



ANNUAL
REPORT 2016

AMTEX LIMITED

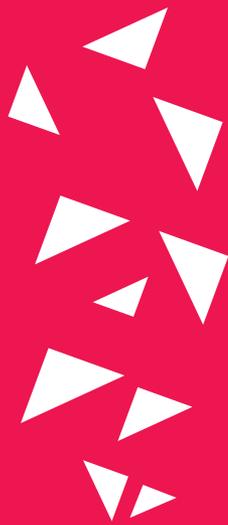


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COMPANY PROFILE

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, International display centers and warehouses for facilitating procurement of orders 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 plat form.

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,					
	2016	2015	2014	2013	2012	2011
	Rupees in million					
Operating performance						
Sales-net	2,154	2,905	2,812	2,485	3,002	6,427
Cost of Sales	2,777	3,591	3,921	3,203	2,951	6,601
Gross (loss) / profit	(623)	(686)	(1,108)	(718)	51	(174)
Operating loss	(1,359)	(1,411)	(1,779)	(1,402)	(1,372)	(472)
Loss before taxation	(1,514)	(1,591)	(1,959)	(2,316)	(2,689)	(1,816)
Loss after taxation	(1,526)	(1,602)	(1,967)	(2,322)	(2,699)	(1,866)
	YEAR ENDED JUNE 30,					
	2016	2015	2014	2013	2012	2011
	Rupees in million					
Financial position						
Property, plant and equipment-net (excl. capital work in progress)	4,079	4,299	4,674	4,984	5,066	5,415
Intangible assets	-	-	-	1	4	6
Capital work in progress	-	35	26	63	107	81
Fixed assets	4,079	4,335	4,700	5,049	5,176	5,502
Total assets	10,462	11,899	13,461	15,481	16,879	18,228
Current assets						
Store, spare parts, loose tools and stock in trade	2,462	2,903	3,540	4,596	5,660	6,032
Other current assets	3,713	4,434	5,033	5,668	5,894	6,528
Cash and cash equivalents	146	172	151	136	135	133
	6,321	7,509	8,725	10,400	11,689	12,693
Current liabilities						
Short term bank borrowings	7,371	6,956	6,857	7,033	6,919	8,557
Current portion of long term financing/ murabaha	740	1,084	946	784	760	524
Other current liabilities	2,985	3,145	3,117	3,255	2,704	1,999
	11,096	11,185	10,920	11,073	10,383	11,080
Net Working Capital	(4,775)	(3,676)	(2,196)	(672)	1,306	1,613
Long term financing/ murabaha	1,581	1,558	1,829	1,838	1,907	158
Share capital and reserves	(4,633)	(3,197)	(1,759)	18	2,174	4,745



Profitability analysis

		YEAR ENDED JUNE 30,					
		2016	2015	2014	2013	2012	2011
Gross (loss) / profit to sales	(%)	(28.9)	(23.6)	(39.4)	(28.9)	1.7	(2.7)
Loss before tax to sales	(%)	(70.3)	(54.8)	(69.7)	(93.2)	(89.6)	(28.3)
Loss after tax to sales	(%)	(70.8)	(55.1)	(69.9)	(93.4)	(89.9)	(29.0)
Earning per share	(Rupees)	(5.9)	(6.2)	(7.6)	(9.0)	(10.4)	(7.2)

Financial analysis

		YEAR ENDED JUNE 30,					
		2016	2015	2014	2013	2012	2011
Current Ratio	(times)	0.6	0.7	0.8	0.9	1.1	1.1
Debt to equity	(times)	(0.5)	(0.7)	(1.4)	129.9	1.1	0.1
Break up value per share	(Rupees)	(17.9)	(12.3)	(6.8)	0.1	8.4	18.3
Inventory turnover ratio	(times)	1.4	1.4	1.2	0.8	0.6	1.1
Debtors turnover ratio	(times)	0.6	0.7	0.6	0.5	0.5	1.2
Fixed assets turnover ratio	(times)	0.5	0.7	0.6	0.5	0.6	1.2
Total assets turnover	(times)	0.2	0.2	0.2	0.2	0.2	0.4

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, 2016 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, 2015.
2. To receive and adopt the Audited Accounts of the Company for the year ended June 30, 2016 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 2016-17 and fix their remuneration, as recommended by the Audit Committee and Board of Directors.
4. To transact any other business with the permission of the chair.

SPECIAL BUSINESS

5. To consider, and if thought fit, to pass the following resolution as special resolution:

"RESOLVED that the Articles of Association of the Company be amended by adding a new article under the heading of votes of members as follows:

The provisions and requirements for e-voting as prescribed by the Securities & Exchange Commission of Pakistan from time to time shall be deemed to be incorporated in these Articles, irrespective of the other provisions of these Articles of associations and notwithstanding anything contradictory therein.

By Order of the Board

Faisalabad
October 09, 2016

Tahir Javed
Company Secretary

STATEMENT OF MATERIAL FACTS CONCERNING SPECIAL BUSINESS PURSUANT TO SECTION 160(1)(B) OF THE COMPANIES ORDINANCE 1984

This statement sets out material facts concerning the Special Business given in Agenda item No. 5 of the notice will be considered to be passed by the members. The purpose of the statement is to set forth the material facts concerning such Special Business.

1. **Agenda Item No.5 of the Notice-Amendment/change in Articles of Association of the Company**

To give effect to the Companies (E-Voting) Regulation 2016, shareholders' approval is being sought to amend the Articles of Association of the Company to enable e-voting. The Board of Directors has recommended to the members to approve and adopt amendment/change in Articles of Association of the Company by inserting a new article under the heading of votes of members of the Articles of Association of the Company.



Subject to approval of the members the proposed resolution will be considered to be passed by the members as a special resolution.

NOTES: -

1. The Share Transfer Books of the Company will remain closed from 24-10-2016 to 31-10-2016 (both days inclusive). Transfers received at Vision Consulting Ltd, 3-C Lawrance Road, LDA Flats Lahore at the close of the business on 23-10-2016 will be treated in time
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as proxy to attend and vote instead of him. The proxy forms, in order to be effective, must be received at the Registrar of the company M/S Vision Consulting Limited, 3-C LDA Flats 1st Floor Lawrance Road Lahore, not less than 48 hours before 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. 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) along with 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, 2016.

Operating & Financial Results

The Company utilized 28 percent spinning capacity, 86 percent weaving capacity and 50 percent dyeing and finishing capacity, whereas printing/processing and stitching capacities remained largely unutilized.

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

	2016 Rupees	2015 Rupees
Sales	2,154,385,182	2,905,180,803
Cost of sales	2,777,481,623	3,590,902,113
Gross loss	(623,096,441)	(685,721,310)
Other (loss) / income	(11,265,326)	47,416,734
	(634,361,767)	(638,304,576)
Selling and distribution expenses	18,310,803	24,819,187
Administrative expenses	706,427,594	747,506,761
Finance cost	155,260,377	180,418,898
	879,998,774	952,744,846
Loss before taxation	(1,514,360,541)	(1,591,049,422)
Provision for taxation	11,537,056	11,068,987
Net loss for the year	(1,525,897,597)	(1,602,118,409)
Loss per share - Basic and diluted	(5.88)	(6.18)

During financial year ended June 30, 2016, company incurred gross loss of Rupees 623.096 million on sales of Rupees 2,154.385 million as compared to Rupees 685.721 million gross loss on sales of Rupees 2,905.180 million for the previous financial year. During the financial year ended June 30, 2016 Company incurred net loss after tax of Rupees 1,525.897 million as compared to net loss after tax of Rupees 1,602.118 million during the previous financial year. Gross loss is mainly due to under-utilization of manufacturing capacities due to adverse economic factors and non-availability of required financial support from the banks of the company to meet the working capital needs to revive its export business. The restructuring and rescheduling with banks is under process and management of your company hopes to receive positive consideration from the banks. Further, there is failure of cotton crop for two consecutive years, electricity cost is highest in the region making exports uncompetitive, gas charges are also highest in the region making export products more expensive and exporters refund are stuck up and unpaid by the authorities. High energy cost, affected cotton supply, underutilization of capacities and low export sales have culminated in after tax loss of rupees 1,525.897 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 56% provision against past due foreign receivable debtors. Company is trying 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.

The auditors have further opined that in the presence of indications of material uncertainties the management has not carried out any review at the balance sheet date in order to determine recoverable amount of its tangible operating assets and recognized impairment loss (if any), regarding this observation directors of your company explain that they have planned to carry out revaluation of operating fixed assets by independent evaluator and financial impact will be taken in to the half yearly financial statement for the period ending December 31, 2016.

Certain banks / financial institutions have filed suit against the Company for recovery of their 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 has been suffering from a gradual decline in overall exports. The textile sector, which is the highest exporting sector of Pakistan is also in decline. For the year ended June 30, 2016 textile exports have shown decline in terms of value exported like raw cotton by 47.89 percent, cotton yarn by 31.77 percent cotton cloth by 9.71 percent, cotton carded or combed 97.49 percent, yarn other than cotton 23.48 percent, knitwear by 1.54 percent, bed wear by 4.14 percent, towels by 0.41 percent, tents, canvas and tarpaulins by 28.06 percent, and artificial silk and synthetics by 12.89 percent, made-ups excluding towels & bed wear by 3.50 percent and only the exports of readymade garments and other textiles were up by 4.83 percent and 9.33 percent respectively. The main causes of declining textile exports are listed as follows:

- Failure of cotton crop for two consecutive years
- Electricity costs being highest in the region making exports uncompetitive
- Gas charges also highest in the region making products more expensive
- Exporters refund amounts are stuck up and unpaid by authorities

The situation is becoming very grave and now some serious thought needs to be given to develop and implement remedies to address this issue which is causing losses of foreign exchange revenue to the tune of US\$ 3-4 billion annually. The exporters are doing their utmost to get out of this situation, what they need now is a heavier hand of support & backing by the Government. Unless this is done urgently Pakistan will not even come near to achieve export target of US\$ 25 billion, this year.

Nevertheless, Government has zero rated sales tax on major textile inputs which will reduce the accumulation of exporter's refunds, the electricity and gas supply is improving although the cost is still highest in the region and the law and order situation in the country is improving which will attract more customers from Europe, USA and rest of the world and these factors 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, 2017.

Pattern of Shareholding

The pattern of Shareholding along with categories of shareholders of the company as at June 30, 2016, 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, 2016 and the attendance of the directors is as follows:



Name	Designation	No. of Meetings Attended
Khurram Iftikhar	C.E.O	7
Shahzad Iftikhar	Director	8
Nadeem Iftikhar	Director	8
Suhail Maqsood Ahmed	Director	7
Muhammad Ahsan	Director	6
Gul Muhammad Naz	Director	6
Usman Ghani	Director	5

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
Muhammad Ahsan (Non Executive Director)	Member
Usman Ghani (Non Executive Director)	Member

Meetings of Audit Committee were held during the year ended June 30, 2016 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, 2016

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

The independent director meet the criteria of independence under clause i (b) of the Code of Corporate Governance.

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. The half yearly and annual accounts were also initialed by the external auditors before presentation to 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. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles contained in the Code have been complied with except for the following toward which reasonable progress is being made by the company to seek compliance by the end of next accounting.
 - Currently the composition of Board is not in accordance with the clause 5.19.1(d) of the PSX Regulations and Executive directors are more than one third of the elected directors. However the Company making full efforts to rectify the existing composition of the Board and that will be done at the coming election of directors.
 - Company is planning to arrange training program for their directors as provided by the code.

For and on behalf of the Board

Khurram Iftikhar
Chief Executive



REVIEW REPORT TO THE MEMBER 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, 2016 prepared by the Board of Directors of AMTEX LIMITED (the company) to comply with the listing regulation No. 35 of Pakistan Stock Exchange Limited, 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 Pakistan Stock Exchange Limited 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, 2016.

- 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, 2016.

FAISALABAD:
Date: October 03, 2016

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, 2016**, 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 (d) 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 (d) 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. 623.096 million (2015: Rs. 685.721 million), net loss of Rs. 1,525.898 million (2015: Rs. 1,602.118 million) during the year ended June 30, 2016 and as at that date, its accumulated loss is Rs. 7,758.481 million (2015: Rs. 6,322.793 million) and company's current liabilities exceeded its current assets by Rs. 4,775.091 million (2015: Rs. 3,676.331 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 7.1.3, 8 and 12.6 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 (d) 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) In contradiction to the requirements of IAS-36 "impairment of Assets", the company has not carried out any review at the balance sheet date in order to determine recoverable amount of its tangible operating assets and recognized impairment loss (if any), in spite of the presence of indications of material uncertainties as mentioned in note 1.3 to the financial statements and the management has also not carried out the revaluation of operating fixed assets by independent evaluator as on balance sheet date as required by IAS-16 "Property, Plant & Equipment", hence, financial impact is impracticable to determine.
- c) trade debts amounting to Rs. 7,109.239 million (2015: Rs. 7,114.402 million) remained unconfirmed / un-reconciled in the absence of balance confirmations and relevant record. Past due foreign debtors amounting to Rs. 7,069.614 million (2015: Rs. 7,081.200 million) are impaired, the company has made the provision amounting to Rs. 3,933.360 million (2015: Rs. 3,322.846 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. 3,136.253 million (2015: Rs. 3,758.355 million).

- d) 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. 668.464 million (2015: Rs. 848.496 million), mark up payable and accumulated loss would have been increased by Rs. 2,484.632 million (2015: Rs. 1,816.145 million);
- e) in our opinion proper books of accounts, except for any effects of the matters mentioned in paragraphs (a) to (d) above, have been kept by the Company as required by the Companies Ordinance, 1984;
- f) in our opinion, except for the effects, if any, of the matters referred to in paragraphs (a) to (d) 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;
- g) 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 (d) 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, 2016 and of the loss, its comprehensive loss, cash flows and changes in equity for the year then ended; and
- h) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980-(XVIII of 1980).

FAISALABAD:
Date: October 03, 2016

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

FINANCIAL
STATEMENTS
as at June 30, 2016



BALANCE SHEET

as at June 30, 2016

	Note	2016 Rupees	2015 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 260,000,000 (2015: 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	(7,227,441,423)	(5,791,753,557)
		(4,633,140,083)	(3,197,452,217)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	5	1,637,742,714	1,730,109,065
NON-CURRENT LIABILITIES			
Redeemable capital	6	-	-
Long term financing	7	1,580,939,617	1,558,109,833
Liabilities against assets subject to finance lease	8	-	-
Deferred liabilities	9	780,316,203	622,757,818
		2,361,255,820	2,180,867,651
CURRENT LIABILITIES			
Trade and other payables	10	385,792,130	387,238,772
Interest / markup payable	11	2,599,616,255	2,757,538,041
Short term borrowings	12	7,371,076,295	6,956,027,934
Current portion of non current liabilities	13	739,812,129	1,084,436,842
		11,096,296,809	11,185,241,589
Contingencies and commitments	14	-	-
		10,462,155,260	11,898,766,088

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

Khurram Iftikhar
Chief Executive Officer

	Note	2016 Rupees	2015 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	4,078,928,051	4,334,512,927
Long term deposits	16	62,021,425	55,342,868
		4,140,949,476	4,389,855,795
CURRENT ASSETS			
Stores, spares and loose tools	17	664,545,130	698,112,426
Stock in trade	18	1,797,415,644	2,204,661,263
Trade debts	19	3,357,835,924	4,026,403,565
Loans and advances	20	21,333,830	41,387,533
Deposits and prepayments	21	9,998,782	7,592,174
Other receivables	22	94,798,690	101,546,257
Tax refunds due from the Government	23	229,188,251	256,798,777
Cash and bank balances	24	146,089,533	172,408,298
		6,321,205,784	7,508,910,293
		<u>10,462,155,260</u>	<u>11,898,766,088</u>

Shahzad Iftikhar
Director



PROFIT AND LOSS ACCOUNT

for the year ended June 30, 2016

	Note	2016 Rupees	2015 Rupees
Sales	25	2,154,385,182	2,905,180,803
Cost of sales	26	2,777,481,623	3,590,902,113
Gross loss		(623,096,441)	(685,721,310)
Other (loss) / income	27	(11,265,326)	47,416,734
		(634,361,767)	(638,304,576)
Selling and distribution expenses	28	18,310,803	24,819,187
Administrative expenses	29	706,427,594	747,506,761
Finance cost	30	155,260,377	180,418,898
		879,998,774	952,744,846
Loss before taxation		(1,514,360,541)	(1,591,049,422)
Provision for taxation	31	11,537,056	11,068,987
Net loss for the year		(1,525,897,597)	(1,602,118,409)
Loss per share - Basic and diluted	32	(5.88)	(6.18)

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, 2016

	Note	2016 Rupees	2015 Rupees
Net loss for the year		(1,525,897,597)	(1,602,118,409)
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
Incremental depreciation on revalued assets for the year	5	92,366,351	102,700,076
Remeasurement of defined benefit liability	9.1	(2,156,620)	(1,036,742)
		90,209,731	163,735,775
Total comprehensive loss for the year		(1,435,687,866)	(1,438,382,634)

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, 2016

	2016 Rupees	2015 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(1,514,360,541)	(1,591,049,422)
Adjustments for:		
Depreciation of property, plant and equipment	277,002,135	302,342,905
Provision for staff retirement gratuity	12,742,001	12,022,639
Provision for doubtful debts	610,514,788	671,354,486
Markup waived off / less claimed by banks	(726,893)	(43,183,287)
Gain on disposal of property, plant and equipment	(1,246,768)	(3,843,794)
Finance cost	155,260,377	180,418,898
Operating cash flows before working capital changes	(460,814,901)	(471,937,575)
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	33,567,296	51,616,364
Stock in trade	407,245,619	585,999,306
Trade debts	58,052,853	(26,365,121)
Loans and advances	20,053,703	(13,568,237)
Deposits and prepayments	(2,406,608)	3,540,632
Other receivables	6,747,567	8,598,808
Tax refunds due from the Government	46,789,141	(22,144,745)
Increase / (decrease) in current liabilities		
Trade and other payables	(1,446,642)	(19,716,587)
Cash generated from operations	107,788,028	96,022,845
Income tax paid	(30,715,671)	(33,253,738)
Finance cost paid	(157,663,095)	(48,194,229)
Staff retirement gratuity paid	(12,132,411)	(7,294,771)
Net cash (used in) / generated from operating activities	(92,723,149)	7,280,107
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(18,897,259)	(15,480,163)
Proceeds from disposal of property, plant and equipment	3,245,000	91,649,000
Additions in capital work in progress	(4,518,232)	(9,215,425)
Long term deposits	(6,678,557)	(19,375,000)
Net cash (used in) / generated from investing activities	(26,849,048)	47,578,412

	2016 Rupees	2015 Rupees
e) CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	65,071,736	(130,066,954)
Liabilities against assets subject to finance lease	(7,700,000)	(2,562,670)
Short term borrowings - net	35,881,696	98,898,120
Net cash generated from / (used in) financing activities	93,253,432	(33,731,504)
Net (decrease) / increase in cash and cash equivalents (a+b+c)	(26,318,765)	21,127,015
Cash and cash equivalents at the beginning of the year	172,408,298	151,281,283
Cash and cash equivalents at the end of the year	146,089,533	172,408,298

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, 2016

	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, 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)
Balances as at June 30, 2015	2,594,301,340	98,039,330	183,000,000	281,039,330	250,000,000	(6,322,792,887)	(6,072,792,887)	(3,197,452,217)
Loss for the year	-	-	-	-	-	(1,525,897,597)	(1,525,897,597)	(1,525,897,597)
Other comprehensive income for the year	-	-	-	-	-	90,209,731	90,209,731	90,209,731
Total comprehensive loss for the year	-	-	-	-	-	(1,435,687,866)	(1,435,687,866)	(1,435,687,866)
Balances as at June 30, 2016	2,594,301,340	98,039,330	183,000,000	281,039,330	250,000,000	(7,758,480,753)	(7,508,480,753)	(4,633,140,083)

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, 2016

1. STATUS AND ACTIVITIES

- 1.1** Amtex Limited (the Company) is a public limited company incorporated in Punjab, Pakistan under the Companies Ordinance, 1984 and listed on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited) in Pakistan. The registered office of the Company is situated at P-225, Tikka Gali No. 2, Montgomery Bazar, Faisalabad. The principal business of the Company is export of all kinds of value added fabrics, textile made-ups, casual and fashion garments duly processed. The Company is also engaged in the business of manufacturing and sale of yarn and fabrics on its own & conversion basis. The cloth processing unit and stitching units are located at 1 KM Jaranwala Road, Khurrianwala, District Faisalabad and spinning unit is located at 30 KM Sheikhupura 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. 1,514,360,541/- and its sales have been slightly increased during the year as compared to previous corresponding year. The drop in the production and sale due to under utilization of production capacity because of continuous load management by the utility companies has resulted in higher operating cost. Further overall yarn prices faces significant downfall due to which spinning sector survival becomes very hard day by day. Due to slow turnover of stocks, worst ever textile market conditions, the Company is facing tight cash flow situation and has not been able to comply with the terms of certain loan agreements. The Company is in litigation with sukuk unit holders and certain other banks / financial institutions has also filed suit against the company for recovery of their outstanding debts.

The management is hopeful that with the improvement textile market along with improvement in supply of energy, the production and operating results will improve. The management of the Company has already taken steps for extension and restructuring of loans. The major bankers of the Company have agreed to restructure the facilities (refer note 7.1.2) 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.

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

IFRS 14	Regulatory	1-Jan-16
IAS 1	Presentation of Financial Statements (Amendments)	1-Jan-16
IAS 16	Property, Plant and Equipment (Amendments)	1-Jan-16
IAS 19	Employee Benefits (Amendments)	1-Jan-16
IAS 27	Separate Financial Statements (Amendments)	1-Jan-16
IAS 28	Investment in Associates and Joint Ventures (Amendments)	1-Jan-16
IAS 34	Interim Financial Reporting (Amendments)	1-Jan-16
IAS 38	Intangible Assets (Amendments)	1-Jan-16
IAS 41	Agriculture (Amendments)	1-Jan-16

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, 2015 but are considered not to be relevant to the Company's operations and are, therefore not disclosed in these financial statements & are not expected to have any material impact on the company's financial statements.

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

		Effective date (accounting periods beginning on or after)
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments)	1-Jul-16
IFRS 7	Financial Instruments: Disclosures (Amendments)	1-Jul-16
IFRS 11	Joint Arrangements (Amendments)	1-Jan-17
IFRS 15	Revenue from Contracts with Customers	1-Jan-18
IFRS 16	Leases	1-Jan-19
IAS 7	Statement of Cash Flows (Amendments)	1-Jan-17
IAS 12	Income Taxes (Amendments)	1-Jan-17

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

2.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupee which is functional currency of the Company and figures are rounded off to the nearest rupee unless otherwise specified.

2.3 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.

2.4 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.

2.5 Staff retirement benefits

The Company operates a defined benefit plan unfunded gratuity scheme covering all permanent employees. Provision is made annually on the basis of actuarial recommendation to cover the period of service completed by employees using Projected Unit Credit Method. All remeasurement adjustments are recognized in other comprehensive income as they occur.

The amount recognized in the balance sheet represents the present value of defined benefit obligation as adjusted for remeasurement adjustments.

2.6 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.

2.7 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.

2.8 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.

2.9 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.

2.10 Property, plant and equipment

Owned

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.

2.11 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.

2.12 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.

2.13 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.

2.14 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.

2.15 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.

2.16 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.

2.17 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.

2.18 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.

2.19 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.

2.20 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.

2.21 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.

2.22 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.



2.23 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.

2.24 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

2016	2015		2016	2015
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	2016 Rupees	2015 Rupees
4. RESERVES			
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	4.2	250,000,000	250,000,000
Accumulated loss		(7,758,480,753)	(6,322,792,887)
		(7,508,480,753)	(6,072,792,887)
		<u>(7,227,441,423)</u>	<u>(5,791,753,557)</u>

4.1 This reserve can be utilized by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

4.2 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.

	Note	2016 Rupees	2015 Rupees
5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Opening balance	5.1	1,730,109,065	1,894,881,582
Less:			
Transferred to Comprehensive Income for the year in respect of :			
Incremental depreciation for the year		92,366,351	102,700,076
Surplus realised on disposal of assets during the year		-	62,072,441
		92,366,351	164,772,517
		<u>1,637,742,714</u>	<u>1,730,109,065</u>

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



	Note	2016 Rupees	2015 Rupees
6. REDEEMABLE CAPITAL			
Secured			
Sukuk certificates	6.1	379,166,665	379,166,665
Less : Adjusted during the year		(379,166,665)	-
		-	379,166,665
Less : Current portion shown under current liabilities			
Installments over due		-	379,166,665
Payable within one year		-	-
		-	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 8.35% to 9.01% per annum (2015: 10% to 12.21% 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 two different interim orders of The Honorable Lahore High Court, Lahore guarantor has deposited the amount of guarantee against all overdue rentals, as claimed by the sukuk unit holders amounting Rs. 529,734,801, in an escrow account opened by the Deputy Registrar (Judicial) to secure the payments due under sukuk arrangement. The payable sukuk rentals, as claimed by the sukuk holders, have been adjusted in these financial statements against the amounts paid by the guarantor, however, due to pending litigation, sukuk unit holders have not received these payments and sukuk unit holders have not acknowledged the adjustment of sukuk rentals.

Further, in its final order The Honorable Lahore High Court, Lahore has dismissed the above referred suit, with no findings on the issue and prayer of the Company, stating that this Court lacks jurisdiction under Financial Institutions (Recovery of Finances) Ordinance, 2001 and the plaint is returned to the plaintiff (Company) to be presented to the court in which the suit should have been instituted. Being aggrieved Company has filed first appeal against this order before Division Bench of Honorable Lahore High Court, Lahore and same is pending for adjudication and in its interim order Division Bench has passed stay order that no amount will be withdrawn, paid by the guarantor, from escrow account opened by the Deputy Registrar (Judicial) up till further orders in this matter.

	Note	2016 Rupees	2015 Rupees
7. LONG TERM FINANCING			
Secured			
From banking companies and financial institutions	7.1		
Under mark up arrangements			
Demand finance		1,759,020,216	1,783,596,216
Term finance		150,000,000	150,000,000
Long term finances		19,176,163	19,176,163
Syndicated term finance		7,875,000	10,500,000
Morabaha finance		19,301,582	19,301,582
Morabaha finance II		160,095,500	169,441,764
Not subject to markup			
Demand finance		134,835,000	33,216,000
		2,250,303,461	2,185,231,725
Less: Current portion			
Installments due / overdue		394,928,822	419,842,913
Payable within one year		274,435,022	207,278,979
		669,363,844	627,121,892
		<u>1,580,939,617</u>	<u>1,558,109,833</u>



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	1,347,420,216	38	Quarterly	30-Jun-12	30-Sep-21	5% p.a.
DFI	7.1.2	411,600,000	28	Quarterly	1-Sep-16	1-Jun-23	6% p.a.
		1,759,020,216					
Term finances							
Term finance II		120,000,000	12	Quarterly	30-Mar-10	30-Jun-13	3 Month KIBOR + 3.00% p.a with a floor of 10% p.a
Term finance I		30,000,000	17	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-9	SBP rate + 2.00% p.a
III	7.1.3	14,932,250	17	Quarterly	31-Mar-07	31-Mar-12	SBP rate +3.00% p.a
		19,176,163					
Syndicated term finance	7.1.4	7,875,000	20	Quarterly	7-Mar-04	7-Dec-10	6 Month KIBOR + 3.00% p.a with a floor of 5% p.a
Morabaha finance	7.1.4 & 7.1.5	19,301,582	30	Quarterly	19-Sep-12	19-Dec-19	6.90% p.a
Morabaha finance II	7.1.6	160,095,500	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	134,835,000	6	Quarterly	1-Sep-23	30-Dec-24	-

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 3.65% to 10.05% per annum (2015: 5% to 13.21% 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 The company has entered in to restructuring and rescheduling agreement with Soneri bank limited for 2nd time of existing finance facilities along with fresh facilities. The repayment schedule and mark up rate of previous outstanding DF-I have been re-negotiated and will be paid in 28 quarterly installments as mentioned below:

Installments	From	Till	Principal Recovery
04 Quarterly installments of Rs. 7.000M each	1-Sep-16	1-Jun-17	28,000,000
16 Quarterly installments of Rs. 13.125M each	1-Sep-17	1-Jun-21	210,000,000
07 Quarterly installments of Rs. 21.233M each	1-Sep-21	1-Mar-23	148,631,000
Last installments of DF-I	1-Jun-23	1-Jun-23	24,969,000

The DF-II amount will be Rs. 134.835 M i.e previous DF-II (mark up) Rs. 33.216 M and markup of Rs. 101.619M on the outstanding DF-I from 26-06-2012 till 30-06-2016. It will be paid in 06 equal quarterly installments of Rs. 22.473 M each starting from 01.09.2023 and ending on 01.12.2024. Further bank will waive off the differential markup of Rs. 73.747 M after full receipt of new DF-I, DF-II and accrued markup of DF-I.

Markup on DF-I for the period from 01-07-2016 till date of final adjustment will be deferred and kept in memorandum account and then new DF-III shall be created and paid in equal 6 equal quarterly installments starting from 01-03-2025 and ending on 01-03-2026.

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

7.1.4 During the year the company has deposited an amount of Rs. 2,625,000/- as at 12-Feb-2016 in the name of Judge, Banking Court Lahore on the order of Honourable Lahore High Court, Lahore. The same amount has been adjusted against the liability accordingly.

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. 31,992,776/- 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.

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.



	2016 Rupees	2015 Rupees
8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Opening balance	78,148,285	80,710,955
Paid / adjusted during the year	(7,700,000)	(2,562,670)
	70,448,285	78,148,285
Current portion		
Installments due / overdue	(70,448,285)	(67,326,108)
Payable within one year	-	(10,822,177)
	(70,448,285)	(78,148,285)
	-	-

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. 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 liability 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. The terms of arrangement provide for payment of penalty in case of delayed payments.

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

	2016			2015		
	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
Due within one year	90,067,391	19,619,106	70,448,285	98,494,284	20,345,999	78,148,285
Due after one year but not later than five years	-	-	-	-	-	-
	90,067,391	19,619,106	70,448,285	98,494,284	20,345,999	78,148,285

	Note	2016 Rupees	2015 Rupees
9. DEFERRED LIABILITIES			
Deferred markup on:			
Demand finance I	7.1.1	679,472,369	537,961,054
Morabaha finance	7.1.6	58,820,643	45,539,783
		738,293,012	583,500,837
Staff retirement gratuity	9.1	42,023,191	39,256,981
		<u>780,316,203</u>	<u>622,757,818</u>

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, 2016 using the "Projected Unit Credit Method".

	Note	2016 Rupees	2015 Rupees
9.1.2 Balance sheet reconciliation as at June 30,			
Present value of defined benefit obligation		42,023,191	39,256,981
9.1.3 Movement in net liability recognised			
Opening balance as at July 01,		39,256,981	33,492,371
Expenses recognised in profit and loss account	9.1.4	12,742,001	12,022,639
Paid during the year		(12,132,411)	(7,294,771)
Remeasurement loss on obligation		2,156,620	1,036,742
Closing balance as at June 30,		<u>42,023,191</u>	<u>39,256,981</u>
9.1.4 Expenses recognised in profit and loss account			
Current service cost		9,078,887	8,914,162
Interest cost		3,663,114	3,108,477
		<u>12,742,001</u>	<u>12,022,639</u>



	2016	2015
9.1.5 Principal actuarial assumptions		
Discount factor used	9.5 % Per annum	10% Per annum
Expected rate of increase in salaries	8.5% Per annum	9% Per annum
Expected average remaining working lives of participating employees	5 years	5 years

9.1.6 Year end sensitivity analysis of the defined benefit obligation is as follows:

	Change in assumptions	Reworked defined benefit obligation Increase in assumptions	Decrease in assumptions
Discount rate	100 bps	39,596,792	46,833,110
Salary increase rate	100 bps	45,052,697	41,069,759

Comparison of present value of defined benefit obligation is as follows:

Rupees	2016	2015	2014	2013	2012
As at June 30, Present value of defined benefits obligation	42,023,191	39,256,981	33,492,371	32,108,575	48,797,238
Experience adjustment on obligation	3%	13%	-1%	-18%	9%
		Note	2016 Rupees	2015 Rupees	

10. TRADE AND OTHER PAYABLES

Creditors		273,977,617	279,166,242
Accrued liabilities		33,141,648	47,832,109
Advance from customers and others		73,506,715	56,431,072
Income tax withheld		4,176,062	3,038,450
Sales tax withheld	10.1	990,088	770,899
		385,792,130	387,238,772

10.1 Prior year figures have been reclassified for better presentation.(Refer note # 39.2)

	Note	2016 Rupees	2015 Rupees
11. INTEREST / MARKUP PAYABLE			
Redeemable capital		88,882,946	100,031,748
Long term financing		104,270,586	246,509,030
Liabilities against assets subject to finance lease		19,619,106	20,345,999
Short term borrowings		2,386,843,617	2,390,651,264
		<u>2,599,616,255</u>	<u>2,757,538,041</u>
12. SHORT TERM BORROWINGS			
Secured			
From banking companies and financial institutions			
Under mark up arrangements	12.2		
Export finances		5,379,644,687	5,396,530,208
Running finance		215,241,005	215,241,005
Morabaha finances	12.3	457,629,841	416,011,426
Cash finances		217,472,910	217,472,910
Forced demand finance	12.4	529,734,801	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
		<u>7,371,076,295</u>	<u>6,956,027,934</u>

12.1 The aggregate unavailed short term borrowing facilities available to the Company is Rs. 2.371 (2015: Rs. Nil).

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 / sponsor directors of the Company.

The effective rate of mark up charged during the year ranges from 5.36 % to 23.725% per annum (2015: 7.28 % to 23.725 per annum).

12.3 Morabaha finances include Morabaha finance I and also include morabaha facilities availed. 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 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. 1,397.435 million (2015: 99.969 million) out of total outstanding amount due to pending litigation.

	Note	2016 Rupees	2015 Rupees
13. CURRENT PORTION OF NON CURRENT LIABILITIES			
Redeemable capital	6	-	379,166,665
Long term financing	7	669,363,844	627,121,892
Liabilities against assets subject to finance lease	8	70,448,285	78,148,285
		<u>739,812,129</u>	<u>1,084,436,842</u>

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

- a. 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/- and Rendition of account and cancellation of documents. same is 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 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 case has been dismissed for want of evidence. Being aggrieved, company has filed appeal which is pending for adjudication before Honorable Additional Session Judge, Faisalabad.
- 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. 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.
- g. 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.
- h. 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.

- i. 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.
- j. 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 against the company and the company has filed an appeal against the court order before Honorable Lahore High Court, Lahore and same is pending adjudication. The Honorable Lahore High Court, Lahore has granted stay against the decree and in compliance of court order, the Company has deposited demand draft amounting to Rs. 2,625,000/- as at 12-Feb-2016 in the name of Judge Banking Court Lahore.
- k. 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.
- l. 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.
- m. 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.
- n. 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.
- o. 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.
- p. 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 to an appeal filed before Appellate Tribunal Inland Revenue (ATIR), Lahore.
- q. 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.
- r. 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.
- s. The Company has filed writ petition in Honorable Lahore High Court, Lahore against Commissioner Inland Revenue Regional Tax Office Faisalabad, Revenue Officer Faisalabad, Faisalabad Electric Supply Company and others regarding illegal and un-lawful levy of General Sales Tax on newly acquired



electric connection / bill of spinning division. The court has granted interim relief for the month of January 2016 and further ordered the respondents to decide the issue within a period of one month.

- t. The Company has filed civil suit, against illegal demand by SNGPL to increase the security deposit / guarantee amount worked out on the basis of higher Captive Power Tariff, before Honorable Civil Judge Faisalabad. Honorable Court of Civil Judge Faisalabad has granted stay order against said impugned revision of security deposit / guarantee demand.
- u. The Company has filed petition and challenged the imposition of various surcharges on the consumption of electricity and obtained stay order from Honorable Lahore High Court. No any provision is made in these financial statements based on the opinion of the legal council that there is not likelihood of unfavorable outcome or any potential loss.
- v. The Company is defendant in various legal proceedings initiated by ex-employees in labor / civil courts. The Company expects decisions in its favor based on grounds of case and legal opinion hence no provision has been made.
- w. 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. 668.464 million (2015: 848.496 million) and accumulated loss and interest / markup payable would have been increased by Rs. 2,484.632 million (2015: 1,816.145 million).
- x. Delayed payment of income tax withheld may attract default surcharge and penal action.
- y. Financial impact, if any, of the above (a to x) has not been acknowledged in these financial statements because of pending litigations.

	Note	2016 Rupees	2015 Rupees
14.2 Commitments			
Bank guarantees issued in favour of Sui Northern Gas Pipelines Limited for supply of gas.		39,018,000	39,018,000
Claim of workers' welfare fund not acknowledged. The Company is claiming exemption from the levy.		-	3,333,305
Bank guarantees issued in favour of Faisalabad Electric Supply Corporation for new connection.		8,940,000	8,940,000
Collector of Custom (2015 restated)		21,486,791	14,585,666
15. PROPERTY, PLANT AND EQUIPMENT			
Tangible			
Operating fixed assets	15.1	4,078,928,051	4,299,280,603
Capital work in progress	15.5	-	35,232,324
		<u>4,078,928,051</u>	<u>4,334,512,927</u>

15.1 Operating fixed assets

	Company owned										Assets subject to finance lease		Total
	Freehold land	Building on freehold land	Plant and machinery	Electric installations	Factory equipment	Furniture and fixtures	Office equipment	Laboratory equipment	Vehicles	Sub total	Plant and machinery		
At July 01, 2014													
Cost / valuation	1,048,717,890	1,397,672,286	2,320,060,643	107,265,108	6,100,000	7,520,074	17,827,176	4,500,000	66,065,288	4,975,728,465	248,505,365	5,224,233,830	
Accumulated depreciation	-	(105,693,909)	(332,055,123)	(14,458,923)	(884,500)	(4,047,238)	(11,221,595)	(652,500)	(47,363,745)	(516,377,533)	(33,507,746)	(550,285,279)	
Net book value	1,048,717,890	1,291,978,377	1,988,005,520	92,806,185	5,215,500	3,472,836	6,605,581	3,847,500	18,701,543	4,459,350,932	214,997,619	4,673,948,551	
Year ended June 30, 2015													
Opening net book value	1,048,717,890	1,291,978,377	1,988,005,520	92,806,185	5,215,500	3,472,836	6,605,581	3,847,500	18,701,543	4,459,350,932	214,997,619	4,673,948,551	
Additions	-	-	12,761,297	-	-	-	175,950	120,000	2,422,916	15,480,163	-	15,480,163	
Disposals:													
Cost / valuation	(86,560,573)	-	-	-	-	-	-	-	(2,216,000)	(88,776,573)	-	(88,776,573)	
Accumulated depreciation	-	-	-	-	-	-	-	-	971,367	971,367	-	971,367	
Depreciation charge	-	(66,332,782)	(199,499,426)	(9,280,619)	(521,550)	(347,284)	(673,734)	(385,750)	(3,841,998)	(280,883,143)	(21,459,762)	(302,342,905)	
Closing net book value	962,157,317	1,225,645,595	1,801,267,391	83,525,566	4,693,950	3,125,552	6,107,797	3,461,750	16,037,828	4,106,142,746	193,137,857	4,299,280,603	
At July 01, 2015													
Cost / valuation	962,157,317	1,397,672,286	2,332,821,940	107,265,108	6,100,000	7,520,074	18,003,126	4,620,000	66,272,204	4,902,432,055	248,505,365	5,150,937,420	
Accumulated depreciation	-	(172,026,691)	(531,554,549)	(23,739,542)	(1,406,050)	(4,394,522)	(11,895,329)	(1,038,250)	(50,234,376)	(796,289,309)	(55,367,508)	(851,656,817)	
Net book value	962,157,317	1,225,645,595	1,801,267,391	83,525,566	4,693,950	3,125,552	6,107,797	3,581,750	16,037,828	4,106,142,746	193,137,857	4,299,280,603	
Year ended June 30, 2016													
Opening net book value	962,157,317	1,225,645,595	1,801,267,391	83,525,566	4,693,950	3,125,552	6,107,797	3,581,750	16,037,828	4,106,142,746	193,137,857	4,299,280,603	
Additions	-	-	13,316,252	-	-	-	-	-	5,581,007	18,897,259	-	18,897,259	
Transfer from capital work in progress	-	39,750,556	-	-	-	-	-	-	-	39,750,556	-	39,750,556	
Disposals:													
Cost / valuation	-	-	-	-	-	-	-	-	(4,815,035)	(4,815,035)	-	(4,815,035)	
Accumulated depreciation	-	-	-	-	-	-	-	-	2,816,803	2,816,803	-	2,816,803	
Depreciation charge	-	(63,008,383)	(181,026,155)	(8,352,557)	(469,395)	(312,555)	(610,780)	(358,175)	(3,550,349)	(257,688,349)	(19,313,786)	(277,002,135)	
Closing net book value	962,157,317	1,202,387,768	1,633,557,488	75,173,009	4,224,555	2,812,997	5,497,017	3,223,575	16,070,254	3,905,103,980	173,824,071	4,078,928,051	
At June 30, 2016													
Cost / valuation	962,157,317	1,437,422,842	2,346,138,192	107,265,108	6,100,000	7,520,074	18,003,126	4,620,000	67,038,176	4,956,264,835	248,505,365	5,204,770,200	
Accumulated depreciation	-	(235,035,074)	(712,580,704)	(32,092,099)	(1,875,445)	(4,707,077)	(12,506,109)	(1,396,425)	(50,967,922)	(1,051,160,855)	(74,681,294)	(1,125,842,149)	
Net book value	962,157,317	1,202,387,768	1,633,557,488	75,173,009	4,224,555	2,812,997	5,497,017	3,223,575	16,070,254	3,905,103,980	173,824,071	4,078,928,051	
Annual rate of depreciation (%)	-	5-10	10	10	10	10	10	10	20	10	10	10	



	2016 Rupees	2015 Rupees
15.2 Depreciation for the year has been allocated as under:		
Cost of sales	272,528,451	297,479,889
Administrative expenses	4,473,684	4,863,016
	277,002,135	302,342,905

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, 2016 and 2015 would have been as follows:

	2016		
	Cost	Accumulated depreciation	Written down value
	-----Rupees-----		
Company owned			
Freehold land	143,605,403	-	143,605,403
Building on freehold land	1,742,753,222	532,063,285	1,210,689,937
Plant and machinery	3,149,040,481	2,179,251,457	969,789,024
Electric installations	92,087,323	62,297,779	29,789,544
Factory equipment	5,882,262	4,360,461	1,521,801
Laboratory equipment	844,749	369,836	474,913
Leasehold			
Plant and machinery	173,681,175	112,746,728	60,934,447
	5,307,894,615	2,891,089,547	2,416,805,068

	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

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
Vehicle	2,028,000	1,345,467	682,533	1,225,000	542,467	Kalsoom Bibi (Plot No. 59, 2 Raja Town, Shahzad Cenima, Faisalabad.)
Vehicle	1,056,875	860,783	196,092	720,000	523,908	Mr. Malik Amir Sultan (Moh Iqbalabad Club road Chiniot)
Vehicle	1,730,160	610,554	1,119,606	1,300,000	180,394	Mr. Muhammad Sajjid (House no. 14-15 I-Block Allama Iqbal Colony Faisalabad.)
2016 Rupees	4,815,035	2,816,804	1,998,231	3,245,000	1,246,769	
2015 Rupees	88,776,573	971,367	87,805,206	91,649,000	3,843,794	

15.5 Capital work in progress

	Owned Civil work Rupees
Balances as at July 1, 2014	26,016,899
Capital expenditure incurred during the year	9,215,425
Balances as at June 30, 2015	35,232,324
Capital expenditure incurred during the year	4,518,232
Transferred to operating fixed assets	(39,750,556)
Balances as at June 30, 2016	-
	2016 Rupees
16. LONG TERM DEPOSITS	
Against utilities	52,646,928
Against TFC	9,374,497
	62,021,425
17. STORES, SPARES AND LOOSE TOOLS	
Stores	650,538,521
Spares	12,131,200
Loose tools	1,875,409
	664,545,130
	2015 Rupees
	45,968,371
	9,374,497
	55,342,868
	680,151,461
	15,485,125
	2,475,840
	698,112,426

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

17.2 Stores amounting to Rs. 193.453 million is at net realisable value as per valuation report given by an independent valuer.



	2016 Rupees	2015 Rupees
18. STOCK IN TRADE		
Raw material	747,365,908	867,057,440
Work in process	135,529,150	178,881,358
Finished goods	913,024,168	1,155,804,265
Waste	1,496,418	2,918,200
	<u>1,797,415,644</u>	<u>2,204,661,263</u>

18.1 Stock in trade amounting to Rs. 184.375 million (2015 restated: Rs. 184.375 million) was pledged as security with the banks. Due to pending litigation with NBP & BOP latest pledged stocks sheets are not provided/ made available by the Banks.

18.2 Stock in trade amounting to Rs. 665.077 million (2015: Rs. 235.707 million) is at net realisable value as per valuation report given by an independent valuer.

	Note	2016 Rupees	2015 Rupees
19. TRADE DEBTS			
Considered good			
Unsecured			
Foreign		3,175,878,516	3,821,556,302
Local		181,957,408	204,847,263
		3,357,835,924	4,026,403,565
Considered doubtful			
Unsecured			
Foreign		3,933,360,396	3,322,845,608
Less: Provision for doubtful debts	19.1	(3,933,360,396)	(3,322,845,608)
		-	-
		<u>3,357,835,924</u>	<u>4,026,403,565</u>
19.1 Provision for doubtful debts			
Opening balance		3,322,845,608	2,651,491,122
Created during the year		610,514,788	671,354,486
Closing balance		<u>3,933,360,396</u>	<u>3,322,845,608</u>

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

	2016 Rupees	2015 Rupees
Not past due	213,859,849	262,186,968
Past due within one year	7,722,964	5,862,152
Past due more than one year	7,069,613,507	7,081,200,053
	7,077,336,471	7,087,062,205
	7,291,196,320	7,349,249,173

19.3 Past due balances which are considered good are not restated as at balance sheet date. Had this restatement been made, the loss for the year would have been decreased by Rs.117.417 million.

	2016 Rupees	2015 Rupees
20. LOANS AND ADVANCES		
Considered good Advances Suppliers and others	21,333,830	41,387,533
21. DEPOSITS AND PREPAYMENTS		
Considered good Deposits Export bill margin Lease deposits Prepayments	2,173,969 7,251,662 573,151	- 7,251,662 340,512
	9,998,782	7,592,174
22. OTHER RECEIVABLES		
Considered good Export rebate / duty drawback Federal excise duty Others	85,121,390 6,677,360 2,999,940	84,503,600 14,042,717 2,999,940
	94,798,690	101,546,257
23. TAX REFUNDS DUE FROM GOVERNMENT		
Income tax Sales tax	73,466,668 155,721,583	54,288,053 202,510,724
	229,188,251	256,798,777



	Note	2016 Rupees	2015 Rupees
24. CASH AND BANK BALANCES			
Cash in hand		116,979,893	138,155,858
Cash at banks;			
In current accounts		29,087,042	34,240,875
In PLS accounts		22,598	11,565
		<u>146,089,533</u>	<u>172,408,298</u>
25. SALES			
Export			
Fabrics / made ups / garments	25.1	853,325,060	787,752,047
Indirect export			
Yarn	25.2	57,532,100	101,977,800
Cloth	25.2	77,143,201	25,027,800
Processing and conversion	25.2	122,537,062	208,421,000
		<u>1,110,537,423</u>	<u>1,123,178,647</u>
Local			
Yarn / cloth	25.2	707,193,943	1,508,719,748
Processing and conversion	25.2	164,880,703	110,315,361
Waste and left over	25.2 & 25.3	46,165,737	40,734,083
Printing screens	25.2	138,538,439	130,004,055
		<u>2,167,316,245</u>	<u>2,912,951,894</u>
Add: Export rebate / duty drawback		6,856,214	6,499,912
		<u>2,174,172,459</u>	<u>2,919,451,806</u>
Less: Commission		19,787,277	14,271,003
		<u>2,154,385,182</u>	<u>2,905,180,803</u>

25.1 Exchange gain due to currency rate fluctuation amounting to Rs. 7,613,594/- (2015: Rs.11,209,488/-) has been included in export sales.

	2016 Rupees	2015 Rupees
25.2 Gross sales		
Indirect export		
Yarn	59,258,063	104,017,356
Cloth	79,457,497	25,778,634
Processing and conversion	126,213,174	212,589,420
Local		
Yarn / cloth	728,409,761	1,544,244,342
Processing and conversion	169,827,124	112,521,668
Waste and left over	48,144,067	42,272,096
Printing screens	161,048,083	152,104,744
	1,372,357,769	2,193,528,260
Less: Sales tax	(58,366,585)	(68,328,413)
	<u>1,313,991,184</u>	<u>2,125,199,847</u>

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

	Note	2016 Rupees	2015 Rupees
26. COST OF SALES			
Cost of goods manufactured	26.1	2,533,279,744	3,225,169,863
Finished goods			
Opening stock		1,158,722,465	1,524,454,715
Closing stock	26.2	(914,520,586)	(1,158,722,465)
		244,201,879	365,732,250
		<u>2,777,481,623</u>	<u>3,590,902,113</u>



	Note	2016 Rupees	2015 Rupees
26.1 Cost of goods manufactured			
Raw material consumed	26.1.1	1,018,034,198	1,688,808,538
Salaries, wages and benefits		323,681,166	352,487,998
Staff retirement benefits		12,742,001	12,022,639
Stores and spares		69,647,728	98,975,504
Dyes and chemicals		282,425,392	222,766,261
Packing material		74,513,653	70,218,998
Conversion and processing charges		7,929,689	4,262,744
Engraving and wadding		14,052,919	18,404,030
Repairs and maintenance		9,752,879	19,649,941
Fuel and power		396,534,999	402,361,995
Insurance		1,066,134	618,891
Depreciation	15.2	272,528,451	297,479,889
Other	26.3	7,018,327	11,013,990
		<u>2,489,927,536</u>	<u>3,199,071,418</u>
Work in process			
Opening stock		178,881,358	204,979,803
Closing stock		(135,529,150)	(178,881,358)
		<u>43,352,208</u>	<u>26,098,445</u>
		<u>2,533,279,744</u>	<u>3,225,169,863</u>
26.1.1 Raw material consumed			
Opening stock		867,057,440	1,061,226,051
Purchases including purchase expenses	26.3	898,342,666	1,494,639,927
		<u>1,765,400,106</u>	<u>2,555,865,978</u>
Closing stock	26.1.1.1	(747,365,908)	(867,057,440)
		<u>1,018,034,198</u>	<u>1,688,808,538</u>

26.1.1.1 It includes an amount of Rs. Nil (2015 : 90.122 million) 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. 274.28 (2015: Rs. 171.400 million) in respect of write down of inventories to net realisable value as per valuation report given by an independent valuer.

26.3 Prior year figures have been reclassified for better presentation. (Refer note # 39.2)

	Note	2016 Rupees	2015 Rupees
27. OTHER (LOSS) / INCOME			
Income from financial assets:			
Profit on deposit		23,447	209,653
Income from assets other than financial assets:			
Markup waived off by banks		726,893	43,183,287
Gain on disposal of property, plant and equipment		1,246,768	3,843,794
Rental income		180,000	180,000
Trading loss	27.1	(13,442,434)	-
		<u>(11,265,326)</u>	<u>47,416,734</u>
27.1 Trading loss			
Sale	27.1.1	60,684,871	-
Cost of sales		(74,127,305)	-
		<u>(13,442,434)</u>	<u>-</u>
27.1.1 Gross sales		62,505,417	-
Less: sales tax		(1,820,546)	-
		<u>60,684,871</u>	<u>-</u>
28. SELLING AND DISTRIBUTION EXPENSES			
Steamer freight		9,459,032	13,827,276
Freight and octroi		3,944,720	3,511,272
Clearing and forwarding		2,466,950	2,697,912
Export development surcharge		2,232,413	1,928,681
Other		207,688	2,854,046
		<u>18,310,803</u>	<u>24,819,187</u>



	Note	2016 Rupees	2015 Rupees
29. ADMINISTRATIVE EXPENSES			
Directors' remuneration	33	3,600,000	3,600,000
Salaries and benefits		28,839,663	30,432,761
Electricity and gas		1,048,616	1,409,543
Postage and telecommunication		8,521,241	7,247,594
Vehicles running and maintenance		4,495,832	5,237,151
Traveling and conveyance		6,448,804	9,844,561
Printing and stationery		1,186,649	1,404,031
Entertainment		4,334,302	3,370,687
Fees and subscriptions		1,172,232	450,910
Legal and professional		4,743,466	1,801,630
Auditor's remuneration	29.1	1,500,000	1,500,000
Repairs and maintenance		444,650	1,377,731
Advertisement		-	215,362
Depreciation	15.2	4,473,684	4,863,016
Provision for doubtful debts	19.1	610,514,788	671,354,486
Sales tax written off		20,182,412	-
Further sales tax		1,800,483	-
Other		3,120,772	3,397,298
		<u>706,427,594</u>	<u>747,506,761</u>
29.1 Auditor's remuneration			
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>
30. FINANCE COST			
Interest / mark up on:			
Long term financing		105,718,591	129,227,057
Short term borrowings		35,943,120	35,074,658
Bank charges and commission		13,598,666	16,117,183
		<u>155,260,377</u>	<u>180,418,898</u>

	Note	2016 Rupees	2015 Rupees
31. PROVISION FOR TAXATION			
Current			
For the year	31.1	11,537,056	11,068,987
Deferred	31.2	-	-
		<u>11,537,056</u>	<u>11,068,987</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 1,712.739 million (2015: 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.

	2016	2015
32. LOSS PER SHARE - BASIC AND DILUTED		
Net loss for the year (Rupees)	(1,525,897,597)	(1,602,118,409)
Weighted average number of ordinary shares	259,430,134	259,430,134
Loss per share - Basic and diluted (Rupees)	(5.88)	(6.18)

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



33. REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2016			2015		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	-----Rupees-----					
Remuneration	800,000	1,600,000	3,050,000	800,000	1,600,000	4,100,000
House rent allowance	320,000	640,000	1,220,000	320,000	640,000	1,640,000
Utility allowance	80,000	160,000	350,000	80,000	160,000	410,000
	1,200,000	2,400,000	4,620,000	1,200,000	2,400,000	6,150,000
Number of persons	1	2	6	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. 1,118,993/- (2015: Rs. 1,208,012/). The Directors have waived off their meeting fee. No remuneration was paid to non-executive directors of the company.

	Unit	(FIGURES IN THOUSAND)	
		2016	2015
34. INSTALLED CAPACITY AND ACTUAL PRODUCTION			
Spinning			
100 % plant capacity converted to 20s count based on 3 shifts per day for 1095 shifts (2015: 1095 shifts)	Kgs.	18,162	18,162
Actual production converted to 20s count based on 3 shifts per day for 366 shifts (2015: 496 shifts)	Kgs.	5,099	7,138
Weaving			
100 % plant capacity at 50 picks based on 3 shifts per day for 1095 shifts (2015: 1095 shifts)	Sq.Mt.	43,083	43,083
Actual production converted to 50 picks based on 3 shifts per day for 970 shifts (2015: 930 shifts)	Sq.Mt.	37,012	34,035
Dyeing and finishing			
Production capacity for 3 shifts per day for 1095 shifts (2015: 1095 shifts)	Mt.	45,625	45,625
Actual production for 3 shifts per day for 535 shifts (2015: 425 shifts)	Mt.	23,415	14,361

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	2016	2015
Total number of employees as at June 30,	1,191	1,325
Average number of employees for the year	1,012	1,210

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.

	2016 Rupees	2015 Rupees
36.1 Financial instruments by category		
Financial assets:		
Loans and receivables at amortized cost		
Trade debts	3,357,835,924	4,026,403,565
Deposits	71,447,056	62,594,530
Bank balances	29,109,640	34,252,440
	<u>3,458,392,620</u>	<u>4,123,250,535</u>
Financial liabilities:		
Financial liabilities at amortized cost		
Redeemable capital	379,166,665	379,166,665
Long term financing	2,250,303,461	2,185,231,725
Liabilities against assets subject to finance lease	70,448,285	78,148,285
Trade and other payables	307,119,265	327,769,250
Interest / markup payable	2,599,616,255	2,757,538,041
Short term borrowings	7,371,076,295	6,956,027,934
	<u>12,977,730,226</u>	<u>12,683,881,900</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:

	2016 Rupees	2015 Rupees
Trade debts	3,357,835,924	4,026,403,565
Deposits	71,447,056	62,594,530
Bank balances	29,109,640	34,252,440
	3,458,392,620	4,123,250,535

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:

	2016 Rupees	2015 Rupees
Not past due	213,859,849	262,186,968
Past due within one year	7,722,964	5,862,152
Past due more than one year	7,069,613,507	7,081,200,053
	7,077,336,471	7,087,062,205
	7,291,196,320	7,349,249,173

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, 55.33% 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, 2016 and 2015;

	2016				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
-----Rupees in thousand -----					
Financial liabilities:					
Redeemable capital	-	88,883	88,883	-	-
Long term financing	2,250,303	2,364,420	632,751	141,085	1,590,585
Liabilities against assets subject to finance lease	70,448	90,067	90,067	-	-
Trade and other payables	307,119	307,119	307,119	-	-
Short term borrowings	7,371,076	9,757,920	9,757,920	-	-
	9,998,946	12,608,409	10,876,740	141,085	1,590,585
2015					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
-----Rupees in thousand -----					
Financial liabilities:					
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

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. 6.661 million (2015 Restated: Rs. 9.093 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. 7,109.230 million (2015: Rs. 7,144.402 million).

At June 30, 2016, 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. 1.98 million (2015: Rs. 3.129 million) higher / lower, mainly as a result of foreign exchange gains / losses on translation of foreign currency denominated trade debts (based on debtors not yet past due).

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, 2016 and 2015 were as follows:

	Note	2016 Rupees	2015 Rupees
Total debt	6,7,8 & 12	10,070,994,706	9,598,574,609
Less: Cash and bank balances	24	146,089,533	172,408,298
Net debt		9,924,905,173	9,426,166,311
Total equity		(4,633,140,083)	(3,197,542,217)
Total capital		5,291,765,090	6,228,624,094
Gearing ratio		187.55%	151.33%

36.5 Overdue loans

On the reporting date the installments of long term finances amounting to Rs. 394.929 million along with mark up of Rs. 103.457 million, lease finance amounting to Rs. 70.448 million along with mark up of Rs. 19.619 million and short term borrowings amounting to Rs. 7,371.076 million along with mark up of Rs. 2,386.947 million were over due.

On reporting date, the carrying amount of loans relevant to above overdue were long term finances Rs. 1539.458 million, lease finance Rs. 70.448 million and short term borrowings Rs. 7,371.076 million.

Overdue installment of long term loans amounting to Rs. 4.316 million (2015: Rs. 9.195 million) 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, 2016 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;

	2016 Rupees	2015 Rupees
Rent received	180,000	180,000
Acquired services of conversion	3,080,098	-

39. GENERAL

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

Previous	Current
Withholding tax payable	Income tax withheld

39.2 Following figures have been reclassified in these financial statements for better presentation;

Account head	Previous head	Current head
Sales tax withheld Rs. 770,899/-	Trade & other payables -Accrued charges	Trade & other payables -Separate line item
Import expenses Rs. 18,641,996/-	Cost of goods manufactured -other	Cost of goods manufactured -Raw material consumed
Loading unloading expenses Rs. 2,609,505/-	Cost of goods manufactured -other	Cost of goods manufactured -Raw material consumed
Folding expenses Rs. 3,486,898/-	Cost of goods manufactured -Conversion & processing charges	Cost of goods manufactured -Salaries, wages & benefits

39.3 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, 2016

Number of Shareholders	Share Holding From	To	Total Number of Shares Held	Percentage of Total Capital
86	1 -	100	1,961	0.00
205	101 -	500	82,381	0.03
348	501 -	1000	296,478	0.11
711	1001 -	5000	2,234,724	0.86
324	5001 -	10000	2,755,338	1.06
117	10001 -	15000	1,529,493	0.59
85	15001 -	20000	1,579,289	0.61
90	20001 -	25000	2,128,160	0.82
46	25001 -	30000	1,311,039	0.51
35	30001 -	35000	1,167,124	0.45
29	35001 -	40000	1,126,000	0.43
23	40001 -	45000	987,731	0.38
55	45001 -	50000	2,733,000	1.05
14	50001 -	55000	732,580	0.28
12	55001 -	60000	718,500	0.28
6	60001 -	65000	381,000	0.15
9	65001 -	70000	619,000	0.24
7	70001 -	75000	515,625	0.20
5	75001 -	80000	391,500	0.15
1	80001 -	85000	82,000	0.03
6	85001 -	90000	533,000	0.21
5	90001 -	95000	464,500	0.18
28	95001 -	100000	2,794,000	1.08
8	100001 -	105000	828,000	0.32
3	105001 -	110000	320,510	0.12
3	110001 -	115000	337,000	0.13
4	115001 -	120000	469,015	0.18
3	120001 -	125000	364,000	0.14
2	125001 -	130000	260,000	0.10
4	130001 -	135000	533,000	0.21
1	135001 -	140000	137,000	0.05
3	140001 -	145000	430,500	0.17
3	145001 -	150000	450,000	0.17
1	150001 -	155000	151,000	0.06
2	155001 -	160000	316,000	0.12
2	160001 -	165000	329,500	0.13
1	165001 -	170000	170,000	0.07
1	170001 -	175000	172,128	0.07
1	175001 -	180000	177,500	0.07
1	180001 -	185000	180,500	0.07
1	190001 -	195000	190,299	0.07
2	195001 -	200000	400,000	0.15
1	205001 -	210000	206,000	0.08
1	210001 -	215000	213,000	0.08
1	215001 -	220000	217,500	0.08
2	225001 -	230000	453,700	0.17
1	230001 -	235000	235,000	0.09
4	245001 -	250000	1,000,000	0.39
1	270001 -	275000	275,000	0.11
3	295001 -	300000	900,000	0.35
1	315001 -	320000	320,000	0.12
1	320001 -	325000	325,000	0.13



Number of Shareholders	Share Holding From	To	Total Number of Shares Held	Percentage of Total Capital
1	335001	340000	340,000	0.13
3	355001	360000	1,070,000	0.41
1	360001	365000	363,523	0.14
1	370001	375000	374,000	0.14
1	385001	390000	389,121	0.15
1	395001	400000	400,000	0.15
1	410001	415000	415,000	0.16
1	470001	475000	472,000	0.18
1	545001	550000	550,000	0.21
1	580001	585000	582,000	0.22
1	595001	600000	600,000	0.23
1	600001	605000	605,000	0.23
2	1085001	1090000	2,172,000	0.84
1	1095001	1100000	1,100,000	0.42
1	2895001	2900000	2,900,000	1.12
1	4995001	5000000	5,000,000	1.93
1	5500001	5505000	5,501,095	2.12
1	22550001	22555000	22,555,000	8.69
1	23170001	23175000	23,172,472	8.93
1	48255001	48260000	48,255,780	18.60
1	51990001	51995000	51,994,656	20.04
1	55090001	55095000	55,092,912	21.24
2,334			259,430,134	100.00

Categories of Members	Number of Shareholders	No. of Shares Held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	7	155,345,498	59.88
Associated Companies, undertakings and related parties		-	
NIT and ICP	2	752,644	0.29
Banks Development Financial Institutions, Non banking Financial institutions	1	23,172,472	8.93
Insurance Companies		-	
Modarabas and Mutual Funds		-	
Share holders holding 10%	3	155,343,348	59.88
General Public			
Local	2309	51,507,044	19.85
Foreign		-	
Joint stock companies	14	6,097,476	2.35
Others	1	22,555,000	8.69
Total (Excluding Shareholders holding 10%)	2334	259,430,134	-

**Categories of Shareholders
as at June 30, 2016**
Information as required under Code of Corporate Governance

Categories of Shareholders	Number	Shares Held	Percentage
Associated Companies, Undertakings and Related Parties		-	-
NIT & ICP / FUNDS			
NIT	2	752,644	0.29
Directors, CEO their Spouses & Minor Children			
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
Executives	-		-
Public Sector Companies & Corporations			
Joint Stock companies	14	6,097,476	2.35
Banks, Development Finance Institutions, Non Banking Finance Institutions, Insurance Companies, Takaful, Modarabas & Pension Funds	1	23,172,472	8.93
Shareholders Holding Five Percent or More Voting Interest in the Listed Company			
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		23,172,472	8.93
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 2016

I / We _____

of _____

being a member of Amtex Ltd, hereby appoint _____

of _____

or failing him/her _____

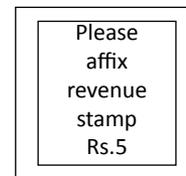
of _____

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, 2016 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 _____ 2016

Signed by the said member _____

in presence of _____



Signature(s) of Member(s)

Witness 1

Witness 2

Signature of witness _____

Signature of witness _____

Name _____

Name _____

Address _____

Address _____

CNIC # _____

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
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پروکسی کے لیے فارم
سالانہ عمومی میٹنگ 2016

میں / ہم
بطور ایک ممبر ایم ٹیکس

کو مقرر کرتے ہیں یا اس مرد/عورت کی ناکامی کی صورت میں
کو کمپنی کا

ممبر / ممبران مقرر کیا جاتا ہے، جیسا کہ میری / ہمارے کمپنی پروکسی / ہماری غیر حاضری میں مذکورہ شخص سالانہ عمومی میٹنگ میں حاضر ہوگا اور میرے / ہماری اور میرے / ہمارے ایما پر کمپنی کی سالانہ عمومی میٹنگ میں شرکت کریگا جو کہ میٹنگ مورخہ 31 اکتوبر 2016 کو بوقت 11:00 بجے بر مقام ملز ایک کلو میٹر کھر یا نوالہ، جڑانوالہ روڈ فیصل آباد میں منعقد ہو رہی ہے۔ جیسا کہ اس فارم کو بطور میری / ہمارے گواہی کے طور پر آج مورخہ 2016 بمبر کیا گیا ہے۔ مذکورہ بالا ممبر کی طرف سے دستخط کیے گئے ہیں

بر موجودگی

گواہ نمبر	گواہ نمبر
گواہ کے دستخط	گواہ کے دستخط
نام	نام
پتہ	پتہ
شناختی کارڈ نمبر	شناختی کارڈ نمبر

مہربانی کر کے یہاں تحریر کریں:

خاص نمبر	برقرار رکھے گئے حصص	سی ڈی سی اکاؤنٹ نمبر
----------	---------------------	----------------------

ضروری ہدایت: پراکسی کے کسی بھی موثر اقدام کے پیش نظر یہ ضروری ہے کہ مذکورہ فارم کمپنی کے رجسٹر آفس بر مقام ایک کلو میٹر کریا نوالہ جڑانوالہ روڈ فیصل آباد تک سالانہ عمومی میٹنگ کے منعقد ہونے سے 48 گھنٹے سے پہلے پہنچ جائے اور اس فارم پر مہر ثبت کرنا، دستخط اور بطور گواہ تحریر کرنا لازمی ہے۔



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توثیقی بیان :

آپ کی کمپنی کے ڈائریکٹر صاحبان کی جانب سے بینکوں، مالی اداروں، شراکت داروں اور ریگولیٹرز کی معاونت قابل تحسین ہے اور مستقبل میں بھی ایسی ہی امید وابستہ کی جاتی ہے۔
نیز آپ کی کمپنی کے ڈائریکٹر صاحبان کی جانب سے کمپنی ہذا کے سٹاف اور ورکرز کا پختہ عزم، محنت اور مستقل مزاجی قابل تحسین ہے۔

خرم افتخار
چیف ایگزیکٹو

فیصل آباد
بتاریخ: 13 اکتوبر 2016

کوڈ آف کارپوریٹ گورننس کے تحت ادارہ کے سہ ماہی حساب کتاب، سالانہ حساب کتاب اور دیگر متعلقہ معاملات برائے مالی سال ختم 30 جون 2016 کا جائزہ لینے کے لیے آڈٹ کمیٹی کے اجلاس منعقد کیے گئے۔ نیز چیف فنانس آفیسر، ہیڈ آف اندرونی آڈٹ اور بیرونی آڈیٹرز نے بھی اپنی ضرورت کے مطابق میٹنگ ہائے میں شرکت کی۔

کارپوریٹ گورننس :

بجا آوری رپورٹ بمعہ عمدہ مشق بابت کوڈ آف کارپوریٹ گورننس کو منسلک کیا گیا ہے۔

ادارہ اور مالی امور کے متعلق ترتیب دیا گیا ڈھانچہ:

کوڈ آف کارپوریٹ گورننس کی بجا آوری کرتے ہوئے مالی رپورٹ اور کارپوریٹ کے متعلق ترتیب دیئے گئے ڈھانچہ کو ذیل میں تحریر کیا جاتا ہے:-

- 1- مالی گوشوارہ حساب کتاب اور اسکے نوٹس کمپنی آرڈیننس 1984 کی موافقت کے مطابق ترتیب دیا گیا ہے۔ ان گوشوارہ جات کو کمپنی کے منتظمین کی جانب سے تیار کیا گیا ہے اور گوشوارہ حساب کتاب، کیش فلو، اور رپورٹ آف چیئرمین ان ایکویٹی میں شفافیت اور غیر جانبداری کے اصول اپنائے گئے ہیں۔
- 2- کمپنی کی اکاؤنٹ بکس بہتر انداز میں تیار کی جا رہی ہیں۔
- 3- کمپنی کی اکاؤنٹنگ پالیسیز کو ایک تسلسل کے ساتھ اس گوشوارہ حساب کتاب کو بنانے میں استعمال کیا گیا ہے۔
- 4- بین الاقوامی اکاؤنٹنگ اور مالی رپورٹنگ سٹینڈرڈ، جیسا کہ اس کا اطلاق پاکستان میں ہے، کو کمپنی کے مالی گوشوارہ حساب کتاب کی تیاری بابت ملحوظ خاطر رکھا گیا ہے اور ان سے کسی قسم کا انحراف نہیں کیا گیا۔
- 5- ادارہ کی جانب سے وضع کردہ اندرونی کنٹرول سسٹم اچھی حالت میں ترتیب دیا گیا ہے اس سسٹم پر عملدرآمد کے بارے میں مناسب چانچ پڑتال کی گئی ہے۔
- 6- عمدہ طریقہ کار بابت کوڈ آف کارپوریٹ گورننس کو یقینی بنایا گیا ہے جیسا کہ سٹاک ایکسچینج کے لسٹنگ ریگولیشن میں درج ہے اور ان سے کسی قسم کا کوئی انحراف نہیں کیا گیا۔
- 7- کمپنی کے کاروباری حالات کے مستقبل کو الگ سے بیان کیا گیا ہے۔
- 8- کمپنی کی جانب سے حفاظتی قواعد و ضوابط پر سختی سے عمل کیا گیا ہے۔ پالیسیوں کی بجا آوری ایک دوستانہ ماحول میں کی گئی ہے۔
- 9- چھ سال کی مالی کارکردگی کو اجاگر کیا گیا ہے اور بابت رپورٹ منسلک کی گئی ہے۔



آڈیٹرز (محاسب) :

موجودہ محاسب (آڈیٹرز) میسرز زاہد جمیل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائرڈ اور اہل تقرری نے کمپنی میں دوبارہ تقرر ہونے کی پیشکش کی ہے۔ بورڈ آف ڈائریکٹر حضرات کی جانب سے آڈٹ کمیٹی کو میسرز زاہد جمیل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو بطور آڈیٹرز مالی سال اختتام 30 جون 2017 کے لیے دوبارہ تقرری کے لیے تجویز کیا ہے۔۔

حصص رکھنے والے شراکت داروں کا پیٹرن :

کمپنی کے حصص رکھنے والے شراکت داروں کا پیٹرن مع درجہ بندی حصص بابت 30 جون 2016 بمطابق زیر سیکشن 236 آف کمپنیز آرڈیننس 1984 اور ادارہ کے کوڈ آف کارپوریٹ گورننس اس رپورٹ کے ساتھ منسلک ہے۔

بورڈ کی جانب سے منعقد کی گئی میٹنگ کا شمار:

مالی سال اختتام 30 جون 2016 کے دوران بورڈ آف ڈائریکٹرز کے اجلاس منعقد کیے گئے جن میں مندرجہ ذیل ڈائریکٹر حضرات نے شرکت کی:-

نام	عہدہ	میٹنگ میں شرکت کرنے کی حاضریاں
خرم افتخار	چیف ایگزیکٹو آفیسر	7
شہزاد افتخار	ڈائریکٹر	8
ندیم افتخار	ڈائریکٹر	8
سہیل مقصود احمد	ڈائریکٹر	7
محمد احسن	ڈائریکٹر	6
گل محمد ناز	ڈائریکٹر	6
عثمان غنی	ڈائریکٹر	5

آڈٹ کمیٹی:

آڈٹ کمیٹی کمپنی میں موجود ہے اور مندرجہ ذیل ممبران پر مشتمل ہے اور یہ کوڈ آف کارپوریٹ گورننس کے عین مطابق ہے:-

سہیل مقصود احمد	چیئر مین (آزاد ڈائریکٹر)
محمد احسن	ممبر (نان ایگزیکٹو ڈائریکٹر)
عثمان غنی	ممبر (نان ایگزیکٹو ڈائریکٹر)

☆ نیزگیس کی لاگت میں اضافہ کی وجہ سے منصوبات کی قیمت میں مزید اضافہ ہونا۔
☆ برآمد کنندگان کی ریفرنڈ کی رقم واپسی میں رکاوٹ اور مجاز اتھارٹیز کی جانب سے رقم کی ادائیگیاں نہ ہونا۔
مذکورہ بالا حالات برآمد کنندگان کے لیے بہت زیادہ تشویشناک ہیں جس کی وجہ سے اب برآمد کنندگان کو سنجیدگی کے ساتھ غور و فکر کرنے کی ضرورت ہے تاکہ موجودہ صورت حال پر قابو پایا جاسکے جو کہ 3-4 بلین امریکی ڈالر سالانہ زرمبادلہ کے خسارے کا باعث بن رہا ہے۔ برآمد کنندگان اس خراب صورت حال پر قابو پانے کی پوری کوشش کر رہے ہیں تاہم ضرورت اس بات کی ہے کہ حکومت ان کی مکمل پشت پناہی کرے۔ جب تک پاکستان فوری طور پر اس سنگین صورت حال پر قابو نہیں پالیتا اس وقت تک اس سال کے برآمدی ہدف (\$ 25 US بلین) کو نہیں حاصل کر سکتا۔

تاہم، حکومت کی جانب سے ٹیکسٹائل کی اہم خام مال پریسل ٹیکس کی شرح زریرو فیصد کر دی گئی ہے جس کی وجہ سے برآمد کنندگان کی ریفرنڈ کی رقم اکٹھا ہونا کم ہوئی ہے، بجلی اور گیس کی سپلائی میں بہتری آئی ہے۔ اگرچہ ابھی تک علاقہ میں ان کی لاگت سب سے زیادہ ہے اور اس کے علاوہ ملک میں امن و امان کی صورت حال بھی بہتر ہوئی ہے جس کی وجہ سے یورپ، یو۔ ایس۔ اے اور دنیا کے دیگر ممالک کے گاہک حضرات کی توجہ برآمد کنندگان کے تجارتی مال کی طرف راغب ہوگی اور انہیں وجوہات کی بدولت ٹیکسٹائل انڈسٹری میں از سر نو اندرونی اور بیرونی سرمایہ کاری کی حوصلہ افزائی ہوگی اور یہی صورت حال بینکوں کے لیے پاکستان میں ٹیکسٹائل انڈسٹری سے وابستہ تجارتی برآمد کنندگان کو ان کی ضرورت کے مطابق قرضہ میں فراہمی میں کلیدی کردار ادا کرنے کے لیے مددگار ثابت ہوگی تاکہ پاکستان میں ٹیکسٹائل کی انڈسٹری کو پھر سے بحال کیا جاسکے۔ یورپین یونین کی جانب سے پاکستان GSP پلس کی حیثیت رکھتا ہے جو کہ پاکستان کے لیے ایک بڑی برتری ہے۔ تاہم اس سے منفعت بخش نتائج حاصل کرنے کے لیے یہ ضروری ہے کہ حکومت پاکستان کی جانب سے وسیع پیمانے پر مثبت اقدامات کیے جائیں تاکہ برآمد کنندگان کی لاگت میں کمی اور ٹیکسٹائل پالیسی پر موثر عملدرآمد ہو سکے۔

مذکورہ بالا بیان کردہ صورت حال کی روشنی میں کمپنی کی جانب سے اپنے مالی شراکت داروں کے ساتھ از سر نودوبارہ کاروباری ڈھانچہ کو ترتیب دینے کے لیے گفت و شنید کی جا رہی ہے۔ نیز کمپنی اپنے یورپ اور امریکہ میں موجود گاہک حضرات کے ساتھ تعلقات کو بحال کر رہی ہے، تاہم اس سلسلے میں کی جانے والی کاوشوں کا انحصار کمپنی کے مالی شراکت داروں کی معاونت سے ہی ممکن ہو سکتا ہے۔

ڈیویڈنڈ منافع

موجودہ سال کے منفی نتائج، کمپنی کے مالی حالات ڈیویڈنڈ کی ادائیگی کی اجازت نہیں دیتے لہذا ڈائریکٹر حضرات کی جانب سے اس سال کسی بھی ڈیویڈنڈ کی ادائیگی کی سفارش نہیں کی گئی۔



آئیڈیٹر حضرات کی جانب سے مزید رائے دی گئی ہے کہ موجودہ غیر یقینی صورت حال میں کمپنی منتظمین کی جانب سے بیلنس شیٹ کی تاریخ پر اپنی کمپنی کے اثاثہ جات کی مالیت اور شناخت ہونے والے نقصان (اگر کوئی ہوں) پر کسی قسم کی کوئی نظر ثانی نہ کی گئی ہے آئیڈیٹر حضرات کی اس رائے کے بارے میں آپ کی کمپنی کے ڈائریکٹر حضرات کہتے ہیں کہ کمپنی کے اثاثہ جات کی ایک خود مختار ویلیویشن کمپنی سے ری ویلیویشن کی منصوبہ بندی کر لی گئی ہے جس کے مالی اثرات آدھے سال برائے عرصہ اختتام 31 دسمبر 2016 کو اکاؤنٹ فار کر لیے جائیں گے۔

کچھ بینکوں / مالی ادارہ کی جانب سے کمپنی سے اپنی سرمایہ کاری رقم / قرض اور مارک اپ کی رقم کو وصول کرنے کے لیے مجاز عدالتوں میں دعوے دائر کیے گئے ہیں لہذا کمپنی ایسے بینکوں کی واجب الادا قرض اور سرمایہ کاری کی رقم کی بابت مالی لاگت کو اکاؤنٹس میں نہیں لے رہی اور اس رقم کی وضاحت کھاتہ جات کے نوٹس میں بیان کی گئی ہے۔ قانونی رائے پر انحصار کرتے ہوئے کمپنی کی جانب سے اس بات کو محسوس کیا گیا ہے کہ دعویٰ کے دائر ہونے کے بعد، بینک / مالی ادارہ کو صرف کمپنی سے فنڈ کی لاگت کی رقم کا استحقاق حاصل ہے اگر عدالت کی جانب سے دعویٰ کی نسبت بینک کو کمپنی کے خلاف فیصلہ مل جائے۔ اس لیے عدالتی فیصلوں کے التوا اور سٹیٹ بینک آف پاکستان کی جانب سے لاگت فنڈ کی فیصد متعین ہونے تک ایسے بینکوں کی واجب الادا قرض کی مالی لاگت کا تخمینہ نہیں لگایا جاسکتا۔

مارکیٹ کا جائزہ اور مستقبل میں امکانات :

پاکستان دوسرے ممالک میں ہر قسم کے تجارتی مال کی برآمد میں تدریجی صورت حال سے بری طرح متاثر ہوا ہے۔ ٹیکسٹائل جو کہ پاکستان کا بڑا برآمدی شعبہ ہے وہ بھی زوال پذیر ہے۔ 30 جون 2016 کے اختتام تک ٹیکسٹائل سے وابستہ تجارتی برآمد کنندگان کے برآمدی مال کی ترسیل میں کمی واقع ہوئی ہے جیسا کہ خام کپاس کی قدر قیمت ترسیل میں 47.89 فیصد کمی، دھاگہ کی قدر قیمت ترسیل میں 31.77 فیصد کمی، کپڑا کی قدر قیمت ترسیل میں 9.71 فیصد کمی، کاٹن یارن کارڈ ڈیا کو مہڈ کی قدر قیمت ترسیل میں 97.49 فیصد کمی، یارن علاوہ کاٹن یارن کی قدر قیمت ترسیل میں 23.48 فیصد کمی، نٹ ویرلباس کی قدر قیمت ترسیل میں 1.54 فیصد کمی، بستر پر بچھانے والے کپڑے کی قدر قیمت ترسیل میں 4.14 فیصد کمی، تولیہ کی قدر قیمت ترسیل میں 0.41 فیصد کمی، شامیانہ، کینوس اور ترپال کی قدر قیمت ترسیل میں 28.06 فیصد کمی اور مصنوعی ریشمی کپڑے کی قدر قیمت ترسیل میں 12.89 فیصد کمی، میڈاپس علاوہ تولیہ اور بستر پر بچھانے والے کپڑے کی قدر قیمت ترسیل میں 3.50 فیصد کمی اور صرف ریڈی میڈ گارمنٹس اور دیگر ٹیکسٹائل کی قدر قیمت ترسیل میں 4.83 فیصد اور 9.33 فیصد بالترتیب اضافہ ہوا ہے۔ برآمد کنندگان کے لیے تجارتی مال کے سلسلے میں جو بنیادی وجوہات کمی کا باعث بنی ہیں۔ ان کی تفصیل ذیل میں درج کی جاتی ہے:-

☆ مسلسل دو سالوں سے کپاس کی فصل کے ہدف میں ناکامی۔

☆ علاقہ میں بجلی کی لاگت میں بہت زیادہ اضافہ ہونے کی وجہ سے برآمد کنندگان کے لیے مقابلہ بازی سے باہر ہو جانا۔

کے موازنہ میں مبلغ 685.721 ملین روپے کا مجموعی نقصان ہوا تھا۔ اور فروخت مبلغ 2,905.180 ملین روپے ہوئی تھیں اور بعد از ٹیکس ادا یئگی نقصان مبلغ 1,602.118 ملین روپے کا ہوا تھا۔ مجموعی نقصان کی بنیادی وجہ مینوفیکچرنگ سہولیات کا کم استعمال، اقتصادی پہلوؤں کے منفی اثرات اور بینکوں کی جانب سے درکار شدہ مالی معاونت کی عدم دستیابی ہے اور انہی وجوہات کی بنیاد پر کمپنی کے ایکسپورٹ کاروبار کی مالی ضروریات پوری نہ ہو سکیں۔ بینکوں کے قرضہ جات کے معاہدوں کی کمپنی کی جانب سے از سر نو دوبار تیار اور ادا یئگیوں کے لائحہ عمل کی دوبارہ ترتیب کا عمل زیر تجویز ہے اور آپ کی کمپنی کے منتظمین ڈائریکٹرز کو امید ہے کہ بینکوں کی جانب سے مثبت رد عمل ملے گا۔ مزید برآں دو سالوں سے کمپنی کی فصل کے ہدف کے پورا ہونے میں ناکامی، بجلی کی شرح لاگت میں اضافہ اور علاقہ میں مشکل ایکسپورٹ مقابلہ بازی، نیز گیس کے اخراجات میں بہت زیادہ اضافہ جسکی وجہ سے تجارتی مال کی لاگت میں اضافہ ہوا اور برآمد کنندگان کے رکے ہوئے ریفرنڈ اور مجاز حکام کی جانب سے ریفرنڈ کی ادا یئگی نہ ہونا جیسی وجوہات قابل ذکر ہیں۔ توانائی کی لاگت میں بہت زیادہ اضافہ، کمپاس کی سپلائی متاثر ہونا اور گنجائش پیداوار سے کم استفادہ کی وجوہات کی بنا پر بعد از ادا یئگی ٹیکس کمپنی کو مبلغ 1,525.897 ملین روپے کے خسارے کا سامنا کرنا پڑا۔

آڈیٹر کے مشاہدات:

آپ کی کمپنی کے آڈیٹرز کی جانب سے رائے دی گئی ہے کہ برآمدی گاہکوں کے ساتھ ماضی میں کی گئی فروخت کی زائد المعیاد رقوم کی وصولی یقینی نہیں اور تمام زائد المعیاد رقوم اخراجات میں شمار کرتے ہوئے تخمینہ مختص کیا جانا چاہیے کمپنی نے برآمدی گاہکوں سے قابل وصول زائد المعیاد رقوم کا %56 تخمینہ اخراجات مختص کیا ہے اور کمپنی کی جانب سے ماضی کی فروخت کی رقوم کی وصولیوں کو حاصل کرنے کی کوشش کی جا رہی ہے۔

آڈیٹر حضرات کی رپورٹ میں "کاروبار کے چلنے" کے متعلق مشاہدہ کے بارے میں آپ کی کمپنی کے ڈائریکٹر حضرات موجودہ صورت حال، مستقبل کے نتائج اور لائحہ عمل کے متعلق وضاحت بیان کر رہے ہیں کہ کمپنی کے منتظمین ڈائریکٹرز کی جانب سے کاروبار کے عمل کو جاری رکھنے کے لیے پوری کاوشیں کی جا رہی ہیں۔ موجودہ پیداواری گنجائش سے کم استفادہ کاری اور نقصانات کی وجہ سے کمپنی کو رقوم کے بہاؤ کی صورت حال میں سخت پریشانی کا سامنا کرنا پڑا ہے اور ان حالات میں کمپنی اس قابل نہیں کہ وہ اپنی موجودہ قرض کی ذمہ داری سے احسن طریقہ سے بری ہو سکے۔ بینکوں کے قرضوں کو منظم رکھنے کے لیے اور قرضے کی ادا یئگی کی شرائط کے بارے میں بینکوں کے ساتھ کمپنی کی جانب سے گفت و شنید کی جا رہی ہے اور اس بارے میں مستقبل کے منافع کیش کا بہاؤ اور دیگر متعلقہ پیشگوئیوں کو مد نظر رکھا جا رہا ہے کچھ بینکوں کی جانب سے کمپنی کے قرضوں کی شرائط از سر نو ترتیب دی گئی ہیں اور تازہ سرمایہ کاری کی منظوری بابت برآمدی کاروبار کو بحال کرنے کے لیے دی گئی ہے اور دیگر مالی اداروں سے بھی یہ استدعا پہلے ہی کی جا چکی ہے۔ مذکورہ بالا صورت حال کے پیش نظر کمپنی منتظمین ڈائریکٹرز پر اعتماد ہیں کہ وہ اپنی کاوشوں میں کامیابی سے سرخرو ہونگے اور کمپنی اس قابل ہو جائیگی کہ وہ اپنے کاروبار کو جاری رکھ سکے۔



ڈائریکٹرز کی رپورٹ:

آپ کی کمپنی کے ڈائریکٹرز آپ کے روبرو سالانہ رپورٹ مع مالی آڈٹ گوشواہ حساب برائے ختم سال 30 جون 2016 پیش کرتے ہیں۔

آپریشنل اور مالی نتائج:

کمپنی کی جانب سے 28 فیصد سپننگ استعداد کو استعمال کیا گیا ہے، 86 فیصد ویونگ کی استعداد کو استعمال کیا گیا ہے اور 50 فیصد ڈائینگ / فنشنگ اور پراسنگ کی استعداد کو استعمال کیا گیا ہے جبکہ سچنگ / پرننگ کی سہولیات زیادہ تر استعمال میں نہیں لائی جاسکیں۔

مالی نتائج برائے زیریور سال مع موازنہ اعداد شمار بابت سابقہ سال کو ذیل میں پیش کیا جاتا ہے:-

2015 رقم	2016 رقم	
2,905,180,803	2,154,385,182	فروخت
3,590,902,113	2,777,481,623	لاگت فروخت
(685,721,310)	(623,096,441)	مجموعی نقصان
47,416,734	(11,265,326)	دیگر (نقصان) / منافع
(638,304,576)	(634,361,767)	
24,819,187	18,310,803	فروخت اور تقسیم کے اخراجات
747,506,761	706,427,594	انتظامی اخراجات
180,418,898	155,260,377	مالی اخراجات
952,744,846	879,998,774	
(1,591,049,422)	(1,514,360,541)	قبل از ٹیکس نقصان
11,068,987	11,537,056	ٹیکس
(1,602,118,409)	(1,525,897,597)	بعد از ٹیکس نقصان
(6.18)	(5.88)	فی کس حصص نقصان

مالی سال 30 جون 2016 کے اختتام کے دوران کمپنی کو مجموعی نقصان مبلغ 623.096 ملین روپے ہوا اور مبلغ 2,154.385 ملین روپے کی فروخت ہوئیں اور مبلغ 1,525.897 ملین روپے بعد از ٹیکس نقصان ہوا جبکہ پچھلے سال



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