

AMTEX LIMITED

First Quarterly Report
September 30, 2019



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Company Information

Board of Directors

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

Chairman
Chief Executive Officer

Chief Financial Officer

Mr. Waheed Aslam

Company Secretary

Mr. Muhammad Raza Farooq

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
Punj Pullian Daewoo Road Faisalabad

*Spinning Unit
Processing & Stitching Unit*

Website

www.amtextile.com

DIRECTORS' REPORT

The Board of Directors of Amtex Limited presents herewith the Directors' Report together with the Company's un-audited financial information for the period ended September 30, 2019.

Financial Results

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

	Quarter ended Septmeber 30 ,	
	2019	2018
	Rupees	Rupees
Sales	159,668,014	151,519,356
Cost of sales	185,941,647	179,283,967
Gross loss	(26,273,633)	(27,764,611)
Loss for the period	(86,310,414)	(87,586,007)
Earnings per share - Basic and diluted	(0.33)	(0.34)

During 1st quarter under review company incurred gross loss of Rs.26.27 million as compared to gross loss of Rs. 27.26 million in the corresponding period of last year and net loss of Rs. 86.31 million as compared to net loss of Rs. 87.58 million in the corresponding period of last year. Sales volume has slightly increased as compared to previous corresponding period and the company's total sales are Rs.159.66 million in three months against sales of Rs. 151.51 million in the corresponding period of last year. Due to increase in input cost, under-utilization of manufacturing capacities, high energy cost, increased raw material cost, low exports and local sales and non realization of refunds have culminated in after tax loss of rupees 86.310 million.

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

Future outlook

The overall business outlook is very challenging due to persistent adverse political and economic conditions prevailing in the country. Another major problem is liquidity issue on account of delayed sales tax refund payments to textile sector. There is massive increase in cost of doing business for export sector after abolishing SRO 1125 from 1st July, 2019 onwards. Further, financial market in Pakistan is also reluctant to provide the required financial support to revive the exports of textile industry. However, the future of growth of exports and textile industry mainly depends on the actual realization of the supports announced by the Government, release of refunds to exporters and on availability of financial support from the banks.

Acknowledgement

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

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

For and on behalf of the Board



CHIEF EXECUTIVE

Khurram Iftikhar



DIRECTOR

Shahzad Iftikhar

Faisalabad
October 30, 2019

ڈائریکٹرز کی رپورٹ:

آپ کی کمپنی کے ڈائریکٹرز حضرات آپ کے روبرو تین ماہ کی رپورٹ مع مالی غیر آڈٹ شدہ گوشوارہ حساب برائے 30 ستمبر 2019 پیش کرتے ہیں۔

مالی نتائج:

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

30 ستمبر 2019	تین ماہ	30 ستمبر 2018	تین ماہ
روپے		روپے	
159,668,014	فروخت	151,519,356	
185,941,647	لاگت فروخت	179,283,967	
(26,273,633)	کل نقصان	(27,764,611)	
(86,310,414)	بعد از ٹیکس نقصان	(87,586,007)	
(0.33) Basic / Diluted	نقصان فی حصص	(0.34)	

تین ماہ کے دوران کمپنی کی کل فروخت مبلغ 159.668 ملین روپے کی مدین کل نقصان رقم مبلغ 26.273 ملین روپے ہوا جبکہ پچھلے تین ماہ کی کل فروخت مبلغ 151.519 روپے اور کل نقصان مبلغ 27.764 ملین روپے ہوا تھا۔ تین ماہ کے دوران کمپنی کو بعد از ٹیکس ادائیگی مبلغ 86.310 ملین روپے کا خالص نقصان ہوا جبکہ پچھلے تین ماہ میں بعد از ٹیکس ادائیگی مبلغ 87.586 ملین روپے کا خالص نقصان ہوا تھا۔ فروخت میں پچھلے تین ماہ کی نسبت معمولی اضافہ ہوا ہے۔ مینوفیکچرنگ سہولیات کا کم استعمال اور اسکے ساتھ بجلی کی قیمت میں اضافہ خام مال کی قیمتوں اور پیداواری لاگت میں اضافہ اور برآمدات اور لوکل سٹلز میں کمی اور ریفنڈز کے نہ ملنے کی وجوہات کی بنا پر کمپنی کو بعد از ادائیگی ٹیکس مبلغ 86.310 ملین روپے کے خسارے کا سامنا کرنا پڑا۔

کچھ بینکوں امانی 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 باہت 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 اٹھارہ کھاتے ہوئے کمپنی کی جانب سے اس بات کو محسوس کیا گیا ہے کہ دعویٰ کے دائر ہونے کے بعد بینک امانی ادارہ کو صرف کمپنی سے فنڈ کی لاگت کی رقم کا استحقاق حاصل ہے اگر عدالت کی جانب سے دعویٰ کی نسبت بینک کو کمپنی کے خلاف فیصلہ مل جائے۔ اسلئے عدالتی فیصلوں کے التوا اور سٹیٹ بینک آف پاکستان کی جانب سے لاگت فنڈ کی فیصد متعین ہونے تک ایسے بینکوں کی واجب الادا قرض کی مالی لاگت کا تخمینہ نہیں لگایا جاسکتا۔

مستقبل کے امکانات:

ملک میں مستحکم منفی سیاسی اور معاشی حالات کی وجہ سے مجموعی طور پر کاروباری نقطہ نظر بہت چیلنجنگ ہے۔ دوہرا بڑا مسئلہ ٹیکسٹائل کی صنعت میں سٹیل ٹیکس ریفنڈز کی وصولی میں تاخیر کی وجہ سے مالی بحران کا پیدا ہونا ہے۔ یکم جولائی 2019 سے ایس آر او 1125 کے خاتمہ کے بعد پیداواری لاگت میں بڑے پیمانے پر اضافہ ہوا ہے۔ مزید برآں فنانسل پائزر بھی ٹیکسٹائل کی برآمدی صنعت کی مالی معاونت کے سلسلہ میں چیلنجیہ بات کا شکار ہیں۔ تاہم ٹیکسٹائل اور برآمدات کی صنعت کا مستقبل حکومت کی اعلان کردہ مراعات کی اصل میں وصولی برآمد کنندگان کو ریفنڈز کی ادائیگی اور بینکوں کی جانب سے مالی معاونت سے ہی ممکن ہے۔

توثیقی بیان :

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

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

خرم افشار

شہزاد افشار

چیف ایگزیکٹو

ڈائریکٹر

فیصل آباد

تاریخ: 30 اکتوبر 2019

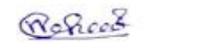
AMTEX LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2019

	NOTE	Un-audited September 30 2019 RUPEES	Audited June 30 2019 RUPEES
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	3.	1,600,184,084	1,622,958,663
Investment property- fair value		1,102,323,583	1,102,323,583
Long term deposits		50,719,526	50,719,526
		2,753,227,193	2,776,001,772
CURRENT ASSETS			
Stores, spares and loose tools		197,756,374	234,842,917
Stock in trade		669,450,891	693,575,967
Trade debts	4.	147,737,537	200,656,695
Loans and advances		4,766,402	4,003,478
Deposits and prepayments		7,251,662	7,251,662
Other receivables		112,696,970	106,544,102
Tax refunds due from the Government		195,508,491	192,303,829
Cash and bank balances		168,048,827	162,688,117
		1,503,217,154	1,601,866,767
		4,256,444,347	4,377,868,539
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 260,000,000 (2018: 260,000,000) ordinary shares of Rs.10/- each		2,600,000,000	2,600,000,000
Issued, subscribed and paid up capital		2,594,301,340	2,594,301,340
Reserves		531,039,330	531,039,330
Accumulated loss		(12,430,484,582)	(12,345,995,985)
Surplus on revaluation of property, plant and equipment		865,878,134	867,699,951
		(8,439,265,778)	(8,352,955,364)
NON CURRENT LIABILITIES			
Redeemable capital	5.	-	-
Long term financing	6.	676,144,540	874,689,239
Liabilities against assets subject to finance lease		1,153,111,588	1,108,119,315
Deferred liabilities		1,829,256,128	1,982,808,554
CURRENT LIABILITIES			
Trade and other payables		234,317,177	279,030,327
Interest / markup payable		2,665,585,728	2,669,103,629
Short term borrowings		6,082,087,444	6,093,087,444
Current portion of non current liabilities		1,884,463,648	1,706,793,949
		10,866,453,997	10,748,015,349
Contingencies and commitments	7.	-	-
		4,256,444,347	4,377,868,539

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


CHIEF EXECUTIVE


DIRECTOR


Chief Financial Officer

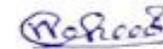
AMTEX LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Note	Quarter ended Septmeber 30 ,	
		2019 Rupees	2018 Rupees
Sales		159,668,014	151,519,356
Cost of sales	8	185,941,647	179,283,967
Gross loss		(26,273,633)	(27,764,611)
Other operating income		5,040,000	1,040,000
		(21,233,633)	(26,724,611)
Selling and distribution expenses		3,148,121	2,788,266
Administrative expenses		10,982,782	11,850,891
Finance cost	9	49,168,740	44,617,170
		63,299,643	59,256,327
Loss for the period before taxation		(84,533,276)	(85,980,938)
Provision for taxation		1,777,138	1,605,069
Loss for the period		(86,310,414)	(87,586,007)
Earnings per share - Basic and diluted		(0.33)	(0.34)

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


CHIEF EXECUTIVE


DIRECTOR


Chief Financial Officer

AMTEX LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Quarter ended September 30, 2019 Rupees	2018 Rupees
Loss after taxation	(86,310,414)	(87,586,007)
Other comprehensive income	-	-
Total comprehensive loss for the period	<u>(86,310,414)</u>	<u>(87,586,007)</u>

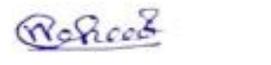
The annexed notes form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



Chief Financial Officer

AMTEX LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Quarter ended September 30,	
	2019 Rupees	2018 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period before taxation	(84,533,276)	(85,980,938)
Adjustments for:		
Depreciation of property, plant and equipment	22,774,579	25,549,578
Loss / Gain on disposal of property plant & equipment	-	4,000,000
Provision for staff retirement gratuity	1,245,100	450,788
Finance cost	49,168,740	44,617,170
Operating cash flows before working capital changes	<u>(11,344,857)</u>	<u>(11,363,402)</u>
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	37,086,543	38,524,677
Stock in trade	24,125,076	3,867,637
Trade debts	52,919,158	13,942,639
Loans & advances	(762,924)	3,452,100
Deposits and prepayments	-	(2,999,940)
Other receivables	(6,152,868)	(4,365,036)
Tax refunds due from Government	(3,428,131)	(711,453)
Increase / (decrease) in current liabilities		
Trade and other payables	<u>(44,713,150)</u>	<u>(28,844,821)</u>
	<u>59,073,704</u>	<u>22,865,803</u>
Cash generated from operations	47,728,847	11,502,401
Income tax paid	(1,553,669)	(1,961,445)
Finance cost paid	(8,939,468)	(1,274,730)
Staff retirement gratuity paid	-	(750,850)
Net cash generated from operating activities	<u>37,235,710</u>	<u>7,515,376</u>
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Sale proceeds of fixed assets	-	5,000,000
Net cash generated from investing activities	<u>-</u>	<u>5,000,000</u>
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of:		
Long term loans	(20,875,000)	(500,000)
Decrease in short term borrowings - net	(11,000,000)	-
Net cash used in financing activities	<u>(31,875,000)</u>	<u>(500,000)</u>
Net increase in cash and cash equivalents (a+b+c)	5,360,710	12,015,376
Cash and cash equivalents at the beginning of the year	162,688,117	143,771,493
Cash and cash equivalents at the end of the year	<u>168,048,827</u>	<u>155,786,869</u>

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


CHIEF EXECUTIVE


DIRECTOR


Chief Financial Officer

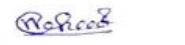
AMTEX LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Capital reserves			Revenue reserves		Total	
	Issued subscribed and paid up capital	Merger reserve	Share premium	Surplus on Revaluation of property plant and equipment	General reserve		Accumulated loss
-----Rupees-----							
Balance as at July 01, 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)
Total comprehensive (loss) for the period							
(Loss) for the period	-	-	-	-	-	(87,586,007)	(87,586,007)
Transfer to accumulated loss in respect of surplus realized on disposal of assets				(520,388)		520,388	-
Transfer to accumulated loss in respect of incremental depreceiation	-	-	-	(1,934,422)	-	1,934,422	-
	-	-	-	(2,454,810)	-	(85,131,197)	(87,586,007)
Balance as at September 30, 2018	2,594,301,340	98,039,330	183,000,000	873,349,783	250,000,000	(12,177,256,813)	(8,178,566,360)
Total comprehensive (loss) for the period							
(Loss) for the period	-	-	-	-	-	(175,132,947)	(175,132,947)
(Loss) for the period from discontinued operation						743,943	743,943
Other comprehensive income for the period	-	-	-	-	-	(174,389,004)	(174,389,004)
Transfer to accumulated loss in respect of surplus realized on disposal of assets				190,231		(190,231)	-
Transfer to accumulated loss in respect of incremental depreceiation	-	-	-	(5,840,063)	-	5,840,063	-
	-	-	-	(5,649,832)	-	5,649,832	-
Balance as at June 30, 2019	2,594,301,340	98,039,330	183,000,000	867,699,951	250,000,000	(12,345,995,985)	(8,352,955,364)
Total comprehensive (loss) for the period							
(Loss) for the period	-	-	-	-	-	(86,310,414)	(86,310,414)
Other comprehensive income for the period	-	-	-	-	-	-	-
	-	-	-	-	-	(86,310,414)	(86,310,414)
Transfer to accumulated loss in respect of surplus realized on disposal of assets							-
Transfer to accumulated loss in respect of incremental depreceiation	-	-	-	(1,821,817)	-	1,821,817	-
	-	-	-	(1,821,817)	-	1,821,817	-
Balance as at September 30, 2019	2,594,301,340	98,039,330	183,000,000	865,878,134	250,000,000	(12,430,484,582)	(8,439,265,778)

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


 CHIEF EXECUTIVE


 DIRECTOR


 Chief Financial Officer

AMTEX LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

1. STATUS AND ACTIVITIES

- 1.1 Amtex Limited (the Company) is a public limited company incorporated in Punjab, Pakistan under the 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 chak 120 Punj Pullian Daewoo Road 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. 84,533,276/ 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.

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 and negotiations with other banks are in process. There is material uncertainty related to events or conditions which may cast significant doubt about the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. The management is confident that it will be successful in its efforts and hence the Company will be able to continue as a going concern.

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

2. SIGNIFICANT ACCOUNTING POLICIES

- 2.1 This condensed interim financial report has been prepared in accordance with the requirements of the International Financial Reporting Standards, International Accounting Standard (IAS) 34 "Interim Financial Reporting" as notified under the Companies Act 2017 and provisions of and directives issued under the Companies Act, 2017 and in compliance with the requirements of section 237 of the Companies Act 2017 and Rule Book of Pakistan Stock Exchange Limited
- 2.2 This condensed interim financial report has been prepared under "historical cost convention" except certain items of property, plant and equipment included at revaluation and staff retirement gratuity carried at present value and certain financial instruments at fair value.
- 2.3 This condensed interim financial report does not include all the information required for annual financial statements, and should be read in conjunction with the Company's published audited financial statements for the year ended June 30, 2019.
- 2.4 The accounting policies and methods of computation followed in the preparation of this condensed interim financial report is the same as those applied in the preparation of the published audited financial statements for the year ended June 30, 2019.
- 2.5 The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.
- During preparation of this condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2019.

	Un-audited September 30, 2019 Rupees	Audited June 30, 2019 Rupees
3. Property, plant and equipment		
Operating assets	1,600,184,084	1,622,958,663
Capital work in progress	-	-
	<u>1,600,184,084</u>	<u>1,622,958,663</u>
3.1 Operating assets		
Opening balance written down value.	1,622,958,663	1,750,599,973
Additions during 3 months / 12 months:	-	-
Deletions during 3 months / 12 months:	-	(30,300,000)
Depreciation charge for 3 months / 12 months	(22,774,579)	(101,446,060)
Depreciation adjustment for disposal	-	4,104,750
Closing written down value	<u>1,600,184,084</u>	<u>1,622,958,663</u>
3.1.1 Deletions during 3 months / 12 months:		
Plant and Machinery	-	30,300,000
	<u>-</u>	<u>30,300,000</u>
4. Trade debts		
Considered good		
Unsecured		
Foreign	54,518,750	62,100,520
Local	93,218,787	138,556,175
	<u>147,737,537</u>	<u>200,656,695</u>
Considered doubtful		
Unsecured		
Foreign	7,041,998,879	7,041,998,879
Less provision for doubtful debts	(7,041,998,879)	(7,041,998,879)
	<u>-</u>	<u>-</u>
	<u>147,737,537</u>	<u>200,656,695</u>

5. Redeemable capital

The company has filed suit under the Financial Institutions (Recovery of Finances) Ordinance, against the sukuk unit holders in the Honorable Lahore High Court, Lahore and prayed for declaration of undertaking to purchase the sukuk units at a pre agreed price as void, unlawful and satisfaction of obligations against the existing amounts paid. The company has also sought relief of suspension of operation of the undertaking and the bank guarantee issued there under till the final decision of the suit.

- 5.1** As per two different interim orders of The Honorable Lahore High Court, Lahore guarantor has deposited the amount of guarantee against all overdue rentals, as claimed by the sukuk unit holders amounting Rs. 529,734,801, in an escrow account opened by the Deputy Registrar (Judicial) to secure the payments due under sukuk arrangement. The payable sukuk rentals, as claimed by the sukuk holders, have been adjusted in these financial statements against the amounts paid by the guarantor, however, due to pending litigation, sukuk unit holders have not received these payments and sukuk unit holders have not acknowledged the adjustment of sukuk rentals.

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

	Un-audited September 30, 2019 Rupees	Audited June 30, 2019 Rupees
6. Long term financing		
Secured		
From banking companies and financial institutions		
Under mark up arrangements		
Demand finance	2,187,026,235	2,202,026,235
Long term finances	19,176,163	19,176,163
Syndicated term finance	10,500,000	10,500,000
Morabaha finance	15,301,582	19,301,582
Morabaha finance II	104,000,000	104,000,000
Not subject to mark up		
Demand finance	156,355,923	158,230,923
	<u>2,492,359,903</u>	<u>2,513,234,903</u>
Less: Current portion		
Installments due	(1,282,859,067)	(965,411,608)
Payable within one year	(533,356,296)	(673,134,056)
	<u>(1,816,215,363)</u>	<u>(1,638,545,664)</u>
	<u>676,144,540</u>	<u>874,689,239</u>

6.1 It represents principal amount of restructured outstanding loans from First National Bank Modaraba 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 34.43 million as full and final settlement of liabilities i.e. principal, outstanding contractual markup, future cost of funds and cost of suit. As per terms of the Agreement outstanding principal liability amounting to rupees 19.22 million is payable within two years in eight equal quarterly installments of rupees 1,902,510 after making an immediate down payment of rupees 4 million. Outstanding contractual markup along with future cost of funds at the rate of 11% and expenses of suit in aggregate amounting to rupees 15.210 million shall payable in six equal quarterly installments of rupees 2,535,109 at tail end after adjustment of entire principal liability.

Period	Nature	Installment	Date	Amount (PKR)
Year I	Principal	Down Payment	27.08.2019	4,000,000
	Principal	1st Q	27.11.2019	1,902,510
	Principal	2nd Q	27.02.2020	1,902,510
	Principal	3rd Q	27.05.2020	1,902,510
	Principal	4th Q	27.08.2020	1,902,510
Year II	Principal	5th Q	27.11.2020	1,902,510
	Principal	6th Q	27.02.2021	1,902,510
	Principal	7th Q	27.05.2021	1,902,510
	Principal	8th Q	27.08.2021	1,902,510
Year III	Markup+ COF	In six equal quarterly Installments of rupees 2,535,109 each		15,210,652

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

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There is no material change in the status of contingencies as disclosed in note # 26.1 of the financial statements for the year ended June 30,2019.

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

		Un-audited September 30, 2019 Rupees	Audited June 30, 2019 Rupees
7.2 Commitments			
	Bank guarantees issued in favour of Sui Northern Gas Pipelines Limited for supply of gas.	-	-
	Collector of custom	2,696,922	2,696,922
Quarter ended September 30, Un-audited			
		2019 Rupees	2018 Rupees
8. Cost of sales			
	Cost of goods manufactured	177,313,179	171,095,928
	Finished goods		
	Opening stock	317,140,589	362,285,494
	Closing stock	(308,512,121)	(354,097,455)
		8,628,468	8,188,039
		<u>185,941,647</u>	<u>179,283,967</u>
	8.1 Cost of goods manufactured		
	Raw material consumed	59,053,288	37,970,911
	Salaries, wages and benefits	18,763,555	24,737,067
	Staff retirement benefits	1,245,100	450,788
	Stores and spares	1,330,477	6,995,912
	Dyes and chemicals	38,053,808	41,704,399
	Packing material	9,405,140	10,578,449
	Conversion and processing charges	19,212,145	12,289,966
	Repairs and maintenance	622,050	550,120
	Fuel and power	4,096,546	3,407,301
	Insurance	-	-
	Depreciation	22,276,475	24,950,355
	Other	1,439,809	1,467,033
		<u>175,498,393</u>	<u>165,102,301</u>
	Work in process		
	Opening stock	16,214,740	42,106,215
	Closing stock	(14,399,954)	(36,112,588)
		<u>1,814,786</u>	<u>5,993,627</u>
		<u>177,313,179</u>	<u>171,095,928</u>

9. Finance cost

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

10. 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 are as follows;

Relationship with the Party	Nature of Transaction	Quarter ended September 30, Un-audited	
		2019 Rupees	2018 Rupees
i- Associated undertaking	Purchase of goods	-	4,612,882
	Rental income	5,040,000	5,040,000
	Payable against goods purchase	-	4,612,882
	Rent Receivable	26,397,000	21,000,000
ii- Key management personnel	Remuneration to directors	600,000	600,000

11. Overdue loans

On the reporting date the installments of long term finances amounting to Rs.1,282.859 million along with mark up of Rs.191.269 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.6,082.087 million along with mark up of Rs. 2,477.894 million were over due. On reporting date the carrying amount of loans relevant to above overdue were long term finances Rs 2,342.223 million, lease finance Rs 68.248 million and short term borrowings Rs 6,082.087 million. An amount of Rs. Nil has subsequently paid against overdue installment.

12. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial report was authorised for issue on October 30, 2019 by the Board of Directors of the Company.

13. GENERAL

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



CHIEF EXECUTIVE



DIRECTOR



Chief Financial Officer

Book Post



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