



**Amtext Limited**  
**Annual Report 2015**

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## COMPANY PROFILE

Amtex Limited is amongst the largest vertically integrated Textile setups in Pakistan having production facilities in all sectors of Textile Industry from Spinning, Weaving, Processing, Printing, Finishing, Cut and Sewn processes and provides employment opportunities to large number of families. After establishing strong foothold in the Textile exports, Amtex successfully switched to Direct to Retail (“DTR”) business model that has enabled it to focus on exporting high value added diversified Products directly to premier Retailers in the EU, USA and across the globe. Amtex holds an iconic textile position in the Global textile industry, being the “One Stop Shop” concept by offering largest variety and combination of products to its diversified customers.

With state of the art Textile manufacturing facility, internationally recognized R&D Department, Strong outsourcing capabilities, Professional management and direct dealing with retailing giants, Amtex is marching towards becoming a leader. Amtex has shown huge promise in value added Home Textile sector, where it has become a leader in exporting high end quality Products. Amtex has maintained its focus and commitment in balancing, modernization and value addition activities, as core business philosophy. Amtex aims at developing synergies by keeping abreast with their strong vendor base and establishing partnerships with them so as to increase the Product portfolio as well as to have the flexibility to react to the dynamics of ever demanding growing parameters of market and global business.

## COMPANY INFORMATION

### Board of Directors

Mr. Khurram Iftikhar  
*Chief Executive Officer*  
 Mr. Shahzad Iftikhar  
 Mr. Nadeem Iftikhar  
 Mr. Suhail 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

Mr. Mushtaq Ahmed Khan  
*Advocate High Court*

### Bankers

Albarka Bank Limited  
 Askari Bank Limited  
 Bank Alfalah Limited  
 Bankislami Pakistan Limited  
 Faysal Bank Limited  
 Habib Bank Limited  
 NIB 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*



## VISION STATEMENT

Our vision is to provide our customers all their required goods and services from one platform.

## MISSION STATEMENT

Our mission is to become the buyer's first choice all around the world and to achieve this target we make sure that we stay true to the highest standards of excellence and customer's satisfaction.

## FINANCIAL HIGHLIGHTS

	YEAR ENDED JUNE 30,					
	2015	2014	2013	2012	2011	2010
	Rupees in million					
<b>Operating performance</b>						
Sales-net	2,905	2,812	2,485	3,002	6,427	11,066
Cost of Sales	3,591	3,921	3,203	2,951	6,601	8,119
Gross (loss) / profit	(686)	(1,108)	(718)	51	(174)	2,947
Operating (loss) / profit	(1,411)	(1,779)	(1,402)	(1,372)	(472)	2,351
(Loss) / profit before taxation	(1,591)	(1,959)	(2,316)	(2,689)	(1,816)	834
(Loss) / profit after taxation	(1,602)	(1,967)	(2,322)	(2,699)	(1,866)	731
	YEAR ENDED JUNE 30,					
	2015	2014	2013	2012	2011	2010
	Rupees in million					
<b>Financial position</b>						
Property, plant and equipment-net (excl. capital work in progress)	4,299	4,674	4,984	5,066	5,415	4,997
Intangible assets	-	-	1	4	6	8
Capital work in progress	35	26	63	107	81	845
Fixed assets	4,335	4,700	5,049	5,176	5,502	5,851
Total assets	11,899	13,461	15,481	16,879	18,228	19,120
<b>Current assets</b>						
Store, spare parts, loose tools and stock in trade	2,903	3,540	4,596	5,660	6,032	7,706
Other current assets	4,434	5,033	5,668	5,894	6,528	5,396
Cash and cash equivalents	172	151	136	135	133	145
	7,509	8,725	10,400	11,689	12,693	13,248
<b>Current liabilities</b>						
Short term bank borrowings	6,956	6,857	7,033	6,919	8,557	8,117
Current portion of long term financing/ murabaha	1,084	946	784	760	524	397
Other current liabilities	3,145	3,117	3,255	2,704	1,999	1,289
	11,185	10,920	11,073	10,383	11,080	9,802
Net Working Capital	(3,676)	(2,196)	(672)	1,306	1,613	3,446
Long term financing/ murabaha	1,558	1,829	1,838	1,907	158	447
Share capital and reserves	(3,197)	(1,759)	18	2,174	4,745	6,423

		YEAR ENDED JUNE 30,					
		2015	2014	2013	2012	2011	2010
<b>Profitability analysis</b>							
Gross (loss) / profit to sales	(%)	(23.6)	(39.4)	(28.9)	1.7	(2.7)	26.6
(Loss) / profit before tax to sales	(%)	(54.8)	(69.7)	(93.2)	(89.6)	(28.3)	7.5
(Loss) / profit after tax to sales	(%)	(55.1)	(69.9)	(93.4)	(89.9)	(29.0)	6.6
Return on capital employed	(%)	(199.3)	(70.3)	(31.9)	(21.3)	(7.3)	24.1
Earning per share	(Rupees)	(6.2)	(7.6)	(9.0)	(10.4)	(7.2)	3.7

		YEAR ENDED JUNE 30,					
		2015	2014	2013	2012	2011	2010
<b>Financial analysis</b>							
Current Ratio	(times)	0.7	0.8	0.9	1.1	1.1	1.4
Debt to equity	(times)	(0.7)	(1.4)	129.9	1.1	0.1	0.1
Break up value per share	(Rupees)	(12.3)	(6.8)	0.1	8.4	18.3	26.6
Inventory turnover ratio	(times)	1.4	1.2	0.8	0.6	1.1	1.2
Debtors turnover ratio	(times)	0.7	0.6	0.5	0.5	1.2	2.6
Fixed assets turnover ratio	(times)	0.7	0.6	0.5	0.6	1.2	1.9
Total assets turnover	(times)	0.2	0.2	0.2	0.2	0.4	0.6

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of the members of Amtex Limited (the Company) will be held on October 31, 2015 at 11:00 A.M. at mills premises 1 K.M. Khurrianwala Jaranwala Road Faisalabad to transact the following business:

### ORDINARY BUSINESS

1. To confirm minutes of the Annual General Meeting held on October 31, 2014.
2. To receive and adopt the Audited Accounts of the Company for the year ended June 30, 2015 together with Directors' and Auditors' reports thereon.
3. To approve re-appointment of M/s. Zahid Jamil & Company, Chartered Accountants, as external auditors of the Company for the year 2015-16 and fix their remuneration, as recommended by the Audit Committee and Board of Directors.

### OTHER BUSINESS

4. To transact any other business with the permission of the chair.

By Order of the Board

Faisalabad  
October 09, 2015

Tahir Javed  
Company Secretary

### NOTES: -

1. The Share Transfer Books of the Company will remain closed from 24-10-2015 to 31-10-2015 (both days inclusive). Transfers received at Vision Consulting Ltd, 3-C Lawrance Road, LDA Flats Lahore at the close of the business on 23-10-2015 will be treated in time.
2. A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received at the Company's Registered Office not later than 48 hours before the time of holding the meeting.
3. Members are requested to notify immediately changes, if any, in their registered address.
4. CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

**For Attending the Meeting:**

- i. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulation, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.
- ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

**For Appointing Proxies:**

- i. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirements.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of the CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- v. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

## DIRECTORS' REPORT

The Directors of your Company present before you the annual report with audited financial statements for the year ended June 30, 2015.

### Operating & Financial Results

The financial year 2015 was very challenging year for the Company and textile industry in Pakistan. For the year ended June 30, 2015 exports in Pakistan have shown enormous decline in terms of volume exported like cotton cloth by 28 percent, bed wear by 28 percent, towels by 16 percent, readymade garments by 23 percent, tents, canvas and tarpaulins by 53 percent, and artificial silk and synthetics by 64 percent and only the exports of cotton yarn and knitwear were up by 11 percent and 8 percent respectively. The Company is fighting to survive in these hard times. The Company utilized 39 percent spinning capacity, 70 percent weaving capacity and 31 percent dyeing and printing capacity, whereas stitching capacity remained largely unutilized. The main factor of underutilization is that restructuring and rescheduling with major banks is under process and not finalized due to which Company could not receive required working capital support from these banks. The company needs support from its financial partners by way of rescheduling and restructuring of existing loans along with fresh structured export orders based financing and has capacity to revive its export business and to utilize its production facilities at optimum levels. The Company has prepared a comprehensive plan and has approached its financial partners and negotiations are under process. Certain banks have rescheduled its loans but response from other banks is awaited and management of your company hopes to receive positive consideration from the banks.

The financial results for the year under review with comparative figures of previous year are presented hereunder:

	2015 Rupees	2014 Rupees
Sales	2,905,180,803	2,812,437,021
Cost of sales	3,590,902,113	3,920,739,449
Gross loss	(685,721,310)	(1,108,302,428)
Other income	47,416,734	82,669,382
	(638,304,576)	(1,025,633,046)
Selling and distribution expenses	24,819,187	17,929,077
Administrative expenses	747,506,761	735,887,202
Finance cost	180,418,898	179,906,637
	952,744,846	933,722,916
Loss before taxation	(1,591,049,422)	(1,959,355,962)
Provision for taxation	11,068,987	7,277,808
Net loss for the year	(1,602,118,409)	(1,966,633,770)
Loss per share - Basic and diluted	(6.18)	(7.58)

During financial year ended June 30, 2015, company incurred gross loss of Rupees 685.721million on sales of Rupees 2,905.180 million as compared to Rupees 1,108.302 million gross loss on sales of Rupees 2,812.437

million for the previous financial year. During the financial year ended June 30, 2015 Company incurred net loss after tax of Rupees 1,602.118 million as compared to net loss after tax of Rupees 1,966.633 million during the previous financial year. Gross loss is mainly due to under / low utilization of manufacturing capacities due to non availability of required financial support from the banks of the company to meet the working capital needs to revive its export business. Further gas and power load shedding situation has also not improved for the textile industry in Punjab and energy prices are ever increasing. Pakistan's gas tariff is \$6.27 per MMBTU against \$4.66 in India and \$1.86 MMBTU in Bangladesh. The US dollar exchange rate has also been kept artificially high by the Government. In first quarter of running financial year 2015-16 the Indian Rupee is down by 4.2 percent against USD and Chinese Yuan is lower by 2.9 percent. In a comparable time span, the Pakistan Rupee is down by just 2.5 percent. High energy cost, adverse exchange rate, underutilization of capacities and low export sales have culminated in after tax loss of rupees 1,602.118 million.

### Auditors' Observations

The auditors of your 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 47 % provision till financial year 2014-15 against foreign receivable debtors. Company 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.

### Market Review and Future Prospects

Pakistan's share in the global textile and cotton market fell from 2.2 percent in 2006 to 1.8 percent as of 2013. Meanwhile, over the same period our regional competitors China, India, and Bangladesh have gone from 27 percent, 3.4 percent, and 1.9 percent to 37 percent, 4.7 percent, and 3.3 percent, respectively. This is quite a deplorable state of affairs. And as a warning, the projections indicate that if the growth factors stay constant, Pakistan's share will have dropped to 1.5 percent by 2020. Also, compared to the regional players, Pakistan's textile industry is the only one that does not receive 24/7 energy availability while paying 14.25 cents/kWh for said energy (compared to India's 9 cents, China's 8.5 cents and Bangladesh's 7.3 cents). Moreover, our textile industry has an installed capacity utilization of less than 70 percent (compared to the rest's 90 percent and above). Interest / Policy rate in Pakistan is 6% in comparison with 5.4% in China, 7.5% in India and 5% in Bangladesh. There is no turn over tax in China, India and Bangladesh whereas there is 1% (minimum) turnover tax in Pakistan. Due to these factors textile exports of Pakistan have decreased in

financial year ended June 30, 2015 and decreasing trend is continue for the recent past months.

Nevertheless, Pakistan is 4th largest producer of cotton along with huge manufacturing set up for value addition and this provides great advantage to compete with rival countries. Further, the law and order situation in the country is improving which will attract more customers from Europe, USA and rest of the world and this improved law and order situation is also encouraging fresh domestic and foreign investment in textile industry and inducing a supportive role from the banks to provide required credit to revive the textile industry in Pakistan. Pakistan has GSP Plus status from the European Union that is big advantage. However, benefits from these factors are largely dependent upon the initiatives taken by the Government of Pakistan to ease the cost of doing business and effective implementation of textile policy.

In view of forgoing, Company is negotiating with its financial partners for required restructuring and fresh support. Company is also reviving its relationship with customers in Europe and America however the outcome of these efforts is dependent upon the support provided by the financial partners.

#### Dividend

In view of the adverse results in the current year, cash flows of the company do not permit dividend payout therefore the directors have not recommended any dividend for the year.

#### Auditors

The present auditors M/s Zahid Jamil & Company, Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Board of Directors has been suggested by the audit committee the re-appointment of M/s Zahid Jamil & Company, Chartered Accountants, as auditors for the financial year ending June 30, 2016.

#### Pattern of Shareholding

The pattern of Shareholding along with categories of shareholders of the company as at June 30, 2015, as required under section 236 of Companies Ordinance, 1984 and Code of Corporate Governance is annexed with this report.

#### No. of Board Meetings Held

Meetings of the board of directors were held during the year June 30, 2015 and the attendance of the directors is as follows:

Name	Designation	No. of Meetings Attended
Khurram Iftikhar	C.E.O	4
Shahzad Iftikhar	Director	10
Nadeem Iftikhar	Director	10
Suhail Maqsood Ahmed	Director	9
Muhammad Ahsan	Director	9
Gul Muhammad Naz	Director	8
Usman Ghani	Director	8

### Audit Committee

The Audit Committee of the Company is in place and comprises of the following members as required under the Code of Corporate Governance:

Suhail Maqsood Ahmed (Independent Director)	Chairman
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Muhammad Ahsan (Non Executive Director)	Member
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Usman Ghani (Non Executive Director)	Member
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Meetings of Audit Committee were held during the year ended June 30, 2015 as required by the Code of Corporate Governance for review of quarterly accounts, annual accounts and other related matters. The meetings were also attended by the CFO, Head of Internal Audit and External Auditors as and when required.

### Corporate Governance

The Statement of Compliance with the best practices of Code of Corporate Governance is annexed.

### Corporate and Financial Frame Work

In compliance of the Code of Corporate Governance, we give below statements on Corporate and Financial Reporting frame work:

1. The financial statements together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984. These Statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements.
4. International Accounting / Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and there is no any departure there from.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There has been no material departure from the best practices of Corporate Governance as detailed in the Listing Regulations of the stock exchange where the company is listed.
7. Going concern is explained separately.

8. The company strictly complies with the standard of safety rules & regulations. It also follows environmental friendly policies.
9. Financial highlights of the last six years are annexed.

#### Acknowledgment

The Directors of your company would like to place on record their deep appreciation for the support of the banks, financial institutions, regulators and shareholders and hope for the same in future.

The directors of your company also wish to place on record appreciation for the dedication, perseverance and diligence of the staff and workers of the company.

For and on behalf of the Board

Faisalabad  
Date: October 03, 2015

**Khuram Iftikhar**  
Chief Executive

## STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (the CCG) contained in listing regulations of the Karachi Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with best practices for good Corporate Governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages the representation of independent non-executive directors and directors representing minority interests on its Board. The Board includes:-

Category	Names
Independent Directors	Suhail Maqsood Ahmed
Executive Directors	Khurram Iftikhar Shahzad Iftikhar Nadeem Iftikhar
Non-Executive Directors	Usman Ghani Muhammad Ahsan Gul Muhammad Naz

2. The Directors have confirmed that none of them is serving as a Director in more than seven listed Companies, including this Company.
3. All the resident Directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFIs or being member of stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year, no causal vacancy occurred in the Board of Directors.
5. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision / mission statement, overall corporate strategy and formulated significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of CEO and other executive and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The directors are conversant with their duties and responsibilities under the relevant laws and regulations. They have not attended any orientation course during the year.

10. The Company Secretary, CFO were appointed prior to the implementation of the Code of Corporate Governance. The Board has approved the appointment of Head of Internal Audit as recommended by Chief Executive Officer.
11. The Directors' report for current year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. All financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members, of whom two are non-executive directors and the chairman of Committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been defined and communicated to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors.
18. The Board has set-up an internal audit function manned by suitably qualified and experienced personnel conversant with the policies and procedures of the Company and are involved in the internal audit function on full time basis.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The "closed period" prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material / sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

**Khurram Iftikhar**  
Chief Executive

## REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2015 prepared by the Board of Directors of AMTEX LIMITED (the company) to comply with the listing regulation No. 35 of Karachi Stock Exchange, where the Company is listed.

The responsibility of compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of Compliance reflects the status of Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub-Regulation (x) of Listing Regulations 35 notified by the Karachi Stock Exchanges require the Company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, except for the matter mentioned in paragraph "a and b" below nothing has come to our attention, which causes us to believe that the statement of compliance does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the code of Corporate Governance for the year ended June 30, 2015.

- a) None of the directors' has obtained a certification under any directors' training program offered by institutions-local or foreign-that meet the criteria specified by the SECP.
- b) Executive directors of the company are more than one third of elected directors, including the chief executive officer.

We have also expressed an adverse opinion in our audit report to the financial statements for the year ended June 30, 2015.

FAISALABAD:  
Date: October 03, 2015

Zahid Jamil & Co.  
Chartered Accountants  
(Engagement Partner: Muhammad Amin)

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **AMTEX LIMITED** as at **JUNE 30, 2015**, related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that, except for the effects of the matters referred to in paragraphs (a) to (c) below, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

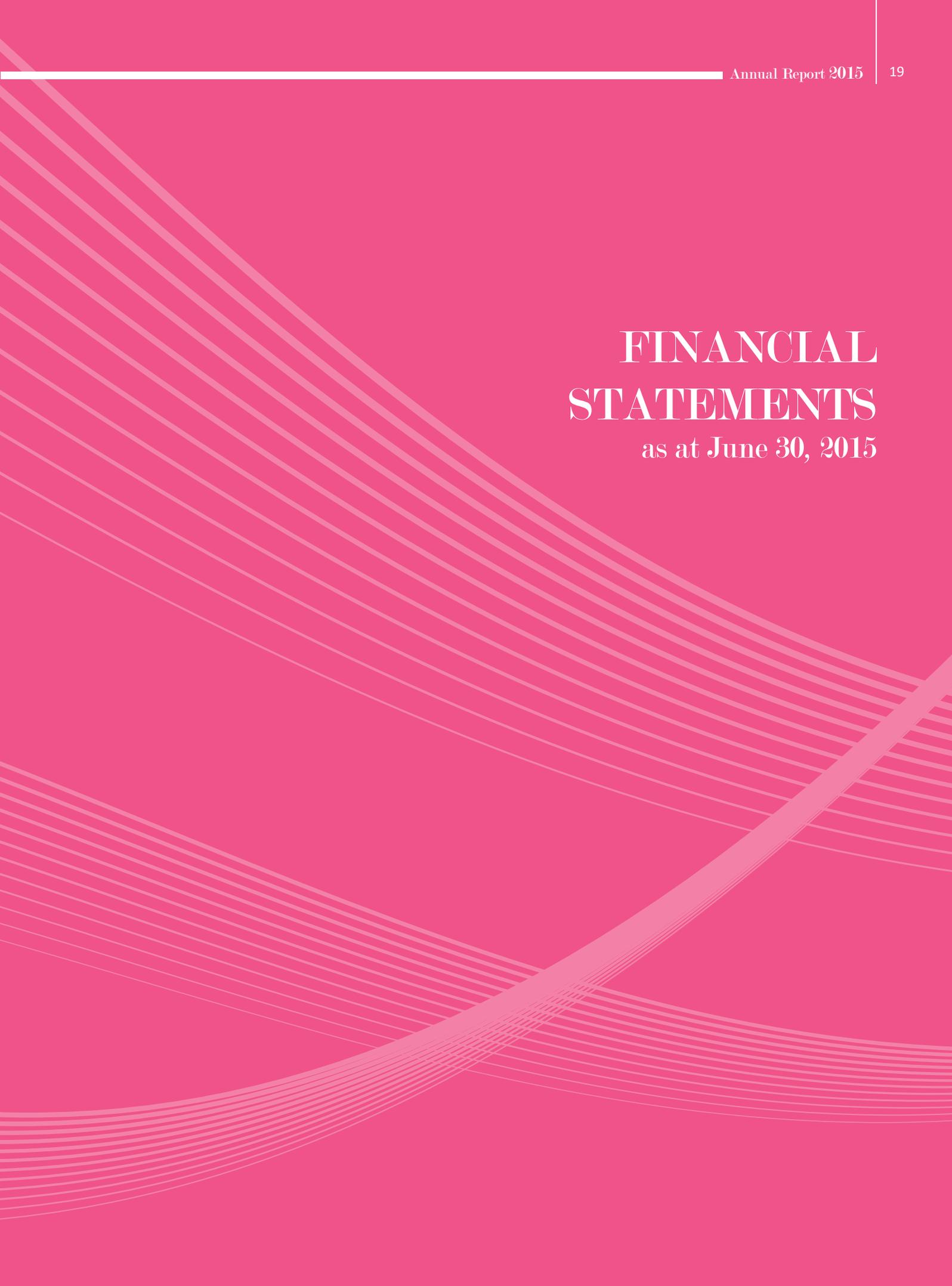
Except for the effects, if any, of the matters referred to in paragraphs (a) to (c) below, we conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that-

- a) the Company has incurred gross loss of Rs. 685.721 million (2014: Rs. 1,108.302 million), net loss of Rs. 1,602.118 million (2014: Rs. 1,966.634 million) during the year ended June 30, 2015 and as at that date, its accumulated loss is Rs. 6,322.793 million (2014: Rs. 4,884.410 million) and company's current liabilities exceeded its current assets by Rs. 3,676.331 million (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 14 to the financial statements 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, 8 and 12 to the financial statements. 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) to (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 debts amounting to Rs. 7,144.402 million (2014: Rs. 7,114.403 million) remained unconfirmed / un-reconciled in the absence of balance confirmations and relevant record. Past due foreign debtors amounting to Rs. 7,081.200 million (2014 restated: Rs. 7,081.200 million) are impaired, the company has made the provision amounting to Rs. 3,322.846 million (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 year and accumulated loss would have been increased and foreign debtors would have been decreased by Rs. 3,758.355 million (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 year would have been increased by Rs. 848.496 million (2014: Rs. 820.432 million), mark up payable and accumulated loss would have been increased by Rs. 1,816.145 million (2014: Rs. 967.649 million);
- d) in our opinion proper books of accounts, except for any effects of the matters mentioned in paragraphs (a) to (c) above, have been kept by the Company as required by the Companies Ordinance, 1984;
  - e) in our opinion, except for the effects, if any, of the matters referred to in paragraphs (a) to (c) above-
    - i) the balance sheet and profit and loss account together with the notes thereon, have been drawn up, in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
    - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
    - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
  - f) in our opinion and to the best of our information and according to the explanations given to us, because of significance of the matters discussed in paragraphs (a) to (c) above, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, do not conform with approved accounting standards as applicable in Pakistan, and, do not give the information required by the Companies Ordinance, 1984, in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at JUNE 30, 2015 and of the loss, its comprehensive loss, cash flows and changes in equity for the year then ended; and
  - g) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980-(XVIII of 1980).

**FAISALABAD:**  
Date: October 03, 2015

**Zahid Jamil & Co.**  
Chartered Accountants  
(Engagement Partner: Muhammad Amin)



# FINANCIAL STATEMENTS

as at June 30, 2015

## BALANCE SHEET

as at June 30, 2015

	Note	2015 Rupees	2014 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital 260,000,000 (2014: 260,000,000) ordinary shares of Rs.10/- each		2,600,000,000	2,600,000,000
Issued, subscribed and paid up capital	3	2,594,301,340	2,594,301,340
Reserves	4	(5,791,753,557)	(4,353,370,923)
		(3,197,452,217)	(1,759,069,583)
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>	5	1,730,109,065	1,894,881,582
<b>NON-CURRENT LIABILITIES</b>			
Redeemable capital	6	-	-
Long term financing	7	1,558,109,833	1,828,728,822
Liabilities against assets subject to finance lease	8	-	-
Deferred liabilities	9	622,757,818	575,535,980
		2,180,867,651	2,404,264,802
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	387,238,772	406,955,359
Interest / markup payable	11	2,757,538,041	2,709,953,887
Short term borrowings	12	6,956,027,934	6,857,129,814
Current portion of non current liabilities	13	1,084,436,842	946,447,477
		11,185,241,589	10,920,486,537
<b>Contingencies and commitments</b>	14	-	-
		11,898,766,088	13,460,563,338

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

Khurram Iftikhar  
Chief Executive Officer

	Note	2015 Rupees	2014 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	15	4,334,512,927	4,699,965,450
Long term deposits	16	55,342,868	35,967,868
		4,389,855,795	4,735,933,318
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	17	698,112,426	749,728,790
Stock in trade	18	2,204,661,263	2,790,660,569
Trade debts	19	4,026,403,565	4,671,392,930
Loans and advances	20	41,387,533	27,819,296
Deposits and prepayments	21	7,592,174	11,132,806
Other receivables	22	101,546,257	110,145,065
Tax refunds due from the Government	23	256,798,777	212,469,281
Cash and bank balances	24	172,408,298	151,281,283
		7,508,910,293	8,724,630,020
		<u>11,898,766,088</u>	<u>13,460,563,338</u>

Shahzad Iftikhar  
Director

## PROFIT AND LOSS ACCOUNT

for the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
Sales	25	2,905,180,803	2,812,437,021
Cost of sales	26	3,590,902,113	3,920,739,449
Gross loss		(685,721,310)	(1,108,302,428)
Other income	27	47,416,734	82,669,382
		(638,304,576)	(1,025,633,046)
Selling and distribution expenses	28	24,819,187	17,929,077
Administrative expenses	29	747,506,761	735,887,202
Finance cost	30	180,418,898	179,906,637
		952,744,846	933,722,916
Loss before taxation		(1,591,049,422)	(1,959,355,962)
Provision for taxation	31	11,068,987	7,277,808
Net loss for the year		(1,602,118,409)	(1,966,633,770)
Loss per share - Basic and diluted	32	(6.18)	(7.58)

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

Khurram Iftikhar  
Chief Executive Officer

Shahzad Iftikhar  
Director

## STATEMENT OF COMPREHENSIVE INCOME

for the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
Net loss for the year		(1,602,118,409)	(1,966,633,770)
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss:			
Surplus realized on disposal of assets during the year	5	62,072,441	67,855,419
Incremental depreciation on revalued assets for the year	5	102,700,076	114,185,719
Remeasurement of defined benefit liability	9.1	(1,036,742)	4,807,696
		163,735,775	186,848,834
Total comprehensive loss for the year		(1,438,382,634)	(1,779,784,936)

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

Khurram Iftikhar  
Chief Executive Officer

Shahzad Iftikhar  
Director

## CASH FLOW STATEMENT

for the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
<b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(1,591,049,422)	(1,959,355,962)
Adjustments for:			
Depreciation of property, plant and equipment		302,342,905	326,392,442
Amortisation of intangible asset		-	1,189,176
Provision for staff retirement gratuity		12,022,639	10,692,642
Provision for doubtful debts		671,354,486	666,871,886
Markup waived off / less claimed by banks		(43,183,287)	-
Gain on disposal of property, plant and equipment		(3,843,794)	(81,974,381)
Finance cost		180,418,898	179,906,637
Operating cash flows before working capital changes		(471,937,575)	(856,277,560)
Changes in working capital			
(Increase) / decrease in current assets			
Stores, spares and loose tools		51,616,364	112,950,632
Stock in trade		585,999,306	936,724,328
Trade debts		(26,365,121)	(14,223,046)
Loans and advances		(13,568,237)	317,612
Deposits and prepayments		3,540,632	594,040
Other receivables		8,598,808	9,917,042
Tax refunds due from the Government		(22,144,745)	(9,423,506)
Increase / (decrease) in current liabilities			
Trade and other payables		(19,716,587)	(203,445,496)
		567,960,420	833,411,606
Cash generated from / (used in) operations		96,022,845	(22,865,954)
Income tax paid		(33,253,738)	(26,205,638)
Finance cost paid		(48,194,229)	(13,174,119)
Staff retirement gratuity paid		(7,294,771)	(4,501,150)
Net cash generated from / (used in) operating activities		7,280,107	(66,746,861)
<b>b) CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions in property, plant and equipment		(15,480,163)	(44,560,800)
Proceeds from disposal of property, plant and equipment		91,649,000	54,487,319
Additions in capital work in progress		(9,215,425)	(1,236,630)
Long term deposits		(19,375,000)	(3,448,463)
Net cash generated from investing activities		47,578,412	5,241,426

	2015 Rupees	2014 Rupees
<b>c) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing	(130,066,954)	(41,610,545)
Liabilities against assets subject to finance lease	(2,562,670)	(1,406,209)
Short term borrowings - net	98,898,120	119,495,443
Net cash (used in) / generated from financing activities	(33,731,504)	76,478,689
Net increase in cash and cash equivalents (a+b+c)	21,127,015	14,973,254
Cash and cash equivalents at the beginning of the year	151,281,283	136,308,029
Cash and cash equivalents at the end of the year	172,408,298	151,281,283

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

Khurram Iftikhar  
Chief Executive Officer

Shahzad Iftikhar  
Director

## STATEMENT OF CHANGES IN EQUITY

for the year ended June 30, 2015

	Issued, subscribed and paid up capital	Capital reserves			Revenue reserves			Total
		Merger reserve	Share premium	Sub Total	General reserve	Accumulated loss	Sub total	
----- Rupees -----								
Balance as at July 01, 2013	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
Loss for the year	-	-	-	-	-	(1,966,633,770)	(1,966,633,770)	(1,966,633,770)
Other comprehensive income for the year	-	-	-	-	-	186,848,834	186,848,834	186,848,834
Total comprehensive loss for the year	-	-	-	-	-	(1,779,784,936)	(1,779,784,936)	(1,779,784,936)
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)
Loss for the year	-	-	-	-	-	(1,602,118,409)	(1,602,118,409)	(1,602,118,409)
Other comprehensive income for the year	-	-	-	-	-	163,735,775	163,735,775	163,735,775
Total comprehensive loss for the year	-	-	-	-	-	(1,438,382,634)	(1,438,382,634)	(1,438,382,634)
<b>Balances as at June 30, 2015</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>(6,322,792,887)</b>	<b>(6,072,792,887)</b>	<b>(3,197,452,217)</b>

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

Khurram Iftikhar  
Chief Executive Officer

Shahzad Iftikhar  
Director

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2015

### 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. 1,591,049,422/- and its sales have been slightly increased during the year as compared to previous corresponding year. Under utilization of production capacity because of continuous load management by the utility companies, continuous increasing tariff rates by utility companies, very poor law and order situation and increasing labor cost 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 have also filed suit against the company for the recovery of their outstanding debts and several legal notices against the company which the management is defending.

Besides unfavorable business environments the management is hopeful that with the improvement in supply of gas and electricity, the production and operating results will improve. The management is making efforts to improve the liquidity by improving debt collection. The management of the Company has already taken steps for extension and restructuring of loans. One of the banks of the Company has settled the existing loan during the year (Refer Note 7.1) 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** The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and directives issued by the Securities and Exchange Commission of Pakistan and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) as notified under the provisions of the Ordinance. Wherever, the requirements of the Ordinance or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Ordinance or the requirements of the said directives take precedence.

### 2.1.1 Standards, amendments to standards and interpretations becoming effective in current period

The following new and revised standards are effective and mandatory for financial statements for the periods beginning on or after July 01, 2014 and therefore, have been applied in preparing these financial statements.

- IAS 19 “Employee Benefits”: These amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service. The application of amendments do not have material impact on the Company’s financial statements.
- IAS 39 “Financial Instruments Recognition and Measurement”: These amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one). The application of amendments do not have any material impact on the Company’s financial statements.
- IAS 36 “Impairment of Assets”: These amendments address the disclosures and clarify the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The application of amendments do not have any material impact on the Company’s financial statements.
- IAS 32 (Amendment) “Financial Instruments: Presentation”. This amendment updates the application guidance to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The application of the amendment has no material impact on the Company’s financial statements.
- IFRIC 21 Levies  
This interpretation provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.

The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides guidance on recognition of a liability to pay levies. The application of the interpretation do not have material impact on the Company’s financial statements.

- The IASB has issued Annual Improvements to IFRS’s 2010-2012 Cycle

The Annual Improvements to IFRSs 2010-2012 Cycle include a number of amendments to various IFRSs, which are summarised below.

IFRS 2 — Amends the definitions of ‘vesting condition’ and ‘market condition’ and adds definitions for ‘performance condition’ and ‘service condition’.

IFRS 3 — Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.

IFRS 8 — Requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.

IFRS 13 — Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).

IAS 16 and IAS 38 — Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

These amendments are not expected to have any material impact on the Company's financial statements.

- The IASB has issued Annual Improvements to IFRS's 2011-2013 Cycle

The Annual Improvements to IFRSs 2011-2013 Cycle include a number of amendments to various IFRSs, which are summarised below.

IFRS 1 — Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only).

IFRS 3 — Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

IFRS 13 — Clarify the scope of the portfolio exception in paragraph 52

IAS 40 — Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property

These amendments are not expected to have any material impact on the Company's financial statements.

### 2.1.2 Standards, amendments to standards and interpretations becoming effective in current year but not relevant

There are certain new standards, amendments and interpretations that are mandatory for accounting periods of the Company beginning on or after July 1, 2014 but are considered not to be relevant to the Company's operations and are, therefore not disclosed in these financial statements.

### 2.1.3 Standards, amendments to standards and interpretations becoming effective in future periods

The following amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after their respective effective dates:

	Effective date (accounting period beginning on or after)
<ul style="list-style-type: none"> <li>- IFRS 9 Financial Instruments (2014): A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the areas of classification and measurement, impairment hedge accounting, de-recognition:</li> </ul>	1-Jan-18
<ul style="list-style-type: none"> <li>- Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. Introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.</li> </ul> <p>IFRS 9 (2014) supersedes IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013), but these standards remain available for application if the relevant date of initial application is before 1 February 2015. The management of the Company is reviewing the changes to evaluate the impact of application of standard on the financial statements.</p>	
<ul style="list-style-type: none"> <li>- IFRS 15 Revenue from Contracts with Customers: IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The Management is in the process of evaluating the impact of application of the standard on the Company's financial statements.</li> </ul>	1-Jan-17
<ul style="list-style-type: none"> <li>- Amendment to IAS 16 "Property Plant and Equipment" and IAS 38 "Intangible Assets": In this amendment it is clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The application of amendment is not expected to have any material impact on the Company's financial statements.</li> </ul>	1-Jan-16
<ul style="list-style-type: none"> <li>- Amendment to IFRS 13 "Fair Value Measurement". The standard replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard and requires certain additional disclosures about fair value measurement. The standard is not expected to have any significant impact on the company's financial statements.</li> </ul>	1-Jul-15
<ul style="list-style-type: none"> <li>- The IASB has issued Annual Improvements to IFRS's 2012-2014 Cycle</li> </ul>	

Amendments to the following standards were made which are effective for accounting periods beginning on or after July 01, 2016:

IFRS 5 — Amended to clarify that if an entity changes the method of disposal of an asset i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa.

IFRS 7 — Clarify when servicing arrangements are in the scope of disclosure requirements on continuing involvement in transferred financial assets, also amended the disclosure of Offsetting Financial Assets and Financial Liabilities are not specifically required in condensed interim financial statements.

IAS 19 — Amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

IAS 34 — Amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

These amendments are not expected to have any material impact on the Company's financial statements.

## 2.2 Basis of preparation

The financial statements have been prepared under the "historical cost convention" except: -

- certain property, plant and equipment items carried at revaluation.
- employee retirement benefits carried at present value.

## 2.3 Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Asset held under finance lease is recognised as asset of the Company at its fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as liability against asset subject to finance lease. The liability is classified as current and non current depending upon the timing of payment. Lease payments are apportioned between finance charges and reduction of the liability against asset subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

## 2.4 Staff retirement benefits

The Company operates unfunded gratuity scheme for all its employees at mills. Provisions are made to cover the obligations under the schemes on the basis of actuarial valuation and are charged to income statement.

Actuarial gains and losses are recognised as income or expense when the cumulative unrecognized actuarial gains or losses at the end of previous reporting period exceed 10 per cent of the present value of the Company's defined benefit obligation at that date. These gains and losses are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost.

## 2.5 Trade and other payables

Liabilities for trade and other payables are measured at cost which is the fair value of the consideration to be paid in future for goods and services received, whether billed to the Company or not.

## 2.6 Provisions

Provisions are recognised when the Company has a present, legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

## 2.7 Provision for taxation

### Current

Provision for current taxation is based on income taxable at the current tax rates after taking into account tax rebates and tax credits available under the law.

### Deferred

Deferred tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of the Institute of Chartered Accountants of Pakistan.

Deferred tax asset is recognised for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax charged or credited in the income statement, except in case of items credited or charged to equity in which case it is included in equity.

## 2.8 Dividend and other appropriations

Dividend is recognised as a liability in the period in which it is approved. Appropriations of profits are reflected in the statement of changes in equity in the period in which such appropriations are made.

## 2.9 Property, plant and equipment

Property, plant and equipment except freehold land and capital work in progress are stated at cost / revaluation less accumulated depreciation and impairment in value, if any. Freehold land is stated at revalued amount less accumulated impairment in value, if any. Capital work-in-progress is stated at cost less accumulated impairment in value, if any.

Depreciation is charged to income applying the reducing balance method at the rates specified in the property, plant and equipment note. Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

In respect of additions and disposals during the year, depreciation is charged from the month of acquisition or capitalisation and up to the month preceding the month of disposal respectively.

When parts of an item of property, plant and equipment have different useful lives, they are recognised as separate items of property, plant and equipment.

Normal repairs and maintenance costs are charged to income during the period in which they are incurred. Major renewals and improvements are capitalised.

Gains or losses on disposal of property, plant and equipment are included in current income.

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these assets are available for use.

Surplus arising on revaluation of an item of property, plant and equipment is credited to surplus on revaluation of property, plant and equipment, except to the extent of reversal of deficit previously charged to income, in which case that portion of the surplus is recognised in income. Deficit on revaluation of an item of property, plant and equipment is charged to surplus on revaluation of that asset to the extent of surplus and any excess deficit is charged to income. On subsequent sale or retirement of revalued item of property, plant and equipment, the attributable balance of surplus is transferred to unappropriated profit through statement of comprehensive income. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets is transferred to unappropriated profit through statement of comprehensive income.

#### Assets subject to finance lease

In view of certainty of ownership of the assets at the end of the lease period, assets subject to finance lease are stated at cost less accumulated depreciation. These assets are depreciated over their expected useful lives on the same basis as owned assets..

#### 2.10 Intangible asset

Intangible asset is stated at cost less accumulated amortization and impairment in value, if any. Intangible asset is amortised using the straight-line method over a period of five years.

Amortization on addition to intangible assets is charged from the month in which an asset is acquired or capitalized, while no amortization is charged for the month in which that asset is disposed off.

#### 2.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit and loss account in the period in which these are incurred.

### 2.12 Impairment

The Company assesses at each balance sheet date whether there is any indication that assets except deferred tax assets may be impaired. If such indications exist, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in profit and loss account, unless the relevant assets are carried at revalued amounts, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognised for the assets in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant assets are carried at revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### 2.13 Stores, spares and loose tools

These are valued at moving average cost less allowances for obsolete or slow moving items, if any. Items in transit are valued at cost comprising invoice value and other charges incurred thereon.

### 2.14 Stock in trade

Stock in trade except waste are valued at lower of cost and net realisable value. Cost is determined as follows:

Raw material	Weighted average cost except items in transit which are valued at cost accumulated upto the balance sheet date.
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost

Wastes are valued at net realisable value.

Net realizable value represents the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost to make the sales. Average manufacturing cost consists of direct materials, labor and a proportion of manufacturing overheads.

### 2.15 Trade debts and other receivables

Trade debts are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad are written off when identified. Other receivables are recognised at nominal amount which is fair value of the consideration to be received in future.

### 2.16 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks, books overdrawn, highly liquid short term investments that are convertible to known amount of cash and are subject to insignificant risk of change in value.

### 2.17 Non-current assets held for sale

Non-current asset (or disposal group) is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Non-current asset (or disposal group) classified as held for sale is measured at the lower of its previous carrying amount and fair value less costs to sell.

Non-current asset (or disposal group) classified as held for sale that no longer meet the criteria of classification as held for sale is transferred to non-current assets at the lower of:

- Its carrying amount before the assets were classified as held for sale, adjusted for any depreciation, amortization or revaluation that would have been recognised had the assets not been classified as held for sale, and
- Its recoverable amount at the date of the subsequent decision not to sell.

Gains and losses on disposal of Non-current asset (or disposal group) held for sale are included in current income.

### 2.18 Foreign currency translation

Transactions in currencies other than Pak Rupee are recorded at the rates of exchange prevailing on the dates of transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

Exchange differences are included in current income. All non-monetary items are translated into Pak Rupee at exchange rates prevailing on the dates of transactions.

### 2.19 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and de-recognised when the Company loses control of the contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired.

Other particular recognition methods adopted by the Company are disclosed in the individual policy statements associated with each item of financial instruments.

### 2.20 Offsetting of financial asset and financial liability

A financial asset and a financial liability is off-set and the net amount reported in the balance sheet, if the Company has a legal enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### 2.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Sales of goods are recognised when goods are delivered and title has passed. Revenue from services is recognised when the services are rendered.

### 2.22 Related party transactions

Transactions with related parties are priced on arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

### 2.23 Critical accounting estimates and judgments

The preparation of financial statements in conformity with IASs / IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, capitalization of borrowing cost, provision for doubtful receivables and slow moving inventory and staff retirement gratuity. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

## 3. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2014	2015		2015	2014
Number of shares			Rupees	Rupees
237,444,067	237,444,067	Ordinary shares of Rs. 10/- each fully paid in cash	2,374,440,670	2,374,440,670
4,046,067	4,046,067	Ordinary shares of Rs.10/- each issued as fully paid shares as per scheme of arrangement for amalgamation sanctioned by the Court.	40,460,670	40,460,670
17,940,000	17,940,000	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares.	179,400,000	179,400,000
<u>259,430,134</u>	<u>259,430,134</u>		<u>2,594,301,340</u>	<u>2,594,301,340</u>

	Note	2015 Rupees	2014 Rupees
<b>4. RESERVES</b>			
Capital reserves			
Merger reserve		98,039,330	98,039,330
Share premium	4.1	183,000,000	183,000,000
		281,039,330	281,039,330
Revenue reserves			
General reserve		250,000,000	250,000,000
Accumulated loss	4.2	(6,322,792,887)	(4,884,410,253)
		(6,072,792,887)	(4,634,410,253)
		(5,791,753,557)	(4,353,370,923)
<b>4.1</b>	This reserve can be utilized by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.		
<b>4.2</b>	This reserve can be utilized by the Company for various purposes including issue of bonus shares to shareholders, payment of dividend when profits are insufficient and further to meet sudden losses due to natural calamities.		
<b>5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>			
Opening balance	5.1	1,894,881,582	2,076,922,720
Less:			
Transferred to Comprehensive Income for the year in respect of:			
Incremental depreciation for the year		102,700,076	114,185,719
Surplus realised on disposal of assets during the year		62,072,441	67,855,419
		164,772,517	182,041,138
		1,730,109,065	1,894,881,582
<b>5.1</b>	This represents surplus on revaluation of freehold land, building on freehold land, plant and machinery, electric installations and factory equipment. Revaluation of freehold land on market value basis and building on freehold land, plant and machinery, electric installations and factory equipment on depreciated replacement values basis was carried out by independent valuers M/S Observers (Private) Limited as at June 03, 2004, by M/S BFA (Private) Limited as at June 30, 2009 and latest revaluation was carried out by independent valuers M/S Empire Enterprises (Pvt) Limited as at December 31, 2012 on depreciated replacement values basis.		

	Note	2015 Rupees	2014 Rupees
<b>6. REDEEMABLE CAPITAL</b>			
Secured			
Sukuk certificates	6.1	379,166,665	379,166,665
Less : Current portion shown under current liabilities			
Installments over due		379,166,665	379,166,665
Payable within one year		-	-
		379,166,665	379,166,665
		-	-

**6.1** These represent balance out of 130,000 sukuk certificates of Rs. 5,000/- each privately placed with a banking company.

During the musharika, the legal title to the musharika assets will remain with the Company, however, a trustee will hold the beneficial title on behalf of the investors.

In addition, these are secured against second charge on all the present and future fixed assets excluding freehold land and building on freehold land of the Company, bank guarantee of Rs. 740 million issued in favour of the trustee and by personal guarantee of two directors of the Company. Bank guarantee of Rs. 740 million is also secured. Securities are disclosed in Note 7.1.

Sukuk certificates are redeemable in twelve equal quarterly installments commenced from January 10, 2010 and ending on October 10, 2012.

The certificate holders will be entitled to rental payments for use of musharika assets. Rental payments shall be calculated to provide return equal to the base rate plus incremental rental plus service agency charges incurred by the trustee during the previous quarter.

Base rate is defined as three months KIBOR and incremental rental is defined as margin of 2% per annum.

The effective yield rate of rental ranges from 10% to 12.21% per annum (2014: 11.03% to 12.17% per annum).

**6.2** The Company has filed suit under Financial Institutions (Recovery of Finances) Ordinance, 2001 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.

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

In furtherance to its earlier order, The Honorable Lahore High Court, Lahore has directed the guarantor by another order to deposit the remaining overdue rentals, as claimed by the sukuk unit holders, in above referred escrow account opened by the Deputy Registrar (Judicial) to secure the payments due under sukuk arrangement. Financial impact of this order has not been acknowledged in these financial statements. Furthermore information / records were not made available by the banking company to confirm the year end balance of the outstanding amount.

	Note	2015 Rupees	2014 Rupees
<b>7. LONG TERM FINANCING</b>			
Secured			
From banking companies and financial institutions	7.1		
Under mark up arrangements			
Demand finance		1,783,596,216	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		169,441,764	189,537,904
Not subject to markup			
Demand finance		33,216,000	33,216,000
		<b>2,185,231,725</b>	<b>2,315,298,679</b>
Less: Current portion			
Installments due / overdue		419,842,913	287,103,253
Payable within one year		207,278,979	199,466,604
		<b>627,121,892</b>	<b>486,569,857</b>
		<b>1,558,109,833</b>	<b>1,828,728,822</b>

#### 7.1 Terms of finances are as under;

Nature of finance	Notes	Balance Rupees	Number of installments	Payment rests	Commencement date	Ending date	Markup rate
Under mark up arrangements:							
Demand finances							
DFI	7.1.1	1,371,996,216	38	Quarterly	30-Jun-12	30-Sep-21	5% p.a.
DFI	7.1.2	411,600,000	29	Quarterly	7-Jul-12	30-Jun-19	3 Month kibar +1.5% p.a.
DF	7.1.3	-					
		1,783,596,216					
Term finances							
Term finance II		120,000,000	12	Quarterly	30-Sep-10	30-Jun-13	3 Month KIBOR + 3.00% p.a with a floor of 10% p.a
Term finance I		30,000,000	21	Quarterly	30-Jun-13	30-Jun-17	8.5% p.a
		150,000,000					
Long term finances under State Bank of Pakistan Scheme							
II		4,243,913	12	Quarterly	27-Jan-07	27-Oct-10	SBP rate + 2.00% p.a
III	7.1.4	14,932,250	17	Quarterly	31-Mar-07	31-Mar-12	SBP rate +3.00% p.a
		19,176,163					
Syndicated term finance		10,500,000	20	Quarterly	7-Mar-06	7-Dec-10	6 Month KIBOR + 3.00% p.a with a floor of 5% p.a
Morabaha finance	7.1.5	19,301,582	30	Quarterly	19-Sep-12	19-Dec-19	6.90% p.a
Morabaha finance II	7.1.6	169,441,764	36	Quarterly	31-Dec-13	31-Dec-22	1 year kibar-3% with cap at 7 % p.a.
Not subject to mark up:							
Demand finances							
DFII	7.1.7	33,216,000	39	Quarterly	30-Sep-12	30-Jun-22	-

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 (Refer Note 12), 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.

The effective rate of mark up ranges from 5% to 13.21% per annum (2014: 5% to 13.18% per annum).

- 7.1.1** It represents loans transferred from short term borrowings due to restructuring agreement with a bank. Current unpaid mark up amounting to Rs.230.394 million till August 31, 2011 (refer note no 9) alongwith IRS transaction cost amounting to Rs.18.033 million would be paid by the company after complete adjustment of principal liability alongwith future mark up.

Any deviation in the restructured arrangement with regards to mark up / principal servicing would revert the facilities back to its previously approved arrangements and all types of concessions (pricing & tenor) shall be withdrawn.

- 7.1.2** It represents loans transferred from short term borrowings due to restructuring agreement with a bank. For mark up, quarter payment of Rs.0.150 million shall be paid for 7 years and remaining accrued mark up will be deferred and it will be paid in further 3 years in equal quarterly installments after complete adjustment of principal liability along with future mark up.

- 7.1.3** The company has entered into settlement agreement with the NIB as on December 11, 2014 as a result of which company has transferred the property measuring 227 kanal adjacent to Amtex spinning unit, Sheikhupura road, Chak # 70/RB, Tehsil Jaranwala, District Faisalabad owned by Amtex Ltd, at an amount of Rs. 90,000,000/- by adjusting principle amount of long term demand finance amounting to Rs, 81,326,051/- and markup amounting to Rs. 8,673,949/-. Further remaining markup till date mentioned amounting to Rs. 43,183,287/- has been waived off by the bank.

- 7.1.4** Information / records were not made available by the financial institution to confirm the year end balance of the outstanding amount due to pending litigation.

- 7.1.5** It represents morabaha finance restructured from short term morabaha.

- 7.1.6** It represents short term export Morabaha finance restructured into long term Morabaha finance II and short term Morabaha Finance I as on December 06, 2013. Further total Mark up till date mentioned amounting to Rs. 23,538,637/- has been deferred and will be recovered on quarterly basis in 3 years after complete adjustment of long term Morabaha Finance II in 9 years. These are secured against JPP charge on Current Assets valuing Rs.750 million, ranking charge over Fixed Assets valuing Rs. 200 million with 25% margin for all lines, Title of export documents and personal guarantees of main sponsoring directors of the company.

- 7.1.7** It represents outstanding mark up on principal liabilities restructured as mentioned in note 7.1.2 above, converted in the demand finance and no mark up shall be charged on it. Quarterly payments of Rs. 0.150 million shall be paid for 7 years and then balance shall be paid in further 3 years in equal quarterly installments.
- 7.2** As per terms of agreement with a bank, the recommendation, declaration and payment of dividend is subject to prior written approval of the bank.

	2015 Rupees	2014 Rupees
<b>8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>		
Opening balance	80,710,955	82,117,164
Paid / adjusted during the year	(2,562,670)	(1,406,209)
	78,148,285	80,710,955
Current portion	(67,326,108)	(80,710,955)
Installments due / overdue	(10,822,177)	-
Payable within one year	(78,148,285)	(80,710,955)
	-	-

These represent plant and machinery acquired under separate lease agreements.

The purchase option is available to the Company on payment of last installment and surrender of deposit at the end of the lease period.

The principal plus financial charges are payable over the lease period in 48 monthly and 16, 24 and 16 quarterly installments. The liability represents the total minimum lease payments discounted at 15.5% to 18.39% per annum (2014: 15.5% to 18.39% per annum) being the interest rates implicit in leases. Furthermore information / records were not made available by the financial institution to confirm the year end balance of the outstanding amount due to pending litigation.

The company has entered into restructuring agreement with the M/S First Punjab Modaraba in respect of ijarah facility No. 199 as on September 04, 2015, as a result of which full and final amount of Rs. 11,260,347 has been decided against outstanding principle and markup, which will be paid in 10 monthly rentals starting from August 31, 2015 and ending on May 31, 2016.

Reconciliation of minimum lease payments and their present value is given below:

	2015			2014		
	Minimum lease payments	Finance cost for future periods	Present value of minimum lease payments	Minimum lease payments	Finance cost for future periods	Present value of minimum lease payments
	-----Rupees-----					
Due within one year	98,494,284	20,345,999	78,148,285	101,470,997	20,760,042	80,710,955
Due after one year but not later than five years	-	-	-	-	-	-
	98,494,284	20,345,999	78,148,285	101,470,997	20,760,042	80,710,955

	Note	2015 Rupees	2014 Rupees
<b>9. DEFERRED LIABILITIES</b>			
Deferred markup on:			
Demand finance I	7.1.1	537,961,054	468,688,756
Demand finance	7.1.3	-	49,816,216
Morabaha finance	7.1.6	45,539,783	23,538,637
		583,500,837	542,043,609
Staff retirement gratuity	9.1	39,256,981	33,492,371
		622,757,818	575,535,980

#### 9.1 Staff retirement gratuity

##### 9.1.1 General description

The Company operates an unfunded gratuity scheme for all its employees at mills who have completed the minimum qualifying period of service as defined under the scheme. The most recent valuation was carried out as at June 30, 2015 using the "Projected Unit Credit Method".

	2015 Rupees	2014 Rupees
<b>9.1.2 Balance sheet reconciliation as at June 30,</b>		
Present value of defined benefit obligation	39,256,981	33,492,371

	Note	2015 Rupees	2014 Rupees
<b>9.1.3 Movement in net liability recognised</b>			
Opening balance as at July 01,		33,492,371	32,108,575
Expenses recognised in profit and loss account	9.1.4	12,022,639	10,692,642
Paid during the year		(7,294,771)	(4,501,150)
Remeasurement loss / (gain) on obligation		1,036,742	(4,807,696)
Closing balance as at June 30,		39,256,981	33,492,371
<b>9.1.4 Expenses recognised in profit and loss account</b>			
Current service cost		8,914,162	7,966,746
Interest cost		3,108,477	2,725,896
		12,022,639	10,692,642
<b>9.1.5 Principal actuarial assumptions</b>			
Discount factor used		10% Per annum	13% Per annum
Expected rate of increase in salaries		9% Per annum	12% Per annum
Expected average remaining working lives of participating employees		5 years	5 years
<b>9.1.6 Year end sensitivity analysis of the defined benefit obligation is as follows:</b>			
	Change in assumptions	Reworked defined benefit obligation Increase in assumptions	Decrease in assumptions
Discount rate	100 bps	36,261,968	42,571,532
Salary increase rate	100 bps	41,085,327	37,497,475
<b>10. TRADE AND OTHER PAYABLES</b>			
Creditors		279,166,242	333,070,943
Accrued liabilities		48,603,008	35,976,660
Advance from customers and others		56,431,072	35,904,415
Withholding tax payable		3,038,450	2,003,341
		387,238,772	406,955,359

	Note	2015 Rupees	2014 Rupees
<b>11. INTEREST / MARKUP PAYABLE</b>			
Redeemable capital		100,031,748	100,031,748
Long term financing		246,509,030	197,438,479
Liabilities against assets subject to finance lease		20,345,999	20,760,042
Short term borrowings		2,390,651,264	2,391,723,618
		<u>2,757,538,041</u>	<u>2,709,953,887</u>
<b>12. SHORT TERM BORROWINGS</b>			
Secured			
From banking companies and financial institutions			
Under mark up arrangements	12.2		
Export finances		5,396,530,208	5,335,620,871
Running finance		215,241,005	215,241,005
Morabaha finances	12.3	416,011,426	401,450,753
Cash finances		217,472,910	192,472,910
Forced demand finance	12.4	139,419,334	139,419,334
Payment against documents		299,948,051	299,948,051
Not subject to markup			
Demand finance	12.5	271,405,000	271,405,000
Overdraft		-	1,571,890
		<u>6,956,027,934</u>	<u>6,857,129,814</u>

**12.1** The aggregate unavailed short term borrowing facilities available to the Company is Rs. Nil (2014: 49 million).

**12.2** 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 (Refer Note 7.1), 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 (Refer Note 7.1), 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 year ranges from 7.28 % to 23.725% per annum (2014: 9.11 % to 23.725% per annum).

**12.3** Morabaha finances include Morabaha finance I and also include morabaha facilities availed during the year. These finances are to be repaid from export proceeds realized or from own source and are for purchase of cotton,PSF, yarn,cloth, chemical, spares and other raw material. Collateral securities are same as detailed in Note 7.1.6.

**12.4** It represents two rentals of redeemable capital paid by the guarantor ( Refer Note 6.2). Securities are disclosed in Note 7.1.

**12.5** Total amount of demand finance was Rs. 367.722 million. The securities are disclosed in Note 7.1. Rs.74.989 million was payable on June 29, 2010 as down payment, Rs. 127.876 million was payable till July 31, 2010 out of proceeds of sales tax refunds and remaining mark up balance of Rs 164.857 million was payable in 10 equal monthly installments commenced from June 30, 2010 and ending on March 31, 2011.

- 12.6** Information / records were not made available by the banking companies to confirm the year end balances amounting to Rs. 99.969 million (2014: Rs. 1,274.750 million) out of total outstanding amount due to pending litigation.

	Note	2015 Rupees	2014 Rupees
<b>13. CURRENT PORTION OF NON CURRENT LIABILITIES</b>			
Redeemable capital	6	379,166,665	379,166,665
Long term financing	7	627,121,892	486,569,857
Liabilities against assets subject to finance lease	8	78,148,285	80,710,955
		<u>1,084,436,842</u>	<u>946,447,477</u>

#### 14. CONTINGENCIES AND COMMITMENTS

##### 14.1 Contingencies

- a.** M/S. S.A.Rehmat Private Limited has filed winding up petition against the Company in the Honorable Lahore High Court Lahore and prayed that the Respondent Company M/S Amtex Limited be wound up and its assets be sold and proceeds thereof may be distributed among creditors and same is pending adjudication.

Amtex Limited has filed suit in the Honorable Civil Court at Faisalabad against M/s S.A Rehmat private Limited for recovery of Rs.28,230,026/- further filed suit against the same company for Rendition of account and cancellation of documents and same is also pending adjudication.

- b.** M/S Bank Islami (Formerly KASB Bank Limited and now merged in to Bank Islami) instituted a suit for recovery of Rs.149,802,970/- under Financial institutions (Recovery of Finances) Ordinance, 2001 in the Honorable Lahore High Court, Lahore against the Company. The Bank restructured the outstanding finances as it claimed in referred suit for recovery and also offered to provide fresh export refinance working capital limits vide its offer letter. Based on such offer letter Company entered in to a compromise agreement with the Bank and Honorable Lahore High Court, Lahore passed the consent decree. Now, the Bank is not fulfilling its contractual obligations and not providing the agreed fresh export refinance working capital limits and has filed Execution Petition for recovery of Rs. 192,528,719/-. The company is filing its legal reply to Execution Petition filed by the Bank in the said matter and the same is pending adjudication.
- c.** Amtex Limited filed suit in the court of Honorable Senior Civil Judge Faisalabad against M/S. Pakistan cargo Services Private Limited for recovery of Rs.12,019,087/-. The Company is hopeful of settlement of case in its favour.
- d.** M/S Zephyre Textile Limited has filed a suit for recovery of Rs. 2,916,762/- against the company before the Honorable District Judge Lahore. The company has duly filed its reply in the said matter and the same is pending adjudication.
- e.** M/S. Pak Kuwait Investment Company Private Limited has instituted suit under Financial Institutions (Recovery of Finances) Ordinance, 2001 for recovery of Rs. 97,903,568/- along with future markup in the Honorable High Court Sindh at Karachi against the company. The company has duly filed its petition for leave to defend in the said matter and the same is pending adjudication.

- f.** M/S Codabar Labeling System has filed a suit for recovery of Rs. 585,247/- against the company before the Civil Court at Lahore. The company has filed an application challenging the jurisdiction of the Court and the same is pending adjudication.
- g.** Bank islami Pakistan Limited has instituted suit against the company in the Honorable Lahore High Court, Lahore under financial institutions (Recovery of Finance) Ordinance, 2001 for recovery of Rs. 660,473,859/-. The Company has duly filed its petition for leave to defend in the said matter and the same is pending adjudication.
- h.** M/S National Bank of Pakistan (Islamic Banking Division) has instituted a suit for recovery of Rs. 106,924,484/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable Lahore High Court, Lahore against the company. The company has duly filed its petition for leave to defend in the said matter and the same is pending adjudication.
- i.** M/S National Bank of Pakistan has instituted a suit for recovery of Rs. 1,487,663,500/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable Lahore High Court, Lahore against the company. The company has duly filed its petition for leave to defend in the said matter and the same is pending adjudication.
- j.** M/S Faysal Bank Ltd has instituted a suit for recovery of Rs. 6,061,867/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable Banking Court No. II, Faisalabad against the company. The company has filed its petition for leave to defend in the said matter and same is pending adjudication.
- k.** M/S Saudi Pak Industrial & Agricultural Investment Company Ltd has instituted a suit for recovery of Rs. 19,122,367/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable Banking Court No. II, Lahore against the company. Court has passed the decree. The company is going to file an appeal before Honorable Lahore High Court, Lahore against the decree passed by Honorable Banking Court No. II, Lahore.
- l.** M/S Habib Bank Ltd has instituted a suit for recovery of Rs. 946,312,769/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable High Court Lahore against the company. The company has duly filed its petition for leave to defend in the said matter and the same is pending adjudication.
- m.** The Bank of Punjab has instituted a suit for recovery of Rs. 6,373,121,000/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable High Court Lahore against the company. The company has filed its petition for leave to defend the said matter and same is pending adjudication.
- n.** 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. The company has filed its petition for leave to defend the said matter and same is pending adjudication.
- o.** The company has not fully recognised mark up on redeemable capital, long and short term financing due to aforementioned litigations and also due to settlements with other banks. Had the mark up been fully charged, net loss for the year would have been increased by Rs. 848.496 million (2014: Rs. 820.432 million) and accumulated loss and interest / markup payable would have been increased by Rs. 1,816.145 million (2014: Rs. 967.649 million).

- p. The company has filed writ petition in the Honorable Lahore High Court, Lahore against Federation of Pakistan and others, in the case of investigation of affairs of the company. The case is pending adjudication.
- q. Cases are pending before foreign exchange adjudication officer, State Bank of Pakistan, for non repatriation of export proceeds within prescribed times. The default may attract penalties. The financial impact cannot be determined at this stage.
- r. A recovery demand of Rs. 9.4 million has been raised as a result of an order passed by Additional Commissioner Inland Revenue u/s 122 (5A) of the Income Tax Ordinance 2001 regarding Tax Year 2012. Department has deducted Rs. 9 million from Company's income tax and sales tax refunds. Said recovery deductions has not yet accounted for due an appeal filed before Appellate Tribunal Inland Revenue (ATIR), Lahore.
- s. SNGPL in July 2014 has changed the sui gas Tariff from Rs. 488.23 per MMBTU to Rs. 573.28 per MMBTU by transferring the category of our unit from General Industrial to Captive Power. Company has filed writ petition before the Honorable Lahore High Court, Lahore against the said illegal / unlawful captive power tariff application by taking plea that we are producing / generating electricity only for own consumption / use, moreover, we do not hold license which is pre-requisite for sale of electricity. Honorable Lahore High Court, Lahore has granted stay in favor of the company restraining the SNGPL from charging captive power tariff instead of general industrial tariff. The company is confident of a favorable outcome of the suit, therefore, provision amounting to Rs. 38,046,528/- has not been made in these financial statements.
- t. The company has filed suit in Honorable Lahore High Court Lahore challenging the illegal/ unlawful increase / levy of "Gas Infrastructure Development Cess" (GIDC) in Sui gas power bills by SNGPL. Honorable court has granted stay against recovery of enhanced GIDC hence the company has not paid the enhanced amount of GIDC. Further as the company is confident that the case will be decided in its favor, and due to impracticability, no provision in respect of enhanced GIDC is made in these financial statements.
- u. Financial impact, if any, of the above (a to t) has not been acknowledged in these financial statements because of pending litigations.

	Note	2015 Rupees	2014 Rupees
<b>14.2 Commitments</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
<b>15. PROPERTY, PLANT AND EQUIPMENT</b>			
Tangible			
Operating fixed assets	15.1	4,299,280,603	4,673,948,551
Capital work in progress	15.5	35,232,324	26,016,899
		<u>4,334,512,927</u>	<u>4,699,965,450</u>



	2015 Rupees	2014 Rupees
<b>15.2 Depreciation for the year has been allocated as under:</b>		
Cost of sales	297,479,889	321,810,952
Administrative expenses	4,863,016	4,581,490
	302,342,905	326,392,442

**15.3** Had there been no revaluation, the related figures of freehold land, building on freehold land, plant and machinery, electric installations, factory equipment and laboratory equipment as at June 30, 2015 and 2014 would have been as follows:

	2015		
	Cost	Accumulated depreciation	Written down value
	-----Rupees-----		
Company owned			
Freehold land	143,605,403	-	143,605,403
Building on freehold land	1,703,002,666	469,477,589	1,233,525,077
Plant and machinery	3,135,724,229	2,071,977,353	1,063,746,876
Electric installations	92,087,323	58,987,830	33,099,493
Factory equipment	5,882,262	4,191,372	1,690,890
Laboratory equipment	844,749	317,068	527,681
Leasehold			
Plant and machinery	173,681,175	105,976,234	67,704,941
	5,254,827,807	2,710,927,446	2,543,900,361
	2014		
	Cost	Accumulated depreciation	Written down value
	-----Rupees-----		
Company owned			
Freehold land	168,093,535	-	168,093,535
Building on freehold land	1,703,002,666	403,685,256	1,299,317,409
Plant and machinery	3,122,962,932	1,954,424,651	1,168,538,281
Electric installations	92,087,323	55,310,109	36,777,214
Factory equipment	5,882,262	4,003,495	1,878,767
Laboratory equipment	724,749	270,659	454,090
Leasehold			
Plant and machinery	173,681,175	98,453,463	75,227,712
	5,266,434,642	2,516,147,633	2,750,287,009

**15.4** Detail of disposal of property, plant and equipment (Sold by negotiation)

Description	Cost / Revaluated amount	Accumulated depreciation	Written down value	Sale proceeds	Profit	Particulars
Freehold Land	86,560,573	-	86,560,573	90,000,000	3,439,427	NIB Bank Limited
Vehicle	1,656,000	463,680	1,192,320	1,369,000	176,680	Andalusia Developers (Pvt) Limited (Jahan-e-Andalus vill 28 Amcon Villas Upper East Canal Road, Faisalabad)
Vehicle	560,000	507,687	52,313	280,000	227,687	Mr. Muhammad Idrees (House # 1327/DA Gulam Muhammadabad, Faisalabad)
2015 Rupees	88,776,573	971,367	87,805,206	91,649,000	3,843,794	
2014 Rupees	74,282,490	1,791,552	72,490,938	167,064,000	94,573,062	

**15.5** Capital work in progress

	Owned		Under lease	Total
	Civil work	Electric installation	Plant and machinery	
	-----Rupees-----			
Balances as at July 1, 2013	31,300,269	7,496,708	24,525,365	63,322,342
Capital expenditure incurred during the year	1,236,630	-	-	1,236,630
Transferred to operating fixed assets	(6,520,000)	(7,496,708)	(24,525,365)	(38,542,073)
Balances as at June 30, 2014	26,016,899	-	-	26,016,899
Capital expenditure incurred during the year	9,215,425	-	-	9,215,425
Transferred to operating fixed assets	-	-	-	-
Balances as at June 30, 2015	35,232,324	-	-	35,232,324

	Note	2015 Rupees	2014 Rupees
<b>16. LONG TERM DEPOSITS</b>			
Against utilities		45,968,371	26,593,371
Against TFC		9,374,497	9,374,497
		55,342,868	35,967,868
<b>17. STORES, SPARES AND LOOSE TOOLS</b>			
Stores		680,151,461	730,330,711
Spares		15,485,125	17,412,110
Loose tools		2,475,840	1,985,969
		698,112,426	749,728,790

**17.1** Stores include items that may result in fixed capital expenditure but are not distinguishable.

	Note	2015 Rupees	2014 Rupees
<b>18. STOCK IN TRADE</b>			
Raw material		867,057,440	1,061,226,051
Work in process		178,881,358	204,979,803
Finished goods		1,155,804,265	1,518,749,713
Waste		2,918,200	5,705,002
		<u>2,204,661,263</u>	<u>2,790,660,569</u>

**18.1** Stock in trade amounting to Rs. 146.356 million (2014: Rs. 146.356 million) was pledged as security with the banks.

**18.2** Stock in trade amounting to Rs. 235.707 million (2014: Rs.666.259 million) is at net realisable value as per valuation report given by an independent valuer.

	Note	2015 Rupees	2014 Rupees
<b>19. TRADE DEBTS</b>			
Considered good			
Unsecured			
Foreign		3,821,556,302	4,462,911,850
Local		204,847,263	208,481,080
		4,026,403,565	4,671,392,930
Considered doubtful			
Unsecured			
Foreign		3,322,845,608	2,651,491,122
Less: Provision for doubtful debts	19.1	(3,322,845,608)	(2,651,491,122)
		-	-
		<u>4,026,403,565</u>	<u>4,671,392,930</u>
<b>19.1 Provision for doubtful debts</b>			
Opening balance		2,651,491,122	1,984,619,236
Created during the year		671,354,486	666,871,886
Closing balance		<u>3,322,845,608</u>	<u>2,651,491,122</u>

## 19.2 The aging of trade debts as at balance sheet date is as under.

	Note	2015 Rupees	2014 Rupees
Not past due		262,186,968	220,116,249
Past due within one year		5,862,152	21,567,750
Past due more than one year		7,081,200,053	7,081,200,053
		7,087,062,205	7,102,767,803
		7,349,249,173	7,322,884,052
<b>20. LOANS AND ADVANCES</b>			
Considered good Advances Suppliers and others		41,387,533	27,819,296
<b>21. DEPOSITS AND PREPAYMENTS</b>			
Considered good Deposits Export margin Lease deposits Prepayments		- 7,251,662 340,512	3,510,822 7,251,662 370,322
		7,592,174	11,132,806
<b>22. OTHER RECEIVABLES</b>			
Considered good Export rebate / duty drawback Federal excise duty Others		84,503,600 14,042,717 2,999,940	93,102,408 14,042,717 2,999,940
		101,546,257	110,145,065
<b>23. TAX REFUNDS DUE FROM GOVERNMENT</b>			
Income tax Sales tax		54,288,053 202,510,724	32,103,302 180,365,979
		256,798,777	212,469,281

	Note	2015 Rupees	2014 Rupees
<b>24. CASH AND BANK BALANCES</b>			
Cash in hand		138,155,858	127,849,543
Cash at banks			
In current accounts		34,240,875	23,420,357
In PLS accounts		11,565	11,383
		<u>172,408,298</u>	<u>151,281,283</u>
<b>25. SALES</b>			
Export			
Fabrics / made ups / garments	25.1	787,752,047	506,413,207
Indirect export			
Yarn	25.2	101,977,800	79,758,900
Cloth	25.2	25,027,800	3,659,800
Processing and conversion	25.2	208,421,000	294,292,666
		<u>1,123,178,647</u>	<u>884,124,573</u>
Local			
Yarn / cloth	25.2	1,508,719,748	1,703,792,269
Processing and conversion	25.2	110,315,361	88,220,766
Waste and left over	25.2 & 25.3	40,734,083	46,399,103
Printing screens	25.2	130,004,055	90,702,508
		<u>2,912,951,894</u>	<u>2,813,239,219</u>
Add: Export rebate / duty drawback		6,499,912	3,997,902
		<u>2,919,451,806</u>	<u>2,817,237,121</u>
Less: Commission		14,271,003	4,800,100
		<u>2,905,180,803</u>	<u>2,812,437,021</u>

**25.1** Exchange gain due to currency rate fluctuation amounting to Rs.11,209,488/- (2014: Rs.10,577,957/-) has been included in export sales.

	Note	2015 Rupees	2014 Rupees
<b>25.2 Gross sales</b>			
Indirect export			
Yarn		104,017,356	81,354,078
Cloth		25,778,634	3,769,594
Processing and conversion		212,589,420	300,178,519
Local			
Yarn / cloth		1,544,244,342	1,742,748,741
Processing and conversion		112,521,668	89,985,181
Waste and left over		42,272,096	47,430,112
Printing screens		152,104,744	106,121,934
		2,193,528,260	2,371,588,159
Less: Sales tax		(68,328,413)	(64,762,147)
		<u>2,125,199,847</u>	<u>2,306,826,012</u>

**25.3** It represents sale of left over / waste material out of goods manufactured.

	Note	2015 Rupees	2014 Rupees
<b>26. COST OF SALES</b>			
Cost of goods manufactured	26.1	3,225,169,863	3,599,882,229
Finished goods			
Opening stock		1,524,454,715	1,845,311,935
Closing stock	26.2	(1,158,722,465)	(1,524,454,715)
		365,732,250	320,857,220
		<u>3,590,902,113</u>	<u>3,920,739,449</u>

	Note	2015 Rupees	2014 Rupees
<b>26.1 Cost of goods manufactured</b>			
Raw material consumed	26.1.1	1,667,557,037	1,987,022,603
Salaries, wages and benefits		349,001,100	341,034,509
Staff retirement benefits		12,022,639	10,692,642
Stores and spares		98,975,504	103,815,446
Dyes and chemicals		222,766,261	228,710,063
Packing material		70,218,998	57,564,258
Conversion and processing charges		7,749,642	8,219,914
Engraving and wadding		18,404,030	16,939,584
Repairs and maintenance		19,649,941	17,039,381
Fuel and power		402,361,995	435,976,007
Insurance		618,891	1,496,767
Depreciation	15.2	297,479,889	321,810,952
Other		32,265,491	20,532,120
		3,199,071,418	3,550,854,246
Work in process			
Opening stock		204,979,803	254,007,786
Closing stock		(178,881,358)	(204,979,803)
		26,098,445	49,027,983
		3,225,169,863	3,599,882,229
<b>26.1.1 Raw material consumed</b>			
Opening stock		1,061,226,051	1,628,065,176
Purchases including purchase expenses		1,473,388,426	1,420,183,478
		2,534,614,477	3,048,248,654
Closing stock	26.1.1.1	(867,057,440)	(1,061,226,051)
		1,667,557,037	1,987,022,603

**26.1.1.1** It includes an amount of Rs. 90.122 million (2014 restated: Nil) in respect of write down of inventories to net realisable value as per valuation report given by an independent valuer.

**26.2** It includes an amount of Rs. 171.400 million (2014 restated: Rs. 485.439 million) in respect of write down of inventories to net realisable value as per valuation report given by an independent valuer.

	Note	2015 Rupees	2014 Rupees
<b>27. OTHER INCOME</b>			
Income from financial assets:			
Profit on deposit		209,653	-
Income from assets other than financial assets:			
Markup waived off by banks		43,183,287	-
Gain on disposal of property, plant and equipment		3,843,794	81,974,381
Rental income		180,000	695,001
		<u>47,416,734</u>	<u>82,669,382</u>
<b>28. SELLING AND DISTRIBUTION EXPENSES</b>			
Steamer freight		13,827,276	12,147,217
Freight and octroi		3,511,272	2,156,639
Clearing and forwarding		2,697,912	1,019,392
Export development surcharge		1,928,681	1,212,380
Other		2,854,046	1,393,449
		<u>24,819,187</u>	<u>17,929,077</u>
<b>29. ADMINISTRATIVE EXPENSES</b>			
Directors' remuneration	33	3,600,000	3,600,000
Salaries and benefits		30,432,761	27,407,163
Electricity and gas		1,409,543	1,928,004
Postage and telecommunication		7,247,594	4,418,970
Vehicles running and maintenance		5,237,151	3,946,702
Traveling and conveyance		9,844,561	8,862,899
Printing and stationery		1,404,031	1,133,404
Entertainment		3,370,687	2,498,852
Fees and subscriptions		450,910	2,067,161
Legal and professional		1,801,630	3,273,036
Auditor's remuneration	29.1	1,500,000	1,500,000
Repairs and maintenance		1,377,731	951,919
Advertisement		215,362	118,275
Amortisation		-	1,189,176
Depreciation	15.2	4,863,016	4,581,490
Provision for doubtful debts	19.1	671,354,486	666,871,886
Insurance		-	70,707
Other		3,397,298	1,467,558
		<u>747,506,761</u>	<u>735,887,202</u>
<b>29.1 Auditor's remuneration</b>			
Audit fee		1,000,000	1,000,000
Half yearly review		500,000	500,000
		<u>1,500,000</u>	<u>1,500,000</u>

	Note	2015 Rupees	2014 Rupees
<b>30. FINANCE COST</b>			
Interest / mark up on:			
Long term financing		129,227,057	134,383,859
Liabilities against assets subject to finance lease		-	1,673,787
Short term borrowings		35,074,658	35,023,454
Bank charges and commission		16,117,183	8,825,537
		<u>180,418,898</u>	<u>179,906,637</u>
<b>31. PROVISION FOR TAXATION</b>			
Current			
For the year	31.1	11,068,987	7,277,808
Deferred	31.2	-	-
		<u>11,068,987</u>	<u>7,277,808</u>

**31.1** Minimum tax on local sales has not been provided due to gross loss sustained by the tax payer and provision for taxation has been provided only under section 169 of the Income Tax Ordinance, 2001.

**31.2 Deferred taxation**

Deferred tax asset amounting to Rs. 1,435.004 million is not recognised for all deductible temporary differences and carry forward of unused tax losses due to uncertainty regarding non availability of taxable profits in foreseeable future against which such temporary differences and tax losses can be utilised.

**31.3 Relationship between tax expense and accounting profit**

The relationship between tax expenses and accounting profit has not been presented in these financial statements as the company's current year's taxation includes tax based on provisions of section 169 and 113 of the Income Tax Ordinance, 2001.

	2015	2014
<b>32. LOSS PER SHARE - BASIC AND DILUTED</b>		
Loss for the year (Rupees)	<u>(1,602,118,409)</u>	<u>(1,966,633,770)</u>
Weighted average number of ordinary shares	<u>259,430,134</u>	<u>259,430,134</u>
Loss per share - Basic and diluted (Rupees)	<u>(6.18)</u>	<u>(7.58)</u>

**32.1** There is no dilutive effect on basic earnings per share of the Company.

### 33. REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2015			2014		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	-----Rupees-----					
Remuneration	800,000	1,600,000	4,100,000	800,000	1,600,000	3,600,000
House rent allowance	320,000	640,000	1,640,000	320,000	640,000	1,440,000
Utility allowance	80,000	160,000	410,000	80,000	160,000	360,000
	1,200,000	2,400,000	6,150,000	1,200,000	2,400,000	5,400,000
Number of persons	1	2	8	1	2	8

33.1 The Directors and Executives are entitled to free use of Company maintained vehicles. The running and maintenance expenses of these vehicles are Rs.1,208,012/- (2014: Rs. 1,050,445/). The Directors have waived off their meeting fee.

	Unit	(FIGURES IN THOUSAND)	
		2015	2014
<b>34. INSTALLED CAPACITY AND ACTUAL PRODUCTION</b>			
<b>Spinning</b>			
100 % plant capacity converted to 20s count based on 3 shifts per day for 1095 shifts (2014: 1095 shifts)	Kgs.	18,162	18,162
Actual production converted to 20s count based on 3 shifts per day for 496 shifts (2014: 455 shifts)	Kgs.	7,138	7,092
<b>Weaving</b>			
100 % plant capacity at 50 picks based on 3 shifts per day for 1095 shifts (2014: 1095 shifts)	Sq.Mt.	43,083	43,083
Actual production converted to 50 picks based on 3 shifts per day for 930 shifts (2014: 885 shifts)	Sq.Mt.	34,035	33,050
<b>Dyeing and finishing</b>			
Production capacity for 3 shifts per day for 1095 shifts (2014: 1095 shifts)	Mt.	45,625	45,625
Actual production for 3 shifts per day for 425 shifts (2014: 300 shifts)	Mt.	14,361	9,450

#### Processing, Stitching and Apparel

The plant capacity of these divisions are indeterminable due to multiproduct plants involving varying processes of manufacturing and run length of order lots.

**Reasons for shortfall**

- Temporary closure due to load management by suppliers of gas and electricity and for maintenance.
- Actual production is planned to meet the market demand.
- It is difficult to describe precisely the production capacity of textile products being manufactured since it fluctuates widely depending upon various factors such as simple / multi-function articles, small and large size articles, special articles and the pattern of articles adopted.

35. NUMBER OF EMPLOYEES	2015	2014
Total number of employees as at June 30,	1,325	1,341
Average number of employees for the year	1,210	1,250

**36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company finances its operations through the mix of equity, debt and working capital management with a view to maintain an appropriate mix between various sources of finance to minimize risk. The overall risk management is carried out by the finance department under the oversight of Board of Directors in line with the policies approved by the Board.

	2015 Rupees	2014 Rupees
<b>36.1 Financial instruments by category</b>		
<b>Financial assets:</b>		
Financial assets at amortized cost		
Trade debts	4,026,403,565	4,671,392,930
Deposits	62,594,530	46,730,352
Bank balances	34,252,440	23,431,740
	<u>4,123,250,535</u>	<u>4,741,555,022</u>
<b>Financial liabilities:</b>		
Financial liabilities at amortized cost		
Redeemable capital	379,166,665	379,166,665
Long term financing	2,185,231,725	2,315,298,679
Liabilities against assets subject to finance lease	78,148,285	80,710,955
Trade and other payables	327,769,250	369,047,603
Interest / markup payable	2,757,538,041	2,709,953,887
Short term borrowings	6,956,027,934	6,857,129,814
	<u>12,683,881,900</u>	<u>12,711,307,603</u>

**36.2 Financial instruments and related disclosures**

The Company's activities expose it to a variety of financial risks (credit risk, liquidity risk and market risk). Risks measured and managed by the Company are explained below:

### 36.2.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The maximum exposure to credit risk at the reporting date is as follows:

	2015 Rupees	2014 Rupees
Trade debts	4,026,403,565	4,671,392,930
Deposits	62,594,530	46,730,352
Bank balances	34,252,440	23,431,740
	<u>4,123,250,535</u>	<u>4,741,555,022</u>

Due to the Company's long standing relations with counter parties and after giving due consideration to their financial standing, the management do not expect non performance by these counter parties on their obligations to the company.

For trade debts credit quality of the customer is assessed, taking into consideration its financial position and previous dealings. Individual credit limits are set. The management regularly monitor and review customers credit exposure. The majority of export sales debtors of the Company are situated at UAE, USA and Europe.

The Company's most significant customers are foreign departmental stores and trading houses. The aging of trade debts as at balance sheet date is as under:

	2015 Rupees	2014 Rupees
Not past due	262,186,968	220,116,249
Past due within one year	5,862,152	21,567,750
Past due more than one year	7,081,200,053	7,081,200,053
	<u>7,087,062,205</u>	<u>7,102,767,803</u>
	<u>7,349,249,173</u>	<u>7,322,884,052</u>

The management is pursuing the matter with foreign buyers and is confident that its efforts will result in the recovery of above old outstanding balances, and hence, pending negotiations and resolution of the matter, 47% of the past due balances has been provided.

The credit risk exposure is limited in respect of deposits and bank balances as bank balances and majority of deposits are placed with foreign and local banks having good credit rating from international and local credit rating agencies.

### 36.2.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to manage liquidity is to maintain sufficient level of liquidity of the Company on the basis of expected cash flows, requirements of holding highly liquid assets and maintaining adequate reserve borrowing facilities to cover liquidity risk. This includes maintenance of balance sheet liquidity ratios through working capital management. Following are the contractual maturities of financial liabilities including interest payments as at June 30, 2015 and 2014;

	2015				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
-----Rupees in thousand -----					
<b>Financial liabilities:</b>					
Redeemable capital	379,167	479,198	479,198	-	-
Long term financing	2,185,232	2,518,488	790,244	116,953	1,611,291
Liabilities against assets subject to finance lease	78,148	98,494	93,087	5,411	-
Trade and other payables	327,769	327,769	327,769	-	-
Short term borrowings	6,956,028	9,346,679	9,346,679	-	-
	9,926,344	12,770,629	11,036,973	122,364	1,611,291

	2014				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
-----Rupees in thousand -----					
<b>Financial liabilities:</b>					
Redeemable capital	379,167	479,198	479,198	-	-
Long term financing	2,315,299	2,635,541	597,107	122,959	1,915,476
Liabilities against assets subject to finance lease	80,711	101,471	101,471	-	-
Trade and other payables	369,048	369,048	369,048	-	-
Short term borrowings	6,857,130	9,248,853	9,248,853	-	-
	10,001,355	12,834,111	10,795,677	122,959	1,915,476

The contractual cash flows relating to mark up have been determined on the basis of weighted average mark up rates on long term and short term borrowings. The Company is exposed to liquidity risk which will be managed by the Company as explained in detail in Note 1.3.

### 36.2.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

#### i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Majority of interest rate risk arises from redeemable capital, long and short term borrowings from banks. The interest rate profile of the Company's interest bearing financial instruments is presented in relevant notes to the financial statements.

#### Sensitivity analysis

Sensitivity to interest rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

#### Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss, therefore a change in interest rates at the reporting date would not effect profit and loss account.

#### Cash flow sensitivity analysis for variable rate instruments

Had the interest rate been increased / decreased by 1% at the reporting date with all other variables held constant, loss for the period and equity would have been Rs. 25.162 million (2014: Rs. 25.088 million) lower / higher.

#### ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The Company is exposed to currency risk on foreign debtors. The total foreign currency risk exposure on reporting date amounted to Rs. 7,144.402 million (2014: Rs. 7,114.403 million).

At June 30, 2015, had the currency been weakened / strengthened by 5% against the foreign currency with all other variables held constant, profit for the year and equity would have been Rs. 3.129 million (2014: Rs. 238.692 million) higher / lower, mainly as a result of foreign exchange gains / losses on translation of foreign currency denominated trade debts.

#### iii) Equity price risk

Trading and investing in equity securities give rise to equity price risk. The Company is not exposed to equity price risk.

### 36.3 Fair values of financial instruments

The carrying values of all the financial assets and financial liabilities reported in the financial statements approximate their fair values.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

### 36.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or obtain / repay long term financing from / to financial institutions.

The Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders. Debt is calculated as total borrowings ('redeemable capital', 'long term financing', 'liabilities against assets subject to finance lease' and 'short term borrowings' as shown in the balance sheet). Equity comprises of shareholders' equity as shown in the balance sheet under 'share capital and reserves'.

The salient information relating to capital risk management of the Company as of June 30, 2015 and 2014 were as follows:

	Note	2015 Rupees	2014 Rupees
Total debt	6,7,8 & 12	9,598,574,609	9,632,306,113
Less: Cash and bank balances	24	172,408,298	151,281,283
Net debt		9,426,166,311	9,481,024,830
Total equity		(3,197,452,217)	(1,759,069,583)
Total capital		6,228,714,094	7,721,955,247
Gearing ratio		151.33%	122.78%

### 36.5 Overdue loans

On the reporting date the installments of redeemable capital amounting to Rs.379.167 million along with mark up of Rs.100.031 million, long term finances amounting to Rs. 419.843 million along with mark up of Rs. 246.509 million, lease finance amounting to Rs. 67.326 million along with mark up of Rs. 20.346 million and short term borrowings amounting to Rs. 6,956.028 million along with mark up of Rs. 2,390.651 million were over due.

On reporting date, the carrying amount of loans relevant to above overdue were redeemable capital Rs. 379.167 million, long term finances Rs. 2,185.232 million, lease finance Rs. 78.148 million and short term borrowings Rs. 6,956.028 million.

Overdue installment of long term loans amounting to Rs. 9.195 million (2014: Nil) was subsequently paid. Company has applied to the banking companies for restructuring of the overdue loans and mark up (Refer Note 1.3).

**37. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on October 03, 2015 by the Board of Directors of the Company.

**38. 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;

	2015 Rupees	2014 Rupees
Rent received	180,000	180,000
Sales to Shama Exports	-	527,717

**39. GENERAL**

**39.1** Nomenclature of the following account head has been changed in these financial statements:

**Previous**

Advance from customers

Suppliers / for expenses

**Current**

Advance from customers and others

Suppliers and others

**39.2** Figures have been rounded off to the nearest Rupee except where mentioned rounding off in Rupees in thousands.

Khurram Iftikhar  
Chief Executive Officer

Shahzad Iftikhar  
Director

## PATTERN OF SHAREHOLDING

As on June 30, 2015

Number of Shareholders	Share Holding From	To	Total Number of Shares Held	Percentage of Total Capital
85	1 -	100	2,185	0.00
215	101 -	500	86,887	0.03
385	501 -	1000	332,927	0.13
766	1001 -	5000	2,412,070	0.93
340	5001 -	10000	2,853,052	1.10
133	10001 -	15000	1,800,947	0.69
85	15001 -	20000	1,613,757	0.62
65	20001 -	25000	1,548,650	0.60
55	25001 -	30000	1,598,166	0.62
28	30001 -	35000	923,624	0.36
37	35001 -	40000	1,440,799	0.56
16	40001 -	45000	688,313	0.27
50	45001 -	50000	2,489,117	0.96
15	50001 -	55000	785,080	0.30
9	55001 -	60000	531,500	0.20
5	60001 -	65000	316,500	0.12
8	65001 -	70000	551,500	0.21
7	70001 -	75000	509,000	0.20
1	75001 -	80000	80,000	0.03
3	80001 -	85000	245,655	0.09
4	85001 -	90000	355,010	0.14
3	90001 -	95000	284,500	0.11
42	95001 -	100000	4,190,500	1.62
6	100001 -	105000	612,008	0.24
4	105001 -	110000	437,000	0.17
2	110001 -	115000	224,500	0.09
2	115001 -	120000	239,500	0.09
3	120001 -	125000	366,000	0.14
5	125001 -	130000	646,000	0.25
2	130001 -	135000	269,628	0.10
2	135001 -	140000	272,500	0.11
1	140001 -	145000	144,000	0.06
5	145001 -	150000	747,000	0.29
2	150001 -	155000	303,000	0.12
1	155001 -	160000	159,500	0.06
2	160001 -	165000	328,000	0.13
6	195001 -	200000	1,200,000	0.46
3	225001 -	230000	682,200	0.26
1	245001 -	250000	250,000	0.10
1	265001 -	270000	269,000	0.10
1	270001 -	275000	274,000	0.11
3	295001 -	300000	900,000	0.35
1	315001 -	320000	316,000	0.12
1	330001 -	335000	335,000	0.13
1	345001 -	350000	350,000	0.13
1	355001 -	360000	359,500	0.14

Number of Shareholders	Share Holding From	To	Total Number of Shares Held	Percentage of Total Capital
2	395001 -	400000	800,000	0.31
1	435001 -	440000	440,000	0.17
1	550001 -	555000	555,000	0.21
1	580001 -	585000	582,000	0.22
1	600001 -	605000	605,000	0.23
1	615001 -	620000	620,000	0.24
1	845001 -	850000	850,000	0.33
1	915001 -	920000	918,523	0.35
1	1030001 -	1035000	1,031,621	0.40
1	1085001 -	1090000	1,085,500	0.42
1	1520001 -	1525000	1,520,934	0.59
1	2095001 -	2100000	2,100,000	0.81
1	2895001 -	2900000	2,900,000	1.12
1	4995001 -	5000000	5,000,000	1.93
1	6005001 -	6010000	6,010,000	2.32
1	21185001 -	21190000	21,189,133	8.17
1	22550001 -	22555000	22,555,000	8.69
1	48255001 -	48260000	48,255,780	18.60
1	51990001 -	51995000	51,994,656	20.04
1	55090001 -	55095000	55,092,912	21.24
<b>2,434</b>			<b>259,430,134</b>	<b>100.00</b>

Categories of Members	Number	Shares Held	Percentage
Individuals	2407	205,333,271	79.15
Joint Stock Companies	22	8,402,535	3.24
Financial Institutions	1	21,189,133	8.17
Funds	2	1,950,144	0.75
Government Institution	1	22,555,000	8.69
Miscellaneous	1	51	0.00
<b>Total</b>	<b>2,434</b>	<b>259,430,134</b>	<b>100</b>

**Categories of Shareholders  
as at June 30, 2015**

Categories of Shareholders	Number	Shares Held	Percentage
<b>Associated Companies, Undertakings and Related Parties</b>		-	-
<b>NIT &amp; ICP / FUNDS</b>			
NIT	1	918,523	0.35
<b>Directors, CEO their Spouses &amp; Minor Children</b>			
Mr. Khurram Iftikhar	1	51,994,656	20.04
Mr. Shahzad Iftikhar	1	55,092,912	21.24
Mr. Nadeem Iftikhar	1	48,255,780	18.60
Mr. Suhail Maqsood Ahmad	1	500	0.00
Mr. Muhammad Ahsan	1	650	0.00
Mr. Gul Muhammad Naz	1	500	0.00
Mr. Usman Ghani	1	500	0.00
<b>Executives</b>	-	-	-
<b>Public Sector Companies &amp; Corporations</b>			
Joint Stock companies	22	8,402,535	3.24
<b>Banks, Development Finance Institutions, Non Banking Finance Institutions, Insurance Companies, Takaful, Modarabas &amp; Pension Funds</b>	3	23,139,277	8.92
<b>General Public</b>			
Local	2400	49,987,773	19.27
Foreign	-	-	-
Others	1	22,555,000	8.69
<b>Shareholders Holding Five Percent or More Voting Interest in the Listed Company</b>			
Mr. Khurram Iftikhar	Chief Executive	51,994,656	20.04
Mr. Shahzad Iftikhar	Director	55,092,912	21.24
Mr. Nadeem Iftikhar	Director	48,255,780	18.60
EMPLOYEES OLD-AGE BENEFITS INSTITUTION		22,555,000	8.69
NATIONAL BANK OF PAKISTAN		21,189,133	8.17

During the financial year the trading in the shares of the company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows

Nil



## FORM OF PROXY

### Annual General Meeting 2015

I / We \_\_\_\_\_

of \_\_\_\_\_

being a member of Amtex Ltd, hereby appoint \_\_\_\_\_

\_\_\_\_\_

of \_\_\_\_\_

or failing him/her \_\_\_\_\_

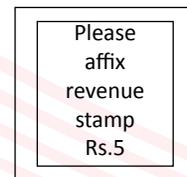
of \_\_\_\_\_

member(s) of the Company, as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on October 31, 2015 at 11:00 A.M. at mills premises 1 K.M. Khurrianwala Jaranwala Road, Faisalabad, Pakistan.

as witness my / our hand seal this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Signed by the said member \_\_\_\_\_

in presence of \_\_\_\_\_



Signature(s) of Member(s)

Witness 1

Signature of witness \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

CNIC # \_\_\_\_\_

Witness 2

Signature of witness \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

CNIC # \_\_\_\_\_

Please Quote:

Folio No	Shares Held	CDC A/C No.

**IMPORTANT:** Proxies in order to be effective, must be received at the Registered Office of the company at 1 K.M. Khurrianwala Jaranwala Road Faisalabad, not later than 48 hours before the time for holding the Annual General Meeting and must be duly stamped, signed and witnessed.

The Company Secretary

**AMTEX LIMITED**

1-k.m. Khurrianwala Jaranwala Road,  
Faisalabad - Pakistan

AFFIX  
CORRECT  
POSTAGE



**Pakistan Office**

Amtex Limited

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Faisalabad, (Pakistan)

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