

AMTEX LIMITED

First Quarterly Report
September 30, 2017



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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



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 September 30, 2017.

Financial Results

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

	Quarter ended	
	September 30 2017 Rupees	September 30 2016 Rupees
Sales	300,907,324	525,726,169
Cost of sales	335,619,481	587,242,132
Gross loss	(34,712,157)	(61,515,963)
Loss for the period	(92,401,101)	(120,777,857)
Earnings per share - Basic and diluted	(0.36)	(0.47)

During 1st quarter under review company incurred gross loss of Rs.34.712 million as compared to gross loss of Rs. 61.515 million in the corresponding period of last year and net loss of Rs. 92.401 million as compared to net loss of Rs. 120.777 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.300.907 million in three months against sales of Rs. 525.726 million in the corresponding period of last year. Underutilization of capacities, low exports and domestic sales volume due to high RLNG prices in the region, increased electricity cost, liquidity crunch, non-availability of required financial support from banks and unrealized export refunds have culminated in after tax loss of Rs. 92.401 million.

Certain banks / financial institutions have filed a suit against the Company for recovery of its financing and mark up and the Company has not provided any markup / cost of funds on the said outstanding amounts. Based on the legal opinion, the company feels that, after institution of the suit, a financial institution is only entitled to cost of funds if so awarded by the court in case the suit is decided against the company. The levy of cost of funds and the quantum thereof shall be contingent on passing of the decree and rate prescribed by the State Bank of Pakistan during the period of pendency of the claim and discharge of decree, if passed by the Court.



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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, 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 sons is director in Abwa Knowledge Village (Pvt) Ltd and in this meeting he served general notice 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. Textile exporters now need export friendly policies and support from the Government to compete with regional rivals. 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 of growth of exports and textile industry mainly depends on the actual realization of the supports announced by the Government, release of refunds to exporters and on availability of financial support from the banks.

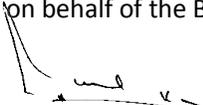
Acknowledgement

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

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

Faisalabad
October 30, 2017

For and on behalf of the Board


CHIEF EXECUTIVE
Khurram Iftikhar

ڈائریکٹرز کی رپورٹ:

آپ کی کمپنی کے ڈائریکٹرز حضرات آپ کے روبروسہ ماہی رپورٹ معہ مالی غیر آڈٹ شدہ گوشاہ حساب برائے 30 ستمبر 2017 پیش کرتے ہیں۔

مالی نتائج:

مالی نتائج برائے زیر غور سہ ماہی معہ موازنہ اعداد و شمار بابت سابقہ سہ ماہی کو ذیل میں پیش کیا جاتا ہے:-

2016, 30 ستمبر	2017, 30 ستمبر	
روپے	روپے	
525,726,169	300,907,324	فروخت
587,242,132	335,619,481	تخمینہ فروخت
(61,515,963)	(34,712,157)	کل نقصان
(120,777,857)	(92,401,101)	بعد از ٹیکس نقصان
(0.47)	(0.36)	فی کس حصص نقصان

سہ ماہی کے دوران کمپنی کی کل فروخت مبلغ 300.907 ملین روپے کی مد میں کل نقصان رقم مبلغ 34.712 ملین روپے ہوا جبکہ چھپی سہ ماہی کی کل فروخت مبلغ 525.726 روپے اور کل نقصان مبلغ 61.515 ملین روپے ہوا تھا۔ سہ ماہی کے دوران کمپنی کو بعد از ٹیکس ادائیگی مبلغ 92.401 ملین روپے کا خالص نقصان ہوا جبکہ چھپی سہ ماہی میں بعد از ٹیکس ادائیگی مبلغ 120.777 ملین روپے کا خالص نقصان ہوا تھا۔ خطے میں درآمدی RLNG کی قیمت میں اضافہ اور اسکے ساتھ بجلی کی قیمت میں اضافہ مالی بحران، 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 92.401 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 واجب الادا قرض اور سرمایہ کاری کی رقم کی بابت 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 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 واجب الادا قرض 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 ٹینٹس سال کے لیے لیز پر لینے کی میسرز ابواء مارج وینچ 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 کمپنیز ایکٹ 2017 کی شق 205 کے تحت مذکورہ ایگزیکٹو میں انکا انٹرسٹ شامل ہے اور انکا ایک بیٹا میسرز ابواء مانج ویج پرائیویٹ لمیٹڈ میں ڈائریکٹر ہے اور انہوں نے اس میٹنگ میں کمپنیز ایکٹ 2017 کی شق 205 سبشق 3 کے تحت جنرل نوٹس بھی دیا جس میں مذکورہ حقیقت کو بیان کیا گیا تھا۔ لہذا کمپنیز 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 ایگزیکٹو 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۔ ٹیکسٹائل کی صنعت کے برآمد کنندگان کو خطے میں مقابلے کے لیے حکومت کی طرف سے معاونت اور دوستانہ پالیسی کی ضرورت ہے۔ فنانشل پارٹنرز بھی ٹیکسٹائل کی صنعت کی معاونت کے سلسلہ میں ہچکچاہٹ کا شکار ہیں۔ مینجمنٹ سخت محنت کر رہی ہے اور پر اعتماد 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 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 ہڈا کے سٹاف اور ورکرز کا پختہ عزم، محنت اور مستقل مزاجی قابل تحسین ہے۔

خرم افتخار
چیف ایگزیکٹو
CHIEF EXECUTIVE

فیصل آباد

تاریخ: 30 اکتوبر 2017

AMTEX LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2017

	Note	Un-audited September 30 2017 Rupees	Audited June 30 2017 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
260,000,000 ordinary shares			
(June 2017: 260,000,000) of Rs.10/- each		2,600,000,000	2,600,000,000
Issued, subscribed and paid up capital		2,594,301,340	2,594,301,340
Reserves		(8,633,890,877)	(8,543,942,493)
		(6,039,589,537)	(5,949,641,153)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
		1,124,857,535	1,127,310,252
NON-CURRENT LIABILITIES			
Redeemable capital	3	-	-
Long term financing	4	1,186,092,039	1,260,060,000
Liabilities against assets subject to finance lease		-	-
Deferred liabilities		911,807,626	890,935,347
		2,097,899,665	2,150,995,347
CURRENT LIABILITIES			
Trade and other payables		322,603,969	371,641,366
Interest / markup payable		2,610,675,031	2,603,546,609
Short term borrowings	5	7,436,343,069	7,494,863,069
Current portion of non current liabilities		950,677,308	884,052,308
		11,320,299,377	11,354,103,352
Contingencies and commitments	6		
		8,503,467,040	8,682,767,798
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	3,345,523,178	3,388,060,909
Long term deposits		57,021,425	57,021,425
		3,402,544,603	3,445,082,334
CURRENT ASSETS			
Stores, spares and loose tools		577,503,340	619,000,181
Stock in trade		1,277,226,250	1,301,252,322
Trade debts	8	2,758,395,947	2,797,094,654
Loans and advances		7,251,279	5,256,261
Deposits and prepayments		8,478,830	8,737,038
Other receivables		94,348,107	95,332,845
Tax refunds due from Government		208,121,915	219,158,324
Cash and bank balances		169,596,769	191,853,839
		5,100,922,437	5,237,685,464
		8,503,467,040	8,682,767,798

The annexed notes form an integral part of this condensed interim financial report.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

AMTEX LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Note	Quarter ended	
		September 30 2017 Rupees	September 30 2016 Rupees
Sales		300,907,324	525,726,169
Cost of sales	9	335,619,481	587,242,132
Gross loss		(34,712,157)	(61,515,963)
Other operating income		2,037,901	-
		(32,674,256)	(61,515,963)
Selling and distribution expenses		3,733,923	4,662,740
Administrative expenses		15,052,002	15,316,058
Finance cost	10	37,561,989	34,039,502
		56,347,914	54,018,300
Loss for the period before taxation		(89,022,170)	(115,534,263)
Provision for taxation		3,378,931	5,243,594
Loss for the period		(92,401,101)	(120,777,857)
Earnings per share - Basic and diluted		(0.36)	(0.47)

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

AMTEX LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Quarter ended	
	September 30 2017 Rupees	September 30 2016 Rupees
Loss after taxation	(92,401,101)	(120,777,857)
Other comprehensive income		
Items that will not be subsequently re-classified to profit or loss:		
Incremental depreciation on revalued assets for the period	2,452,717	20,583,547
Total comprehensive loss for the period	<u>(89,948,384)</u>	<u>(100,194,310)</u>

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

AMTEX LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Quarter ended	
	September 30 2017 Rupees	September 30 2016 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period before taxation	(89,022,170)	(115,534,263)
Adjustments for:		
Depreciation of property, plant and equipment	41,860,632	63,642,285
Gain on disposal of property plant & equipment	(2,037,901)	-
Provision for staff retirement gratuity	1,415,845	1,350,750
Finance cost	37,561,989	34,039,502
Operating cash flows before working capital changes	<u>(10,221,605)</u>	<u>(16,501,726)</u>
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	41,496,841	1,661,098
Stock in trade	24,026,072	17,966,132
Trade debts	38,698,707	65,018,153
Loans & advances	(1,995,018)	(4,853,120)
Deposits and prepayments	258,208	9,478
Other receivables	984,738	228,655
Tax refunds due from Government	9,713,380	9,341,818
Increase / (decrease) in current liabilities		
Trade and other payables	<u>(49,037,397)</u>	<u>(22,513,704)</u>
	<u>64,145,531</u>	<u>66,858,510</u>
Cash generated from operations	53,923,926	50,356,784
Income tax paid	(2,055,902)	(5,623,664)
Finance cost paid	(8,120,133)	(5,631,211)
Staff retirement gratuity paid	(2,857,000)	(2,250,000)
Net cash generated from operating activities	<u>40,890,891</u>	<u>36,851,909</u>
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in fixed assets	-	(889,000)
Sale proceeds of fixed assets	2,715,000	-
Net cash generated / (used in) investing activities	<u>2,715,000</u>	<u>(889,000)</u>
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of:		
Liabilities against assets subject to finance lease	-	(2,200,000)
Long term loans	(7,342,961)	(6,018,556)
Increase / (decrease) in short term borrowings - net	<u>(58,520,000)</u>	<u>(9,825,000)</u>
Net cash used in from financing activities	<u>(65,862,961)</u>	<u>(18,043,556)</u>
Net (decrease) / increase in cash and cash equivalents (a+b+c)	(22,257,070)	17,919,353
Cash and cash equivalents at the beginning of the year	191,853,839	146,089,533
Cash and cash equivalents at the end of the year	<u>169,596,769</u>	<u>164,008,886</u>

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

AMTEX LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Issued, subscribed and paid up capital	Reserves					Total	
		Capital reserves			Revenue reserves			
		Merger reserve	Share premium	Sub Total	General reserve	Unappropriated profit		Sub Total
-----Rupees-----								
Balance 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)
Total comprehensive (loss) for the period								
(Loss) for the period	-	-	-	-	-	(120,777,857)	(120,777,857)	(120,777,857)
Other comprehensive income for the period	-	-	-	-	-	20,583,547	20,583,547	20,583,547
	-	-	-	-	-	(100,194,310)	(100,194,310)	(100,194,310)
Balance as at September 30, 2016	2,594,301,340	98,039,330	183,000,000	281,039,330	250,000,000	(7,858,675,063)	(7,608,675,063)	(4,733,334,393)
Total comprehensive (loss) for the period								
(Loss) for the period	-	-	-	-	-	(1,364,777,565)	(1,364,777,565)	(1,364,777,565)
Other comprehensive income for the period	-	-	-	-	-	148,470,805	148,470,805	148,470,805
	-	-	-	-	-	(1,216,306,760)	(1,216,306,760)	(1,216,306,760)
Balance 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)
Total comprehensive (loss) for the period								
(Loss) for the period	-	-	-	-	-	(92,401,101)	(92,401,101)	(92,401,101)
Other comprehensive income for the period	-	-	-	-	-	2,452,717	2,452,717	2,452,717
	-	-	-	-	-	(89,948,384)	(89,948,384)	(89,948,384)
Balance as at September 30, 2017	2,594,301,340	98,039,330	183,000,000	281,039,330	250,000,000	(9,164,930,207)	(8,914,930,207)	(6,039,589,537)

The annexed notes form an integral part of this condensed interim financial report.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

AMTEX LIMITED
SELECTED EXPLANATORY NOTES TO THE
CONDENSED INTERIM FINANCIAL REPORT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 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 Sheikhpura Road, Khurrianwala, District Faisalabad, in the province of Punjab. The weaving unit is located at Sargodha road, District Faisalabad.
- 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. 89,022,170/- 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 supplied 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 up 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 report is presented in Pak Rupee, which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

- 2.1 This condensed interim financial report 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 repealed Companies Ordinance, 1984. In case the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

- 2.2** This condensed interim financial report 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 report 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** During the year. The Companies Act, 2017 (The Act) has been promulgated which has repealed old law i.e. The Ordinance. The Act though its promulgation has introduced many changes including changes in presentation and disclosure in the financial statements. Securities & Exchange Commission of Pakistan (SECP) through its circular # 23 of 2017 dated October 04, 2017 has deferred the application of the Act in relation to preparation of the financial statements for company's whose financial year, including quarterly and other interim period closes on or before December 31, 2017. Hence this condensed interim financial information is prepared under the Ordinance.
- 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** The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.
During preparation of this condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2017.

3. Redeemable capital

The company has filed suit under the Financial Institutions (Recovery of Finances) Ordinance, against the sukuk unit holders in the Honorable Lahore High Court, Lahore 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.

- 3.1** 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.

	Un-audited September 30, 2017 Rupees	Audited June 30, 2017 Rupees
4. Long term financing		
Secured		
From banking companies and financial institutions		
Under mark up arrangements		
Demand finance	1,630,708,317	1,638,051,278
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	104,000,000	104,000,000
Not subject to mark up		
Demand finance	134,835,000	134,835,000
	<u>2,068,521,062</u>	<u>2,075,864,023</u>
Less: Current portion		
Installments due	665,696,013	597,903,813
Payable within one year	216,733,010	217,900,210
	<u>882,429,023</u>	<u>815,804,023</u>
	<u>1,186,092,039</u>	<u>1,260,060,000</u>

4.1 As per terms of agreement with certain banks, the recommendation, declaration and payment of dividend is subject to prior written approval of the bank.

4.2 The effective rate of mark up ranges from 5% to 10.01% (June 30, 2017 3.36% to 10.01%).

5. Short term borrowings

5.1 The aggregate unavailed borrowing facilities available to the Company are Rs. 69.60 million (June 30, 2017: Rs. 71.684 million).

5.2. 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 7% to 23.725% per annum (June 30, 2017: 3.36% to 23.725% per annum).

6. CONTINGENCIES AND COMMITMENTS

6.1 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.

The company has not fully recognised mark up on redeemable capital and on long and short term financing due to pending litigations and also due to settlements with other banks.

	Un-audited September 30, 2017 Rupees	Audited June 30, 2017 Rupees
6.2 Commitments		
Bank guarantees issued in favour of Sui Northern Gas Pipelines Limited for supply of gas.	39,018,000	39,018,000
Collector of Custom	21,486,791	21,486,791
7. Property, plant and equipment		
Operating assets	3,345,523,178	3,388,060,909
Capital work in progress	-	-
	<u>3,345,523,178</u>	<u>3,388,060,909</u>
7.1 Operating assets		
Opening balance written down value.	3,388,060,909	4,078,928,051
Additions during 3 months / 12 months:	-	2,844,723
Deletions during 3 months / 12 months:	(3,897,550)	(130,902,731)
Depreciation charge for 3 months / 12 months	(41,860,632)	(254,331,116)
Depreciation adjustment for disposal	3,220,451	29,696,967
Surplus on revaluation adjustment	-	(338,174,985)
Closing written down value	<u>3,345,523,178</u>	<u>3,388,060,909</u>
7.1.1 Additions during 3 months / 12 months:		
Office equipment	-	918,000
Vehicles	-	1,926,723
	<u>-</u>	<u>2,844,723</u>
7.1.2 Deletions during 3 months / 12 months:		
Freehold land	-	(48,875,000)
Building on free hold land	-	(76,777,288)
Vehicles	(3,897,550)	(5,250,443)
	<u>(3,897,550)</u>	<u>(130,902,731)</u>
8. Trade debts		
Considered good		
Unsecured		
Foreign	2,546,790,824	2,568,187,411
Local	211,605,123	228,907,243
	<u>2,758,395,947</u>	<u>2,797,094,654</u>
Considered doubtful		
Unsecured		
Foreign	4,517,510,811	4,517,510,811
Less provision for doubtful debts	(4,517,510,811)	(4,517,510,811)
	<u>-</u>	<u>-</u>
	<u>2,758,395,947</u>	<u>2,797,094,654</u>

		Un-audited September 30, 2017 Rupees	Audited June 30, 2017 Rupees
8.1	The aging of trade debts is as under:		
	Not past due	228,840,003	252,663,088
	Past due within one year	3,542,788	6,849,021
	Past due more than one year	7,043,523,967	7,055,093,356
		7,047,066,755	7,061,942,377
		7,275,906,758	7,314,605,465
		Quarter ended September 30, 2017 Rupees	September 30, 2016 Rupees
9. Cost of sales			
Cost of goods manufactured	9.1	325,906,104	585,320,426
Finished goods			
Opening stock		661,505,777	914,520,586
Closing stock		(651,792,400)	(912,598,880)
		9,713,377	1,921,706
		335,619,481	587,242,132
9.1 Cost of goods manufactured			
Raw material consumed		63,253,152	214,252,587
Salaries, wages and benefits		52,398,315	88,636,898
Staff retirement benefits		1,415,845	1,350,750
Stores and spares		9,354,954	24,294,779
Dyes and chemicals		83,165,774	64,452,173
Packing material		9,642,584	17,014,134
Conversion and processing charges		-	304,218
Engraving and wadding		3,429,501	3,200,515
Repairs and maintenance		1,450,378	1,205,036
Fuel and power		51,297,366	95,555,113
Insurance		258,208	221,194
Depreciation		41,067,927	62,631,021
Other		2,456,406	13,235,242
		319,190,410	586,353,660
Work in process			
Opening stock		82,525,239	135,529,150
Closing stock		(75,809,545)	(136,562,384)
		6,715,694	(1,033,234)
		325,906,104	585,320,426

10. Finance cost

The provision of mark up on financial facilities under litigation has not been made in this condensed interim financial report. Based on the legal opinion, the company feels that after institution of the suit, a financial institution is only entitled to cost of funds if so awarded by the court in any decree which may be passed by the court. Therefore company has not accrued any cost of funds/interest on the said outstanding balances.

11. Transactions with related parties

		Quarter ended September 30,	
		2017	2016
		Rupees	Rupees
i- Key management personnel	Remuneration	<u>3,455,250</u>	<u>3,612,515</u>

The 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.

12. Overdue loans

On the reporting date the installments of long term finances amounting to Rs.665.696 million along with mark up of Rs.101.468 million, lease finance amounting to Rs. 68.248 million along with mark up of Rs. 19.619 million and short term borrowings amounting to Rs. 7,062.143 million along with mark up of Rs. 2,384.105 million were over due. On reporting date the carrying amount of loans relevant to above overdue were long term finances Rs 2,068.521 million, lease finance Rs 68.248 million and short term borrowings Rs 7,340.173 million. No any overdue installment subsequently paid.

13. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial report was authorised for issue on October 30, 2017 by the Board of Directors of the Company.

14. GENERAL

- i) There is no unusual item included in this condensed interim financial report which is affecting assets, liabilities, loss, comprehensive loss, cash flows or equity of the Company.
- ii) Provision for taxation is based on this condensed interim financial report and is subject to adjustment in annual financial statements.
- iii) Figures have been rounded off to the nearest Rupee.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

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