

# AMTEX LIMITED

Half Yearly Report

December 31, 2014



# **CONTENTS**

**COMPANY INFORMATION**

**DIRECTORS' REPORT**

**AUDITORS' REVIEW REPORT**

**CONDENSED INTERIM BALANCE SHEET**

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT**

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**

**CONDENSED INTERIM CASH FLOW STATEMENT**

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**

**CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS**

# 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*

## 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 half year ended December 31, 2014.

### 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 December 31,		Half year ended December 31,	
	2014	2013	2014	2013
	Rupees	Rupees	Rupees	Rupees
Sales	637,851,627	611,470,627	1,305,022,894	1,487,801,808
Cost of sales	702,604,299	861,062,935	1,437,840,955	1,689,954,982
Gross loss	(64,752,672)	(249,592,308)	(132,818,061)	(202,153,174)
Net loss for the period	(103,638,508)	(238,420,912)	(242,291,589)	(269,360,840)
Loss per share - Basic and diluted	(0.40)	(0.92)	(0.93)	(1.04)

During 1<sup>st</sup> half year under review company incurred gross loss of Rs. 132.818 million as compared to gross loss of Rs. 202.153 million in the corresponding period of last year and net loss of Rs. 242.291 million as compared to net loss of Rs. 269.360 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. 1,305.022 million in first half year against sales of Rs. 1,487.801 million in the corresponding period of last year. Under utilization of production capacity because of continuous load management by the utility companies and increase in energy tariff has culminated in after tax loss of rupees 242.291 million.

### Qualification in Auditors' Report to the Members

The auditors of company have opined that past due trade debts are impaired and provision for doubtful debts should be made in the financial statements. Company has provided 37% provision in last annual accounts against foreign receivable debtors and is negotiating with customers to recover the past payments.

Regarding the "going concern" observation of auditors, directors of your company explain that on the basis of existing conditions and future judgments about the outcome of the events, the management is making full efforts to continue the entity as a going concern. Currently due to under-utilization of capacities and losses, the company is facing tight cash flow situation and has not been able to pay its certain debt obligations towards its financial creditors. To regularize such bank loans, the repayment terms of loans are being renegotiated with the lenders keeping in view the future cash flows, profits and other relevant forecasts and certain banks have approved the restructuring with approval of fresh funding structured to revive the export business while requests have already been made to the other financial institutions. In view of the above the management is confident that it will be successful in its efforts and company will be able to continue as a going concern.

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

### **Future outlook**

The textile industry faces a number of serious issues and is operating under difficult circumstances which seem certain to persist. Foreign confidence and investment, especially compared with other Asian locations, have been undermined by the volatile political scene along with continuing threats of terrorism. Trade has been adversely affected because of the unreliability and inadequacy of the country's electrical and gas power supply system. Government needs to take immediate steps to resolve the persistent issues of high financial cost gas and electricity supply otherwise they will continue to hurt the textile industry in Pakistan and the benefits of GSP plus status could not be capitalized.

### **Acknowledgement**

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

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

For and on behalf of the Board

Khurram Iftikhar

Faisalabad  
February 28, 2015

## **Report to the Members on Review of Condensed Interim Financial Information**

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of **AMTEX LIMITED** as at **December 31, 2014** and the related condensed interim profit & loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with notes forming part thereof (hereinafter referred to as “interim financial information”) for the half year then ended. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

The figures for the quarter ended December 31, 2014 and 2013 in the condensed interim profit and loss account have not been reviewed as we are required to review only the cumulative figures for the half year ended December 31, 2014.

### **Scope of Review**

Except as explained in the paragraphs “a” to “c” below, we conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of the persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit opinion.

### **Basis for Adverse Conclusion**

- a) The Company has incurred a gross loss of Rs. 132.818 million (June 2014: Rs. 1,108.302 million), net loss of Rs. 242.292 million (June 2014: Rs. 1,966.634 million) during the period ended December 31, 2014 and as at that date, accumulated losses are Rs. 5,013.279 million (June 2014: Rs. 4,884.410 million) and current liabilities exceeded its current assets by Rs. 2,393.172 million (June 2014: Rs. 2,195.857 million). The company is facing operational and financial problems. Moreover, the company is defendant / petitioner in various law suits as mentioned in note # 7 to the condensed interim financial information and due to pending litigations certain long and short term liabilities remained unconfirmed / unreconciled in the absence of balance confirmations from related banks and financial institutions as mentioned in note 6, 7.1.4, 8 and 12.7 to the financial statements for the year ended June 30, 2014. Further, there is no sufficient appropriate audit evidence that the management’s plans are feasible and ultimate outcome will improve the company’s current situation. These factors, along with matters mentioned in paragraph (b) & (c) below, indicate a material uncertainty which may cast significant doubt on 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 financial statements, however, do not disclose this fact and any adjustment to that effect;

- b) Trade debtors amounting to Rs. 7,129.007 million (June 2014: Rs. 7,114.403 million) remained unconfirmed / un-reconciled in the absence of balance confirmations and relevant information. Past due foreign debtors amounting to Rs. 7,081.200 million (June 2014 restated: Rs. 7,081.200 million) are impaired, the company has made the provision amounting to Rs. 2,651.491 million (June 2014: Rs. 2,651.491 million) against these past due balances, whereas in our opinion these should be fully provided. Had this provision been made, the loss for the period and accumulated losses would have been increased and foreign debtors would have been decreased by Rs. 4,429.709 million (June 2014 restated: Rs. 4,429.709 million);
- c) Mark up expense has not been fully charged in these financial statements on redeemable capital and on long and short term financing due to pending litigations with various banks. Had the mark up been fully charged, net loss for the period would have been increased by Rs. 449.593 million (June 2014: Rs. 820.432 million), mark up payable and accumulated losses would have been increased by Rs. 1,417.242 million (June 2014: Rs. 967.649 million) (Refer note # 7.1. (b)).

#### **Adverse Conclusion**

Based on our review, on the basis of above mentioned paragraphs “a” to “c”, it causes us to believe that the accompanying interim financial information do not give true and fair view of the financial position of the company as at December 31, 2014 and of its financial performance and its cash flow for the six months period then ended in accordance with approved accounting standards as applicable in Pakistan.

**FAISALABAD:**  
**February 28, 2015**

**CHARTERED ACCOUNTANTS**  
**(Engagement Partner: Muhammad Amin)**

**CONDENSED INTERIM BALANCE SHEET (Un-audited)**  
**AS AT DECEMBER 31, 2014**

		Un-audited December 31 2014 Rupees	Audited June 30 2014 Rupees			Un-audited December 31 2014 Rupees	Audited June 30 2014 Rupees
	Note				Note		
<b>EQUITY AND LIABILITIES</b>				<b>ASSETS</b>			
<b>SHARE CAPITAL AND RESERVES</b>				<b>NON-CURRENT ASSETS</b>			
Authorised capital 260,000,000 ordinary shares of Rs.10/- each		<u>2,600,000,000</u>	<u>2,600,000,000</u>	Property, plant and equipment	8	4,479,593,988	4,699,965,450
Issued, subscribed and paid up capital		2,594,301,340	2,594,301,340	Long term deposits		55,342,868	35,967,868
Reserves		(4,482,240,033)	(4,353,370,923)			4,534,936,856	4,735,933,318
		(1,887,938,693)	(1,759,069,583)				
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>	3	1,781,459,103	1,894,881,582				
<b>NON-CURRENT LIABILITIES</b>							
Redeemable capital	4	-	-				
Long term financing	5	1,675,124,162	1,828,728,822				
Deferred liabilities							
Staff retirement gratuity		33,408,411	33,492,371				
Deferred markup		539,711,899	542,043,609				
		2,248,244,472	2,404,264,802				
<b>CURRENT LIABILITIES</b>				<b>CURRENT ASSETS</b>			
Trade and other payables		389,332,617	406,955,359	Stores, spares and loose tools		741,823,889	749,728,790
Interest / markup payable		2,735,878,670	2,709,953,887	Stock in trade		2,597,815,905	2,790,660,569
Short term borrowings	6	6,908,586,528	6,857,129,814	Trade debts	9	4,704,299,755	4,671,392,930
Current portion of non-current liabilities		992,300,958	946,447,477	Loans and advances		65,350,729	27,819,296
		11,026,098,773	10,920,486,537	Deposits and prepayments		13,889,504	11,132,806
				Other receivables		105,456,587	110,145,065
				Tax refunds due from Government		223,738,227	212,469,281
				Cash and bank balances		180,552,203	151,281,283
						8,632,926,799	8,724,630,020
<b>CONTINGENCIES &amp; COMMITMENTS</b>	7	-	-				
		<u>13,167,863,655</u>	<u>13,460,563,338</u>			<u>13,167,863,655</u>	<u>13,460,563,338</u>

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

**KHURRAM IFTIKHAR**  
CHIEF EXECUTIVE

**SHAHZAD IFTIKHAR**  
DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

	Note	Quarter ended December 31,		Half year ended December 31,	
		2014 Rupees	2013 Rupees	2014 Rupees	2013 Rupees
Sales		637,851,627	611,470,627	1,305,022,894	1,487,801,808
Cost of sales	10	<u>702,604,299</u>	<u>861,062,935</u>	<u>1,437,840,955</u>	<u>1,689,954,982</u>
Gross loss		(64,752,672)	(249,592,308)	(132,818,061)	(202,153,174)
Other operating income		<u>46,923,489</u>	<u>81,974,381</u>	<u>46,923,489</u>	<u>81,974,381</u>
		(17,829,183)	(167,617,927)	(85,894,572)	(120,178,793)
Selling and distribution expenses		9,228,441	2,599,846	13,772,809	7,185,447
Administrative expenses		17,858,244	14,789,557	32,368,979	30,858,838
Finance cost		47,790,222	46,205,550	97,047,364	97,148,570
		<u>74,876,907</u>	<u>63,594,953</u>	<u>143,189,152</u>	<u>135,192,855</u>
Loss for the period before taxation		(92,706,090)	(231,212,880)	(229,083,724)	(255,371,648)
Provision for taxation		10,932,418	7,208,032	13,207,865	13,989,192
Net loss for the period		<u><u>(103,638,508)</u></u>	<u><u>(238,420,912)</u></u>	<u><u>(242,291,589)</u></u>	<u><u>(269,360,840)</u></u>
Loss per share - Basic and diluted		<u><u>(0.40)</u></u>	<u><u>(0.92)</u></u>	<u><u>(0.93)</u></u>	<u><u>(1.04)</u></u>

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

**KHURRAM IFTIKHAR  
CHIEF EXECUTIVE**

**SHAHZAD IFTIKHAR  
DIRECTOR**

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

	Quarter ended December 31,		Half year ended December 31,	
	2014	2013	2014	2013
	Rupees	Rupees	Rupees	Rupees
Loss for the period	(103,638,508)	(238,420,912)	(242,291,589)	(269,360,840)
Other comprehensive income for the period				
Surplus realized on disposal of revalued assets during the period	62,072,441	67,855,419	62,072,441	67,855,419
Incremental depreciation on revalued assets for the period	25,675,019	28,546,430	51,350,038	57,092,860
	87,747,460	96,401,849	113,422,479	124,948,279
Total comprehensive loss for the period	<u>(15,891,048)</u>	<u>(142,019,063)</u>	<u>(128,869,110)</u>	<u>(144,412,561)</u>

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

**KHURRAM IFTIKHAR**  
**CHIEF EXECUTIVE**

**SHAHZAD IFTIKHAR**  
**DIRECTOR**

**CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

	Half year ended December 31,	
	2014	2013
	Rupees	Rupees
<b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period before taxation	(229,083,724)	(255,371,648)
Adjustments for:		
Depreciation of property, plant and equipment	150,947,911	168,926,170
Amortisation of intangible asset	-	1,189,176
Provision for staff retirement gratuity	2,562,100	4,238,050
Markup waived off	(43,183,287)	-
Gain on disposal of		
Property, plant and equipment	(3,740,000)	(81,974,381)
Finance cost	97,047,364	97,148,570
Operating cash flows before working capital changes	(25,449,636)	(65,844,063)
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	7,904,901	64,801,623
Stock in trade	192,844,664	155,705,683
Trade debts	(32,906,825)	(28,610,189)
Loans and advances	(37,531,433)	3,249,595
Deposits and prepayments	(2,756,698)	712,614
Other receivables	4,688,478	89,764
Tax refunds due from Government	(10,124,146)	(6,772,508)
Increase / (decrease) in current liabilities		
Trade and other payables	(17,622,742)	(146,028,783)
	104,496,199	43,147,799
Cash generated from / (used in) operations	79,046,563	(22,696,264)
Income tax paid	(14,352,665)	(10,955,919)
Finance cost paid	(30,271,004)	(8,510,802)
Staff retirement gratuity paid	(2,646,060)	(973,050)
Net cash generated from / (used in) operating activities	31,776,834	(43,136,035)
<b>b) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions in property, plant and equipment	(7,621,024)	(15,867,213)
Capital work in progress	(9,215,425)	(1,686,630)
Proceeds from disposal of		
Property, plant and equipment	90,000,000	154,465,320
Long term deposits	(19,375,000)	(3,448,463)
Net cash generated from investing activities	53,788,551	133,463,014
<b>c) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing	(106,288,509)	(25,527,061)
Liabilities against assets subject to finance lease	(1,462,670)	-
Short term borrowings - net	51,456,714	(40,676,093)
Net cash used in financing activities	(56,294,465)	(66,203,154)
Net increase in cash and cash equivalents (a+b+c)	29,270,920	24,123,825
Cash and cash equivalents at the beginning of the period	151,281,283	136,308,029
Cash and cash equivalents at the end of the period	180,552,203	160,431,854

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

**KHURRAM IFTIKHAR**  
CHIEF EXECUTIVE

**SHAHZAD IFTIKHAR**  
DIRECTOR

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

Issued, subscribed and paid up capital	RESERVES						Total	
	Capital reserves			Revenue reserves				
	Merger reserve	Share premium	Sub Total	General reserve	Unappropriated profit / (loss)	Sub Total		
-----Rupees-----								
Balances as at July 01, 2013 as restated	2,594,301,340	98,039,330	183,000,000	281,039,330	250,000,000	(3,104,625,317)	(2,854,625,317)	20,715,353
<b>Total comprehensive loss for the period</b>								
Loss for the period	-	-	-	-	-	(269,360,840)	(269,360,840)	(269,360,840)
Other comprehensive income	-	-	-	-	-	124,948,279	124,948,279	124,948,279
	-	-	-	-	-	(144,412,561)	(144,412,561)	(144,412,561)
Balances as at December 31, 2013	2,594,301,340	98,039,330	183,000,000	281,039,330	250,000,000	(3,249,037,878)	(2,999,037,878)	(123,697,208)
<b>Total comprehensive loss for the period</b>								
Loss for the period	-	-	-	-	-	(1,697,272,930)	(1,697,272,930)	(1,697,272,930)
Other comprehensive income	-	-	-	-	-	61,900,555	61,900,555	61,900,555
	-	-	-	-	-	(1,635,372,375)	(1,635,372,375)	(1,635,372,375)
Balances as at June 30, 2014	2,594,301,340	98,039,330	183,000,000	281,039,330	250,000,000	(4,884,410,253)	(4,634,410,253)	(1,759,069,583)
<b>Total comprehensive loss for the period</b>								
Loss for the period	-	-	-	-	-	(242,291,589)	(242,291,589)	(242,291,589)
Other comprehensive income	-	-	-	-	-	113,422,479	113,422,479	113,422,479
	-	-	-	-	-	(128,869,110)	(128,869,110)	(128,869,110)
Balances as at December 31, 2014	2,594,301,340	98,039,330	183,000,000	281,039,330	250,000,000	(5,013,279,363)	(4,763,279,363)	(1,887,938,693)

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

**KHURRAM IFTIKHAR**  
**CHIEF EXECUTIVE**

**SHAHZAD IFTIKHAR**  
**DIRECTOR**

**CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS (Un-audited)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

**1. STATUS AND ACTIVITIES**

- 1.1 Amtex Limited (the Company) is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 and listed on Karachi Stock Exchange in Pakistan. The registered office of the Company is situated at P-225, Tikka Gali No. 2, Montgomery Bazar, Faisalabad. The principal business of the Company is export of all kinds of value added fabrics, textile made-ups, casual and fashion garments duly processed. The Company is also engaged in the business of manufacturing and sale of yarn. The cloth processing unit and stitching units are located at 1 KM Jaranwala Road, Khurrianwala, District Faisalabad and spinning unit is located at 30 KM Sheikhpura Road, Khurrianwala, District Faisalabad, in the province of Punjab.
- 1.2 Pursuant to scheme of arrangement approved by the Honorable Lahore High Court, Lahore, assets, liabilities and reserves of Amtex Spinning Limited were merged with the assets, liabilities and reserves of the Company with effect from April 01, 2003.
- 1.3 The Company has incurred loss before taxation of Rs. 229,083,724 /- and its sales have also been decreased during the period as compared to previous corresponding period. Under utilization of production capacity because of continuous load management by the utility companies has resulted in higher operating cost. Due to slow turnover of stocks and collection of trade debts, the company is facing tight cash flow situation and has not been able to comply with the terms of certain loan agreements. The company is in litigation with sukuk unit holders and certain other banks / financial institutions and creditors have filed suit against the company for recovery of their outstanding debts and served legal notices against the company which the management is defending.

The management is hopeful that with the improvement in supply of gas and electricity, the production and operating results will improve. The management of the Company has already taken steps for extension and restructuring of loans. The major bankers of the company have agreed to restructure the facilities and negotiations with other banks are in process. There is material uncertainty related to events or conditions which may cast significant doubt about the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. The management is confident that it will be successful in its efforts and hence the Company will be able to continue as a going concern.

- 1.4 This condensed interim financial information is presented in Pak Rupee, which is the company's functional and presentation currency.

**2. SIGNIFICANT ACCOUNTING POLICIES**

- 2.1 This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail.
- 2.2 This condensed interim financial information has been prepared under "historical cost convention" except certain items of property, plant and equipment included at revaluation and staff retirement gratuity carried at present value.
- 2.3 This condensed interim financial information does not include all the information required for annual financial statements, and should be read in conjunction with the Company's published audited financial statements for the year ended June 30, 2014.
- 2.4 This condensed interim financial report is unaudited but subject to limited scope review by the auditors of the Company and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984.
- 2.5 The accounting policies and methods of computation followed in the preparation of this condensed interim financial report is the same as those applied in the preparation of the published audited financial statements for the year ended June 30, 2014.
- 2.6 Standards, amendments to published approved accounting standards and interpretations effective from July 01, 2014:

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods beginning on or after July 01, 2014 but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in this condensed interim financial report.

- 2.7 Standards, amendments to published approved accounting standards and interpretations effective as adopted in Pakistan, those are not yet effective:

There are other amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after July 01, 2014 but are considered not to be relevant or do not have any significant effect on Company's operations and are, therefore, not detailed in this condensed interim financial report.

	Note	Un-audited December 31, 2014 Rupees	Audited June 30, 2014 Rupees
<b>3. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>			
Opening balance	3.1	1,894,881,582	2,076,922,720
Less:			
Transferred to Comprehensive Income for the period / year in respect of :			
Incremental depreciation for the period / year		51,350,038	114,185,719
Surplus realised on disposal of assets during the period / year		62,072,441	67,855,419
		113,422,479	182,041,138
		<u>1,781,459,103</u>	<u>1,894,881,582</u>

3.1. First revaluation of freehold land, building on freehold land, plant and machinery, electric installations and factory equipment was carried out by independent valuers M/S Observers (Private) Limited as at June 03, 2004. Second revaluation was carried out by M/S BFA (Private) Limited as at June 30, 2009. And third revaluation was carried out as at December 31, 2012 by M/S Empire Enterprises (Pvt) Ltd. Revaluation of freehold land was carried out on market value basis and building on freehold land, plant and machinery, electric installations and factory equipment on depreciated replacement values basis.

#### 4. Redeemable capital

Secured			
Sukuk certificates	4.1	379,166,665	379,166,665
Less : Current portion shown under current liabilities			
Installment overdue		379,166,665	379,166,665
Payable within one year		-	-
		<u>379,166,665</u>	<u>379,166,665</u>
		-	-

4.1 On the reporting date the installment of redeemable capital amounting to Rs. 379.17 million along with markup of Rs. 100.03 million are due, however, the Company has filed suit under Financial Institutions (Recovery of Finances) Ordinance, 2001 against the sukuk unit holders in the Honorable Lahore High Court and prayed for declaration of undertaking to purchase the sukuk units at a pre-agreed price as void, unlawful and satisfaction of obligations against the existing amounts paid. The Company has also sought relief of suspension of operation of the undertaking and the bank guarantee issued there under till the final decision of the suit.

As per the interim order of The Honorable Lahore High Court the guarantor has deposited two overdue rentals in an escrow account opened by the Deputy Registrar (Judicial) to secure the payments due under the sukuk arrangement.

	Note	Un-audited December 31, 2014 Rupees	Audited June 30, 2014 Rupees
<b>5. Long term financing</b>			
Secured			
From banking companies and financial institutions	5.1		
Demand finance	5.2	1,796,221,216	1,887,778,216
Term finance		150,000,000	155,000,000
Long term finances		19,176,163	19,176,163
Syndicated term finance		10,500,000	11,288,814
Morabaha finance		19,301,582	19,301,582
Morabaha finance II		180,595,209	189,537,904
Not subject to markup			
Demand finance		33,216,000	33,216,000
		<u>2,209,010,170</u>	<u>2,315,298,679</u>
Less: Current portion			
Installments due / overdue		343,939,684	287,103,253
Payable within one year		189,946,324	199,466,604
		533,886,008	486,569,857
		<u>1,675,124,162</u>	<u>1,828,728,822</u>

5.1. These are secured against specific charges on fixed assets, first charge over fixed and current assets ranking pari passu with the charges created in respect of short term borrowings, ranking charge over fixed assets and equitable and registered mortgage of properties of the Company and its associates. These are further secured against ranking charge over current assets, pledge of sponsor's 45 million shares in the Company, counter bank guarantee of Rs. 340 million and personal guarantee of directors of the Company. Bank guarantee is secured against first charge over current assets of the Company.

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

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

## 6. Short term borrowings

6.1. The aggregate unavailed borrowing facilities available to the Company are Rs. Nil (June 30, 2014: Rs. 49 million).

6.2. Short term borrowings, excluding cash finances are secured against lien on export documents, hypothecation of current assets, first charge over current assets ranking pari passu with the charges created in respect of long term financing, and ranking charge over current assets of the Company. These are further secured against first charge over fixed assets ranking pari passu with the charges created in respect of long term financing, ranking charge over fixed assets and by personal guarantee of directors of the Company. Cash finances are secured against pledge of stocks and personal guarantee of directors of the Company.

The effective rate of mark up charged during the period / year ranges from 9.45% to 23.725% per annum (June 30, 2014: 9.11% to 23.725% per annum ).

## 7. Contingencies & commitments

### 7.1. Contingencies

- There is no material change in the status of contingencies as disclosed in note # 14.1 of the financial statements for the year ended June 30, 2014 except following:
- The company has not fully recognised mark up on redeemable capital and on long and short term financing due to litigations and also due to settlements with other banks. Had the mark up been fully charged the loss for the period would have been increased by Rs. 449.593 million and accumulated loss and interest / markup payable would have been increased by Rs. 1,417.242 million.
- Financial impact, if any, of the above (a to b) has not been acknowledged in these financial statements because of pending litigations.

### 7.2. Commitments

	<b>Un-audited December 31, 2014 Rupees</b>	<b>Audited June 30, 2014 Rupees</b>
Bank guarantees issued in favour of Sui Northern Gas Pipelines Limited for supply of gas.	39,018,000	64,018,000
Claim of workers' welfare fund not acknowledged. The Company is claiming exemption from the levy.	3,333,305	3,333,305
Bank guarantees issued in favour of Faisalabad Electric Supply Corporation for new connection.	8,940,000	8,940,000

## 8. Property, plant and equipment

Operating fixed assets	<b>8.1</b>	4,444,361,664	4,673,948,551
Capital work in progress		35,232,324	26,016,899
		<u>4,479,593,988</u>	<u>4,699,965,450</u>

### 8.1. Operating fixed assets

Opening balance written down value.		4,673,948,551	4,984,065,404
Additions during 6 months / 12 months:	<b>8.1.1</b>	7,621,024	50,224,455
Deletions during 6 months / 12 months:	<b>8.1.2</b>	(86,260,000)	(74,282,490)
Depreciation charge for 6 months / 12 months		(150,947,911)	(326,392,442)
Depreciation adjustment for disposal		-	1,791,551
Transfer from capital work in process		-	38,542,073
Closing written down value		<u>4,444,361,664</u>	<u>4,673,948,551</u>

	Un-audited December 31, 2014 Rupees	Audited June 30, 2014 Rupees
<b>8.1.1. Additions during 6 months / 12 months:</b>		
Plant and machinery	7,382,074	37,859,643
Electric installations	-	58,400
Furniture & fixture	-	1,820,500
Office equipment	175,950	630,822
Vehicles	63,000	9,855,090
	<b>7,621,024</b>	<b>50,224,455</b>
<b>8.1.2 Deletions during 6 months / 12 months:</b>		
Freehold land	(86,260,000)	(71,103,800)
Vehicles	-	(3,178,690)
	<b>(86,260,000)</b>	<b>(74,282,490)</b>

## 9. Trade debts

Considered good		
Unsecured		
Foreign	4,477,515,632	4,462,911,850
Local	226,784,123	208,481,080
	<u>4,704,299,755</u>	<u>4,671,392,930</u>
Considered doubtful		
Unsecured		
Foreign	2,651,491,122	2,651,491,122
Less: Provision for doubtful debts	(2,651,491,122)	(2,651,491,122)
	<u>-</u>	<u>-</u>
	<u>4,704,299,755</u>	<u>4,671,392,930</u>
<b>9.1. Not past due</b>	212,523,441	220,116,249
Past due within one year	62,067,383	21,567,750
Past due more than one year	7,081,200,053	7,081,200,053
	<u>7,143,267,436</u>	<u>7,102,767,803</u>
	<u>7,355,790,877</u>	<u>7,322,884,052</u>

	Note	Quarter ended December 31, 2014 Rupees	2013 Rupees	Half year ended December 31, 2014 Rupees	2013 Rupees
<b>10. Cost of sales</b>					
Cost of goods manufactured	10.1	574,882,147	905,739,365	1,307,319,351	1,655,127,601
Finished goods					
Opening stock		1,521,655,263	1,765,808,124	1,524,454,715	1,845,311,935
Closing stock		(1,393,933,111)	(1,810,484,554)	(1,393,933,111)	(1,810,484,554)
		<u>127,722,152</u>	<u>(44,676,430)</u>	<u>130,521,604</u>	<u>34,827,381</u>
		<u>702,604,299</u>	<u>861,062,935</u>	<u>1,437,840,955</u>	<u>1,689,954,982</u>
<b>10.1. Cost of goods manufactured</b>					
Raw material consumed		234,593,541	526,440,986	616,345,258	882,242,855
Salaries, wages and benefits		74,533,636	80,880,628	149,865,511	160,841,605
Staff retirement benefits		1,350,000	2,114,545	2,562,100	4,238,050
Stores and spares		25,695,165	25,820,064	37,962,124	43,959,340
Dyes and chemicals		35,957,751	49,116,131	83,267,487	105,152,564
Packing material		10,306,802	12,147,192	22,390,266	21,328,143
Conversion and processing charges		2,626,462	4,685,235	2,877,055	7,518,556
Engraving and wadding		5,126,212	2,132,412	10,021,613	5,234,889
Repairs and maintenance		1,017,219	90,506	6,766,891	5,728,815
Fuel and power		103,428,148	108,933,599	205,678,145	222,655,580
Insurance		29,624	327,713	399,946	712,614
Depreciation		74,351,903	89,323,486	148,628,407	168,926,170
Other		1,461,399	1,874,591	12,500,311	10,106,657
		<u>570,477,862</u>	<u>903,887,088</u>	<u>1,299,265,114</u>	<u>1,638,645,838</u>
Work in process					
Opening stock		201,329,851	239,378,300	204,979,803	254,007,786
Closing stock		(196,925,566)	(237,526,023)	(196,925,566)	(237,526,023)
		<u>4,404,285</u>	<u>1,852,277</u>	<u>8,054,237</u>	<u>16,481,763</u>
		<u>574,882,147</u>	<u>905,739,365</u>	<u>1,307,319,351</u>	<u>1,655,127,601</u>

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

## 11. Overdue loans

On the reporting date the installments of redeemable capital amounting to Rs. 379.167 million alongwith mark up of Rs.100.032 million, long term finances amounting to Rs. 343.940 million alongwith mark up of Rs. 223.907 million, lease finance amounting to Rs. 79.248 million alongwith mark up of Rs.20.346 million and short term borrowings amounting to Rs.6,474.726 million along with mark up of Rs.2,391.594 million were over due.

On reporting date, the carrying amount of loans relevant to above overdues are redeemable capital of Rs. 379.167 million, long term finances of Rs. 2,209.010 million, lease finance of Rs. 79.248 million and short term borrowings of Rs. 6,908.580 million.

Overdue installment of long term finance was paid subsequently amounting to Rs. 3.93 million.

## 12. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, directors of the company and key management personnel. The company in the normal course of business carries out transaction with related parties. The transactions with related parties other than those disclosed in relevant notes are as follows;

	<b>Un-audited December 31, 2014 Rupees</b>	<b>Audited June 30, 2014 Rupees</b>
Rent received	-	180,000
Sales to Shama Exports	-	527,717
	<u>                    </u>	<u>                    </u>

## 13. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 28, 2015 by the Board of Directors of the Company.

## 14. GENERAL

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

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

**KHURRAM IFTIKHAR**  
**CHIEF EXECUTIVE**

**SHAHZAD IFTIKHAR**  
**DIRECTOR**