

# AMTEX LIMITED

Third Quarterly Report

March 31, 2018



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# Company Information

## Board of Directors

Mr. Muhammad Ahsan  
Mr. Khurram Iftikhar  
Mr. Shahzad Iftikhar  
Mr. Nadeem Iftikhar  
Mr. Suhail Maqsood Ahmed  
Mr. Gul Muhammad Naz  
Mr. Usman Ghani

Chairman  
Chief Executive Officer

## Secretary & Chief Financial Officer

Mr. Tahir Javed

## Audit Committee

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

*Chairman*

## Human Resource & Remuneration Committee

Mr. Muhammad Ahsan  
Mr. Suhail Maqsood Ahmed  
Shahzad Iftikhar

*Chairman*

## Auditors

Zahid Jamil & Co.  
*Chartered Accountants*

## Legal Advisor

Mr. Mushtaq Ahmed Khan  
*Advocate Supreme Court*

## Share Registrar Office

Vision Consulting Limited  
3-C, LDA Flats, Lawrance Road, Lahore

## Registered Office

P-225 Tikka Gali # 2 Montgomery Bazar, Faisalabad

## Projects Locations

30-k.m. Shaiekhupura Road Faisalabad  
Sargodha Road Faisalabad  
1-k.m. Khurrianwala Jaranwala Road

*Spinning Unit*  
*Weaving Unit*  
*Processing & Stitching Unit*

## Website

[www.amtextile.com](http://www.amtextile.com)



**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 quarter ended March 31, 2018.

### Financial Results

The financial results for the period under review with comparative figures of previous period are presented hereunder.

	Quarter ended March 31,		Period ended March 31,	
	2018	2017	2018	2017
	Rupees	Rupees	Rupees	Rupees
Sales	229,895,333	320,636,200	769,994,812	1,221,800,997
Cost of sales	229,763,752	406,930,738	904,205,581	1,420,682,359
Gross profit / (loss)	131,581	(86,294,538)	(134,210,769)	(198,881,362)
Net loss for the period	(41,046,251)	(152,762,944)	(305,693,044)	(386,459,775)
Loss per share - Basic and diluted	(0.16)	(0.59)	(1.18)	(1.49)

During 1<sup>st</sup> nine months under review company incurred gross loss of Rs. 134.210 million as compared to gross loss of Rs. 198.881 million in the corresponding period of last year and net loss of Rs. 305.693 million as compared to net loss of Rs. 386.459 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. 769.994 million in 1<sup>st</sup> nine months against sales of Rs. 1,221.800 million in the corresponding period of last year. Underutilization of capacities, low exports and domestic sales volume due to high RLNG prices in the Punjab province, increased electricity cost, non-availability of required financial support from banks and unrealized export refunds have culminated in after tax loss of Rs. 305.693 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 markup / 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.

### Lease of Company's Processing and Dyeing Unit Land and Building

Board of Directors in its meeting held on September 14, 2017 has approved the offer of M/S Abwa Knowledge Village (Pvt) Ltd to acquire the Company's Processing and Dyeing Unit land along with buildings constructed thereon on lease of thirty three years and an agreement has been made and yearly rent has been agreed Rupees 20,160,000/- along with 15% increase after every three years. Earlier to above referred meeting, Chief Executive Officer, Mr. Khurram Iftikhar informed Board in its meeting held on September 05, 2017 that he is an interested director as per Section 205 of the Companies Act, 2017 as one of his son is director in Abwa Knowledge Village (Pvt) Ltd and in this meeting he served general notice



*Excellence Without Compromise*



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under sub section 3 of section 205 of the Companies Act, 2017 disclosing this fact. Therefore, as required under section 205 of the Companies Act, 2017 Mr. Khurram Iftikhar did not participate in the Board meeting held on September 14, 2017. The Board approved the aforementioned offer considering that this lease agreement will generate revenue and will decrease the operational expenses.

### **Future outlook**

The textile sector in Pakistan is under continuous pressure due to high cost of doing business and very high utility cost in the province. Oil prices have also increased in last couple of months which will increase the operational cost. Further, financial market in Pakistan is also reluctant to provide the required financial support to revive the exports of textile industry. Management is working hard and hopeful that with the improvement of textile market along with removal of gas price differential in the Punjab Province will reduce the operating cost and the production and operating results will improve. However, the future growth of exports and textile industry mainly depends on the actual realization of the supports announced by the Government, release of refunds to exporters and on availability of financial support from the banks.

### **Acknowledgement**

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

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

For and on behalf of the Board

Faisalabad  
April 30, 2018

Khurram Iftikhar

**CHIEF EXECUTIVE**

## ڈائریکٹرز کی رپورٹ:

آپ کی کمپنی کے ڈائریکٹرز حضرات آپ کے روبرو نو ماہ کی رپورٹ مع مالی غیر آڈٹ شدہ گوشوارہ حساب برائے 31 مارچ 2018 پیش کرتے ہیں۔

### مالی نتائج:

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

2018 مارچ نو ماہ	2017 مارچ نو ماہ	2018 مارچ سہ ماہی	2017 مارچ سہ ماہی
769,994,812	1,221,800,997	229,895,333	320,636,200
904,205,581	1,420,682,359	229,763,752	406,930,738
(134,210,769)	(198,881,362)	131,581	(86,294,538)
(305,693,044)	(386,459,775)	(41,046,251)	(152,762,944)
(1.18)	(1.49)	(0.16)	(0.59)

نو ماہ کے دوران کمپنی کی کل فروخت مبلغ 769.994 ملین روپے کی مد میں کل نقصان رقم مبلغ 134.210 ملین روپے ہوا جبکہ پچھلے نو ماہ کی کل فروخت مبلغ 1,221.800 روپے اور کل نقصان مبلغ 198.881 ملین روپے ہوا تھا۔ نو ماہ کے دوران کمپنی کو بعد از ٹیکس ادائیگی مبلغ 305.693 ملین روپے کا خالص نقصان ہوا جبکہ پچھلے نو ماہ میں بعد از ٹیکس ادائیگی مبلغ 386.459 ملین روپے کا خالص نقصان ہوا تھا۔ خطے میں درآمدی RLNG کی قیمت میں اضافہ اور اسکے ساتھ بجلی کی قیمت میں اضافہ، بینکوں کی جانب سے درکار شدہ مالی معاونت کی عدم دستیابی کی وجہ سے مینوفیکچرنگ سہولیات کا کم استعمال اور برآمدات اور لوکل سیلز میں کمی اور ریفنڈز کے نہ ملنے کی وجوہات کی بنا پر کمپنی کو بعد از ادائیگی ٹیکس مبلغ 305.693 ملین روپے کے خسارے کا سامنا کرنا پڑا۔

کچھ بینکوں / مالی ادارہ کی جانب سے سے کمپنی سے اپنی سرمایہ کاری رقم اور مارک اپ کی رقم کو وصول کرنے کے لیے مجاز عدالتوں میں دعویٰ دائر کیا گیا ہے لہذا کمپنی ایسے بینکوں کی وجہ سے لاداقرض اور سرمایہ کاری کی رقم کی بابت مالی لاگت کو کاؤٹس میں نہیں لے رہی اور اس رقم کی وضاحت کھاتہ جات کے نوٹس میں بیان کی گئی ہے۔ قانونی رائے پر انحصار کرتے ہوئے کمپنی کی جانب سے اس بات کو محسوس کیا گیا ہے کہ دعویٰ کے دائرہ 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۔ اسلئے عدالتی فیصلوں کے التوا اور سٹیٹ بینک آف پاکستان کی جانب سے لاگت فنڈ کی فیصد متعین ہونے تک ایسے بینکوں کی وجہ سے لاداقرض کی مالی لاگت کا تخمینہ نہیں لگایا جاسکتا۔

## لیز آف لینڈ اینڈ بلڈنگ

بورڈ آف ڈائریکٹرز نے ستمبر 14، 2017 کو ہونے والی میٹنگ میں کمپنی کے پروسیدنگ یونٹ کی لینڈ اور بلڈنگ کو تین سال کے لیے لیز پر لینے کی میسرز ابواء مانج و پلج پرائیویٹ لمیٹڈ کی درخواست کی منظوری دی ہے۔ معاہدہ کے مطابق سالانہ کرایہ 20,160,000 روپے ہوگا اور ہر تین سال بعد پندرہ فیصد بڑھایا جاسکے گا۔ اس سے پہلے 5 ستمبر 2017 کو ہونے والی بورڈ میٹنگ میں چیف ایگزیکٹو مسٹر خرم افتخار نے بورڈ کو بتایا کہ کمپنی ایکٹ 2017 کی شق 205 کے تحت مذکورہ ایگزیکٹو یونٹ میں انکا انٹرسٹ شامل ہے اور انکا ایک بیٹا میسرز ابواء مانج و پلج پرائیویٹ لمیٹڈ میں ڈائریکٹر ہے اور انھوں نے اس میٹنگ میں کمپنی ایکٹ 2017 کی شق 205 کے تحت جنرل نوٹس بھی دیا جس میں مذکورہ حقیقت کو بیان کیا گیا تھا۔ لہذا کمپنی ایکٹ 2017 کی شق 205 کے تحت مسٹر خرم افتخار نے ستمبر 14، 2017 کو ہونے والی

میٹنگ میں شرکت نہیں کی۔ آپریشنل لاگت کو کم کرنے اور آمدنی حاصل کرنے کے لیے بورڈ نے لیزا ایگریمینٹ کی منظوری دی ہے۔

## مستقبل کے امکانات :

پاکستان میں ٹیکسٹائل کی صنعت کو پیداواری لاگت میں اضافے اور توانائی کی قیمت میں اضافے کی وجہ سے سخت مشکلات کا سامنا ہے۔ پچھلے کچھ ماہ کے دوران تیل کی قیمتوں میں بھی اضافہ ہوا ہے جس سے پیداواری لاگت میں اضافہ ہوگا۔ مزید برآں فنانشل پارٹنرز بھی ٹیکسٹائل کی صنعت کی مالی معاونت کے سلسلہ میں ہچکچاہٹ کا شکار ہیں۔ مینجمنٹ سخت محنت کر رہی ہے اور پراعتقاد ہے کہ صوبہ پنجاب میں گیس کی قیمتوں کا فرق دوسرے صوبوں کے مقابلے میں ختم ہونے سے پیداواری لاگت میں کمی آئے گی اور پیداوار اور آپریشنل نتائج میں بہتری آئے گی۔ تاہم ٹیکسٹائل اور برآمدات کی صنعت کا مستقبل حکومت کی اعلان کردہ مراعات کی اصل میں وصولی برآمد کنندگان کو ریفنڈ کی ادائیگی اور بینکوں کی جانب سے مالی معاونت سے ہی ممکن ہے۔

## توثیقی بیان :

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

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

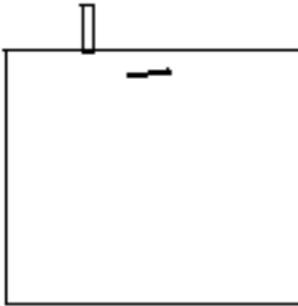
خرم افتخار

چیف ایگزیکٹو

  
CHIEF EXECUTIVE

فیصل آباد

تاریخ: 31 اپریل 2018



**AMTEX LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (Un-audited)**  
**AS AT MARCH 31, 2018**

		Un-audited March 31 2018 Rupees	Audited June 30 2017 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital 260,000,000 (June 2017: 260,000,000) ordinary shares of Rs.10/- each		<u>2,600,000,000</u>	<u>2,600,000,000</u>
Issued, subscribed and paid up capital		<u>2,594,301,340</u>	2,594,301,340
Reserves		<u>(8,408,779,029)</u>	<u>(8,543,942,493)</u>
		<u>(5,814,477,689)</u>	<u>(5,949,641,153)</u>
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>	3	<b>686,453,744</b>	1,127,310,252
<b>NON-CURRENT LIABILITIES</b>			
Redeemable capital	4	-	-
Long term financing	5	<b>1,538,742,925</b>	1,260,060,000
Liabilities against assets subject to finance lease		-	-
Deferred liabilities		<b>1,078,820,215</b>	890,935,347
		<u>2,617,563,140</u>	<u>2,150,995,347</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<b>393,186,079</b>	371,641,366
Interest / markup payable		<b>2,503,371,605</b>	2,603,546,609
Short term borrowings	6	<b>6,197,870,144</b>	7,494,863,069
Current portion of non-current liabilities		<b>1,296,057,579</b>	884,052,308
		<u>10,390,485,407</u>	<u>11,354,103,352</u>
<b>CONTINGENCIES &amp; COMMITMENTS</b>	7	-	-
		<u>7,880,024,602</u>	<u>8,682,767,798</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	<b>2,792,981,892</b>	3,388,060,909
Long term deposits	9	<b>57,021,425</b>	57,021,425
		<u>2,850,003,317</u>	<u>3,445,082,334</u>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		<b>518,504,309</b>	619,000,181
Stock in trade		<b>1,210,925,308</b>	1,301,252,322
Trade debts	10	<b>2,769,346,226</b>	2,797,094,654
Loans and advances		<b>24,740,699</b>	5,256,261
Deposits and prepayments		<b>8,736,843</b>	8,737,038
Other receivables		<b>103,619,277</b>	95,332,845
Tax refunds due from the Government		<b>204,616,757</b>	219,158,324
Cash and bank balances		<b>189,531,866</b>	191,853,839
		<u>5,030,021,285</u>	<u>5,237,685,464</u>
		<u>7,880,024,602</u>	<u>8,682,767,798</u>

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

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

**AMTEX LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)**  
**FOR THE PERIOD ENDED MARCH 31, 2018**

	Note	Quarter ended March 31,		Period ended March 31,	
		2018	2017	2018	2017
		Rupees	Rupees	Rupees	Rupees
Sales		<b>229,895,333</b>	320,636,200	<b>769,994,812</b>	1,221,800,997
Cost of sales	11	<b>229,763,752</b>	406,930,738	<b>904,205,581</b>	1,420,682,359
Gross profit / (loss)		<b>131,581</b>	(86,294,538)	<b>(134,210,769)</b>	(198,881,362)
Other income		<b>8,920,507</b>	37,758	<b>(2,563,009)</b>	541,184
		<b>9,052,088</b>	(86,256,780)	<b>(136,773,778)</b>	(198,340,178)
Selling and distribution expenses		<b>6,674,759</b>	6,441,390	<b>13,254,091</b>	16,218,113
Administrative expenses		<b>9,397,390</b>	18,740,422	<b>40,040,408</b>	51,519,122
Finance cost		<b>32,316,438</b>	38,085,712	<b>107,554,644</b>	108,006,286
		<b>48,388,587</b>	63,267,524	<b>160,849,143</b>	175,743,521
Loss for the period before taxation		<b>(39,336,499)</b>	(149,524,304)	<b>(297,622,921)</b>	(374,083,699)
Provision for taxation		<b>1,709,752</b>	3,238,640	<b>8,070,123</b>	12,376,076
Net loss for the period		<b>(41,046,251)</b>	(152,762,944)	<b>(305,693,044)</b>	(386,459,775)
Loss per share - Basic and diluted		<b>(0.16)</b>	(0.59)	<b>(1.18)</b>	(1.49)

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

  
**CHIEF EXECUTIVE**

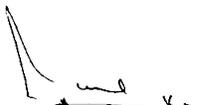
  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

**AMTEX LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)**  
**FOR THE PERIOD ENDED MARCH 31, 2018**

	Quarter ended March 31,		Period ended March 31,	
	2018	2017	2018	2017
	Rupees	Rupees	Rupees	Rupees
Net loss for the period	<b>(41,046,251)</b>	(152,762,944)	<b>(305,693,044)</b>	(386,459,775)
Other comprehensive income for the period				
Surplus realized on disposal of revalued assets during the period	<b>129,671,407</b>	-	<b>433,803,809</b>	-
Incremental depreciation on revalued assets for the period	<b>1,605,954</b>	41,167,094	<b>7,052,699</b>	61,750,641
	<b>131,277,361</b>	41,167,094	<b>440,856,508</b>	61,750,641
Total comprehensive loss for the period	<b><u>90,231,110</u></b>	<u>(111,595,850)</u>	<b><u>135,163,464</u></b>	<u>(324,709,134)</u>

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

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

**AMTEX LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)**  
**FOR THE PERIOD ENDED MARCH 31, 2018**

	<b>Period ended March 31, 2018</b>	<b>2017</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period before taxation	<b>(297,622,921)</b>	(374,083,699)
Adjustments for:		
Depreciation of property, plant and equipment	<b>113,685,344</b>	190,991,330
Provision for staff retirement gratuity	<b>4,476,795</b>	5,120,900
Loss / Gain on disposal of property, plant and equipment	<b>13,488,673</b>	(447,532)
Finance cost	<b>107,554,644</b>	108,006,286
Operating cash flows before working capital changes	<b>(58,417,465)</b>	(70,412,715)
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	<b>100,495,872</b>	1,758,549
Stock in trade	<b>90,327,014</b>	110,013,214
Trade debts	<b>27,748,428</b>	64,464,802
Loans and advances	<b>(19,484,438)</b>	9,961,635
Deposits and prepayments	<b>195</b>	1,528,950
Other receivables	<b>(8,286,432)</b>	412,124
Tax refunds due from the Government	<b>13,563,983</b>	7,246,995
Increase / (decrease) in current liabilities		
Trade and other payables	<b>21,544,713</b>	(38,701,615)
	<b>225,909,335</b>	156,684,654
Cash generated from operations	<b>167,491,870</b>	86,271,939
Income tax paid	<b>(7,092,538)</b>	(14,259,743)
Finance cost paid	<b>(15,193,930)</b>	(30,486,258)
Staff retirement gratuity paid	<b>(9,127,645)</b>	(15,668,000)
Net cash generated from operating activities	<b>136,077,757</b>	25,857,938
<b>b) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions in property, plant and equipment	-	(889,000)
Proceeds from disposal of property, plant and equipment	<b>467,905,000</b>	1,470,000
Net cash generated from investing activities	<b>467,905,000</b>	581,000

	<b>Period ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>c) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing	<b>(448,494,730)</b>	(47,048,777)
Liabilities against assets subject to finance lease	-	(2,200,000)
Short term borrowings - net	<b>(157,810,000)</b>	34,645,067
Net cash used in financing activities	<b>(606,304,730)</b>	<u>(14,603,710)</u>
Net (decrease ) / increase in cash and cash equivalents (a+b+c)	<b>(2,321,973)</b>	11,835,228
Cash and cash equivalents as at June 30,	<b>191,853,839</b>	146,089,533
Cash and cash equivalents at the end of the period	<b><u>189,531,866</u></b>	<u>157,924,761</u>

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

  
CHIEF EXECUTIVE

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

**AMTEX LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)**  
**FOR THE PERIOD ENDED MARCH 31, 2018**

	RESERVES							Total
	Capital			Revenue				
	Merger reserve	Share premium	Sub Total	General reserve	Unappropriated profit / (loss)	Sub Total		
-----Rupees-----								
Balances as at July 01 , 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)
<b>Total comprehensive loss for the period</b>								
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)
<b>Total comprehensive loss for the period</b>								
Loss for the period	-	-	-	-	-	(1,099,095,647)	(1,099,095,647)	(1,099,095,647)
Other comprehensive income	-	-	-	-	-	107,303,711	107,303,711	107,303,711
	-	-	-	-	-	(991,791,936)	(991,791,936)	(991,791,936)
Balances as at June 30, 2017	2,594,301,340	98,039,330	183,000,000	281,039,330	250,000,000	(9,074,981,823)	(8,824,981,823)	(5,949,641,153)
<b>Total comprehensive loss for the period</b>								
Loss for the period	-	-	-	-	-	(305,693,044)	(305,693,044)	(305,693,044)
Other comprehensive income	-	-	-	-	-	440,856,508	440,856,508	440,856,508
	-	-	-	-	-	135,163,464	135,163,464	135,163,464
<b>Balances as at March 31, 2018</b>	<b>2,594,301,340</b>	<b>98,039,330</b>	<b>183,000,000</b>	<b>281,039,330</b>	<b>250,000,000</b>	<b>(8,939,818,359)</b>	<b>(8,689,818,359)</b>	<b>(5,814,477,689)</b>

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

**AMTEX LIMITED**  
**CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS (Un-audited)**  
**FOR THE PERIOD ENDED MARCH 31, 2018**

**1. STATUS AND ACTIVITIES**

- 1.1 Amtex Limited (the Company) is a public limited company incorporated in Punjab, Pakistan under the Companies Ordinance, 1984 and listed on Pakistan Stock Exchange limited (formerly Karachi Stock Exchange Limited) in Pakistan. The registered office of the Company is situated at P-225, Tikka Gali No. 2, Montgomery Bazar, Faisalabad. The principal business of the Company is export of all kinds of value added fabrics, textile made-ups, casual and fashion garments duly processed. The Company is also engaged in the business of manufacturing and sale of yarn and fabrics on its own & conversion basis. The cloth processing unit and stitching units are located at 1 KM Jaranwala Road, Khurrianwala, District Faisalabad and spinning unit is located at 30 KM Sheikhpura Road, Khurrianwala, District Faisalabad, in the province of
- 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. 297,622,921/- and its sales have also been significantly decreased during the period as compared to previous corresponding period. The drop in the production and sale is due to under-utilization of production capacity because of lack of profitable local and export sale orders due to higher operating cost of textile industry in Pakistan and lack of financial support from banks and Government. The operating cost is mainly higher due to supply of imported RLNG to textile industry in Punjab, Pakistan. Due to unfavorable textile market conditions, 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 have also filed suit against the company for recovery of their outstanding debts.

Plans have been made to continue the Company as a going concern and in order to mitigate aforementioned factors members of the Company has accorded approval, in an Extra Ordinary General Meeting, to sale certain properties and machinery, mortgaged with banks, the entire such sale proceeds will be paid to relevant charge holder banks further as approved by members in said Extraordinary General Meeting Company has leased out the land and buildings of Processing Division for a period of thirty three years to generate revenue from lease rent. Yearly rent has been agreed Rupees 20,160,000/- alongwith 15% increase after every three years. Further, the management is, hopeful that with the improvement of textile market along with removal of gas price differential in the Punjab Province bringing the gas price down to the price in other provinces will reduce the operating cost and the production and operating results will improve. The management of the Company has already taken steps for extension and restructuring of loans. The certain 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, 2017.
- 2.4 This condensed interim financial report is un-audited and are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017.
- 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, 2017.

**2.6** Standards, amendments to published approved accounting standards and interpretations effective from July 01, 2017.

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, 2017 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, 2017 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, 2018 Rupees	Audited June 30, 2017 Rupees
<b>3. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>			
Opening balance	3.1	1,127,310,252	1,637,742,714
Deficit on revaluation		-	(338,174,985)
		1,127,310,252	1,299,567,729
Less:			
Transferred to Comprehensive Income for the period / year in respect of :			
Incremental depreciation for the period / year		7,052,699	83,263,471
Surplus realised on disposal of assets during the period / year		433,803,809	88,994,006
		440,856,508	172,257,477
		686,453,744	1,127,310,252

**3.1.** This represents surplus on revaluation of freehold land, building on freehold land, plant and machinery, electric installations, factory equipment, laboratory equipment and assets subject to finance laese. Revaluation of freehold land on market value basis and building on freehold land, plant and machinery, electric installations, factory equipment laboratory equipment and assets subject to finance laese 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 ,by M/S Empire Enterprises (Private) Limited as at December 31, 2012 and latest revaluation was carried out by independent valuers M/S Gulf Consultants as at June 30, 2017 on depreciated replacement values basis.

	Note	Un-audited March 31, 2018 Rupees	Audited June 30, 2017 Rupees
<b>4. Redeemable capital</b>			
Secured			
Sukuk certificates	4.1	-	-
Less : Adjusted during the year		-	-
		-	-

**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.

		<b>Un-audited March 31, 2018 Rupees</b>	<b>Audited June 30, 2017 Rupees</b>
<b>5. Long term financing</b>			
Secured			
From banking companies and financial institutions			
Under mark up arrangements			
Demand finance	<b>5.1</b>	<b>1,548,556,548</b>	1,638,051,278
Term finance		<b>120,000,000</b>	150,000,000
Long term finances-I		<b>19,176,163</b>	19,176,163
Long term finance-II	<b>5.2</b>	<b>384,614,556</b>	-
Long term finances-III	<b>5.3</b>	<b>425,568,369</b>	-
Syndicated term finance		<b>10,500,000</b>	10,500,000
Morabaha finance		<b>19,301,582</b>	19,301,582
Morabaha finance II		<b>104,000,000</b>	104,000,000
Not subject to markup			
Demand finance		<b>134,835,000</b>	134,835,000
		<b>2,766,552,218</b>	2,075,864,023
Less: Current portion			
Installments due / overdue		<b>700,934,293</b>	597,803,813
Payable within one year		<b>526,875,000</b>	217,900,210
		<b>1,227,809,293</b>	815,704,023
		<b>1,538,742,925</b>	1,260,160,000

**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.** It represents principal amount of restructured outstanding loans from Habib Bank Ltd as Company has negotiated the settlement terms and entered into Settlement Agreement ("Agreement") during the period, in respect of outstanding Principal Liability and Markup Liability. As per terms of the Agreement, Company shall pay a settlement amount of Rs 921 million (including an amount of future markup of rupee 59 million) as full and final settlement of liabilities i.e. principal and markup. Further, as per terms of the Agreement principal amounting to rupees 740 million is payable within three years and mark up amounting to rupees 122 million is payable in third year and future markup amounting Rs. 59 million is payable in fourth year from the date of execution of Agreement. The balance markup amount between outstanding markup and agreed payable markup shall be waived off by the Bank, at the end on payment of settlement amount, as prompt payment bonus. Markup on outstanding rescheduled principal liability would be accrued at prevailing "Cost of Fund" of the Bank from the date of implementation of settlement arrangement. The cost of funds shall be reset as and when advised by State Bank of Pakistan. In case of any default under any terms of Settlement Agreement all waiver / concessions will be withdrawn. An amount of rupees 355 million paid till balance sheet date. Entire settlement amount rupees 921 million is payable as per following schedule:

Period	Amount	Nature	Payment Terms
Year-I	Rs. 125 Million	Principal	Upon Execution of settlement agreement.
	Rs. 65 Million	Principal	Within 90 days from the date of execution of settlement agreement.
	Rs. 140 Million	Principal	Before expiry of 1st year from date of execution of settlement agreement.
Year-II	Rs. 250 Million	Principal	Before expiry of 2nd year from date of execution of settlement agreement.
Year-III	Rs. 160 Million	Principal	Before expiry of 3rd year from date of execution of settlement agreement.
	Rs. 122 Million	Mark up	Before expiry of 3rd year from date of execution of settlement agreement.
Year-IV	Rs. 59 Million	*Future Mark up	Before expiry of 4th year from date of execution of settlement agreement.
			*( Future mark up is tentative amount calculated on prevailing COF of the bank.)

- 5.3. It represents principal amount of restructured outstanding loans from Askari Bank Ltd as Company has negotiated the settlement terms and entered into Settlement Agreement ("Agreement") during the period, in respect of outstanding Principal Liability and Markup Liability. As per terms of the Agreement, Company shall pay a settlement amount of Rs 524.322 million (Principal amount of rupees 429.57 million plus 50% of previous outstanding mark up rupees 94.75 million) along with future markup (at cost of fund) of rupees 28.211 million as full and final settlement of liabilities i.e. principal and markup. Further, as per terms of the Agreement principal amounting to rupees 429.569 million is payable within three and half years and mark up will be paid at tail end in four equal quarterly installments after entire adjustment of principal. Markup on outstanding rescheduled principal liability would be accrued at prevailing "Cost of Fund" of the Bank from the date of implementation of settlement arrangement. The cost of funds shall be reset as and when advised by State Bank of Pakistan. In case of any default under any terms of Settlement Agreement all waiver / concessions will be withdrawn. An amount of rupees 4 million paid till balance sheet date. Entire settlement amount rupees 552.533 million is payable as per following schedule:

Period	Installment	Amount	Nature	Payment Terms
	DP	Rs. 30 Million	Principal	Down Payment upon Execution of settlement agreement.
Year-I	1st Q Installment	Rs. 50 Million	Principal	Within 90 days from the date of execution of settlement agreement.
	2nd Q Installment	Rs. 3 Million	Principal	Within 90 days of 1st Quarterly Installment.
	3rd Q Installment	Rs. 4 Million	Principal	Within 90 days of 2nd Quarterly Installment.
	4th Q Installment	Rs. 130 Million	Principal	Within 90 days of 3rd Quarterly Installment.
Year-II	5th Q Installment	Rs. 15 Million	Principal	Within 90 days of 4th Quarterly Installment.
	6th Q Installment	Rs. 100 Million	Principal	Within 90 days of 5th Quarterly Installment.
	7th Q Installment	Rs. 15 Million	Principal	Within 90 days of 6th Quarterly Installment.
	8th Q Installment	Rs. 22 Million	Principal	Within 90 days of 7th Quarterly Installment.
Year-III	9th Q Installment	Rs. 15 Million	Principal	Within 90 days of 8th Quarterly Installment.
	10th Q Installment	Rs. 12 Million	Principal	Within 90 days of 9th Quarterly Installment.
	11th Q Installment	Rs. 10 Million	Principal	Within 90 days of 10th Quarterly Installment.
	12th Q Installment	Rs. 10 Million	Principal	Within 90 days of 11th Quarterly Installment.
Year-IV	13th Q Installment	Rs. 10 Million	Principal	Within 90 days of 12th Quarterly Installment.
	14th Q Installment	Rs. 3.57 Million	Principal	Within 90 days of 13th Quarterly Installment.
		Rs 122.964 million	Mark up	In four equal quarterly installments after entire adjustment of principal *(RS 122.964 million also included future tentative mark up calculated on prevailing COF of the bank.)

- 5.4. The effective rate of mark up ranges from 5.00% to 7.01% per annum (June 30, 2017: 3.36% to 10.01% per annum).
- 5.5. As per terms of agreement with 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. 92.89 million (June 30, 2017: Rs 71.684 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.
- 6.3. The effective rate of mark up charged during the period / year ranges from 5.21% to 23.725% per annum (June 30, 2017: 3.36% to 23.73% 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, 2017 except following:

- a. As disclosed in note 14.1(j) of the audited financial statements for the year ended June 30, 2017, M/S Habib Bank Limited ("Bank") instituted a suit for recovery of Rs. 946.769 million under Financial Institutions (Recovery of Finances) Ordinance, 2001, in the Honorable Lahore High Court, Lahore, against the company. Court has passed the decree in favor of Bank. The Company has entered in to a settlement agreement as explained in note 5.2 of these financial statements and under the terms of settlement agreement decree execution has been sine die adjourned in the Honorable Lahore High Court, Lahore.

- b. As disclosed in Note 14.1 (l) of the audited financial statements for the year ended June 30, 2017 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 Bank for an amount of rupee 490.671 million. The Company has entered in to a settlement agreement as explained in note 5.3 of these financial statements and under the terms of settlement agreement decree execution will be sine die adjourned in the Honorable Lahore High Court, Lahore.
- c. 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.
- d. 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, 2018 Rupees	Audited June 30, 2017 Rupees
<b>7.2. Commitments</b>			
Bank guarantees issued in favour of			
Sui Northern Gas Pipelines Limited for supply of gas.		33,091,000	39,018,000
Collector of Custom		-	21,486,791
<b>8. Property, plant and equipment</b>			
Operating fixed assets	8.1	<u>2,792,981,892</u>	<u>3,388,060,909</u>
<b>8.1. Operating fixed assets</b>			
Opening balance written down value		3,388,060,909	4,078,928,051
Additions during 9 months / 12 months	8.1.1	-	2,844,723
Deletions during 9 months / 12 months	8.1.2	(548,674,458)	(130,902,731)
Depreciation charge for 9 months / 12 months		(113,685,344)	(254,331,116)
Depreciation adjustment for disposal		67,280,785	29,696,967
Deficit on revaluation		-	(338,174,985)
Closing written down value		<u>2,792,981,892</u>	<u>3,388,060,909</u>
<b>8.1.1. Additions during 9 months / 12 months:</b>			
Office equipments		-	918,000
Vehicles		-	1,926,723
		<u>-</u>	<u>2,844,723</u>
<b>8.1.2 Deletions during 9 months / 12 months</b>			
Freehold land		(260,384,000)	(48,875,000)
Building on free hold land		(115,280,036)	(76,777,288)
Plant & machinery		(166,037,692)	-
Vehicles		(6,972,730)	(5,250,443)
		<u>(548,674,458)</u>	<u>(130,902,731)</u>
<b>9. Long term deposits</b>			
Against utilities		47,646,928	52,646,928
Against TFC		9,374,497	9,374,497
		<u>57,021,425</u>	<u>62,021,425</u>
<b>10. Trade debts</b>			
Considered good			
Unsecured			
Foreign		2,537,861,297	3,175,878,516
Local		231,484,929	181,957,408
		<u>2,769,346,226</u>	<u>3,357,835,924</u>
Considered doubtful			
Unsecured			
Foreign		4,517,510,811	3,933,360,396
Less: Provision for doubtful debts		(4,517,510,811)	(3,933,360,396)
		<u>-</u>	<u>-</u>
		<u>2,769,346,226</u>	<u>3,357,835,924</u>

	Un-audited March 31, 2018 Rupees	Audited June 30, 2017 Rupees
10.1. Not past due	222,319,067	213,859,849
Past due within one year	25,140,488	7,722,964
Past due more than one year	7,039,397,482	7,069,613,507
	<b>7,064,537,970</b>	7,077,336,471
	<b>7,286,857,037</b>	7,291,196,320

	Quarter ended March 31, 2018 Rupees	2017 Rupees	Period ended March 31, 2018 Rupees	2017 Rupees
<b>11. Cost of sales</b>				
Cost of goods manufactured	11.1 216,153,221	403,214,760	869,720,791	1,401,057,834
Finished goods				
Opening stock	640,631,518	898,612,039	661,505,777	914,520,586
Closing stock	(627,020,987)	(894,896,061)	(627,020,987)	(894,896,061)
	13,610,531	3,715,978	34,484,790	19,624,525
	<b>229,763,752</b>	406,930,738	<b>904,205,581</b>	1,420,682,359

#### 11.1. Cost of goods manufactured

Raw material consumed	74,680,648	99,727,089	233,027,992	413,840,697
Salaries, wages and benefits	21,367,347	73,464,266	108,345,161	215,651,333
Staff retirement benefits	1,245,550	1,620,150	4,476,795	5,120,900
Stores and spares	2,358,076	3,473,816	20,863,630	51,017,469
Dyes and chemicals	26,602,178	50,102,808	163,536,585	169,293,671
Packing material	12,311,289	16,203,791	32,554,005	45,606,387
Conversion and processing charges	27,151,807	156,000	28,752,289	741,839
Engraving and wadding	1,540,780	3,140,740	7,465,055	9,256,683
Repairs and maintenance	1,388,025	723,290	2,838,403	3,011,316
Fuel and power	6,355,123	82,841,756	117,397,746	258,068,490
Insurance	-	228,196	540,195	801,347
Depreciation	29,766,310	62,631,019	111,330,269	187,893,064
Other	1,002,365	3,018,559	10,804,182	22,857,608
	205,769,498	397,331,480	841,932,307	1,383,160,804
Work in process				
Opening stock	65,120,478	123,515,400	82,525,239	135,529,150
Closing stock	(54,736,755)	(117,632,120)	(54,736,755)	(117,632,120)
	10,383,723	5,883,280	27,788,484	17,897,030
	<b>216,153,221</b>	403,214,760	<b>869,720,791</b>	1,401,057,834

## 12. Overdue loans

On the reporting date the installments of long term finances amounting to Rs. 674.934 million alongwith mark up of Rs. 108.764 million, lease finance amounting to Rs. 68.248 million alongwith mark up of Rs. 19.619 million and short term borrowings amounting to Rs.6,978.053 million along with mark up of Rs.2,275.294 million were over due.

On reporting date, the carrying amount of loans relevant to above overdue are, long term finances of Rs. 1,986.369 million, lease finance of Rs. 68.248 million and short term borrowings of Rs. 6,978.53 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;

	<b>Un-audited March 31, 2018 Rupees</b>	<b>Audited June 30, 2017 Rupees</b>
<b>Transactions during the period / year</b>		
Rent received	-	540,000
Rent receivable from Abwa Knowledge Village Pvt Ltd	<b>10,920,000</b>	-
Services / Purchases from Shama Exports Pvt Ltd	<b>4,909,000</b>	11,927,797
Purchases from IA Textiles	-	16,492,953
Balances due to related parties		
Shama Exports Pvt Ltd	-	11,927,797
IA Textiles	-	6,492,953

## 14. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 30, 2018 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

  
CHIEF FINANCIAL OFFICER

## **Book Post**



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