

**ANNUAL
REPORT
2018**



AMTEX LIMITED

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

Chairman
Chief Executive Officer

Secretary & Chief Financial Officer

Mr. Tahir Javed

Audit Committee

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

Chairman

Human Resource & Remuneration Committee

Mr. Muhammad Ahsan
Mr. Suhail Maqsood Ahmed
Shahzad Iftikhar

Chairman

Auditors

Zahid Jamil & Co.
Chartered Accountants

Legal Advisor

Mr. Mushtaq Ahmed Khan
Advocate Supreme Court

Share Registrar Office

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

Registered Office

P-225 Tikka Gali # 2 Montgomery Bazar, Faisalabad

Projects Locations

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

Spinning Unit
Weaving Unit
Processing & Stitching Unit

Website

www.amtextile.com

Vision Statement

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

Mission Statement

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

FINANCIAL HIGHLIGHTS

YEAR ENDED JUNE 30,					
2018	2017	2016	2015	2014	2013

Rupees in million

Operating performance

Sales-net	843	1,698	2,154	2,905	2,812	2,485
Cost of Sales	1,335	2,328	2,777	3,591	3,921	3,203
Gross (loss) / profit	(493)	(630)	(623)	(686)	(1,108)	(718)
Operating (loss)	(3,088)	(1,321)	(1,359)	(1,411)	(1,779)	(1,402)
(Loss) before taxation	(3,253)	(1,468)	(1,514)	(1,591)	(1,959)	(2,316)
(Loss) after taxation	(3,270)	(1,486)	(1,526)	(1,602)	(1,967)	(2,322)

YEAR ENDED JUNE 30,					
2018	2017	2016	2015	2014	2013

Rupees in million

Financial position

Property, plant and equipment-net (excl. capital work in progress)	1,751	3,388	4,079	4,299	4,674	4,984
Investment property	1,014	-	-	-	-	-
Intangible assets	-	-	-	-	-	1
Capital work in progress	-	-	-	35	26	63
Fixed assets	1,751	3,388	4,079	4,335	4,700	5,049
Total assets	4,783	8,683	10,462	11,899	13,461	15,481

Current assets

Store, spare parts, loose tools and stock in trade	1,345	1,920	2,462	2,903	3,540	4,596
Other current assets	472	3,126	3,713	4,434	5,033	5,668
Cash and cash equivalents	144	192	146	172	151	136
	1,961	5,238	6,321	7,509	8,725	10,400

Current liabilities

Short term bank borrowings	6,178	7,495	7,371	6,956	6,857	7,033
Current portion of long term financing/ murabaha	1,249	884	740	1,084	946	784
Other current liabilities	2,978	2,975	2,985	3,145	3,117	3,255
	10,405	11,354	11,096	11,185	10,920	11,073
Net Working Capital	(8,444)	(6,116)	(4,775)	(3,676)	(2,196)	(672)
Long term financing/ murabaha	1,498	1,260	1,581	1,558	1,829	1,838
Share capital and reserves	(8,967)	(5,950)	(4,633)	(3,197)	(1,759)	18

YEAR ENDED JUNE 30,					
2018	2017	2016	2015	2014	2013

Profitability analysis

Gross (loss) / profit to sales	(%)	(58.4)	(37.1)	(28.9)	(23.6)	(39.4)	(28.9)
(Loss) before tax to sales	(%)	(386.0)	(86.5)	(70.3)	(54.8)	(69.7)	(93.2)
(Loss) after tax to sales	(%)	(388.0)	(87.5)	(70.8)	(55.1)	(69.9)	(93.4)
Loss per share	(Rupees)	(12.6)	(5.7)	(5.9)	(6.2)	(7.6)	(9.0)

YEAR ENDED JUNE 30,					
2018	2017	2016	2015	2014	2013

Financial analysis

Current Ratio	(times)	0.2	0.5	0.6	0.7	0.8	0.9
Debt to equity	(times)	(0.3)	(0.4)	(0.5)	(0.7)	(1.4)	129.9
Break up value per share	(Rupees)	(34.6)	(22.9)	(17.9)	(12.3)	(6.8)	0.1
Inventory turnover ratio	(times)	1.2	1.5	1.4	1.4	1.2	0.8
Debtors turnover ratio	(times)	0.6	0.6	0.6	0.7	0.6	0.5
Fixed assets turnover ratio	(times)	0.5	0.5	0.5	0.7	0.6	0.5
Total assets turnover	(times)	0.2	0.2	0.2	0.2	0.2	0.2

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 27, 2018 at 11:00 A.M. at Company's registered office P-225 Tikka Gali # 2 Montgomery Bazar Faisalabad to transact the following business:

ORDINARY BUSINESS

1. To confirm minutes of the Annual General Meeting held on October 28, 2017.
2. To receive and adopt the Audited Accounts of the Company for the year ended June 30, 2018 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 2018-19 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.

By Order of the Board

Faisalabad
October 05, 2018

Tahir Javed
Company Secretary

NOTES: -

1. The Share Transfer Books of the Company will remain closed from 19-10-2018 to 27-10-2018 (both days inclusive). Transfers received at Vision Consulting Ltd, 3-C Lawrance Road, LDA Flats Lahore at the close of the business on 18-10-2018 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 Company's registered office P-225, Tikka Gali # 2 Montgomery Bazar Faisalabad, not less than 48 hours before the meeting.
3. Members can avail video conference facility for attending the meeting at places other than the town in which general meeting is taking place. In this regard, please fill the enclosed consent for video conference facility and submit to registered address of the company, ten (10) before holding of the general meeting. If Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference ten (10) days prior to the date of the meeting, Company will arrange a video conference facility in the city subject to availability of such facility in that city. The Company will intimate to members regarding venue of video conference facility at least five (5) days before the date of the meeting along with all the information necessary to enable them to access the facility.

4. Members are requested to notify immediately changes, if any, in their registered address.
5. 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.

Review Report by the Chairman

An annual evaluation of the Board of Directors of Amtex Limited is carried out as required by the Code of Corporate Governance. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives of the Company.

Despite challenging and tough situation for textile sector especially in Punjab, Board is fully aware of the importance of its role in achieving the objectives of the Company. The Board acknowledges its responsibility for Corporate and Financial reporting framework and is committed to good corporate governance. The non-executive and independent directors are equally involved in all important strategic decisions. Members of Audit committee have also met on regular intervals ensuring the effectiveness and implementation of internal controls.

Regarding overall performance is concerned the turnover of company has significantly declined during the year under review due to underutilization of capacities and suspended operations of spinning division of company due to lack of orders in the international market. The main factor of underutilization is that cost of doing business has increased and it has become very difficult for the textile industry to secure profitable orders. The inter provinces gas price difference is mainly responsible for the high cost as expensive imported RLNG is supplied to textile industry in Punjab and indigenously produced system gas is supplied to textile industry in Sindh at lower rates. Due to these adverse economic factors for textile industry banks are also reluctant to provide required working capital support. Management has made Plans to improve the situation and survive in current difficult situation and according to said plans certain properties and machinery, mortgaged with banks has sold, and entire such sale proceeds has paid to relevant charge holder banks to reduce the debt burden and settle the litigation with these banks. Further, as part of plan land and buildings of processing unit and land & building at Sidhar bypass have been leased out to generate revenue from lease rent. The company needs support from its financial partners by way of rescheduling and restructuring of existing loans. In order to revive textile export business and to utilize its production facilities at optimum levels support from Government is also required on immediate basis by removing the inter provinces gas price difference and release of exporters refund.

Finally I acknowledge the commitment and diligence of my fellow directors and their executive team during the year under review for their continued work and support.

Faisalabad
October 05, 2018



Muhammad Ahsan
Chairman

چئیرمین کی جائزہ رپورٹ:

ایم ٹیکس لمیٹڈ بورڈ آف ڈائریکٹرز کا سالانہ جائزہ کوڈ آف کارپوریٹ گورننس کے تحت کیا جاتا ہے۔ اس جائزے کا مقصد اس امر کو یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور افادیت کو کمپنی کے مختص کردہ مقاصد کے تناظر میں پرکھا جاسکے۔

ٹیکسٹائل سیکٹر میں خاص طور پر صوبہ پنجاب میں انتہائی چیلنجنگ اور مشکل صورت حال کے باوجود کمپنی کے مقاصد کو حاصل کرنے میں بورڈ کو اپنے کردار کی اہمیت سے مکمل طور پر واقفیت رہی ہے۔ بورڈ کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک کے لئے اپنی ذمہ داری قبول کرنا ہے اور اچھی کارپوریٹ گورنس کے لئے مصروف عمل ہے۔ جائزے کے مطابق سال کے دوران بورڈ کے زیادہ تر ممبران نے طے شدہ بورڈ میٹنگز میں شرکت کی ہے اور اپنی ذمہ داریاں کما حقہ ادا کی ہیں۔ ان ایگزیکٹو اور آزاد ڈائریکٹرز کمپنی کے تمام اہم فیصلوں میں شامل رہے ہیں۔ آڈٹ کمیٹی کے ممبران مناسب وقفوں سے ملتے رہے ہیں تاکہ انٹرنل کنٹرول کی افادیت کو یقینی بنایا جاسکے۔

جہاں تک مجموعی کارکردگی کا تعلق ہے کمپنی کی فروخت زیر غور سال کے دوران کافی کم ہوئی ہیں جس کی وجہ مینوفیکچرنگ سہولیات کا کم استعمال سپنگ یونٹ کا بند ہونا اور انٹرنیشنل منڈیوں میں آرڈرز کی کمی ہے۔ مینوفیکچرنگ سہولیات کے کم استعمال کی بڑی وجہ پیداواری لاگت میں اضافہ ہے جسکی وجہ سے ٹیکسٹائل کی صنعت کو منافع بخش آرڈرز کو برقرار رکھنے میں دشواری کا سامنا ہے۔ پیداواری لاگت میں اضافے کی ایک اور بڑی وجہ صوبوں کے درمیان گیس کی قیمتوں کا فرق ہے پنجاب میں درآمدی RLNG زیادہ قیمت پر مہیا کی جا رہی ہے جبکہ سندھ میں ٹیکسٹائل کی صنعت کو سٹم سے حاصل شدہ گیس کم قیمت پر مہیا کی جا رہی ہے۔ ٹیکسٹائل کی صنعت میں ان ناموافق اقتصادی حالات کی وجہ سے بینک بھی سرمائے کی فراہمی میں ہچکچاہٹ کا شکار ہے۔ کمپنی کے منتظمین کی جانب سے موجودہ مشکل صورت حال میں کاروبار کی عمل کو جاری رکھنے کے لیے منصوبہ بندی کی گئی ہے اس منصوبہ بندی کے مطابق بینکوں کے پاس رہن شدہ کمپنی کی کچھ جائیداد اور مشینری کو فروخت کر کے حاصل ہونے والی رقم کو ان بینکوں کے قرضوں میں ایڈجسٹ کیا جا رہا ہے تاکہ ان بینکوں کی طرف سے کیئے گئے مقدمات کو سٹیل کیا جاسکے اور پروسیسنگ یونٹ کی لینڈ اور بلڈنگ اور سدھار بانی پاس پر موجود لینڈ اور بلڈنگ کو لیز پر دیا گیا ہے تاکہ کرائے کی مد میں ریونیو حاصل کیا جاسکے۔ موجودہ قرضوں کی از سر نو ترتیب کے لیے کمپنی کو اپنے مالیاتی پارٹنرز کی جانب سے سپورٹ کی ضرورت ہے۔ ٹیکسٹائل کے برآمدی کاروبار کو برقرار رکھنے اور مینوفیکچرنگ سہولیات کا مکمل استعمال کرنے کے لیے حکومت کی جانب سے بھی فوری سپورٹ ضرورت ہے جیسے کہ صوبوں کے درمیان گیس کی قیمتوں کے فرق کو ختم کرنا اور برآمد کنندگان کے رجسٹریز کی ادائیگی ہے۔

تمام فیلو ڈائریکٹر صاحبان اور ان کی ایگزیکٹو ٹیم کی جانب سے زیر غور سال کے دوران معاونت اور مستقل مزاجی قابل تحسین ہے۔

محمد احسن

چئیرمین

فیصل آباد

تاریخ: 15 اکتوبر 2018

Directors' Report

The Directors of your Company present before you the annual report with audited financial statements for the year ended June 30, 2018.

Operating & Financial Results

The financial year 2018 was stagnant for textile industry with no improvement in the economic factors in Pakistan. Domestic environment was still affected with fiscal and political un-stability due to outgoing government, elections and last budget of outgoing government in which no relief was provided for revival of struggling textile sector. Cost of doing business of textile industry in Pakistan is almost 10% higher than regional competitors like Bangladesh, India and China and then cost of doing business in Punjab is even more higher than textile industry working in other provinces mainly due to expensive RLNG provided to textile sector in Punjab.

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

	2018 Rupees	2017 Rupees
Sales	842,865,636	1,655,150,380
Cost of sales	<u>1,335,487,192</u>	<u>2,276,345,538</u>
Gross loss	(492,621,556)	(621,195,158)
Other loss	<u>(9,479,512)</u>	<u>(14,787,562)</u>
	(502,101,068)	(635,982,720)
Selling and distribution expenses	<u>14,873,612</u>	<u>19,167,029</u>
Administrative expenses	2,571,265,879	651,474,079
Finance cost	<u>165,210,794</u>	<u>146,852,635</u>
	<u>2,751,350,285</u>	<u>817,493,743</u>
Loss before taxation	(3,253,451,353)	(1,453,476,463)
Provision for taxation	12,227,321	16,965,043
Net loss for the year from continuing operation	<u>(3,265,678,674)</u>	<u>(1,470,441,506)</u>
Discontinued operations		
Net loss for the year from discontinued operations	<u>(4,646,045)</u>	<u>(15,113,916)</u>
Net loss for the year	<u>(3,270,324,719)</u>	<u>(1,485,555,422)</u>
Loss per share - Basic and diluted	<u>(12.61)</u>	<u>(5.73)</u>

During financial year ended June 30, 2018 (FY 2018), company incurred gross loss of Rupees 493.423 million on sales of Rupees 888.091 million as compared to Rupees 629.887 million gross loss on sales of Rupees 1,698.217 million for the previous financial year. During the FY 2018 Company incurred net loss after tax of Rupees 3,270.325 million as compared to net loss after tax of Rupees 1,485.555 million during the previous financial year. Gross loss is mainly due to falling sales and overall increase in input cost and 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. Moreover high prices of imported RLNG coupled with highest electricity cost in the region making export products more expensive. Due to high energy cost, liquidity crunch, working capital position of the company, underutilization of capacities and low exports have culminated in after tax loss of rupees 3,270.325 million.

Auditors' Observations

The auditors have provided adverse opinion on the financial statements of the company and basis of adverse opinion has been discussed in paragraphs (a) to (d) of audit report. The auditors in paragraph (a) of audit report has provided observation regarding company's ability to continue as going concern due to accumulated losses, liquidity issue, curtailed operational activities, pending litigations, closed operations of spinning division, sale of weaving division, curtailment of employees and lease of its certain properties (land and buildings) situated at addresses provided in the audit report. Directors of your company explain that plans have been made to continue the company as a going concern and in order to mitigate aforementioned factors members of the company accorded approval, in an Extra Ordinary General Meeting held on 29th August 2017, to sale certain properties and machinery, mortgaged with banks, the entire such sale proceeds to be paid to relevant charge holder banks to reduce the debt burden and settle the litigation with these banks and further to stem the ongoing losses members also approved to lease out the land and buildings of Processing Division of company and generate revenue from lease rent. The management of the company has already taken steps for extension and restructuring of loans from certain banks and negotiations with other banks of company are in process. As part of plan the weaving unit was sold and sale proceeds were paid to charge holder bank for adjustment of loan. Further, as part of plan land and buildings have been leased out to generate revenue and curtail the losses due to high fixed maintenance cost of these properties, in view of steps mentioned above management is confident that it will be successful in its efforts and hence the company will be able to continue as a going concern.

The auditors in paragraph (b) of audit report has provided observation that company has created provision for doubtful debts and did not take legal action to recover these past due balances. The company is seeking legal advice and appropriate legal action will be taken.

The auditors in paragraph (c) of audit report have provided observation that markup expense has not been fully charges. In this regard it is explained that certain banks / financial institutions have

filed suit against the company for recovery of their financing and mark up so company has not provided any markup / cost of funds on the outstanding amount as 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.

The auditors in paragraph (d) of audit report has provided observation that the company has leased entire land and building of its processing division and also using part of premises for its operations which is violation of paragraph 10 of IAS 40 (Investment Property). Regarding said observation directors explain that Company has planned to transfer its operations to other premises in near future.

Market Review and Future Prospects

The market situation is stagnant in Pakistan for the textile industry during past years and export sales and productivity has fallen owing to very high input cost and uncompetitive prices in global textile market. The financial partners are also reluctant for supporting the textile industry and the benefits of much anticipated textile policy are not delivered to the textile industry. Nevertheless, Government has announced to eliminate the inter provinces gas price difference and further announced to reduce the cost of gas and electricity for five major export oriented industries which includes textile industry. Further, the management is working hard and hopeful that with the improvement of textile market along with removal of gas price differential in the Punjab Province bringing the gas price down up to the price in other provinces will reduce the operating cost and the production and operating results will improve. However, the future of growth of exports and textile industry mainly depends on the actual realization of the supports announced by the Government, release of refunds to exporters and on availability of financial support from the banks.

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, 2019.

Pattern of Shareholding

The pattern of Shareholding along with categories of shareholders of the company as at June 30, 2018 is annexed with this report.

No. of Board Meetings Held

Meetings of the board of directors were held during the year June 30, 2018 and the attendance of the directors is as follows:

Name	Designation	No. of Meetings
		Attended
Khurram Iftikhar	CEO / Director	5
Shahzad Iftikhar	Director	5
Nadeem Iftikhar	Director	4
Suhail Maqsood Ahmed	Director	4
Muhammad Ahsan	Director	5
Usman Ghani	Director	4
Gul Muhammad Naz	Director	3

No trading in Company's shares was carried out by its Directors, CEO, CFO, Company Secretary, Head of Internal Audit other Executives and their spouse(s) and minor children during the year.

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 Chairman
(Independent Director)

Muhammad Ahsan Member
(Non-Executive Director)

Usman Ghani Member
(Non-Executive Director)

Meetings of Audit Committee were held during the year ended June 30, 2018 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.

Human Resource & Remuneration Committee

During the year four meetings of the Human Resource & Remuneration Committee were convened. The attendance record of each member is as follows:

Name	No. of Meetings
	Attended
Muhammad Ahsan	4
Suhail Maqsood Ahmed	4
Shahzad Iftikhar	4

Change in Accounting Policy

The Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended June 30, 2018 due to which the Company has changed its accounting policy to account for surplus on revaluation of fixed assets with retrospective effect.

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 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. Information about taxes and levies is given in the notes to the accounts.
10. 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.


CHIEF EXECUTIVE
Khurram Iftikhar


DIRECTOR
Shahzad Iftikhar

Faisalabad
Date: October 05, 2018

ڈائریکٹرز کی رپورٹ:

آپ کی کمپنی کے ڈائریکٹرز حضرات آپ کے روبرو سالانہ رپورٹ معہ مالی آڈٹ شدہ گوشوارہ حساب برائے 30 جون 2018 پیش کرتے ہیں۔

آپریٹنگ اور مالی نتائج:

مالی سال 2018 ٹیکسٹائل کی صنعت کے لئے مستحکم تھا تاہم پاکستان کے اقتصادی عوامل میں بہتری نہیں آئی۔ داخلی حالات سیاسی اور مالیاتی غیر استحکام جانے والی حکومت الیکشن اور جانے والی حکومت کے پیش کردہ بجٹ جس میں ٹیکسٹائل کے شعبے کے خلاف جدوجہد کے لئے کوئی امداد نہیں دی گئی کی وجہ سے متاثر ہوئے ہیں۔ پاکستان میں ٹیکسٹائل کی صنعت کی پیداواری لاگت خطے کے دوسرے ملکوں جیسے بنگلہ دیش بھارت اور چین کے مقابلے میں دس فیصد زیادہ ہے جبکہ صوبہ پنجاب میں پیداواری لاگت دوسرے صوبوں میں کام کرنے والی ٹیکسٹائل کی صنعت سے بھی مہنگی RLNG کی وجہ سے کہیں زیادہ ہے۔

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

2017 رقم	2018 رقم	
1,655,150,380	842,865,636	سیلز
2,276,345,538	1,335,487,192	مخفیہ سیلز
(621,195,158)	(492,621,556)	کل نقصان
(14,787,562)	(9,479,512)	دیگر (نقصان) آمدن
(635,982,720)	(502,101,068)	
19,167,029	14,873,612	خرید فروخت اور تقسیم کی اخراجات
651,474,079	2,571,265,879	انتظامی اخراجات
146,852,635	165,210,794	مالی مخفیہ
817,493,743	2,751,350,285	
(1,453,476,463)	(3,253,451,353)	محصول لگانے سے پہلے کا نقصان
16,965,043	12,227,321	محصول
(1,470,441,506)	(3,265,678,674)	خالص نقصان برائے سال برائے جاری آپریشن
		بند آپریشن
(15,113,916)	(4,646,045)	بند آپریشن کا خالص نقصان
(1,485,555,422)	(3,270,324,719)	خالص نقصان برائے سال
(5.73)	(12.61)	فی کس حصص نقصان بنیادی اور ملاوٹ شدہ

مالی سال 30 جون 2018 کے دوران کمپنی کی کل فروخت مبلغ 888.091 ملین روپے کی مد میں کل نقصان رقم مبلغ 493.423 ملین روپے ہوا جبکہ پچھلے سال کی کل فروخت مبلغ 1,698.217 ملین روپے اور کل نقصان مبلغ 629.887 ملین روپے ہوا تھا۔ 30 جون 2018 کے مالی سال کے دوران کمپنی کو بعد از ٹیکس ادائیگی مبلغ 3,270.325 ملین روپے کا خالص نقصان ہوا جبکہ پچھلے سال بعد از ٹیکس ادائیگی مبلغ 1,485.555 ملین روپے کا خالص نقصان ہوا تھا۔ کل نقصان کی بنیادی وجہ کم ہوتی ہوئی فروخت مجموعی پیداواری لاگت میں اضافہ منفی اقتصادی پہلوؤں اور بینکوں کی جانب سے درکار شدہ مالی معاونت کی عدم دستیابی کی وجہ سے مینوفیکچرنگ سہولیات کا کم استعمال ہے اور انہیں وجوہات کی بنا پر کمپنی کے ایکسپوٹ کاروبار کی مالی ضروریات پوری نہ ہو سکیں۔ مزید برآں خطے میں درآمدی RLNG کی قیمت میں اضافہ اور اسکے ساتھ بجلی کی قیمت میں اضافہ کی وجہ سے درآمدی مصنوعات کی پیداواری لاگت میں اضافہ ہوا ہے۔ توانائی کی لاگت میں بہت زیادہ اضافہ، مالی بحران، سرمائے کی قلت، مینوفیکچرنگ سہولیات کا کم استعمال اور برآمدات میں کمی کی وجوہات کی بنا پر کمپنی کو بعد از ادائیگی ٹیکس مبلغ 3,270.325 ملین روپے کے خسارے کا سامنا کرنا پڑا۔

آڈیٹر کے مشاہدات:

آڈیٹر نے کمپنی کے مالی گوشواروں پر منفی رائے فراہم کی ہے اور آڈٹ رپورٹ کے پیراگراف (a) to (d) میں منفی رائے کی بنیاد پر بحث کی گئی ہے۔ آڈیٹر حضرات کی رپورٹ کے پیراگراف (a) میں جمع شدہ نقصانات، سپننگ ڈویژن کے بند آپریشن، مالی بحران، آپریشنل سرگرمیوں کا التواء، زیر التوا مقدمات، ویونگ ڈویژن کی فروخت، ملازموں کی کمی اور کمپنی کی پراپرٹیز کو لیز پر دینے کی وجہ سے کاروباری عمل کو جاری رکھنے کے بارے میں تشویش کا اظہار کیا گیا ہے آپ کی کمپنی کے ڈائریکٹر حضرات وضاحت بیان کر رہے ہیں کمپنی کے منتظمین کی جانب سے کاروبار کی مکمل کو جاری رکھنے کے لیے منصوبہ بندی کی گئی ہے اور پہلے بیان کیے گئے مسائل کے حل کیلئے کمپنی کے شیئر ہولڈرز نے 29 اگست 2017 کو ہونے والے غیر معمولی اجلاس عام میں منظوری دی گئی ہے کہ بینکوں کے پاس رہن شدہ کمپنی کی کچھ جائیداد اور مشینری کو فروخت کر کے حاصل ہونے والی رقم کو ان بینکوں کے قرضوں میں ایڈجسٹ کیا جائے تاکہ ان بینکوں کی طرف سے کیے گئے مقدمات کو سہل کیا جاسکے۔ مزید برآں نقصانات کو کم کرنے کے لیے ممبران کی جانب سے منظوری دی گئی ہے کہ کمپنی کے پروسیدنگ یونٹ کی لینڈ اور بلڈنگ کو لیز/کرایہ پر دے کر آمدنی حاصل کی جائے۔ کمپنی کے منتظمین کی جانب سے بینکوں کے قرضوں کی از سر نو ترتیب کے لیے مالی اداروں سے یہ استدعا پہلے ہی کی جا چکی ہے جبکہ دوسرے بینکوں کے ساتھ گفت و شنید جاری ہے۔ منصوبہ بندی کے تحت ویونگ ڈویژن کو فروخت کر کے رقم چارج ہولڈر بینک کے قرضے میں سے منہا کر دی گئی ہے مزید برآں منصوبہ بندی کے تحت کمپنی کی لینڈ اور بلڈنگ کو آمدنی حاصل کرنے اور ان پراپرٹیز کی بہت زیادہ میٹنٹنس کی وجہ سے ہونے والے نقصانات کو کم کرنے کے لیے لیز پر دیا گیا ہے اور پر بیان کیے گئے اقدامات کے پیش نظر کمپنی کے منتظمین 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۔

کمپنی کے آڈیٹر حضرات کی جانب سے آڈٹ رپورٹ کے پیراگراف (b) میں رائے دی گئی ہے کہ کمپنی نے ماضی میں کی گئی فروخت کی زائد المعیار رقم کو اخراجات میں شمار کرتے ہوئے تخمینہ مختص کیا ہے اور ان قابل وصول زائد المعیار رقم کی وصولیوں کو حاصل کرنے کے لیے کوئی لیگل ایکشن نہیں لیا کمپنی قانونی مشورے کی تلاش کر رہی ہے جسکی روشنی میں مناسب قانونی کارروائی کی جائے گی۔

کمپنی کے آڈیٹر حضرات کی جانب سے آڈٹ رپورٹ کے پیراگراف (c) میں رائے دی گئی ہے کہ کمپنی مالی لاگت کو کاؤنٹس میں نہیں لے رہی جسکی بابت وضاحت بیان کی گئی ہے کہ کچھ بینکوں/مالی ادارہ کی جانب سے سے کمپنی سے اپنی سرمایہ کاری رقم اور مارک اپ کی رقم کو وصول کرنے کے لیے مجاز عدالتوں میں دعویٰ دائر کیا گیا ہے لہذا کمپنی ایسے بینکوں کی واجب الادا قرض اور سرمایہ کاری کی رقم کی بابت مالی لاگت کو کاؤنٹس میں نہیں لے رہی اور اس رقم کی وضاحت کھاتہ جات کے نوٹس میں بیان کی گئی ہے۔ قانونی رائے پر انحصار کرتے ہوئے کمپنی

کی جانب سے اس بات کو محسوس کیا گیا ہے کہ دعویٰ کے دائرہ ہونے کے بعد، بینک مالی ادارہ کو صرف کمپنی سے فنڈ کی لاگت کی رقم کا استحقاق حاصل ہے اگر عدالت کی جانب سے دعویٰ کی نسبت بینک کو کمپنی کے خلاف فیصلہ مل جائے۔ 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۔

کمپنی کے آڈیٹر حضرات کی جانب سے آڈٹ رپورٹ کے پیرا گراف (d) میں رائے دی گئی ہے کہ کمپنی نے پروسیجرنگ یونٹ کی لینڈ اور بلڈنگ کو لیز پر دے دیا ہے اور اسی پر اپنی کچھ حصہ اپنے آپریشن کے لیے بھی استعمال کر رہی ہے جو کہ (Investment IAS 40 Property) کی خلاف ورزی ہے اس بارے میں ڈائریکٹرز وضاحت بیان کر رہے ہیں کہ کمپنی نے اپنے آپریشنز کو دوسرے premises میں منتقل کرنے کی منصوبہ بندی کر رکھی ہے۔

مارکیٹ کا جائزہ اور مستقبل کے امکانات :

گزشتہ چند سالوں کے دوران ٹیکسٹائل انڈسٹری کے لئے پاکستان کی مارکیٹ کی صورتحال مستحکم رہی ہے اور برآمدات اور پیداوار میں بہت زیادہ پیداواری لاگت اور گلوبل ٹیکسٹائل مارکیٹ میں غیر معمولی قیمتوں کی وجہ سے کمی آئی ہے۔ فنانشل پائٹرز بھی ٹیکسٹائل کی صنعت کی معاونت کے سلسلہ میں ہچکچاہٹ کا شکار ہیں اور ٹیکسٹائل پالیسی کے اثرات سے بھی کوئی فائدہ نہیں اٹھایا جا رہا۔ باوجودیکہ حکومت نے صوبوں میں گیس کی قیمتوں کے فرق کو ختم کرنے کا عندیہ دیا ہے اور مزید برآں پانچ بڑے برآمد کنندگان جن میں ٹیکسٹائل کی صنعت بھی شامل ہے کے لیے بجلی اور گیس کی قیمتوں میں کمی کا اعلان کیا ہے۔ مینجمنٹ سخت محنت کر رہی ہے اور پراعتماد ہے کہ صوبہ پنجاب میں گیس کی قیمتوں کا فرق دوسرے صوبوں کے مقابلے میں ختم ہونے سے پیداواری لاگت میں کمی آئے گی اور پیداوار اور آپریشنل نتائج میں بہتری آئے گی تاہم ٹیکسٹائل کی صنعت کا مستقبل حکومت کی اعلان کردہ مراعات کی اصل میں وصولی برآمد کنندگان کو ریفنڈ کی ادائیگی اور بینکوں کی جانب سے مالی معاونت سے ہی ممکن ہے۔

تقسیم منافع

موجودہ سال کے منفی نتائج کی روشنی میں، کمپنی کے رقم کا بہاؤ اس رقم کی تقسیم کرنے کی اجازت نہیں دیتا، لہذا ڈائریکٹرز حضرات کی جانب سے اس سال میں کسی بھی رقم کی تقسیم کی سفارش نہیں کی گئی۔

آڈیٹرز (ماہر حساب) :

موجودہ آڈیٹرز میسرز زاہد جمیل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائرڈ اور اہل تقرری نے کمپنی میں دوبارہ تقرری کی پیشکش کی ہے۔ بورڈ آف ڈائریکٹرز حضرات کی جانب سے آڈٹ کمیٹی کو میسرز زاہد جمیل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو بطور آڈیٹر مالی سال اختتام 30 جون 2019 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 معہ وجہ بندی حصص بابت 30 جون 2018 کو اس رپورٹ کے ساتھ منسلک کیا گیا ہے۔

بورڈ کی جانب سے متعقد کی گئی میٹنگ کا شمار :

30 جون 2018 کے عرصہ کے دوران بورڈ آف ڈائریکٹرز کا اجلاس منعقد کیے گئے جن میں مندرجہ ذیل ڈائریکٹرز حضرات نے شرکت کی :-

میٹنگ میں شرکت کرنے کی حاضریاں۔

نام	عہدہ	میٹنگ میں شرکت کرنے کی حاضریاں۔
خرم افتخار	چیف ایگزیکٹو آفیسر	5
شہزاد افتخار	ڈائریکٹر	5
ندیم افتخار	ڈائریکٹر	4
سہیل مقصود احمد	ڈائریکٹر	4
محمد احسن	ڈائریکٹر	5
گل محمد ناز	ڈائریکٹر	3
عثمان غنی	ڈائریکٹر	4

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)

کوڈ آف کارپوریٹ گورننس کے تحت ادارہ کے سہاہی حساب کتاب، سالانہ حساب کتاب اور دیگر متعلقہ معاملات برائے 30 جون 2018 کا جائزہ لینے کے لیے آڈٹ کمیٹی کے اجلاس منعقد کیے گئے۔ نیز چیف فنانس آفیسر، ہیڈ آف انٹرنل آڈٹ اور ایکسٹرنل آڈیٹرز نے بھی اپنی ضرورت کے مطابق میٹنگ ہائے میں شرکت کی۔

ہیومن ریسورس اور معاوضہ کمیٹی:

سال کے دوران ہیومن ریسورس اور معاوضہ کمیٹی کی دو میٹنگز منعقد ہوئیں۔ جن میں مندرجہ ذیل ڈائریکٹر حضرات نے شرکت کی:

میٹنگ میں شرکت کرنے کی حاضریاں۔

نام	عہدہ	میٹنگ میں شرکت کرنے کی حاضریاں۔
محمد احسن	چیئر مین	4
سہیل مقصود احمد	ممبر	4
شہزاد افتخار	ممبر	4

اکاؤنٹنگ پالیسی میں تبدیلی:

مالی سال 2018 کے مالی گوشوارے بنانے کے لیے کمپنیز ایکٹ 2017 کا پہلی مرتبہ اطلاق ہوا ہے جسکی وجہ سے پائیدار اثاثوں کی قدر و قیمت کے تعین کے بعد حاصل سرپلس کی اکاؤنٹنگ پالیسی کو retrospectively تبدیل کر دیا گیا ہے۔

کارپوریٹ گورننس:

بجا آوری رپورٹ معہ عہدہ 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 ڈھانچے کو ذیل میں تحریر کیا جاتا ہے:-

- 1- مالی گوشوارہ حساب کتاب اور اسکے نوٹس کو کمپنی کے منتظمین کی جانب سے تیار کیا گیا ہے اور موجودہ حساب کتاب کے معاملات میں گوشوارہ حساب کتاب کیش فلو اور رپورٹ آف چیجر ان ایکویٹی میں شفافیت اور غیر جانبداری کے اصول اپنا گئے ہیں۔
- 2- کمپنی کی اکاؤنٹس بکس بہتر انداز میں تیار کی جا رہی ہیں۔
- 3- کمپنی کیا کاؤٹنگ پالیسیز کو ایک تسلسل کے ساتھ اس گوشوارہ حساب کتاب کو بنانے میں استعمال کیا گیا ہے۔
- 4- بین الاقوامی اکاؤٹنگ اور مالی رپورٹنگ سٹینڈرڈز، جیسا کہ اس کا اطلاق پاکستان میں ہے، کو کمپنی کے مالی گوشوارہ حساب کتاب کی تیاری کے بابت ملحوظ خاطر رکھا گیا ہے اور ان سے کسی قسم کا انحراف نہیں کیا گیا۔
- 5- ادارہ کی جانب سے وضع کردہ انٹرنل کنٹرول سسٹم اچھی حالت میں ترتیب دیا گیا ہے اس سسٹم پر عملدرآمد کے بارے میں مناسب چانچ پڑتال کی گئی ہے۔
- 6- عمدہ مشق بابت کوڈ آف کارپوریٹ گورننس کو یقینی بنایا گیا ہے جیسا کہ سٹاک ایکچینج 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۔
- 10- ٹیکسز اور لیویز سے متعلق انفارمیشن کو نوٹس ٹو دی اکاؤنٹس میں بیان کیا گیا ہے۔

توثیقی بیان :

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

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

خرم افتخار
چیف ایگزیکٹو

شہزاد افتخار
ڈائریکٹر

فیصل آباد

تاریخ: 15 اکتوبر 2018

STATEMENT OF COMPLIANCE

With the Code of Corporate Governance for the year ended June 30, 2018.

Amtex Limited (“The Company”) has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 (“the Regulations”) in the following manner:

1. The total numbers of directors are seven as per following:

- a) Male: Seven
- b) Female: Nil

2. The composition of the Board of Directors (“the Board”) is as follows:

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

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. 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.
5. The board has developed a vision/mission statement, overall corporate strategy and 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.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the

- requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
 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 board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
 11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.
 12. The board has formed committees comprising of members given below:
 - a) Audit Committee
 - Suhail Maqsood Ahmed (Chairman)
 - Muhammad Ahsan
 - Usman Ghani
 - b) HR and Remuneration Committee
 - Muhammad Ahsan
 - Suhail Maqsood Ahmed
 - Shahzad Iftikhar
 13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
 14. The frequency of meetings of the aforesaid committees was as per following:
 - a) Audit Committee: Four quarterly meetings during the financial year ended June 30, 2018
 - b) HR and Remuneration Committee: Four quarterly meetings during the financial year ended June 30, 2018

15. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board 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 ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with except for the following toward which reasonable progress is being made by the company to seek compliance.
 - Company is planning to arrange training program for their directors as provided by the Code.

On behalf of the Board



CHIEF EXECUTIVE

Khurram iftikhar



DIRECTOR

Shahzad Iftikhar

Faisalabad
October 05, 2018

Independent Auditor's Review Report to the Members of Amtex Limited

Review Report to the Members on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Amtex Limited (the Company) for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the 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 are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Following instance of non-compliance with the requirement of the Regulations was observed which is not satisfied in the Statement of Compliance:

- i) None of the directors' has obtained a certification under any directors' training program offered by institution-local or foreign that meet the criteria specified by the SECP.

Based on our review, except for the above instance of non-compliance, 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 Regulations as applicable to the Company for the year ended **June 30, 2018**.

Zahid Jamil & Company

FAISALABAD:

CHARTERED ACCOUNTANTS

Date: October 05, 2018

(Engagement Partner: Muhammad Amin)

INDEPENDENT AUDITOR'S REPORT

To the members of Amtex Limited Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the annexed financial statements of **Amtex Limited** (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that, except for the effects of the matters discussed in paragraphs (a) to (d) of "Basis for Adverse Opinion" section of our report, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, owing to the significance of the matters discussed in paragraphs (a) to (d) of "Basis for Adverse Opinion" section of our report, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof, do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2018 and of the loss, and total comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

- (a) The Company has incurred gross loss of Rs. 493.423 million (2017: Rs. 629.887 million), net loss of Rs. 3,270.325 million (2017: Rs. 1,485.555 million) during the year ended June 30, 2018 and as at that date, its accumulated loss is Rs. 12,092.126 million (2017: Rs. 9,074.982 million) and company's current liabilities exceeded its current assets by Rs. 8,443.572 million (2017: Rs. 6,116.418 million). The company has curtailed the significant number of employees and is facing operational and financial crisis. Moreover, the company is defendant / petitioner in various law suits as mentioned in note 27 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 20.1.5, 21 and 25.6 to the financial statements. Moreover, during the year company's spinning unit's operations remained closed and the Company has sold its whole Weaving Division situated at Sargodha road, Faisalabad. Moreover, the Company has leased out its land and Building of processing division located at 1 K.M. Jaranwala Road chak no. 76/RB, Khurrianwala, District Faisalabad, and land and building located at chak no. 67/J.B. Sadhar, Faisalabad as mentioned in note 7 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 paragraphs (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) the Company has created provision for doubtful debts amounting to Rs. 7,041.999 million (2017: Rs. 4,517.511 million) as at balance sheet date and the Company did not take any legal action to recover these past due balances;
- (c) mark up expense has not been fully charged in these financial statements on redeemable capital and on long and short term financing due to pending litigations with various banks. Had the mark up been fully charged, net loss for the year would have been increased by Rs 512.322 million (2017: Rs. 709.833 million), mark up payable and accumulated loss would have been increased by Rs. 3,706.837 million (2017: Rs. 3,194.515 million);
- (d) the company has entered into lease agreement with Abwa Knowledge Village (Pvt) Ltd (an associated company) for entire land and building of processing unit situated at 1 K.M. Jaranwala Road chak no. 76/RB, Khurrianwala, District, Faisalabad. The Company has classified this land and building as investment property (refer note no. 7) but the Company also using significant part of the premises for its own operations, which is violation of paragraph 10 of IAS 40 (Investment Property).

Except for the effects, if any, of the matters referred to in paragraphs (a) to (d) above, we conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the *Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters referred in paragraphs (a) to (d) of "Basis of Adverse Opinion" section of our report, we have determined the matters below to be the key audit matters to be communicated in our report.

Following are the key audit matters:

Key audit matter	How the matter was addressed in our audit
<p>Change in accounting policy as a result of changes in the Companies Act 2017</p> <p>As referred to in note 3.1 to the accompanying financial statements, the Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended June 30, 2018 due to which the Company has changed its accounting policy to account for surplus on revaluation of fixed assets (refer note 5) with retrospective effect.</p> <p>Previously, surplus on revaluation was presented in the financial statements below the equity and changes in surplus were taken directly to surplus, except to the extent of reversal of deficit previously charged to 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. Surplus to the extent of incremental depreciation and on subsequent sale or retirement of revalued item of property, plant and equipment, the attributable balance of surplus is transferred to accumulated profit through statement of other comprehensive income. Due to change in accounting policy, surplus on revaluation will be part of the equity and revaluation changes will be taken through other comprehensive income. Surplus to the extent of incremental depreciation and on subsequent sale or retirement of revalued item of property, plant and equipment, the attributable balance of surplus is transferred directly to accumulated profit.</p> <p>We have considered the above as a Key Audit Matter due to the significant amount of surplus on revaluation of fixed assets, the complexity involved in the calculations for retrospective application and compliance with the disclosure requirements of IAS 8 Accounting Policies and Changes in Accounting Estimates and Errors.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - obtained workings for retrospective accounting of surplus on revaluation of fixed assets; - re-performed the calculations based on the working and valuation reports of the respective years; - reviewed that values of fixed assets, surplus on revaluation of fixed assets and gain / loss on assets disposed-off have been properly restated in the financial statements; and - assessed if the change in accounting policy has been properly disclosed by the management in the financial statements of the Company in accordance with IAS-8.
<p>Allowance for inventory obsolescence</p> <p>As referred in notes no. 10 and 29 to the accompanying financial statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - observed the stock count on June 30, 2018 to ascertain the physical existence for a

<p>Management exercises significant judgment and estimates in assessing the adequacy of the allowance for inventory obsolescence as a result of potential reduction in end user demand. Such judgment involves the consideration of factors such as expected future sales and demand of the inventory, probability of the inventory becoming obsolete and related historical sales experience.</p> <p>Possible changes in these estimates could result in revisions to the allowance for inventory obsolescence. As such, we determined that this is a key audit matter.</p>	<p>sample of inventories, and observed whether damaged or obsolete inventories are identified;</p> <ul style="list-style-type: none"> - assessed the consistency and reasonableness of management’s basis for allowance for inventory obsolescence with respect to aged or slow moving inventories; - reviewed inventory valuation report from independent valuer and assessed the adequacy of the Company’s allowance for inventory obsolescence in accordance with management’s basis for allowance for inventory obsolescence; - obtained BOD’s resolution for writing down of inventory to net realizable value and - assessed the adequacy of disclosures related to inventories in notes no. 10 and 29 to the financial statements.
<p>Pending litigations</p> <p>As referred in note no. 27 to the accompanying financial statements.</p> <p>The Company faces a number of pending litigations. There is a high level of judgment required in estimating the level of provisioning and/or the level of disclosure required.</p> <p>Where the impact of possible and present obligations is not probable or not reliably measurable, and thus no provision is recorded, failure to adequately disclose the nature of these circumstances within the financial statements may distort the reader’s view as to the potential risks faced by the Company.</p> <p>Given the nature and amounts involved in such cases and the appellate forums at which these are pending, the ultimate outcome and the resultant accounting in the financial statements is subject to significant judgment, which can change over time as new facts emerge and each legal case progresses, and therefore, we have identified this as key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - circularized confirmations to relevant third party legal representatives; - as part of our audit procedures we have assessed management’s processes to identify new possible obligations and changes in existing obligations for compliance with Company policy and IAS 37 requirements; - we have analyzed significant changes from prior periods and obtain a detailed understanding of these items and assumptions applied and - assessed the adequacy of disclosure in note no. 27 to the financial statements.
<p>Restructurings with financial institutions</p> <p>As referred in notes no. 20.1.3 and 20.1.4 to the</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - obtained revised settlement agreements;

<p>accompanying financial statements.</p> <p>In lieu of decree in favor of Bank, Company has negotiated the settlement agreements, in respect of outstanding principal liability and mark up liability.</p> <p>Due to the level of materiality and loan covenant, this is considered to be a key audit matter.</p>	<ul style="list-style-type: none"> - obtained direct confirmations from banks; - assessed management's processes to transfer restructured balances; - verified from bank statements rescheduled payments and - after getting revised agreement terms and conditions, calculated any overdue balances, where applicable.
<p>Valuation of investment property</p> <p>As referred in note no. 7 to the accompanying financial statements.</p> <p>We considered the valuation of the investment properties to be significant to the audit because the determination of fair value involves significant judgment and the use of external valuation expert.</p> <p>We identified the valuation of investment properties as a key audit matter as it covers 21% of total assets of company.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - obtained valuation reports and evaluated the qualification, experience and competence of the external property valuer engaged by management and holding discussions with the external property valuer, without the presence of management, to understand their valuation methods and the assumptions applied; - obtained lease agreements signed between the Company and lessees; - Obtained EOGM's resolution for approving the lease of properties and - Assessed the adequacy of disclosures related to investment properties in notes no. 7 and 30 to the financial statements.
<p>Disposal of weaving unit</p> <p>As referred in note no. 6 and 35 to the accompanying financial statements.</p> <p>In lieu of Court order to settle the outstanding loan of Habib Bank Limited refer note 20.1.3, the Company has sold its entire weaving unit situated at Sargodha road, Faisalabad mortgaged with said bank.</p> <p>We identified the disposal as a key audit matter as the Company has disposed major line of its business.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - obtained sale deed and evaluated pricing as per negotiation agreements; - obtained and calculated disposal workings; - obtained workings of discontinued operations, and their relevant cash flows, till the time of disposal; - Obtained EOGM's resolution for approval of disposal; - Obtained valuation of property sold - Checked payment evidences and

	- Assessed the adequacy of disclosures related to disposal and discontinued operations in notes no. 6.5 and 35.
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Information other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance opinion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. As described in the "Basis for Adverse Opinion" section of our report, we have concluded that the other information is materially misstated for the same reason.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion, except for the effects, if any, of the matters referred to in paragraph (a) to (d) of "Basis of Adverse Opinion" of our report above:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the period were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Muhammad Amin (FCA)

Zahid Jamil & Co.
Chartered Accountants
Place: Faisalabad
Date: October 05, 2018

AMTEX LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	NOTE	2018 RUPEES	2017 RUPEES (Restated)	July 01, 2016 RUPEES (Restated)
ASSETS				
NON CURRENT ASSETS				
Property, plant and equipment	6	1,750,599,973	3,388,060,909	4,078,928,051
Investment property- fair value	7	1,013,917,913	-	-
Long term deposits	8	57,021,425	57,021,425	62,021,425
		2,821,539,311	3,445,082,334	4,140,949,476
CURRENT ASSETS				
Stores, spares and loose tools	9	459,379,792	619,000,181	664,545,130
Stock in trade	10	885,981,055	1,301,252,322	1,797,415,644
Trade debts	11	162,271,598	2,797,094,654	3,357,835,924
Loans and advances	12	8,786,288	5,256,261	21,333,830
Deposits and prepayments	13	7,613,571	8,737,038	9,998,782
Other receivables	14	104,164,984	95,332,845	94,798,690
Tax refunds due from the Government	15	188,999,804	219,158,324	229,188,251
Cash and bank balances	16	143,771,493	191,853,839	146,089,533
		1,960,968,585	5,237,685,464	6,321,205,784
		4,782,507,896	8,682,767,798	10,462,155,260
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorised capital 260,000,000 (2017: 260,000,000) ordinary shares of Rs.10/- each		2,600,000,000	2,600,000,000	2,600,000,000
Issued, subscribed and paid up capital	17	2,594,301,340	2,594,301,340	2,594,301,340
Reserves	18	531,039,330	531,039,330	531,039,330
Accumulated loss		(12,092,125,616)	(9,074,981,823)	(7,758,480,753)
Surplus on revaluation of property, plant and equipment		875,804,593	1,127,310,252	1,637,742,714
		(8,090,980,353)	(4,822,330,901)	(2,995,397,369)
NON-CURRENT LIABILITIES				
Redeemable capital	19	-	-	-
Long term financing	20	1,497,729,820	1,260,060,000	1,580,939,617
Liabilities against assets subject to finance lease	21	-	-	-
Deferred liabilities	22	971,217,849	890,935,347	780,316,203
		2,468,947,669	2,150,995,347	2,361,255,820
CURRENT LIABILITIES				
Trade and other payables	23	345,384,902	371,641,366	385,792,130
Interest / markup payable	24	2,632,364,651	2,603,546,609	2,599,616,255
Short term borrowings	25	6,177,590,344	7,494,863,069	7,371,076,295
Current portion of non current liabilities	26	1,249,200,683	884,052,308	739,812,129
		10,404,540,580	11,354,103,352	11,096,296,809
Contingencies and commitments	27	-	-	-
		4,782,507,896	8,682,767,798	10,462,155,260

The annexed notes from 1 to 43 form an integral part of these financial statements.


CHIEF EXECUTIVE
 Khurram Iftikhar


DIRECTOR
 Shahzad Iftikhar


CHIEF FINANCIAL OFFICER
 Tahir Javed

AMTEX LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
Sales	28	842,865,636	1,655,150,380
Cost of sales	29	<u>1,335,487,192</u>	<u>2,276,345,538</u>
Gross loss		(492,621,556)	(621,195,158)
Other loss	30	<u>(9,479,512)</u>	<u>(14,787,562)</u>
		(502,101,068)	(635,982,720)
Selling and distribution expenses	31	14,873,612	19,167,029
Administrative expenses	32	2,571,265,879	651,474,079
Finance cost	33	165,210,794	146,852,635
		<u>2,751,350,285</u>	<u>817,493,743</u>
Loss before taxation		(3,253,451,353)	(1,453,476,463)
Provision for taxation	34	12,227,321	16,965,043
Net loss for the year from continuing operation		<u>(3,265,678,674)</u>	<u>(1,470,441,506)</u>
Discontinued operations			
Net loss for the year from discontinued operations	35	<u>(4,646,045)</u>	<u>(15,113,916)</u>
Net loss for the year		<u>(3,270,324,719)</u>	<u>(1,485,555,422)</u>
Loss per share - Basic and diluted	36	(12.61)	(5.73)

The annexed notes from 1 to 43 form an integral part of these financial statements.


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AMTEX LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees (Restated)
Net loss for the year from continuing operation		(3,265,678,674)	(1,470,441,506)
Net loss for the year from discontinued operation		(4,646,045)	(15,113,916)
Other comprehensive income / (loss)			
Items that will not be subsequently reclassified to profit or loss:			
Reversal of surplus on revaluation of property plant and equipment		-	(338,174,985)
Remeasurement of defined benefit liability	22.1.3	1,675,267	(3,203,125)
		1,675,267	(341,378,110)
Total comprehensive loss for the year		<u>(3,268,649,452)</u>	<u>(1,826,933,532)</u>

The annexed notes from 1 to 43 form an integral part of these financial statements.


CHIEF EXECUTIVE
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Tahir Javed

AMTEX LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees	2017 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(3,257,645,142)	(1,468,159,709)
Adjustments for:		
Depreciation of property, plant and equipment	129,202,841	254,331,116
Provision for staff retirement gratuity	2,596,426	12,885,577
Provision for doubtful debts	2,524,488,068	584,150,415
Write down of inventories to net realisable value	248,140,770	208,714,000
Unrealised loss on investment property carried at fair value	10,983,910	-
Loss on disposal of property, plant and equipment	15,451,272	22,663,763
Finance cost	<u>165,210,794</u>	<u>146,852,635</u>
Operating cash flows before working capital changes	(161,571,061)	(238,562,203)
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	159,620,389	45,544,949
Stock in trade	167,130,497	287,449,322
Trade debts	110,334,988	(23,409,145)
Loans and advances	(3,530,027)	16,077,569
Deposits and prepayments	1,123,467	1,261,744
Other receivables	(8,832,139)	(534,155)
Tax refunds due from the Government	26,930,237	11,588,703
Increase / (decrease) in current liabilities		
Trade and other payables	<u>(26,256,464)</u>	<u>(14,150,764)</u>
	426,520,948	323,828,223
Cash generated from operations	264,949,887	85,266,020
Income tax paid	(9,451,294)	(18,954,489)
Finance cost paid	(19,628,554)	(41,243,539)
Staff retirement gratuity paid	<u>(37,402,855)</u>	<u>(7,148,300)</u>
Net cash generated from operating activities	<u>198,467,184</u>	<u>17,919,692</u>
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	-	(2,844,723)
Proceeds from disposal of property, plant and equipment	467,905,000	78,542,001
Long term deposits	<u>-</u>	<u>5,000,000</u>
Net cash generated from investing activities	<u>467,905,000</u>	<u>80,697,278</u>

	2018 Rupees	2017 Rupees
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	602,818,195	(174,439,438)
Liabilities against assets subject to finance lease	-	(2,200,000)
Short term borrowings - net	(1,317,272,725)	123,786,774
Net cash used in financing activities	<u>(714,454,530)</u>	<u>(52,852,664)</u>
Net (decrease) / increase in cash and cash equivalents (a+b+c)	(48,082,346)	45,764,306
Cash and cash equivalents at the beginning of the year	191,853,839	146,089,533
Cash and cash equivalents at the end of the year	<u><u>143,771,493</u></u>	<u><u>191,853,839</u></u>

The annexed notes from 1 to 43 form an integral part of these financial statements.


CHIEF EXECUTIVE
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CHIEF FINANCIAL OFFICER
Tahir Javed

AMTEX LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

	Issued, subscribed and paid up capital	Capital reserves			Revenue reserves		Total
		Merger reserve	Share premium	Surplus on revaluation of property, plant and equipment	General reserve	Accumulated loss	
Rupees							
Balances as at July 01, 2016- As previously reported	2,594,301,340	98,039,330	183,000,000	-	250,000,000	(7,758,480,753)	(4,633,140,083)
Impact of restatement- Note 5	-	-	-	1,637,742,714	-	-	1,637,742,714
Balances as at July 01, 2016- Restated	2,594,301,340	98,039,330	183,000,000	1,637,742,714	250,000,000	(7,758,480,753)	(2,995,397,369)
Loss for the year from continuing operations	-	-	-	-	-	(1,470,441,506)	(1,470,441,506)
Loss for the year from discontinued operations	-	-	-	-	-	(15,113,916)	(15,113,916)
Other comprehensive loss for the year	-	-	-	(338,174,985)	-	(3,203,125)	(341,378,110)
Total comprehensive loss for the year	-	-	-	(338,174,985)	-	(1,488,758,547)	(1,826,933,532)
Transfer to accumulated loss in respect of surplus realized on disposal of assets during the year	-	-	-	(88,994,006)	-	88,994,006	-
Transfer to accumulated loss in respect of incremental depreciation for the year	-	-	-	(83,263,471)	-	83,263,471	-
				(172,257,477)		172,257,477	-
Balances as at June 30, 2017- Restated	2,594,301,340	98,039,330	183,000,000	1,127,310,252	250,000,000	(9,074,981,823)	(4,822,330,901)
Loss for the year from continuing operations	-	-	-	-	-	(3,265,678,674)	(3,265,678,674)
Loss for the year from discontinued operations	-	-	-	-	-	(4,646,045)	(4,646,045)
Other comprehensive income for the year	-	-	-	-	-	1,675,267	1,675,267
Total comprehensive loss for the year	-	-	-	-	-	(3,268,649,452)	(3,268,649,452)
Transfer to accumulated loss in respect of surplus realized on disposal of assets during the year	-	-	-	(242,680,302)	-	242,680,302	-
Transfer to accumulated loss in respect of incremental depreciation for the year	-	-	-	(8,825,357)	-	8,825,357	-
				(251,505,659)		251,505,659	-
Balances as at June 30, 2018	2,594,301,340	98,039,330	183,000,000	875,804,593	250,000,000	(12,092,125,616)	(8,090,980,353)

The annexed notes from 1 to 43 form an integral part of these financial statements.


CHIEF EXECUTIVE
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CHIEF FINANCIAL OFFICER
 Tahir Javed

AMTEX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1. STATUS AND ACTIVITIES

- 1.1 Amtex Limited (the Company) is a public limited company incorporated in Punjab, Pakistan under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and listed on Pakistan Stock Exchange limited (formerly Karachi Stock Exchange Limited) in Pakistan. The registered office of the Company is situated at P-225, Tikka Gali No. 2, Montgomery Bazar, Faisalabad. The principal business of the Company is export of all kinds of value added fabrics, textile made-ups, casual and fashion garments duly processed. The Company is also engaged in the business of manufacturing and sale of yarn and fabrics on its own & conversion basis. The cloth processing unit and stitching units are located at 1 KM Jaranwala Road, Khurrianwala, District Faisalabad and spinning unit is located at 30 KM Sheikhpura Road, Khurrianwala, District Faisalabad, in the province of Punjab.
- 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. 3,257,645,142/ and its sales have also been significantly decreased during the year as compared to previous corresponding year. Loss is mainly due to significantly under / low utilization of manufacturing capacities due to high RLNG prices in the Punjab province and increase in raw material prices for our value added business. Further the immense shortage gas / power forced the company to operate under / low capacity resulting huge losses. Due to unfavorable textile market conditions in the country the Company is facing tight cash flow situation and has not been able to comply with the terms of certain loan agreements. The Company is in litigation with Sukuk unit holders and certain other banks / financial institutions have also filed suits against the company for recovery of their outstanding debts. Further company has also made full provision of doubtful debts in accounts because after best efforts company hasn't get success to recover these past balances.

Plans have been made to continue the Company as a going concern and in order to mitigate aforementioned factors Board of Directors in its meeting held on September 14, 2017 has approved the offer of M/S Abwa Knowledge Village (Pvt) Ltd to acquire the Company's Processing and Dyeing Unit land along with buildings constructed thereon on lease. Further The Company^o has sold its complete weaving unit (Land, Building, Plant and machinery situated at Sargodha Road Faisalabad) at current market value at an agreed price and settle the principal liability of Bank. Company's spinning unit has also temporarily closed for the purposes of repair and maintenance and company is planning to restore production in near future.

The management is working hard, hopeful that with the improvement of textile market along with removal of gas price differential in the Punjab Province bringing the gas price down up to the price in other provinces will reduce the operating cost and the production and operating results will be improved. 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 20.1.2 to 20.1.4) 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. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

Disposal of weaving unit

During the year Company has disposed its weaving unit on Sargodha Road, Faisalabad, to restructure principle outstanding with Habib Bank Limited. This is reflected in operating fixed assets note no. 6.7 and long term financing note no. 20.1.3

Shut down of spinning unit

Company has temporarily closed its spinning unit, on Lahore Road due to reasons enumerated in note no. 38

Under utilization of processing unit

Further Company is under utilizing its processing capacity due to reasons enumerated in note no. 38

Huge provision for doubtful debts

Inspite of management's best efforts, Company did not able to realize its old due foreign trade debts. Therefore, Company has provided huge provisions against doubtful debts. This is reflected in trade debts note no. 11.

Restructuring of loans

The Company has entered in restructuring agreement with Askari Bank Ltd and Habib Bank Ltd. This is reflected in notes no. 20.1.3 and 20.1.4

Written down of inventories to net realisable value

After getting valuation report from independent valuer, Company has written down its obsolete stocks to net realisable value. This is reflected in notes no. 9 and 10.

Transfer of assets to investment properties

The Company has transferred its different land and buildings against rentals. This is reflected in notes no. 14 and 30.

All other significant transactions and events that have affected the Company's statement of financial position and performance during the year have been adequately disclosed in the notes to these financial statements.

For a detailed discussion about these significant transactions and events please refer to the Directors' report.

3. BASIS OF PREPARATION

3.1. Statement of compliance

These financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and the directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Functional and presentation currency

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

3.3 Basis of measurement

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.

3.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In process of applying the Company's accounting policies, the management has made following estimates and judgements which are significant to financial statements:

Useful lives, residual values and depreciation method of property, plant and equipment – Note 6

Fair value of investment property - Note 7

Provision for impairment of inventories - Note 10 and 29

Provision for doubtful trade receivables – Note 11 and 32

Obligation of defined benefit obligation - Note 22.1

Estimation of contingent liabilities - Note 27

Current income tax expense, provision for current tax -Note 15, 34 and 35

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

3.5. New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2018

The following standards, amendments and interpretations are effective for the year ended June 30, 2018. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Effective from accounting period beginning on or after:

Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative. January 01, 2017

Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses. January 01, 2017

Certain annual improvements have also been made to a number of IFRSs.

The Act has also brought certain changes with regard to preparation and presentation of annual and interim financial statements of the Company. These changes also include change in respect of recognition criteria of surplus on revaluation of fixed assets as more fully explained in note 5, change in nomenclature of primary statements, etc.

Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements; and
- incorporation of significant additional disclosures.

3.6. Standards, interpretations and amendments to published approved accounting standards that are not yet effective and have not been early adopted by the Company

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Effective from accounting period beginning on or after:

Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share - based payment transaction.	January 1, 2018
IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9	January 1, 2018
IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	July 1, 2018
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 1, 2019
IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 1, 2018
IFRS 16 'Leases': This standard will supersede IAS 17 'Leases' upon its effective date.	January 1, 2019
Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 1, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 1, 2019
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 1, 2018
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non- monetary prepaid asset / deferred income is denominated in foreign currency.	January 1, 2018
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 1, 2019

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1 – First Time Adoption of International Financial Reporting Standards
IFRS 14 – Regulatory Deferral Accounts
IFRS 17 – Insurance Contracts

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1. 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 property, plant and equipment is recognized, in other comprehensive income and accumulated in reserves in shareholders' equity and is shown in equity. Revaluation is carried out with sufficient regularity to ensure that the carrying amounts of the assets does not differ materially from the fair value. Accumulated depreciation at the date of revaluation is eliminated against the cost of the asset and net amount is restated to the revalued amount of the asset. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related property, plant and equipment during the year is part of statement of changes in equity.

Gains or losses on disposal of assets, if any, are recognized as and when incurred. Surplus arising on revaluation is credited to surplus on revaluation of property, plant and equipment. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets is transferred by the Company to its un-appropriated profit.

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. Moreover, the treatment of revaluation is same as in the case of owned assets.

4.2 Investment property

Investment properties are properties held to earn rentals and/ or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from the change in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is de-recognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on de-recognition of property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Rental income

Rental income from investment property that is leased to a third party under an operating lease is recognised in the statement of profit or loss on a straight-line basis over the lease term and is included in 'other income'.

4.3 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.

4.4 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.

4.5 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.

4.6 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.

4.7 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.

4.8 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.

4.9 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.

4.10 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.

4.11 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.

4.12 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.

4.13 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.

4.14 Borrowings

Borrowings are initially recognised at fair value plus directly attributable cost, if any, and are subsequently stated at amortized cost.

4.15 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.

4.16 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.

4.17 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.

4.18 Foreign currency translation

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

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

4.19 Financial instruments

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

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

4.20 Offsetting of financial asset and financial liability

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

4.21 Revenue recognition

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

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

4.22 Related party transactions

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

4.23 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4.24 Contingent assets

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognised until their realisation become virtually certain.

5 Change in accounting policy

Surplus on revaluation of fixed assets

The specific provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of International Accounting Standard (IAS) 16, Property, Plant and Equipment, surplus on revaluation of fixed assets would now be presented under equity.

Following the application of IAS 16, the Company's accounting policy for surplus on revaluation of fixed assets stands amended as follows:

Increases in the carrying amounts arising on revaluation of fixed assets are recognised, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognised in the statement of profit or loss, the increase is first recognised in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset. All other decreases are charged to the statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, is reclassified from revaluation surplus on property, plant and equipment to unappropriated profit.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8

	As at June 30, 2017			As at July 01, 2016		
	As previously reported	As restated	Restatement	As previously reported	As restated	Restatement
	-----Rupees-----					
Effect on statement of financial position						
Surplus on revaluation of property, plant and equipment	1,127,310,252	-	(1,127,310,252)	1,637,742,714	-	(1,637,742,714)
Share capital and reserves	-	1,127,310,252	1,127,310,252	-	1,637,742,714	1,637,742,714
Effect on statement of changes in equity						
Surplus on revaluation of property, plant and equipment	-	1,127,310,252	1,127,310,252	-	1,637,742,714	1,637,742,714

	As at June 30, 2017		
	As previously reported	As restated	Restatement
	-----Rupees-----		
Effect on statement of comprehensive income			
Surplus realized on disposal of assets during the year	88,994,006	-	(88,994,006)
Incremental depreciation on revalued assets for the year	83,263,471	-	(83,263,471)
Reversal of surplus on revaluation of property plant and equipment	-	(338,174,985)	(338,174,985)

There was no cash flow impact as a result of the retrospective application of change in accounting policy.

	2018 Rupees	2017 Rupees
6. Property, plant and equipment		
Tangible		
Operating fixed assets	1,750,599,973	3,388,060,909
Capital work in progress	-	-
	1,750,599,973	3,388,060,909

6.1 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		
	Rupees											
At July 01, 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
Year ended June 30, 2017												
Opening 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
Additions	-	-	-	-	-	-	918,000	-	1,926,723	2,844,723	-	2,844,723
Disposals:												
Cost/ valuation	(48,875,000)	(76,777,288)	-	-	-	-	-	-	(5,250,443)	(130,902,731)	-	(130,902,731)
Accumulated depreciation	-	27,208,429	-	-	-	-	-	-	2,488,538	29,696,967	-	29,696,967
	(48,875,000)	(49,568,859)	-	-	-	-	-	-	(2,761,905)	(101,205,764)	-	(101,205,764)
Depreciation charge		(61,307,360)	(163,355,749)	(7,517,301)	(422,456)	(281,299)	(624,268)	(322,358)	(3,117,918)	(236,948,709)	(17,382,407)	(254,331,116)
Closing net book value	913,282,317	1,091,511,549	1,470,201,739	67,655,708	3,802,099	2,531,698	5,790,749	2,901,217	12,117,154	3,569,794,230	156,441,664	3,726,235,894
At June 30, 2017												
Cost / valuation	913,282,317	1,360,645,554	2,346,138,192	107,265,108	6,100,000	7,520,074	18,921,126	4,620,000	63,714,456	4,828,206,827	248,505,365	5,076,712,192
Accumulated depreciation	-	(269,134,005)	(875,936,453)	(39,609,400)	(2,297,901)	(4,988,376)	(13,130,377)	(1,718,783)	(51,597,302)	(1,258,412,597)	(92,063,701)	(1,350,476,298)
Net book value	913,282,317	1,091,511,549	1,470,201,739	67,655,708	3,802,099	2,531,698	5,790,749	2,901,217	12,117,154	3,569,794,230	156,441,664	3,726,235,894
Surplus/(Deficit) on revaluation as at June 30	246,764,983	71,231,459	(565,436,739)	(20,475,708)	(552,099)	-	-	98,783	-	(268,369,321)	(69,805,664)	(338,174,985)
Total book value at June 30, 2017	1,160,047,300	1,162,743,008	904,765,000	47,180,000	3,250,000	2,531,698	5,790,749	3,000,000	12,117,154	3,301,424,909	86,636,000	3,388,060,909
Opening net book value	1,160,047,300	1,162,743,008	904,765,000	47,180,000	3,250,000	2,531,698	5,790,749	3,000,000	12,117,154	3,301,424,909	86,636,000	3,388,060,909
Additions	-	-	-	-	-	-	-	-	-	-	-	-
Disposals:												
Cost/ valuation	(260,384,000)	(72,215,107)	(158,780,999)	-	-	-	-	-	(6,972,730)	(498,352,836)	-	(498,352,836)
Accumulated depreciation	-	1,504,481	8,174,717	-	-	-	-	-	5,317,366	14,996,564	-	14,996,564
	(260,384,000)	(70,710,626)	(150,606,282)	-	-	-	-	-	(1,655,364)	(483,356,272)	-	(483,356,272)
Transfer to Investment property	(357,590,000)	(667,311,823)	-	-	-	-	-	-	-	(1,024,901,823)	-	(1,024,901,823)
Depreciation charge	-	29,368,427	82,773,117	4,718,000	325,000	253,170	579,075	300,000	2,222,452	120,539,241	8,663,600	129,202,841
Total book value at June 30, 2018	542,073,300	395,352,132	671,385,601	42,462,000	2,925,000	2,278,528	5,211,674	2,700,000	8,239,338	1,672,627,573	77,972,400	1,750,599,973
Annual rate of depreciation (%)	-	5-10	10	10	10	10	10	10	20		10	

6.1.1 Particulars of immovable property (i.e land and building) in the name of the Company are as follows:

	Location	Usage of immovable property	Covered Area (Square yards)	Total Area (Square yards)
a)	Chak No. 120/J.B, Dsistrict Faisalabad, Punjab	Plot	1,778	6,670
b)	Chak No. 204/R.B, Raza Garden, Dsistrict Faisalabad, Punjab	Guest house	1,647	6,128
c)	Chak No. 70/R.B, Spinning Unit, Dsistrict Faisalabad, Punjab	Manufacturing unit	45,911	144,202
d)	Montgomery Bazar, Amtex Office, Dsistrict Faisalabad, Punjab	Admin office	1,060	272

6.2 Depreciation for the year has been allocated as under:	Note	2018 Rupees	2017 Rupees
Cost of sales		126,148,144	250,307,631
Administrative expenses		<u>3,054,697</u>	<u>4,023,485</u>
		<u>129,202,841</u>	<u>254,331,116</u>

6.3 The company had revalued its freehold land, building on freehold land, plant and machinery, electric installations, factory equipment, laboratory equipment and assets subject to finance lease. Revaluation of freehold land on market value basis and building on freehold land, plant and machinery, electric installations, factory equipment laboratory equipment and assets subject to finance laese on depreciated replacement values basis was carried out by independent valuers M/S Observers (Private) Limited as at June 03, 2004, by M/S BFA (Private) Limited as at June 30, 2009 ,by M/S Empire Enterprises (Private) Limited as at December 31, 2012 and latest revaluation was carried out by independent valuers M/S Gulf Consultants as at June 30, 2017 on depreciated replacement values basis.

6.4 Forced sales value (FSV) of land, buildings, machinery and equipments is Rs. 682.05, Rs. 443.972 and Rs.883 Million respectively as at June 30, 2017.

6.5 Detail of disposal of property, plant and equipment

The following operating fixed assets with a net book value exceeding Rs. 500,000 were disposed off during the year:

Description	Cost / Revaluated amount	Accumulated depreciation	Written down value	Sale proceeds	Profit/(loss)	Particulars	Mode of Disposal
-----Rupees-----							
Land & building (Non separable)	265,015,107	1,504,481	263,510,626	247,000,000	(16,510,626)	Al- Rehman Textile (P-22, Street No. 1, Behind Montgomery Bazar, Faisalabad)	Negotiation
Land	67,584,000	-	67,584,000	66,880,000	(704,000)	Klash (Pvt.) Limited (Millat Town, Faisalabad) and various individuals named Mr. Shafqat Ali, Mr. M. Basharat, Mr. M. Mujahid Ali and Ms. Sania Riyasat.	Negotiation
Machinery	6,360,000	212,000	6,148,000	9,600,000	3,452,000	Akhtar Ali Weaving Factory (E-17 Teach Town, Satiana Road, Faisalabad)	Negotiation
Machinery	111,421,000	5,571,050	105,849,950	108,000,000	2,150,050	Al- Rehman Textile (P-22, Street No. 1, Behind Montgomery Bazar, Faisalabad)	Negotiation
Machinery	16,000,000	933,333	15,066,667	13,000,000	(2,066,667)	Adamjee Enterprises (E-17/A Site, Karachi)	Negotiation
Machinery	20,000,000	1,166,667	18,833,333	17,000,000	(1,833,333)	Shafi Dyeing (8 K.M Sargodha Road, Inside Kakakhel Pakistan Ltd, Faisalabad)	Negotiation
Machinery	5,000,000	291,667	4,708,333	2,000,000	(2,708,333)	Mr. M. Bilal Shahid S/O M. Shahid (Dak Khana Khas Rasool Nagar, Faisalabad)	Negotiation
Vehicle	2,514,630	1,547,582	967,048	1,450,000	482,952		
Other items having net book value of less than Rs. 500,000 each	4,458,100	3,769,785	688,315	2,975,000	2,286,685	Various	Negotiation
2018 Rupees	498,352,837	14,996,565	483,356,272	467,905,000	(15,451,272)		
2017 Rupees	130,902,731	29,696,967	101,205,764	78,542,001	(22,663,763)		

6.6 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, 2018 and 2017 would have been as follows:

2018			
	Cost	Accumulated depreciation	Written down value
-----Rupees-----			
Company owned			
Freehold land	77,578,913	-	77,578,913
Building on freehold land	1,485,691,580	508,559,338	977,132,242
Plant and machinery	2,211,590,238	1,592,921,844	618,668,394
Electric installations	92,087,323	67,957,792	24,129,531
Factory equipment	5,882,262	4,649,603	1,232,659
Laboratory equipment	844,749	460,069	384,680
Leasehold			
Plant and machinery	173,681,175	124,324,273	49,356,902
	<u>4,047,356,240</u>	<u>2,298,872,919</u>	<u>1,748,483,321</u>

2017			
	Cost	Accumulated depreciation	Written down value
-----Rupees-----			
Company owned			
Freehold land	139,232,653	-	139,232,653
Building on freehold land	1,732,344,482	612,456,635	1,119,887,847
Plant and machinery	3,149,040,481	2,251,298,559	897,741,922
Electric installations	92,087,323	65,276,733	26,810,590
Factory equipment	5,882,262	4,512,641	1,369,621
Laboratory equipment	844,749	417,327	427,422
Leasehold			
Plant and machinery	173,681,175	118,840,173	54,841,002
	<u>5,293,113,125</u>	<u>3,052,802,068</u>	<u>2,240,311,057</u>

	Note	2018 Rupees	2017 Rupees
7. Investment property - at fair value			
Land	7.1	357,590,000	-
Building	7.2	656,327,913	-
		<u>1,013,917,913</u>	<u>-</u>
7.1. Land			
Carrying amount as at July 1, 2017		-	-
Transfers from owner-occupied property		357,590,000	-
Net gain/(loss) from fair value adjustment		-	-
Carrying amount as at June 30, 2018		<u>357,590,000</u>	<u>-</u>

	Note	2018 Rupees	2017 Rupees
7.2. Building			
Carrying amount as at July 1, 2017		-	-
Transfers from owner-occupied property		667,311,823	-
Net gain/(loss) from fair value adjustment		<u>(10,983,910)</u>	-
Carrying amount as at June 30, 2018		<u><u>656,327,913</u></u>	<u><u>-</u></u>
7.3.	The fair value of investment property was carried out by independent valuers M/S Gulf Consultants as at June 30, 2018 on depreciated replacement values basis.		
7.4.	Investment property with a carrying amount of Rs. 1,013.918 million are subject to first charge against loan of Rs. 1,342.681 (2017: Rs. 1,444.556 million) from United Bank Ltd, Rs. 399.568 million (2017: Rs. 429.568 million) from Askari Bank Ltd and Rs. 25 million (2017: Rs. 25 million) from MCB Bank Ltd. This charge existed as at June 30, 2018.		
7.5.	Forced sales value (FSV) of land and buildings is Rs. 303.951 million , Rs. 557.879 million respectively as at June 30, 2018.		
7.6.	It includes land and building rented to Abwa Knowledge Village (Pvt) Ltd, an associated undertaking.		
7.7.	It represents freehold land and building located at Chak No. 67/J.B, Sadhar, and Chak No. 76/R.B, Khurianwala, District Faisalabad, Province Punjab, with area of 5,748 and 105,149 square yards respectively.		
8. Long term deposits			
Against utilities		47,646,928	47,646,928
Against TFC		<u>9,374,497</u>	<u>9,374,497</u>
		<u><u>57,021,425</u></u>	<u><u>57,021,425</u></u>
9. Stores, spares and loose tools			
Stores		458,025,780	592,110,023
Spares		1,354,012	26,389,303
Loose tools		-	500,855
		<u><u>459,379,792</u></u>	<u><u>619,000,181</u></u>
9.1	Stores include items that may result in fixed capital expenditure but are not distinguishable.		
10. Stock in trade			
Raw material		481,589,346	557,221,306
Work in process		42,106,215	82,525,239
Finished goods		361,039,785	659,955,565
Waste		<u>1,245,709</u>	<u>1,550,212</u>
		<u><u>885,981,055</u></u>	<u><u>1,301,252,322</u></u>
10.1	Stock in trade amounting to Rs. 239.003 million (2017:Rs. 302.765 million) was pledged as security with the banks. Due to pending litigation with NBP latest pledged stocks sheets are not provided/ made available by the Banks. Out of total pledged stock the part of NBP amounts to Rs. 102.232 million.		
10.2	Stock in trade amounting to Rs. 340.834 million (2017: Rs. 588.974 million) is at net realisable value as per valuation report given by an independent valuer.		
11. Trade debts			
Considered good			
Unsecured			
Foreign		19,605,379	2,568,187,411
Local		<u>142,666,219</u>	<u>228,907,243</u>
		162,271,598	2,797,094,654
Considered doubtful			
Unsecured			
Foreign		7,041,998,879	4,517,510,811
Less: Provision for doubtful debts	11.1	<u><u>(7,041,998,879)</u></u>	<u><u>(4,517,510,811)</u></u>
		<u><u>162,271,598</u></u>	<u><u>2,797,094,654</u></u>

	Note	2018 Rupees	2017 Rupees
11.1 Provision for doubtful debts			
Opening balance		4,517,510,811	3,933,360,396
Created during the year		2,524,488,068	584,150,415
Closing balance		<u>7,041,998,879</u>	<u>4,517,510,811</u>
11.2 The aging of trade debts as at balance sheet date is as under:			
Not past due		152,561,399	252,663,088
Past due within one year		7,080,272	6,849,021
Past due more than one year		7,044,628,806	7,055,093,356
		<u>7,051,709,078</u>	<u>7,061,942,377</u>
		<u>7,204,270,477</u>	<u>7,314,605,465</u>
11.3 Following are the details of debtors in relation to export sales:			
Jurisdiction	Category		
USA	Contract	19,605,379	423,820
Europe	LC	-	11,152,427
Europe	Contract	-	8,758,399
Australia	Contract	-	3,421,199
Asia	Contract	-	2,544,431,566
		<u>19,605,379</u>	<u>2,568,187,411</u>
12. Loans and advances			
Considered good			
Advances			
Suppliers and others	12.1	<u>8,786,288</u>	<u>5,256,261</u>
12.1 It includes an amount of Rs. 2,625,000/- which has been deposited as demand draft in the name of Judge Banking Court Lahore. (Refer # 27.1.i)			
13. Deposits and prepayments			
Deposits			
Lease deposits		7,251,662	7,251,662
Prepayments		361,909	1,485,376
		<u>7,613,571</u>	<u>8,737,038</u>
14. Other receivables			
Export rebate / duty drawback		78,527,684	85,115,545
Federal excise duty		6,677,360	6,677,360
Others	14.1	<u>18,959,940</u>	<u>3,539,940</u>
		<u>104,164,984</u>	<u>95,332,845</u>
14.1. It includes rent receivables from related party from Abwa Knowledge Village (Pvt) Limited amounts to Rs. 15.960 million (2017: Rs. Nil), Shama Exports Pvt. Ltd. Rs. Nil (2017: Rs. 0.18million), I.A. Textile Rs. Nil (2017: Rs. 0.18million) and Amfort Private Ltd. Rs. Nil (2017: Rs. 0.18million). Aging analysis of balance is as follows:			
Upto 1 month		-	-
1 to 6 months		15,960,000	540,000
More than 6 months		-	-
		<u>15,960,000</u>	<u>540,000</u>
14.2. The maximum aggregate amount of receivable due from related party at the end of any month during the year was Rs. 15.960 million (2017: Rs. 0.54 million)			
15. Tax refunds due from the Government			
Income tax		71,797,161	75,025,444
Sales tax		117,202,643	144,132,880
		<u>188,999,804</u>	<u>219,158,324</u>
16. Cash and bank balances			
Cash in hand		120,842,507	169,126,093
Cash at banks;			
In current accounts		22,916,824	22,609,031
In PLS accounts	16.1	12,162	118,715
		<u>143,771,493</u>	<u>191,853,839</u>
16.1. It carries mark up @ 3.75% (2017: 2.705%) under prevailing market rate.			

17 Issued, subscribed and paid up capital

2018	2017		2018	2017
-----No. of shares-----		Note	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>

18. Reserves

Capital reserves				
Merger reserve			98,039,330	98,039,330
Share premium	18.1		183,000,000	183,000,000
Surplus on revaluation of property, plant and equipment	18.2		875,804,593	1,127,310,252
			1,156,843,923	1,408,349,582
Revenue reserves				
General reserve	18.3		250,000,000	250,000,000
			<u>1,406,843,923</u>	<u>1,658,349,582</u>

18.1 This reserve can be utilized by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

18.2 The revaluation surplus on property, plant and equipment is a capital reserve, and is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

18.3 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	2018	2017
		Rupees	Rupees
19. Redeemable capital			
Secured			
Sukuk certificates	19.1	-	-
Less : Adjusted during the year		-	-
		<u>-</u>	<u>-</u>

19.1 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 20.1.

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 is Nil (2017: Nil).

19.2 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/- (refer Note No.25.4) 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	2018 Rupees	2017 Rupees
20. Long term financing			
Secured			
From banking companies and financial institutions	20.1.		
Under mark up arrangements			
Demand finance		2,328,869,473	1,638,051,278
Term finance		62,000,000	150,000,000
Long term finances under SBP		19,176,163	19,176,163
Syndicated term finance		10,500,000	10,500,000
Morabaha finance		19,301,582	19,301,582
Morabaha finance II		104,000,000	104,000,000
Not subject to markup			
Demand finance		134,835,000	134,835,000
		<u>2,678,682,218</u>	<u>2,075,864,023</u>
Less: Current portion			
Installments due / overdue		(690,934,293)	597,903,813
Payable within one year		(490,018,105)	217,900,210
		<u>(1,180,952,398)</u>	<u>815,804,023</u>
		<u>1,497,729,820</u>	<u>1,260,060,000</u>

20.1. Terms of finances are as under:

Nature of finance	Notes	Balance Rupees	Number of installments	Payment rests	Commencement date	Ending date	Mark up rate
Under mark up arrangements:							
Demand finances							
DFI	20.1.1	1,232,956,548	38	Quarterly	30-Jun-12	30-Sep-21	5%p.a.
DFI	20.1.2	311,730,000	28	Quarterly	1-Sep-16	1-Jun-23	6%p.a.
DF	20.1.3	384,614,556	7	Bi-annually	25-Sep-17	25-Sep-20	Bank cost of fund
DF	20.1.4	399,568,369	15	Quarterly	31-Mar-18	30-Sep-21	Bank cost of fund
		2,328,869,473					
Term finances							
Term finance II		62,000,000	12	Quarterly	30-Mar-10	30-Jun-13	3 Month KIBOR + 3.00% p.a with a floor of 10%p.a
Long term finances under State							
Bank of Pakistan Scheme							
II		4,243,913	12	Quarterly	27-Jan-07	27-Oct-09	SBP rate + 2.00%p.a
III	20.1.5	14,932,250	17	Quarterly	31-Mar-07	31-Mar-12	SBP rate + 3.00%p.a
		19,176,163					
Syndicated term finance	20.1.5	10,500,000	20	Quarterly	7-Mar-04	7-Dec-10	6 Month KIBOR + 3.00%p.a with a floor of 5%p.a
Morabaha finance	20.1.5 & 20.1.6	19,301,582	30	Quarterly	19-Sep-12	19-Dec-19	6.90%p.a
Morabaha finance II	20.1.7	104,000,000	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	20.1.8	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 25), 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 3.47% to 10.04% per annum (2017: 3.36% to 10.01% per annum).

20.1.1 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 25) 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.

20.1.2 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.

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

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

20.1.4 It represents principal amount of restructured outstanding loans from Askari Bank Ltd as Company has negotiated the settlement terms and entered into Settlement Agreement ("Agreement") during the period, in respect of outstanding Principal Liability and Markup Liability. As per terms of the Agreement, Company shall pay a settlement amount of Rs 524.322 million (Principal amount of rupees 429.57 million plus 50% of previous outstanding mark up rupees 94.75 million) along with future markup (at cost of fund) of rupees 28.211 million as full and final settlement of liabilities i.e. principal and markup. Further, as per terms of the Agreement principal amounting to rupees 429.569 million is payable within three and half years and mark up will be paid at tail end in four equal quarterly installments after entire adjustment of principal. Markup on outstanding rescheduled principal liability would be accrued at prevailing "Cost of Fund" of the Bank from the date of implementation of settlement arrangement. The cost of funds shall be reset as and when advised by State Bank of Pakistan. In case of any default under any terms of Settlement Agreement all waiver / concessions will be withdrawn. Rs. 30 million paid till balance sheet date. Entire settlement amount rupees 552.533 million is payable as per following schedule:

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

- 20.1.5** Information / records were not made available by the banking companies to confirm the year end balances amounting to Rs.44.734 million out of total outstanding amount due to pending litigation.
- 20.1.6** It represents morabaha finance restructured from short term morabaha.
- 20.1.7** 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. 39,032,173/- has been deferred (refer note no. 22) 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.
- 20.1.8** It represents outstanding mark up on principal liabilities restructured as mentioned in note 20.1.2 above, converted in the demand finance and no mark up shall be charged on it.
- 20.2** As per terms of agreement with a bank, the recommendation, declaration and payment of dividend is subject to prior written approval of the bank.
- 20.3 Reconciliation of liabilities arising from long term financing activities**

	At July 01, 2017	Availed/ during the year	transfer Repaid/ during the year	transfer	At June 30, 2018
	-----Rupees-----				
Long term financing	2,075,864,023	1,139,182,925	(536,364,730)		2,678,682,218

	Note	2018 Rupees	2017 Rupees
21. Liabilities against assets subject to finance lease			
Opening balance		68,248,285	70,448,285
Paid / adjusted during the year		-	(2,200,000)
		68,248,285	68,248,285
Current portion			
Installments due / overdue		(68,248,285)	(68,248,285)
Payable within one year		-	-
		(68,248,285)	(68,248,285)
		-	-

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 payments and their present value is given below:

	2018			2017		
	Minimum lease payments	Finance cost for future periods	Present value of minimum lease payments	Minimum lease payments	Finance cost for future periods	Present value of minimum lease payments
	-----Rupees-----					
Due within one year	87,867,391	19,619,106	68,248,285	87,867,391	19,619,106	68,248,285
Due after one year but not later than five years	-	-	-	-	-	-
	87,867,391	19,619,106	68,248,285	87,867,391	19,619,106	68,248,285

	Note	2018 Rupees	2017 Rupees
22. Deferred liabilities			
Deferred markup on:			
Demand finance I	20.1.1-20.1.4	883,250,917	770,101,325
Morabaha finance	20.1.7	73,485,035	69,870,429
		956,735,952	839,971,754
Staff retirement gratuity	22.1	14,481,897	50,963,593
		<u>971,217,849</u>	<u>890,935,347</u>

22.1 Staff retirement gratuity

22.1.1 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, 2018 using the "Projected Unit Credit Method".

	Note	2018 Rupees	2017 Rupees
22.1.2 Balance sheet reconciliation as at June 30,			
Present value of defined benefit obligation		<u>14,481,897</u>	<u>50,963,593</u>
22.1.3 Movement in net liability recognised			
Opening balance as at July 01,		50,963,593	42,023,191
Expenses recognised in profit and loss account	22.1.4	2,596,426	12,885,577
Paid during the year		(37,402,855)	(7,148,300)
Remeasurement (gain) / loss on obligation		<u>(1,675,267)</u>	<u>3,203,125</u>
Closing balance as at June 30,		<u>14,481,897</u>	<u>50,963,593</u>

22.1.4 Expenses recognised in profit and loss account

Current service cost	1,701,450	8,932,887
Interest cost	894,976	3,952,690
	<u>2,596,426</u>	<u>12,885,577</u>

22.1.5 Principal actuarial assumptions

Discount factor used	8.85 % Per annum	7.75 % Per annum
Expected rate of increase in salaries	6.75 % Per annum	6.75 % Per annum
Expected average remaining working lives of participating employees	5 years	5 years

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

	Reworked defined benefit obligation			
	Change in assumptions		Increase in assumptions	Decrease in assumptions
	Increase	Decrease		
Discount rate	9.85%	7.85%	12,979,648	14,228,610
Salary increase rate	7.75%	5.75%	14,235,346	12,962,343

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

Rupees	2018	2017	2016	2015	2014
As at June 30,					
Present value of defined benefits obligation	14,481,897	50,963,593	42,023,191	39,256,981	33,492,371
Experience adjustment on obligation	14%	5%	3%	13%	-1%

	Note	2018 Rupees	2017 Rupees
23. Trade and other payables			
Creditors	23.1	251,927,821	271,749,794
Accrued liabilities		65,458,847	49,864,679
Advance from customers		27,998,234	44,950,736
Income tax withheld		-	4,897,149
Sales tax withheld		-	179,008
		<u>345,384,902</u>	<u>371,641,366</u>

23.1 It includes related party balance of Rs. Nil payable to Shama Exports (Pvt) Ltd (2017: Rs. 11,927,797/-), and Rs. Nil to I.A Textiles (2017: Rs. 6,492,953/-)

24. Interest / markup payable

Redeemable capital	88,882,946	88,882,946
Long term financing	106,939,191	106,939,191
Liabilities against assets subject to finance lease	19,619,106	19,619,106
Short term borrowings	2,416,923,408	2,388,105,366
	<u>2,632,364,651</u>	<u>2,603,546,609</u>

	Note	2018 Rupees	2017 Rupees
25. Short term borrowings			
Secured			
From banking companies and financial institutions			
Under mark up arrangements	25.2		
Export finances		4,553,275,694	5,426,144,687
Running finance		185,231,589	215,246,145
Morabaha finances	25.3	327,001,675	327,111,475
Cash finances		210,972,910	267,472,910
Forced demand finance	25.4	529,734,801	529,734,801
Payment against documents		99,968,675	299,948,051
Not subject to markup			
Demand finance	25.5	271,405,000	271,405,000
		<u>6,177,590,344</u>	<u>7,337,063,069</u>
Unsecured			
From others			
Not subject to mark up	25.7	-	157,800,000
		<u>6,177,590,344</u>	<u>7,494,863,069</u>

25.1 The aggregate unavailed short term borrowing facilities available to the Company is Nil at the year end. (2017: Rs.71.684M)

25.2 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 20.1), 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 20.1), 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 7.15% to 23.73% per annum (2017: 3.36 % to 23.73 per annum).

25.3 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 20.1.7.

25.4 It represents rentals of redeemable capital paid by the guarantor (Refer Note 19.2). Securities are disclosed in Note 20.1.

25.5 Total amount of demand finance was Rs. 367.722 million. The securities are disclosed in Note 20.1. 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.

25.6 Information / records were not made available by the banking companies to confirm the year end balances amounting to Rs.1,607.160 million (2017: 1,397.435 million) out of total outstanding amount due to pending litigation.

25.7 This represents the amount payable to Mr. Imran Afzal under a written loan settlement agreement between Company, Mr. Imran Afzal and Albaraka Bank Pakistan Limited "The Bank". Under the said loan settlement agreement / arrangement Mr. Imran Afzal has transferred the title of his land to the Bank and the Bank has settled the principal component of loan of the Company up to Rs. 248,000,000/- (Pak Rupees Two Hundred Forty Eight Million) against the entire sale proceeds. In consideration Company has made arrangement with Mr. Imran Afzal and paid all the balance during the year.

25.8 Reconciliation of liabilities arising from short term borrowings

	At July 01, 2017	Availed/ during the year	transfer Repaid/ during the year	transfer At June 30, 2018
	-----Rupees-----			
Short term borrowings	7,494,863,069	314,840,000	(1,632,112,725)	6,177,590,344

	Note	2018 Rupees	2017 Rupees
26. Current portion of non current liabilities			
Long term financing	20	1,180,952,398	815,804,023
Liabilities against assets subject to finance lease	21	68,248,285	68,248,285
		<u>1,249,200,683</u>	<u>884,052,308</u>

27. Contingencies and commitments

27.1 Contingencies

- a. 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 which is pending adjudication.
- b. 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.
- c. 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.
- d. 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.
- e. 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.
- f. 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.
- g. 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.
- h. 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.
- i. 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 filed an appeal against the court order and Honorable Lahore High Court, Lahore in its order has set aside the decree earlier passed by the Honorable Banking Court No. II, Lahore. The Company has deposited demand draft amounting to Rs. 2,625,000/- (Refer Note no. 12) as at 12-Feb-2016 in the name of Judge Banking Court Lahore and now have applied for the refund of this amount as decree has been set aside, the application for refund is pending for decision before Honorable Lahore High Court. Now, M/S Saudi Pak Industrial & Agricultural Investment Company Ltd has instituted a fresh suit for recovery of Rs. 19,122,367 under Financial Institutions(Recovery of finances) Ordinance, 2001 before the Honorable Judge Banking Court No. II, Faisalabad, the Company has filed its petition for leave to defend in the said matter and same is pending adjudication.
- j. 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. Court has passed the decree in favor of Bank. The Company has entered in to a settlement agreement as explained in note 20.1.3 of these financial statements and under the terms of settlement agreement decree execution has been sine die adjourned in the Honorable Lahore High Court, Lahore.
- k. 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.
- l. Askari Bank Ltd has instituted a suit for recovery of Rs. 619,486,166/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable High Court Lahore against the company. Court has passed the decree in favor of Bank for an amount of rupee 490.671 million. The Company has entered in to a settlement agreement as explained in note 20.1.4 of these financial statements and under the terms of settlement agreement decree execution has been sine die adjourned in the Honorable Lahore High Court, Lahore.
- m. 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.

- n. 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.
- o. 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.
- p. 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, no provision has been made in these financial statements.
- q. 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.
- r. 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 and further ordered the respondents to decide the issue within a period of one month.
- s. 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.
- t. 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.
- u. 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.
- v. Company has filed writ petition before Honorable Islamabad High Court praying to set aside the order, issued by Executive Director (Corporate and Supervision Department) Securities and Exchange Commission of Pakistan (SECP), for appointment of inspectors to carry out investigation in to the affairs of the Company, the writ petition filed and matter is sub-judice and Honorable Islamabad High Court through its interim order has suspended the operation of order for appointment of inspectors.
- w. M/S. First National Bank Modaraba has instituted a suit under Financial Institutions (Recovery of Finances) Ordinance, 2001 for recovery of Rs. 36,013,341/- along with markup before the Honorable Judge Banking 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 for adjudication.
- x. The Company has filed writ petition in Honorable Lahore High Court, Lahore against Pakistan Central Cotton Committee and others regarding illegal and un-lawful increased demand / levy of cotton cess. Honorable Lahore High Court, Lahore has granted interim relief and suspends the said increased demand / levy of cotton cess and the case is pending adjudication. Further in separate Writ Petition, Court has also granted relief regarding membership of Ministry of industry, Research & Development Advisory Cell without payment of cotton cess.
- y. 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.
- z. The company has not fully recognised mark up on 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. 512.322 million (2017: 709.883 million) and accumulated loss and interest / markup payable would have been increased by Rs. 3706.837 million (2017: 3194.515)
- aa. Amtex Limited has filed writ petition in Honorable Lahore High Court, Lahore against demand of payment of guarantee amount from the Guarantor Bank by Sui Northern Gas Pipelines Limited. Honorable High Court has granted stay order against said impugned encashment of guarantee.
- ab. Financial impact, if any, of the above (a to aa) has not been acknowledged in these financial statements because of pending litigations.

	Note	2018 Rupees	2017 Rupees
27.2 Commitments			
Bank guarantees issued in favour of Sui Northern Gas Pipelines Limited for supply of gas.		33,091,000	39,018,000
Collector of custom		-	21,486,791
28. Sales			
Export			
Fabrics / made ups / garments	28.1	439,785,145	731,128,083
Indirect export			
Yarn	28.2	-	5,313,800
Processing	28.2	152,475,500	160,317,659
		592,260,645	896,759,542
Local			
Yarn / cloth	28.2	110,150,721	460,534,288
Processing	28.2	114,749,386	198,812,448
Waste and left over	28.2 & 28.3	7,559,925	29,146,898
Printing screens	28.2	1,917,275	68,445,053
		826,637,952	1,653,698,229
Add: Export rebate / duty drawback		17,554,355	6,499,737
		844,192,307	1,660,197,966
Less: Commission		1,326,671	5,047,586
		842,865,636	1,655,150,380
28.1 Exchange gain due to currency rate fluctuation amounting to Rs. 5,880,757/- (2017: Rs. 3,866,222/-) has been included in export sales.			
28.2 Gross sales			
Indirect export			
Yarn		-	5,313,800
Processing		-	180,398,500
Local			
Yarn / cloth		110,150,721	460,534,288
Processing and conversion		159,974,968	221,798,651
Waste and left over		7,635,626	29,575,590
Printing screens		2,243,212	78,727,707
		280,004,527	976,348,536
Less: Sales tax		(401,638)	(10,711,346)
		279,602,889	965,637,190
28.3 It represents sale of left over / waste material out of goods manufactured.			
29. Cost of sales			
Cost of goods manufactured	29.1	1,036,266,909	2,023,330,729
Finished goods			
Opening stock		661,505,777	914,520,586
Closing stock		(362,285,494)	(661,505,777)
		299,220,283	253,014,809
		1,335,487,192	2,276,345,538

	Note	2018 Rupees	2017 Rupees
29.1 Cost of goods manufactured			
Raw material consumed	29.1.1	296,271,840	636,110,584
Salaries, wages and benefits		131,267,429	282,765,545
Staff retirement benefits		2,596,426	12,885,577
Stores and spares		32,580,274	70,688,756
Dyes and chemicals		206,031,741	273,601,560
Packing material		40,990,360	74,975,211
Conversion processing and stitching charges		42,966,188	17,701,229
Engraving and wadding		7,465,055	17,721,783
Repairs and maintenance		2,034,861	3,338,142
Fuel and power		112,870,763	339,775,218
Insurance		1,546,209	1,310,039
Depreciation	6.2	118,864,613	237,375,617
Other		362,126	2,077,557
		<u>995,847,885</u>	<u>1,970,326,818</u>
Work in process			
Opening stock		82,525,239	135,529,150
Closing stock		(42,106,215)	(82,525,239)
		<u>40,419,024</u>	<u>53,003,911</u>
		<u>1,036,266,909</u>	<u>2,023,330,729</u>
29.1.1 Raw material consumed			
Opening stock		557,221,306	747,365,908
Purchases including purchase expenses		220,639,880	445,965,982
		<u>777,861,186</u>	<u>1,193,331,890</u>
Closing stock		(481,589,346)	(557,221,306)
		<u>296,271,840</u>	<u>636,110,584</u>
29.2			
It includes an amount of Rs. 248.141 million (2017: Rs. 208.714 million) in respect of write down of inventories to net realisable value as per valuation report given by an independent valuer.			
30. Other loss			
Income from financial assets:			
Profit on deposit		5,670	102,450
Income from assets other than financial assets:			
Loss on disposal of property, plant and equipment		(15,451,272)	(22,663,763)
Rental income	30.1	16,950,000	540,000
Unrealised loss on investment property carried at fair value		(10,983,910)	-
Trading profit	30.2	-	7,233,751
		<u>(9,479,512)</u>	<u>(14,787,562)</u>
30.1			
It include rental income from related parties as follows:			
Abwa Knowledge Village (Pvt) Ltd		15,960,000	-
Shama Exports (Pvt) Ltd		180,000	180,000
I.A Textiles		180,000	180,000
Amfort (Pvt) Ltd		180,000	180,000
30.2 Trading profit			
Sale- net		-	76,144,743
Cost of sales		-	(68,910,992)
		<u>-</u>	<u>7,233,751</u>
31. Selling and distribution expenses			
Steamer freight		7,684,847	8,980,213
Freight and octroi		2,225,384	3,580,220
Clearing and forwarding		3,813,353	4,206,634
Export development surcharge		1,150,028	1,901,355
Other		-	498,607
		<u>14,873,612</u>	<u>19,167,029</u>

	Note	2018 Rupees	2017 Rupees
32. Administrative expenses			
Directors' remuneration	37	2,400,000	2,400,000
Salaries and benefits		19,940,580	30,178,966
Utilities		829,767	910,421
Postage and telecommunication		2,371,722	4,811,312
Vehicles running and maintenance		2,216,729	4,232,422
Traveling and conveyance		2,740,241	6,686,369
Printing and stationery		329,427	657,246
Entertainment		2,274,431	4,294,517
Fees and subscriptions		2,038,843	441,356
Legal and professional		1,931,655	4,081,463
Auditor's remuneration	32.1	1,500,000	1,500,000
Repairs and maintenance		6,115	351,833
Depreciation	6.2	3,054,697	4,023,485
Provision for doubtful debts	11.1	2,524,488,068	584,150,415
Sales tax written off		3,535,261	-
Further sales tax		349,825	372,156
Other		1,258,518	2,382,118
		<u>2,571,265,879</u>	<u>651,474,079</u>
32.1 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>
33. Finance cost			
Interest / mark up on:			
Long term financing		116,764,198	97,307,949
Short term borrowings		35,154,292	33,382,357
Bank charges and commission		13,292,304	16,162,329
		<u>165,210,794</u>	<u>146,852,635</u>
34. Provision for taxation			
Current			
For the year	34.1	12,227,321	16,965,043
Deferred	34.2	-	-
		<u>12,227,321</u>	<u>16,965,043</u>

34.1 Provision of taxation has been provided by minimum tax on local sales due to gross loss sustained by the tax payer from current year under section 113 and sales under final tax regime as per section 169 of the Income Tax Ordinance, 2001.

34.2 Deferred taxation

Deferred tax asset amounting to Rs.2,504.528 million (2017: Rs. 1,888.78 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.

34.3 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.

34.4 As per the management's assessment, sufficient tax provision has been made in the Company's financial statements. The comparison of tax provision as per the financial statements viz-a-viz tax assessment for last three years is as follows:

	2017	2016	2015
	-----Rupees-----		
Provision as per financial statement	17,395,713	11,537,056	11,068,987
Tax assessment	17,395,713	11,537,056	11,068,987

	Note	2018 Rupees	2017 Rupees
35. Discontinued operations			
35.1. Analysis of result of discontinued operations			
Conversion receipts		45,225,582	43,067,044
Cost of sales			
Fule and power		12,920,842	14,353,156
Salaries, wages and benefits		23,830,044	21,952,658
Repairs and maintenance		803,542	1,203,641
Depreciation		7,283,531	12,932,014
Other overheads		1,188,832	1,317,112
		<u>46,026,791</u>	<u>51,758,581</u>
Gross loss		(801,209)	(8,691,537)
Selling and distribution expenses		425,465	721,565
Administrative expenses		2,967,115	5,270,144
		<u>3,392,580</u>	<u>5,991,709</u>
Loss before taxation from discontinued operation		(4,193,789)	(14,683,246)
Taxations		452,256	430,670
Loss after taxation from discontinued operation		<u>(4,646,045)</u>	<u>(15,113,916)</u>
35.2. Cash flows from discontinued operations			
Net cash outflows from operating activities		(148,855)	(4,298,281)
Net cash inflows from investing activities		355,000,000	4,000,000
Net cash flows from financing activities		-	-
Net cash inflow/ (outflow)		<u>354,851,145</u>	<u>(298,281)</u>

35.3. Amtex Limited "The Company" has sold its complete weaving unit (Land, Building, Plant and machinery situated at Sargodha Road Faisalabad at current market value and price was agreed through negotiations with Al-Rehman Textiles. The property was mortgaged with Habib Bank Limited and bank also evaluated the best market price and under arrangement with bank and purchaser all sale proceeds directly deposited by the buyer in bank accounts of the company and bank adjusted loan from the entire sale proceeds. Approval regarding said sale of weaving unit has already obtained from members in Extraordinary General Meeting on August 29, 2017.

35.4 The cash generated from discontinued operation is used by the Company to repay its outstanding loan.

36. Loss per share - Basic and diluted

Net loss for the year from continuing operation (Rupees)	(3,265,678,674)	(1,470,441,506)
Net loss for the year from discontinued operation (Rupees)	<u>(4,646,045)</u>	<u>(15,113,916)</u>
Weighted average number of ordinary shares	<u>259,430,134</u>	<u>259,430,134</u>
Loss per share (from continuing operation) - Basic and diluted (Rupees)	(12.59)	(5.67)
Loss per share (from discontinued operation) - Basic and diluted (Rupees)	(0.02)	(0.06)
Total loss per share - Basic and diluted (Rupees)	<u>(12.61)</u>	<u>(5.73)</u>

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

37. REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2018		2017*	
	Chief Executive Officer	Director	Chief Executive Officer	Director
	-----Rupees-----			
Remuneration	800,000	800,000	800,000	800,000
House rent allowance	320,000	320,000	320,000	320,000
Utility allowance	80,000	80,000	80,000	80,000
	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>
Number of persons	1	1	1	1

37.1 *Comparatives have been amended to reflect changes in the definition of executives as per the companies Act, 2017.

37.2 The Directors are entitled to free use of Company maintained vehicles. The running and maintenance expenses of these vehicles are Rs.713,970/- (2017: Rs.1,288,195/-). The Directors have waived off their meeting fee.

37.3 Executives balances have been amended to reflect changes in the definition of executives as per the Companies Act, 2017. Further because of revision in requirement of 4th schd. IV (B), Company has no executive.

	Unit	2018 (FIGURES IN THOUSAND)	2017
38. INSTALLED CAPACITY AND ACTUAL PRODUCTION			
Spinning			
100 % plant capacity converted to 20s count based on 3 shifts per day for 1095 shifts (2017: 1095 shifts)	Kgs.	18,162	18,162
Actual production converted to 20s count based on 3 shifts per day for Nil (2017: 151 shifts)	Kgs.	-	1,876
Weaving			
100 % plant capacity at 50 picks based on 3 shifts per day for 1095 shifts (2017: 1095 shifts)	Sq.Mt.	19,393	43,083
Actual production converted to 50 picks based on 3 shifts per day for 418 shifts (2017: 742 shifts)	Sq.Mt.	15,831	28,116
Dyeing and finishing			
Production capacity for 3 shifts per day for 1095 shifts (2017: 1095 shifts)	Mt.	45,625	45,625
Actual production for 3 shifts per day for 247 shifts (2017: 608 shifts)	Mt.	11,625	28,582

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.
- During the year due to restructuring agreements with banks Company has disposed off its weaving units.

39. NUMBER OF EMPLOYEES	2018	2017
Average number of employees during the year	77	115
Average number of factory employees during the year	218	495
Number of employees as at June 30,	29	108
Number of factory employees as at June 30,	77	507

40. 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.

40.1 FINANCIAL INSTRUMENTS BY CATEGORY	2018 Rupees	2017 Rupees
Financial assets:		
Loans and receivables at amortized cost		
Trade debts	162,271,598	2,797,094,654
Deposits	64,273,087	64,273,087
Accrued rentals	15,960,000	540,000
Bank balances	22,928,986	22,727,746
	<u>265,433,671</u>	<u>2,884,635,487</u>
Financial liabilities:		
Financial liabilities at amortized cost		
Redeemable capital	-	-
Long term financing	2,678,682,218	2,075,864,023
Liabilities against assets subject to finance lease	68,248,285	68,248,285
Trade and other payables	317,386,668	321,614,473
Interest / markup payable	2,632,364,651	2,603,546,609
Short term borrowings	6,177,590,344	7,494,863,069
	<u>11,874,272,166</u>	<u>12,564,136,459</u>

40.2 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:

40.2.1 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:

	2018 Rupees	2017 Rupees
Trade debts	162,271,598	2,797,094,654
Deposits	64,273,087	64,273,087
Accrued rentals	15,960,000	540,000
Bank balances	22,928,986	22,727,746
	<u>265,433,671</u>	<u>2,884,635,487</u>

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

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

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

	2018 Rupees	2017 Rupees
Not past due	152,561,399	252,663,088
Past due within one year	7,080,272	6,849,021
Past due more than one year	7,044,628,806	7,055,093,356
	<u>7,051,709,078</u>	<u>7,061,942,377</u>
	<u>7,204,270,477</u>	<u>7,314,605,465</u>

Out of Rs. 7,204,270,477 (2017: Rs. 7,314,605,465), the Company has provided Rs. 7,041,998,879 (2017: Rs. 4,517,510,811) as the amount being doubtful to be recovered from certain customers. 99.72% 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 local and international credit rating agencies.

40.2.2 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, 2018 and 2017;

	2018				
	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	2,678,601	3,674,858	999,317	292,123	2,383,418
Liabilities against assets					
subject to finance lease	68,248	87,867	87,867	-	-
Trade and other payables	317,387	317,387	317,387	-	-
Short term borrowings	6,177,590	8,598,272	8,598,272	-	-
	<u>9,241,826</u>	<u>12,767,267</u>	<u>10,091,726</u>	<u>292,123</u>	<u>2,383,418</u>
	2017				
	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	2,075,864	2,191,824	814,743	108,000	1,269,081
Liabilities against assets					
subject to finance lease	66,248	87,867	87,867	-	-
Trade and other payables	321,614	321,614	321,614	-	-
Short term borrowings	7,494,863	9,882,968	9,882,968	-	-
	<u>9,958,589</u>	<u>12,573,156</u>	<u>11,196,075</u>	<u>108,000</u>	<u>1,269,081</u>

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.

40.2.3 Credit quality of major financial assets

The credit quality of company's bank balances can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate.

BANKS	RATING			2018	2017
	SHORT TERM	LONG TERM	AGENCY		
				----- Rupees -----	
ALLIED BANK LTD	A1+	AAA	PACRA	14,567	16,228
ASKARI COMMERCIAL BANK LTD.	A1+	AA+	PACRA	73,520	44,516
BANK AL FALAH LTD	A1+	AA+	PACRA	23,777	2,659,870
BANK AL HABIB LTD	A1+	AA+	PACRA	17,212	46,627
BANK OF PUNJAB	A1+	AA	PACRA	2,594,714	2,594,542
FAYSAL BANK LTD	A1+	AA	PACRA	12,089	12,089
HABIB BANK LTD	A-1+	AAA	JCR-VIS	146,767	155,563
HABIB METROPOLITAN BANK LTD	A1+	AA+	PACRA	2,472,375	4,413
MCB BANK LTD	A1+	AAA	PACRA	25,511	42,737
MEEZAN BANK LTD	A-1+	AA+	JCR-VIS	1,125	4,175
NATIONAL BANK OF PAKISTAN	A1+	AAA	PACRA	2,815,210	2,815,789
UNITED BANK LTD	A-1+	AAA	JCR-VIS	25,332	36,310
SONERI BANK LTD	A1+	AA-	PACRA	484,683	14,049
SILK BANK LTD	A-2	A-	JCR-VIS	4,622	4,622
SUMMIT BANK LTD	A-1	A-	JCR-VIS	61,433	12,729
THE BANK OF KHYBER	A1	A	PACRA	27,950	27,950
BANK ISLAMI PAKISTAN LIMITED	A1	A+	PACRA	14,110,675	14,110,675
AL BARAKA BANK (PAKISTAN) LIMITED	A1	A	PACRA	6,604	114,044
NBP ISLAMIC BANK KARACHI BRANCH	A1+	AAA	PACRA	10,820	10,819
				22,928,986	22,727,747

40.2.4 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. 26.155 million (2017 : Rs. 5.760 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. 7,068.604 million (2017: Rs. 7,085.698 million).

At June 30, 2018, had the currency been weakened / strengthened by 10 % against the foreign currency with all other variables held constant, profit for the year and equity would have been Rs. 0.814 million (2017: Rs.1.67 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.

40.3 Determination of fair value

40.3.1 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

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

40.3.2 Fair value of non financial instruments

Fair value hierarchy

The different levels have been defined as follows.

Level 1	Quoted prices (unadjusted) in active markets for individual assets or liabilities
Level 2	Inputs other than quoted prices included within level 1 that are observable for assets or liabilities, either directly (i.e as prices) or indirectly (i.e derived from prices)
Level 3	Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

Details of the Company's revalued assets and information about fair value hierarchy as at June 30, 2018 are as follows:

	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Operating fixed assets				
Freehold				
land	-	542,073,300	-	542,073,300
Building	-	395,352,132	-	395,352,132
Plant and Machinery	-	671,385,601	-	671,385,601
Electric installation	-	42,462,000	-	42,462,000
Factory equipment	-	2,925,000	-	2,925,000
Laboratory equipments	-	2,700,000	-	2,700,000
Leasehold				
Plant and Machinery	-	77,972,400	-	77,972,400
Investment property				
land		357,590,000		
Building		656,327,913		
	-	2,748,788,346	-	1,734,870,433

There were no transfers between the levels during their year

Details of the Company's revalued assets and information about fair value hierarchy as at June 30, 2017 are as follows:

	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Operating fixed assets				
Freehold				
land	-	1,160,047,300	-	1,160,047,300
Building	-	1,162,743,008	-	1,162,743,008
Plant and Machinery	-	904,765,000	-	904,765,000
Electric installation	-	47,180,000	-	47,180,000
Factory equipment	-	3,250,000	-	3,250,000
Laboratory equipments	-	3,000,000	-	3,000,000
Leasehold				
Plant and Machinery	-	86,636,000	-	86,636,000
	-	3,367,621,308	-	3,367,621,308

There were no transfers between the levels during their year

40.4 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, 2018 and 2017 were as follows:

	Note	2018 Rupees	2017 Rupees (Restated)
Total debt	19,20,21 & 25	8,924,520,847	9,638,975,377
Less: Cash and bank balances	16	143,771,493	191,853,839
Net debt		8,780,749,354	9,447,121,538
Total equity		(8,090,980,353)	(4,822,330,901)
Total capital		689,769,001	4,624,790,637
Gearing ratio		1273.00%	204.27%

40.5 Overdue loans

On the reporting date the installments of long term finances amounting to Rs. 690.934 million along with mark up of Rs. 106.939 million, lease finance amounting to Rs. 68.248 million along with mark up of Rs. 19.619 million and short term borrowings amounting to Rs. 6,177.590 million along with mark up of Rs. 2,416.923 million were over due.

On reporting date, the carrying amount of loans relevant to above overdue were long term finances Rs. 1497.730 million, lease finance Rs. 68.248 million and short term borrowings Rs. 6,177.590 million.

Overdue installment of long term loans amounting to Nil (2017: Rs. 5.375 million) was subsequently paid. Company has applied to the banking companies for restructuring of the overdue loans and mark up (Refer Note 20.3, 20.4 & 20.5).

41. 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;

41.1. Name and nature of relationship

41.1.1 Associated Companies due to common directorship

Shama Exports (Pvt) Limited	Abwa Knowledge Village (Pvt) Limited
Sirtex (Pvt) Limited	Amfort (Pvt) Limited
Iftikhar Akbar Weavings (Pvt) Limited	I.A Textiles- AOP

41.2. Transaction with related parties

Relationship with the Company	Nature of transactions	2018 (Rupees)	2017 (Rupees)
Associated undertakings	- Services acquired	6,129,375	-
	-	-	28,420,750
	- Rentals	16,500,000	540,000
	- Payable	-	18,420,750
	- Receivable	15,960,000	-
Key management personnel	Remuneration to Directors	2,400,000	2,400,000

41.2.1 Following are the related parties with whom the Company has entered into transactions or have arrangement/ agreement in place:

Company name	Basis of associated
Shama Exports (Pvt) Ltd	Common directorship
Abwa Knowledge Village (Pvt) Ltd	Common directorship
I.A Textiles- AOP	Common directorship
Amfort (Pvt) Limited	Common directorship

41.2.2 The Company does not hold any shares in the above mentioned companies.

42. Non Adjusting Event after the Balance Sheet Date

There are no significant activities since June 30, 2018 causing any adjustment or disclosure in the financial statements.

43. GENERAL

43.1 Nomenclature of the following account head have been changed in these financial statements.

Previous	Current
Deficit on revaluation	Reversal of surplus on revaluation of property plant and equipment
Processing and conversion	Processing

43.1. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 05, 2018 by the Board of Directors of the Company.

43.2. Figures have been rounded off to the nearest rupees.


CHIEF EXECUTIVE
Khurram Iftikhar


DIRECTOR
Shahzad Iftikhar


CHIEF FINANCIAL OFFICER
Tahir Javed

Pattern of Shareholding

As on June 30, 2018

Number of Shareholders	Shareholding		Total Number of Shares Held	Percentage of Total Capital
	From	To		
98	1 -	100	2,567	0.00
278	101 -	500	118,724	0.05
419	501 -	1000	371,825	0.14
870	1001 -	5000	2,699,834	1.04
364	5001 -	10000	3,016,882	1.16
145	10001 -	15000	1,880,832	0.72
123	15001 -	20000	2,307,193	0.89
87	20001 -	25000	2,044,791	0.79
50	25001 -	30000	1,428,515	0.55
32	30001 -	35000	1,063,623	0.41
28	35001 -	40000	1,083,800	0.42
18	40001 -	45000	781,813	0.30
52	45001 -	50000	2,580,500	0.99
18	50001 -	55000	951,555	0.37
10	55001 -	60000	587,500	0.23
8	60001 -	65000	501,000	0.19
10	65001 -	70000	689,500	0.27
11	70001 -	75000	812,000	0.31
4	75001 -	80000	320,000	0.12
11	80001 -	85000	918,000	0.35
5	85001 -	90000	443,000	0.17
3	90001 -	95000	284,500	0.11
33	95001 -	100000	3,294,000	1.27
5	100001 -	105000	518,000	0.20
4	105001 -	110000	435,500	0.17
6	110001 -	115000	681,000	0.26
3	115001 -	120000	356,000	0.14
4	120001 -	125000	493,000	0.19
3	125001 -	130000	381,522	0.15
1	130001 -	135000	133,000	0.05
3	135001 -	140000	419,000	0.16
3	140001 -	145000	429,000	0.17
7	145001 -	150000	1,047,500	0.40
4	155001 -	160000	639,000	0.25
2	160001 -	165000	325,138	0.13
2	165001 -	170000	340,000	0.13
1	170001 -	175000	171,000	0.07
4	175001 -	180000	717,000	0.28
4	195001 -	200000	800,000	0.31
2	200001 -	205000	410,000	0.16
1	205001 -	210000	210,000	0.08

Number of Shareholders	Shareholding From	To	Total Number of Shares Held	Percentage of Total Capital
1	210001 -	215000	214,000	0.08
2	215001 -	220000	439,500	0.17
2	220001 -	225000	449,000	0.17
3	225001 -	230000	679,552	0.26
4	230001 -	235000	931,061	0.36
2	245001 -	250000	498,000	0.19
1	250001 -	255000	253,000	0.10
1	255001 -	260000	257,000	0.10
1	260001 -	265000	261,500	0.10
1	280001 -	285000	282,500	0.11
1	290001 -	295000	294,000	0.11
1	295001 -	300000	300,000	0.12
1	300001 -	305000	300,500	0.12
1	315001 -	320000	318,443	0.12
1	345001 -	350000	350,000	0.13
1	355001 -	360000	360,000	0.14
1	360001 -	365000	363,523	0.14
1	380001 -	385000	382,000	0.15
1	385001 -	390000	389,121	0.15
1	405001 -	410000	410,000	0.16
1	435001 -	440000	440,000	0.17
1	445001 -	450000	450,000	0.17
1	460001 -	465000	461,000	0.18
1	475001 -	480000	480,000	0.19
1	490001 -	495000	495,000	0.19
2	495001 -	500000	1,000,000	0.39
1	535001 -	540000	540,000	0.21
1	580001 -	585000	583,500	0.22
1	795001 -	800000	800,000	0.31
1	950001 -	955000	955,000	0.37
1	1000001 -	1005000	1,005,000	0.39
1	1125001 -	1130000	1,129,000	0.44
1	1380001 -	1385000	1,381,000	0.53
1	1410001 -	1415000	1,415,000	0.55
1	2800001 -	2805000	2,804,500	1.08
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
2,785			259,430,134	100.00

Categories of Shareholding
As At June 30, 2018

Categories of Members	No. 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 / Funds	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	2760	56,200,544	21.66
Foreign		-	
Joint stock companies	14	1,403,976	0.54
Others (Government Institution)	1	22,555,000	8.69
Total (Excluding Shareholders holding 10% or more)	2785	259,430,134	

Pattern of Shareholding

As at June 30, 2018

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	1,403,976	0.54
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 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

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 27, 2018 at 11:00 A.M. at Company's registered office P-225 Tikka Gali # 2 Montgomery Bazar Faisalabad.

as witness my / our hand seal this _____ day of _____ 2018

Signed by the said member

in presence of _____



Signature(s) of Member(s)

Witness 1

Signature of witness _____

Name _____

Address _____

CNIC # _____

Witness 2

Signature of witness _____

Name _____

Address _____

CNIC # _____

Please Quote:

Folio No	Shares Held	CDC A/C No.

IMPORTANT: Proxies in order to be effective, must be received at the Registered Office of the company at P-225, Tikka Gali # 2 Montgomery Bazar Faisalabad, not later than 48 hours before the time for holding the Annual General Meeting and must be duly stamped, signed and witnessed.

Consent for video conference facility

Annual General Meeting

I/We _____ of _____ being a member (s) of Amtex Limited, holder of _____ ordinary share (s) as per registered Folio/CDS Account No. _____ hereby opt for video conference facility at _____.

CDS Account No.

Revenue Stamp
of Appropriate
Value

The Company Secretary
AMTEX LIMITED
P-225, Tikka Gali # 2
Montgomery Bazar Faisalabad-
Pakistan

AFFIX
CORRECT
POSTAGE

پراکسی فارم

سالانہ عمومی میٹنگ 2018

میں / ہم ----- کو ----- بطور ایک ممبر ایم ٹیکس -----

کو مقرر کرتے ہیں یا اس فرد کو مذکورہ کی عدم دستیابی کی صورت میں -----

----- کو اپنی جگہ مورخہ 27 اکتوبر 2018 کو بوقت 11:00 بجے صبح

بمقام ٹیکس گلی نمبر 2 منگلہری بازار فیصل آباد میں منعقد ہونے والے سالانہ اجلاس عام میں شرکت اور رائے دہندگی کے لیے اپنا نمائندہ مقرر کرنا
رکرتی ہوں۔

دستخط شیئر ہولڈر ----- مورخہ ----- اکتوبر 2018

5 روپے کا محصول

ٹکٹ

گواہ نمبر 1	گواہ نمبر 2
گواہ کے دستخط	گواہ کے دستخط
نام	نام
پتہ	پتہ
شناختی کارڈ نمبر	شناختی کارڈ نمبر

مہربانی کر کے یہاں تحریر کریں:

فولیو نمبر	مقرر 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 رجسٹرڈ آفس بمقام ٹیکس گلی نمبر 2 منگلہری بازار
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۔

ویڈیو کانفرنس کی سہولت کے لیے رضامندی

میں / ہم ----- ساکن -----

بطور ایک ممبر ایم ٹیکس ----- عام حصص بمطابق عام شیئر رجسٹر فولیو نمبر / سی ڈی ایس اکاؤنٹ

نمبر ----- ویڈیو کانفرنس کی سہولت ----- میں حاصل کرنا چاہتا ہوں۔

محمول ٹکٹ چسپاں کریں

سی ڈی سی اکاؤنٹ نمبر -----

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A M T E X

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