,232	45,606,387	63,772,849
Conversion and processing charges		156,000	1,619,884	741,839	7,248,899
Engraving and wadding		3,140,740	3,517,180	9,256,683	9,424,399
Repairs and maintenance		723,290	834,145	3,011,316	7,817,737
Fuel and power		82,841,756	109,056,015	258,068,490	293,412,453
Insurance		228,196	107,619	801,347	759,960
Depreciation		62,631,019	67,852,296	187,893,064	203,817,606
Other		3,018,559	23,283,526	22,857,608	38,917,054
		<u>397,331,480</u>	<u>555,382,909</u>	<u>1,383,160,804</u>	<u>1,835,807,068</u>
Work in process					
Opening stock		123,515,400	158,167,385	135,529,150	178,881,358
Closing stock		(117,632,120)	(155,197,482)	(117,632,120)	(155,197,482)
		<u>5,883,280</u>	<u>2,969,903</u>	<u>17,897,030</u>	<u>23,683,876</u>
		<u>403,214,760</u>	<u>558,352,812</u>	<u>1,401,057,834</u>	<u>1,859,490,944</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. 551.966 million alongwith mark up of Rs. 98.793 million, lease finance amounting to Rs. 68.248 million alongwith mark up of Rs. 19.619 million and short term borrowings amounting to Rs.6,953.377 million along with mark up of Rs.2,581.255 million were over

On reporting date, the carrying amount of loans relevant to above overdue are, long term finances of Rs. 2,203.254 million, lease finance of Rs. 68.248 million and short term borrowings of Rs. 7,405.721 million.

Overdue installment of long term finance was paid subsequently amounting to Rs. 1.592 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 March 31, 2017 Rupees	Audited June 30, 2016 Rupees
Transactions during the period / year		
Rent received	-	180,000
Services acquired from Shama Exports Pvt Ltd	-	3,080,098
Purchases from IA Textiles	9,048,000	

14. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 29, 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

مستقبل کے کیش کے بہاؤ کو مد نظر رکھتے ہوئے کٹوتہ شنید کی جا رہی ہے۔ فیکٹائیل کی صنعتوں کے مستقبل کا انحصار حکومت کی اعلان کردہ مراعات کی اصل میں وصولی اور ٹیکوں / مالیاتی اداروں کی جانب سے ورکاری مالی معاونت 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 ہڈا کے سٹاف اور ورکرز کا پختہ عزم، محنت اور مستقل مزاجی قابل تحسین ہے۔

خرم افتخار
چیف ایگزیکٹو

فیصل آباد

29 اپریل 2017

ڈائریکٹرز کی رپورٹ:

آپ کی کمپنی کے ڈائریکٹرز حضرات آپ کے روبرو 31 مارچ 2017 کو ختم ہونے والے نو ماہ کی ڈائریکٹرز رپورٹ مع غیر آڈٹ شدہ مالیاتی حساب کے ساتھ پیش کرتے ہیں۔

مالی نتائج:

مالی نتائج برائے زیر غور نو ماہ مع موازنہ اعداد و شمار باہر ت ساہقہ نو ماہ کو ذیل میں پیش کیا جاتا ہے

31 مارچ 2016	31 مارچ 2017	31 مارچ 2016	31 مارچ 2017	
ملین روپے	ملین روپے	ملین روپے	ملین روپے	
425,788,876	320,636,200	1,580,726,798	1,221,800,997	فروخت
546,426,083	406,930,738	1,836,627,163	1,420,682,359	لاگت فروخت
(120,637,207)	(86,294,538)	(255,900,365)	(198,881,362)	مجموعی نقصان
(198,472,207)	(152,762,944)	(471,875,974)	(386,459,775)	بعد از ٹیکس نقصان
(0.78)	(0.59)	(1.82)	(1.49)	

پہلے نو ماہ کے دوران کمپنی کو کل نقصان مبلغ 198.881 ملین روپے ہوا جبکہ پچھلے نو ماہ کے موازنہ میں کل نقصان مبلغ 255.900 ملین روپے ہوا تھا اور بعد از ٹیکس نقصان مبلغ 386.459 ملین روپے ہوا جبکہ پچھلے نو ماہ کے موازنہ میں بعد از ٹیکس نقصان مبلغ 471.875 ملین روپے ہوا تھا۔ فروخت پچھلے نو ماہ کے موازنہ میں کم ہوئی ہیں کمپنی کی کل فروخت مبلغ 1,221.800 ملین روپے ہوئی ہیں جبکہ پچھلے نو ماہ کی فروخت مبلغ 1,580.726 ملین روپے ہوئی تھیں۔ خالص نقصان مبلغ 386.459 ملین روپے کی بنیاد پر وینڈیکٹوں کی جانب سے مطلوبہ مالی معاونت کے نہ ہونے سے مینوفیکچرنگ سہولیات کا کم استعمال اور توانائی کی لاگت میں اضافہ ہے۔

کچھ وینڈیکٹوں/مالی ادارہ کی جانب سے کمپنی سے اپنی سرمایہ کاری رقم اقرض اور مارک اپ کی رقم کو وصول کرنے کے لیے مجاز عدالتوں میں دعوے دائر کیے گئے ہیں لہذا کمپنی ایسے وینڈیکٹوں کی واجب الادا قرض اور سرمایہ کاری کی رقم کی باہر ت مالی لاگت کو اکاؤنٹس میں نہیں لے رہی اور اس رقم کی وضاحت کھاتہ جات کے نوٹس میں بیان کی گئی ہے۔ قانونی رائے پر اصرار 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 ٹریڈ بینک آف پاکستان کی جانب سے لاگت فنڈ کی فیصد متعین ہونے تک ایسے وینڈیکٹوں کی واجب الادا قرض کی مالی لاگت کا تخمینہ نہیں لگایا جاسکتا۔

مستقبل کے امکانات:

ٹیکسٹائل کی صنعت پاکستان کی برآمدات میں اہم کردار ادا کر رہی 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 ریفنڈز کی مدد میں رکھا ہوا ہے جسے حکومت اپنے مالی خسارے کو پورا کرنے کے لیے استعمال کر رہی ہے جبکہ مالی اداروں کی طرف سے معاونت کی کمی بھی اسکے مسائل میں اضافہ کر رہی ہے۔ برآمد کنندگان ان حالات سے نپٹنے کی پوری کوشش کر رہے ہیں۔ اگر چہ بجلی اور گیس کی سپلائی میں بہتری آئی ہے لیکن ابھی تک اس کی لاگت خطے میں سب سے زیادہ ہے اور لائینڈ آرڈر کی صورتحال میں بہتری ملک میں یورپ یو ایس اے اور باقی دنیا کے گاہکوں کو متوجہ کرنے کا باعث بنی ہے۔ موجودہ صورتحال میں مینوفیکچرنگ سہولیات کے کم استعمال اور نقصانات کی وجہ سے کمپنی کو فنڈز کی کمی کا سامنا ہے۔ وینڈیکٹوں کے قرضوں کو منظم رکھنے کے لیے اور قرضے کی ادائیگی کی شرائط کے بارے میں وینڈیکٹوں کے ساتھ کمپنی کی جانب سے

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