

AMTEX LIMITED

Third Quarterly Report

March 31, 2019



CONTENTS

COMPANY INFORMATION

DIRECTOR'S REPORT

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

CONDENSED INTERIM PROFIT & LOSS ACCOUNT

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

CONDENSED INTERIM CASH FLOW STATEMENT

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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. Shaiekhpura Road Faisalabad
1-k.m. Khurrianwala Jaranwala Road

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 March 31, 2019.

Financial Results

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

	Quarter ended March 31,		Period ended March 31,	
	2019	2018	2019	2018
	Rupees	Rupees	Rupees	Rupees
Sales	134,366,564	229,895,333	475,297,681	769,994,812
Cost of sales	156,214,401	229,763,752	550,579,422	904,205,581
Gross (loss) / profit	(21,847,837)	131,581	(75,281,741)	(134,210,769)
Net loss for the period	(76,553,100)	(41,046,251)	(249,980,444)	(305,693,044)
Loss per share - Basic and diluted	(0.30)	(0.16)	(0.96)	(1.18)

During 1st nine months under review company incurred gross loss of Rs. 75.281 million as compared to gross loss of Rs. 134.210 million in the corresponding period of last year and net loss of Rs. 249.980 million as compared to net loss of Rs. 305.693 million in the corresponding period of last year. Sales volume has decreased as compared to previous corresponding period and the company's total sales are Rs.475.297 million in nine months against sales of Rs. 769.994 million in the corresponding period of last year. Loss is mainly due to underutilization of manufacturing capacities coupled with highest electricity cost in the region, very low export and local sales volume and overall increase in input cost, and non- availability of required financial support from the banks of the company to meet the working capital needs culminated in after tax loss of rupees 249.980 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 textile sector in Pakistan is under continuous pressure due to high cost of doing business and very high utility cost in the province. Further, financial market in Pakistan is also reluctant to provide the required financial support to revive the exports of textile industry. Management is working hard and hopeful that elimination of gas price difference between Punjab and other provinces will reduce the operational cost and production and operational 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.

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
Nadeem Iftikhar

Faisalabad
April 30, 2019

ڈائریکٹرز کی رپورٹ:

آپ کی کمپنی کے ڈائریکٹرز حضرات آپ کے روبرو نو ماہ کی رپورٹ مع مالی غیر آڈٹ شدہ گوشاہ حساب برائے 31 مارچ 2019 پیش کرتے ہیں۔

مالی نتائج:

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

31 مارچ 2019 نو ماہ 31 مارچ 2018 نو ماہ 31 مارچ سہ ماہی 31 مارچ سہ ماہی

روپے	روپے	روپے	روپے	
475,297,681	769,994,812	134,366,564	229,895,333	فروخت
550,579,422	904,205,581	156,214,401	229,763,752	لاگت فروخت
(75,281,744)	(134,210,769)	(21,847,837)	131,581	مجموعی نقصان
(249,980,444)	(305,694,044)	(76,553,100)	(41,046,251)	بعد از ٹیکس نقصان
(0.96)	(1.18)	(0.30)	(0.16)	

نو ماہ کے دوران کمپنی کی کل فروخت مبلغ 475.297 ملین روپے کی مد میں کل نقصان رقم مبلغ 75.281 ملین روپے ہوا جبکہ پچھلے نو ماہ کی کل فروخت مبلغ 769.994 روپے اور کل نقصان مبلغ 134.210 ملین روپے ہوا تھا۔ نو ماہ کے دوران کمپنی کو بعد از ٹیکس ادائیگی مبلغ 249.980 ملین روپے کا خالص نقصان ہوا جبکہ پچھلے نو ماہ میں بعد از ٹیکس ادائیگی مبلغ 305.694 ملین روپے کا خالص نقصان ہو ا تھا۔ مینوفیکچرنگ سہولیات کا کم استعمال اور اسکے ساتھ بجلی کی قیمت میں اضافہ، سرمائے کی کمی کو پورا کرنے کے لیے بینکوں کی جانب سے ورکا شدہ مالی معاونت کی عدم دستیابی، پیداواری لاگت میں اضافہ کی وجہ سے برآمدات اور لوکل سیلز میں کمی اور سٹنڈرڈز کے نہ ملنے کی وجوہات کی بنا پر کمپنی کو بعد از ادائیگی ٹیکس مبلغ 249.980 ملین روپے کے خسارے کا سامنا کرنا پڑا۔

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 باہرست مالی لاگت کو اکاؤنٹس میں نہیں لے رہی اور اس رقم کی وضاحت کھاتہ جات کے نوٹس میں بیان کی گئی ہے۔ قانونی رائے پر انحصار کرتے ہوئے کمپنی کی جانب سے اس بات کو محسوس کیا گیا ہے کہ دعویٰ کے 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۔ 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:

پاکستان میں ٹیکسٹائل کی صنعت کو پیداواری لاگت میں اضافے اور توانائی کی قیمت میں اضافے کی وجہ سے سخت مشکلات کا سامنا ہے۔ مزید برآں فنانشل پائرنر بھی ٹیکسٹائل کی برآمدی صنعت کی مالی معاونت کے سلسلہ میں ہچکچاہٹ کا شکار ہیں۔ منجھنت سخت محنت کر رہی ہے اور پراغما وہ 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 اور برآمدات کی صنعت کا مستقبل حکومت کی اعلان کردہ مراعات کی اصل میں وصولی برآمد کنندگان کو سٹنڈرڈز 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 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۔

ندیم افتخار	خرم افتخار
ڈائریکٹر	چیف ایگزیکٹو

فیصل آباد

تاریخ: 30 اپریل 2019

AMTEX LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT MARCH 31, 2019

		UN-AUDITED MARCH 31 2019 RUPEES	AUDITED JUNE 30 2018 RUPEES
	NOTE		
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	3	1,649,411,240	1,750,599,973
Investment property - fair value		1,013,917,913	1,013,917,913
Long term deposits	4	57,021,425	57,021,425
		2,720,350,578	2,821,539,311
CURRENT ASSETS			
Stores, spares and loose tools		384,970,595	459,379,792
Stock in trade		746,870,489	885,981,055
Trade debts	5	79,833,065	162,271,598
Loans and advances		4,938,458	8,786,288
Deposits and prepayments		7,251,662	7,613,571
Other receivables		104,250,223	104,164,984
Tax refunds due from the Government		190,431,327	188,999,804
Cash and bank balances		156,821,676	143,771,493
		1,675,367,495	1,960,968,585
		4,395,718,073	4,782,507,896
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		(12,335,530,598)	(12,092,125,616)
Surplus on revaluation of property, plant and equipment		869,229,131	875,804,593
		(8,340,960,797)	(8,090,980,353)
NON-CURRENT LIABILITIES			
Redeemable capital	6	-	-
Long term financing	7	960,414,947	1,497,729,820
Liabilities against assets subject to finance lease		-	-
Deferred liabilities		1,069,495,313	971,217,849
		2,029,910,260	2,468,947,669
CURRENT LIABILITIES			
Trade and other payables		337,513,296	345,384,902
Interest / markup payable		2,661,702,652	2,632,364,651
Short term borrowings	8	6,121,894,900	6,177,590,344
Current portion of non current liabilities		1,585,657,762	1,249,200,683
		10,706,768,610	10,404,540,580
Contingencies and commitments	9	-	-
		4,395,718,073	4,782,507,896

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

AMTEX LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2019

		Quarter ended March 31,		Period ended March 31,	
		2019	2018	2019	2018
	Note	Rupees	Rupees	Rupees	Rupees
Sales		134,366,564	229,895,333	475,297,681	769,994,812
Cost of sales	10	156,214,401	229,763,752	550,579,422	904,205,581
Gross loss		(21,847,837)	131,581	(75,281,741)	(134,210,769)
Other income / (loss)		6,740,000	8,920,507	12,820,000	(2,563,009)
		(15,107,837)	9,052,088	(62,461,741)	(136,773,778)
Selling and distribution expenses		3,842,666	6,674,759	11,747,011	13,254,091
Administrative expenses		8,290,833	9,397,390	29,982,168	40,040,408
Finance cost		46,401,711	32,316,438	137,113,897	107,554,644
		58,535,210	48,388,587	178,843,076	160,849,143
Loss for the period before taxation		(73,643,047)	(39,336,499)	(241,304,817)	(297,622,921)
Provision for taxation		2,910,053	1,709,752	8,675,627	8,070,123
Net loss for the period		(76,553,100)	(41,046,251)	(249,980,444)	(305,693,044)
Loss per share - Basic and diluted		(0.30)	(0.16)	(0.96)	(1.18)

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

AMTEX LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2019

	Quarter ended March 31,		Period ended March 31,	
	2019	2018	2019	2018
	Rupees	Rupees	Rupees	Rupees (Restated)
Net loss for the period	(76,553,100)	(41,046,251)	(249,980,444)	(305,693,044)
Other comprehensive income for the period				
Surplus realized on disposal of revalued assets during the period	-	-	-	-
Incremental depreciation on revalued assets for the period	-	-	-	-
	-	-	-	-
Total comprehensive loss for the period	<u>(76,553,100)</u>	<u>(41,046,251)</u>	<u>(249,980,444)</u>	<u>(305,693,044)</u>

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

AMTEX LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2019

	Period ended March 31,	
	2019	2018
	Rupees	Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period before taxation	(241,304,817)	(297,622,921)
Adjustments for:		
Depreciation of property, plant and equipment	75,388,733	113,685,344
Provision for staff retirement gratuity	1,574,884	4,476,795
Loss on disposal of property, plant and equipment	2,300,000	13,488,673
Finance cost	137,113,897	107,554,644
Operating cash flows before working capital changes	(24,927,303)	(58,417,465)
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	74,409,197	100,495,872
Stock in trade	139,110,566	90,327,014
Trade debts	82,438,533	27,748,428
Loans and advances	3,847,830	(19,484,438)
Deposits and prepayments	361,909	195
Other receivables	(85,239)	(8,286,432)
Tax refunds due from the Government	(4,090,287)	13,563,983
Increase / (decrease) in current liabilities		
Trade and other payables	(7,871,606)	21,544,713
	288,120,903	225,909,335
Cash generated from operations	263,193,600	167,491,870
Income tax paid	(6,016,863)	(7,092,538)
Finance cost paid	(10,217,466)	(15,193,930)
Staff retirement gratuity paid	(855,850)	(9,127,645)
Net cash generated from operating activities	246,103,421	136,077,757
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of		
Property, plant and equipment	23,500,000	467,905,000
Net cash generated from investing activities	23,500,000	467,905,000

Period ended March 31,
2019 2018
Rupees Rupees

c) CASH FLOWS FROM FINANCING ACTIVITIES

Long term financing	(200,857,794)	(448,494,730)
Short term borrowings - net	(55,695,444)	(157,810,000)
Net cash used in financing activities	<u>(256,553,238)</u>	<u>(606,304,730)</u>
Net increase / (decrease) in cash and cash equivalents (a+b+c)	13,050,183	(2,321,973)
Cash and cash equivalents at the beginning of the period	143,771,493	191,853,839
Cash and cash equivalents at the end of the period	<u>156,821,676</u>	<u>189,531,866</u>

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

AMTEX LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2019

	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, 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	-	-	-	-	-	(305,693,044)	(305,693,044)
Other comprehensive loss for the year	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	(305,693,044)	(305,693,044)
Transfer to accumulated loss in respect of surplus realized on disposal of assets during the year	-	-	-	(433,803,809)	-	433,803,809	-
Transfer to accumulated loss in respect of incremental depreciation for the year	-	-	-	(7,052,699)	-	7,052,699	-
	-	-	-	(440,856,508)	-	440,856,508	-
Balances as at March 31, 2018- Restated	2,594,301,340	98,039,330	183,000,000	686,453,744	250,000,000	(8,939,818,359)	(5,128,023,945)
Loss for the year from continuing operations	-	-	-	-	-	(2,959,985,630)	(2,959,985,630)
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	-	-	-	-	-	(2,962,956,408)	(2,962,956,408)
Transfer to accumulated loss in respect of surplus realized on disposal of assets during the year	-	-	-	191,123,507	-	(191,123,507)	-
Transfer to accumulated loss in respect of incremental depreciation for the year	-	-	-	(1,772,658)	-	1,772,658	-
	-	-	-	189,350,849	-	(189,350,849)	-
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)
Loss for the year from continuing operations	-	-	-	-	-	(249,980,444)	(249,980,444)
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	(249,980,444)	(249,980,444)
Transfer to accumulated loss in respect of surplus realized on disposal of assets during the year	-	-	-	(792,616)	-	792,616	-
Transfer to accumulated loss in respect of incremental depreciation for the year	-	-	-	(5,782,846)	-	5,782,846	-
	-	-	-	(6,575,462)	-	6,575,462	-
Balances as at March 31, 2019	2,594,301,340	98,039,330	183,000,000	869,229,131	250,000,000	(12,335,530,598)	(8,340,960,797)

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

AMTEX LIMITED

NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL INFORMATION (UN-AUDITED)

FOR THE PERIOD ENDED MARCH 31, 2019

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 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.

The Company has incurred loss before taxation of Rs. 241,304,817/- and its sales have also been significantly decreased during the period as compared to previous corresponding period. The drop in the production and sale is due to under-utilization of production capacity because of lack of profitable local and export sale orders due to higher operating cost of textile industry in Pakistan and lack of financial support from banks and Government. The operating cost is mainly higher due to supply of imported RLNG to textile industry in Punjab, Pakistan. Due to unfavorable textile market conditions, the Company is facing tight cash flow situation and has not been able to comply with the terms of certain loan agreements. The Company is in litigation with Sukuk unit holders and certain other banks / financial institutions have also filed suit against the company for recovery of their outstanding debts.

1.3 Plans have been made to continue the Company as a going concern and in order to mitigate aforementioned factors members of the Company has accorded approval, in an Extra Ordinary General Meeting, to sale certain properties and machinery, mortgaged with banks, the entire such sale proceeds will be paid to relevant charge holder banks further as approved by members in said Extraordinary General Meeting Company has leased out the land and buildings of Processing Division for a period of thirty three years to generate revenue from lease rent. Yearly rent has been agreed Rupees 20,160,000/- alongwith 15% increase after every three years. Further, the management is, hopeful that with the improvement of textile market along with removal of gas price differential in the Punjab Province bringing the gas price down to the price in other provinces will reduce the operating cost and the production and operating results will improve. The management of the Company has already taken steps for extension and restructuring of loans. The certain bankers of the Company have agreed to restructure the facilities and negotiations with other banks are in process. There is material uncertainty related to events or conditions which may cast significant doubt about the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. The management is confident that it will be successful in its efforts and hence the Company will be able to continue as a going concern.

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

2.1.1 This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34 or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial report is un-audited and are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 and should be read in conjunction with audited annual financial statements of the Company for the year ended June 30, 2018.

- 2.2.1 The significant accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2018.
- 2.2.2 Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected annual profit or loss.
- 2.2.3 Actuarial valuations are carried out on annual basis. The last actuarial valuation was carried out on June 30, 2018. The impact of remeasurement of post-employment benefit plans has not been incorporated in the condensed interim financial statements.

2.3 Accounting estimates, judgements and financial risk management

- 2.3.1 The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions.

However, management believes that the change in outcome of judgements, estimates and assumptions would not have a material impact on the amounts disclosed in this condensed interim financial information.

- 2.3.2 Judgements and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended June 30, 2018.
- 2.3.3 The company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2018.

2.4 Changes in accounting standards, interpretations and pronouncements

- (a) **Standards, interpretations and amendments to published approved accounting standards that are effective and relevant**

IFRS 9 'Financial instruments' - This standards replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit loss model that replaces the current incurred loss impairment model.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The changes laid down by these standards do not have any significant impact on these financial statements of the Company.

- (b) **Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant**

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2018 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

- (b) **Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant**

The following is the new standard, amendment to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after July 1, 2019 that may have an impact on the financial statements of the Company.

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The management is in the process of assessing the impact of changes laid down by these standards on its financial statements.

		Un-audited March 31, 2019 Rupees	Audited June 30, 2018 Rupees
3. Property, plant and equipment			
Operating fixed assets	3.1	<u>1,649,411,240</u>	<u>1,750,599,973</u>
3.1. Operating fixed assets			
Opening balance written down value		1,750,599,973	3,388,060,909
Deletions during 9 months / 12 months	3.1.1	(30,000,000)	(498,352,836)
Depreciation charge for 9 months / 12 months		(75,388,733)	(129,202,841)
Depreciation adjustment for disposal		4,200,000	14,996,564
Transfer to investment property		-	(1,024,901,823)
Closing written down value		<u>1,649,411,240</u>	<u>1,750,599,973</u>
3.1.1. Deletions during 9 months / 12 months			
Freehold land		-	260,384,000
Building on freehold land		-	72,215,107
Plant & machinery		30,000,000	158,780,999
Vehicles		-	6,972,730
		<u>30,000,000</u>	<u>498,352,836</u>
4. Long term deposits			
Against utilities		47,646,928	47,646,928
Against TFC		9,374,497	9,374,497
		<u>57,021,425</u>	<u>57,021,425</u>
5. Trade debts			
Considered good			
Unsecured			
Foreign		12,459,327	19,605,379
Local		67,373,738	142,666,219
		<u>79,833,065</u>	<u>162,271,598</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>79,833,065</u>	<u>162,271,598</u>
5.1. The aging of trade debts as at balance sheet date is as under:			
Not past due		75,077,731	152,561,399
Past due within one year		2,125,407	7,080,272
Past due more than one year		7,044,628,806	7,044,628,806
		<u>7,046,754,213</u>	<u>7,051,709,078</u>
		<u>7,121,831,944</u>	<u>7,204,270,477</u>
6. Redeemable capital			
Secured			
Sukuk certificates	6.1	-	-
Less : Adjusted during the year		-	-
		<u>-</u>	<u>-</u>

- 6.1 The Company had filed suit under Financial Institutions (Recovery of Finances) Ordinance, 2001 against the sukuk unit holders in the Honorable Lahore High Court and prayed for declaration of undertaking to purchase the sukuk units at a pre-agreed price as void, unlawful and satisfaction of obligations against the existing amounts paid. The Company has also sought relief of suspension of operation of the undertaking and the bank guarantee issued there under till the final decision of the suit.

As per 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 March 31, 2019 Rupees	Audited June 30, 2018 Rupees
7. Long term financing			
Secured			
From banking companies and financial institutions			
Under mark up arrangements			
Demand finance	7.1	2,190,011,679	2,328,869,473
Term finance		-	62,000,000
Long term finances under SBP	7.2	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>2,477,824,424</u>	<u>2,678,682,218</u>
Less: Current portion			
Installments due / overdue		921,162,521	690,934,293
Payable within one year		596,246,956	490,018,105
		<u>1,517,409,477</u>	<u>1,180,952,398</u>
		<u>960,414,947</u>	<u>1,497,729,820</u>

- 7.1 These are secured against specific charges on fixed assets, first charge over fixed and current assets ranking pari passu with the charges created in respect of short term borrowings, ranking charge over fixed assets and equitable and registered mortgage of properties of the Company and its associates. These are further secured against ranking charge over current assets, pledge of sponsor's 45 million shares in the Company, counter bank guarantee of Rs. 340 million and personal guarantee of all directors of the Company. Bank guarantee is secured against first charge over current assets of the Company.
- 7.2 The effective rate of mark up ranges from 6.00% to 12.30% per annum (June 30, 2018: 3.47% to 10.04% per annum).
- 7.3 As per terms of agreement with a bank, the recommendation, declaration and payment of dividend is subject to prior written approval of the bank.

8. Short term borrowings

8.1. The aggregate unavailed borrowing facilities available to the Company are Rs. Nil (June 30, 2018: Rs. Nil).

8.2. Short term borrowings, excluding cash finances are secured against lien on export documents, hypothecation of current assets, first charge over current assets ranking pari passu with the charges created in respect of long term financing and ranking charge over current assets of the Company.

These are further secured against first charge over fixed assets ranking pari passu with the charges created in respect of long term financing, ranking charge over fixed assets and by personal guarantee of directors of the Company. Cash finances are secured against pledge of stocks and personal guarantee of directors of the Company.

The effective rate of mark up charged during the period / year ranges from 7.93% to 23.73% per annum (June 30, 2018: 7.15% to 23.73% per annum).

9. Contingencies & commitments

9.1. Contingencies

There is no material change in the status of contingencies as disclosed in note # 27 of the financial statements for the year ended June 30, 2018 except following:

- a. 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. Court has passed the decree in favor of the bank.
- b. 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. Court has passed the decree in favor of bank. The Company has entered in to a settlement agreement and under the terms of settlement agreement decree execution has been sine die adjourned in the Honorable Lahore High Court, Lahore.
- c. The Company has not fully recognized mark up on long and short term financing due to pending litigations and also due to settlements with other banks.
- d. Financial impact, if any, of the above has not been acknowledged in these financial statements because of pending litigations.

Bank guarantees issued in favour of

Sui Northern Gas Pipelines Limited for supply of gas.

Un-audited March 31, 2019 Rupees	Audited June 30, 2018 Rupees
33,091,000	39,018,000

9.2. Commitments

There has been no significant changes during the period in the commitments reported in the annual financial statement for the year ended June 30, 2018.

	Quarter ended March 31,		Period ended March 31,	
	2019 Rupees	2018 Rupees	2019 Rupees	2018 Rupees
10. Cost of sales				
Cost of goods manufactured	150,349,887	216,153,221	510,700,070	869,720,791
Finished goods				
Opening stock	328,270,656	640,631,518	362,285,494	661,505,777
Closing stock	(322,406,142)	(627,020,987)	(322,406,142)	(627,020,987)
	5,864,514	13,610,531	39,879,352	34,484,790
	156,214,401	229,763,752	550,579,422	904,205,581
10.1				
Raw material consumed	60,696,534	74,680,648	152,006,823	233,027,992
Salaries, wages and benefits	14,465,662	21,367,347	51,305,952	108,345,161
Staff retirement benefits	608,551	1,245,550	1,574,884	4,476,795
Stores and spares	5,376,702	2,358,076	18,068,491	20,863,630
Dyes and chemicals	14,754,642	26,602,178	101,255,479	163,536,585
Packing material	485,328	12,311,289	21,464,300	32,554,005
Conversion and processing charges	19,647,969	27,151,807	51,872,915	28,752,289
Engraving and wadding	-	1,540,780	-	7,465,055
Repairs and maintenance	998,505	1,388,025	1,704,828	2,838,403
Fuel and power	3,355,340	6,355,123	11,650,781	117,397,746
Insurance	-	-	-	540,195
Depreciation	23,690,355	29,766,310	73,591,066	111,330,269
Other	1,372,671	1,002,365	3,316,461	10,804,182
	145,452,259	205,769,498	487,811,980	841,932,307
Work in process				
Opening stock	24,115,753	65,120,478	42,106,215	82,525,239
Closing stock	(19,218,125)	(54,736,755)	(19,218,125)	(54,736,755)
	4,897,628	10,383,723	22,888,090	27,788,484
	150,349,887	216,153,221	510,700,070	869,720,791

11. Overdue loans

On the reporting date the installments of long term finances amounting to Rs. 1,517.409 million alongwith mark up of Rs. 103.283 million, lease finance amounting to Rs. 68.248 million alongwith mark up of Rs. 19.619 million and short term borrowings amounting to Rs. 6,121.894 million alongwith mark up of Rs. 2,661.802 million were over due.

On reporting date, the carrying amount of loans relevant to above overdue are, long term finances of Rs. 2,477.824 million, lease finance of Rs. 68.248 million and short term borrowings of Rs. 6,121.894 million.

Overdue installment of long term loan amounting to Rs.18.500 million was paid subsequently.

12. TRANSACTIONS WITH RELATED PARTIES

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

Relationship with the Party	Nature of transactions	Un-audited March 31, 2019 Rupees	Audited June 30, 2018 Rupees
Associated undertakings	- Services acquired	1,891,680	6,129,375
	- Purchase	4,612,882	-
	- Rentals	15,120,000	16,500,000
	- Payable	-	-
	- Receivable	17,514,000	15,960,000
Key management personnel	Remuneration to Directors	1,800,000	2,400,000

13. DATE OF AUTHORISATION FOR ISSUE

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

14. GENERAL

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

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

Book Post



If undelivered please return to:

Amtex Limited

P-225, Tikka Gali # 2 Montgomery Bazar

Faisalabad

Tel: +9241-2428500

Fax: +9241-2428512