

AMTEX LIMITED

**Half Yearly** Report  
**December 31, 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  
Mrs. Jawaria Ahsan

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  
Mrs. Jawaria Ahsan

*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](http://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 half year ended December 31, 2019.

### Financial Results

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

|                                    | Quarter ended December 31, |              | Half year ended December 31, |               |
|------------------------------------|----------------------------|--------------|------------------------------|---------------|
|                                    | 2019                       | 2018         | 2019                         | 2018          |
|                                    | Rupees                     | Rupees       | Rupees                       | Rupees        |
| Sales                              | 158,220,198                | 189,411,761  | 317,888,212                  | 340,931,117   |
| Cost of sales                      | 185,454,967                | 215,081,054  | 371,396,614                  | 394,365,021   |
| Gross loss                         | (27,234,769)               | (25,669,293) | (53,508,402)                 | (53,433,904)  |
| Net loss for the period            | (93,828,962)               | (85,841,337) | (180,139,376)                | (173,427,344) |
| Loss per share - Basic and diluted | (0.36)                     | (0.33)       | (0.69)                       | (0.67)        |

During 1<sup>st</sup> half year under review company incurred gross loss of Rs. 53.508 million as compared to gross loss of Rs. 53.433 million in the corresponding period of last year and net loss of Rs. 180.139 million as compared to net loss of Rs. 173.427 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. 317.888 million in 1<sup>st</sup> half against sales of Rs. 340.931 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 180.139 million.

### Qualification in Auditors' Report to the Members

The auditors in review 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, curtailment of employees and lease of its certain properties (land and buildings). Directors of company explains that on the basis of existing conditions and future judgments about the outcome of the events, the management is making full efforts to continue the entity as a going concern. And in order to mitigate aforementioned factors company have sold 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. 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. 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 his report has provided observation that company has created full 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.

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

### **Future outlook**

The increasing energy crisis, unfavorable business conditions consequential of adverse government policies, up surging inflation lead to a decline in investor's confidence and has sent the entire textile value chain in a state of distress. The government should introduce positive tax reforms like reduced corporate taxes, quicker refund of input sales tax etc. Although government had announced that energy, both gas and electricity, will be provided to export oriented industries at regionally competitive prices and refund of taxes and duty drawbacks will be paid on time but 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  
February 29, 2020

## ڈائریکٹرز کی رپورٹ:

آپ کی کمپنی کے ڈائریکٹرز حضرات آپ کے روبرو نصف سال کی رپورٹ مع مالی غیر آڈٹ شدہ گوشوارہ حساب برائے 31 دسمبر 2019 پیش کرتے ہیں۔

### مالی نتائج:

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

31 دسمبر نصف سال 2019 31 دسمبر نصف سال 2018 31 دسمبر نصف سال 2019 31 دسمبر نصف سال 2018

| فروخت             | 189,411,761  | 158,220,198  | 340,931,117   | 317,888,212   |
|-------------------|--------------|--------------|---------------|---------------|
| لاگت فروخت        | 215,081,054  | 185,454,967  | 394,365,021   | 371,396,614   |
| مجموعی نقصان      | (25,669,293) | (27,234,769) | (53,433,904)  | (53,508,402)  |
| بعد از ٹیکس نقصان | (85,841,337) | (93,828,962) | (173,427,344) | (180,139,376) |
|                   | (0.33)       | (0.36)       | (0.67)        | (0.69)        |

نصف سال کے دوران کمپنی کی کل فروخت مبلغ 317.888 ملین روپے کی مد میں کل نقصان رقم مبلغ 53.508 ملین روپے ہوا جبکہ پچھلے نصف سال کی کل فروخت مبلغ 340.931 ملین روپے اور کل نقصان مبلغ 53.433 ملین روپے ہوا تھا۔ نصف سال کے دوران کمپنی کو بعد از ٹیکس ادائیگی مبلغ 180.139 ملین روپے کا خالص نقصان ہوا جبکہ پچھلے نصف سال میں بعد از ٹیکس ادائیگی مبلغ 173.427 ملین روپے کا خالص نقصان ہوا تھا۔ 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 سٹور میں کمی اور ریفائنڈرز کے نہ ملنے کی وجوہات کی بنا پر کمپنی کو بعد از ادائیگی ٹیکس مبلغ 180.139 ملین روپے کے خسارے کا سامنا کرنا پڑا۔

## آڈیٹر کے مشاہدات:

آڈیٹر حضرات کی رپورٹ میں کمپنی کی کاروبار کو جاری رکھنے کی اہلیت کے بارے میں رائے کا اظہار کیا گیا ہے اور جمع شدہ نقصانات، سپلائنگ ڈویژن کے بند آپریشن، مالی بحران، آپریشنل سرگرمیوں کا اتوار، زیر التوا مقدمات، ملازموں کی کمی اور کمپنی کی پراپرٹیز کو لیز پر دینے کی وجہ سے کاروبار کی عمل کو جاری رکھنے کے بارے میں تشویش کا اظہار کیا گیا ہے آپ کی کمپنی کے ڈائریکٹرز حضرات وضاحت بیان کر رہے ہیں کہ واقعات کے نتائج موجودہ حالات اور مستقبل کے فیصلوں کی بنیاد پر کمپنی کے منتظمین کی جانب سے کاروبار کی مکمل کو جاری رکھنے کے لیے پوری کوشش کی جارہی ہے۔ اور پہلے بیان کیے گئے مسائل کے حل کیلئے کمپنی نے 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 کر دیا ہے تاکہ ان بینکوں کی طرف سے کیے گئے مقدمات کو سینٹل کیا جاسکے۔ 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۔ مزید برآں منسوبہ بندی کے تحت کمپنی کی لینڈ اور بلڈنگ کو آمدنی حاصل کرنے اور ان پراپرٹیز کی بہت زیادہ مینٹیننس کی وجہ سے ہونے والے نقصانات کو کم کرنے کے لیے لیز پر دیا گیا ہے اور بیان کیے گئے مقدمات کے پیش نظر کمپنی کے منتظمین پر اعتماد ہیں کہ وہ اپنی کاوشوں میں کامیابی سے سرخرو ہو گئے اور کمپنی اس قابل ہو جائیگی کہ وہ اپنے کاروبار کو جاری رکھ سکے۔

کمپنی کے آڈیٹر حضرات کی جانب سے رپورٹ میں رائے دی گئی ہے کہ کمپنی نے ماضی میں کی گئی فروخت کی زائد المعیاد رقم کو اخراجات میں شمار کرتے ہوئے تخمینہ مختص کیا ہے اور ان قابل وصول زائد المعیاد 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۔

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 وجہ سے ادافرض اور سرمایہ کاری کی رقم کی بابت مالی لاگت کو اخراجات 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 ٹریٹ بینک آف پاکستان کی جانب سے لاگت فنڈ کی فیصد متعین ہونے تک ایسے بینکوں کی وجہ سے ادافرض کی مالی لاگت کا تخمینہ نہیں لگایا جاسکتا۔

## مستقبل کے امکانات :

توانائی کا بڑھتا ہوا بحران منفی حکومتی پالیسیوں کے نتیجے میں کاروبار کے باخوشگوار حالات اور برحق افراط زر سے سرمایہ کاروں کے اعتماد میں کمی واقع ہوئی ہے جس کی وجہ سے پوری ٹیکسٹائل کی صنعت کو سخت مشکلات کا سامنا ہے۔ حکومت کو ٹیکس میں مثبت اصلاحات لانی چاہئیں جیسا کہ کارپوریٹ ٹیکس میں کمی اور ان پٹ سٹیلز ٹیکس کا جلد از جلد ریفنڈ۔ اگرچہ حکومت نے اعلان کیا تھا کہ برآمدی صنعتوں کو توانائی بشمول گیس اور بجلی علاقائی مسابقتی قیمتوں پر فراہم کی جائے گی اور سٹیلز ٹیکس ریفنڈ اور ڈیوٹی ڈرا بیک کو وقت پر ادا کیا جائے گا تاہم ٹیکسٹائل اور برآمدات 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۔

## توثیقی بیان :

آپ کی کمپنی کے ڈائریکٹر صاحبان کی جانب سے بینکوں، مالی اداروں، شراکت داروں اور ریگولیٹری 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 افشار  
چیف ایگزیکٹو

محمد ارفاز  
ڈائریکٹر

فیصل آباد

تاریخ: 29 فروری 2020



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

#### Report on Review of Interim Financial Statements

##### Introduction

We have reviewed the accompanying condensed interim statement of financial position of Amtex Limited as at December 31, 2019 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for three month period ended December 31, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended December 31, 2019.

##### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

##### Basis for Adverse Conclusion

- (a) The Company has incurred gross loss of Rs. 53.508 million (June 2019: Rs. 161.046 million), net loss of Rs. 180.139 million (June 2019: Rs. 262.718 million) during the six-month period ended December 31, 2019 and as at that date, its accumulated loss is Rs. 12,522.621 million (June 2019: Rs. 12,345.995 million) and company's current liabilities exceeded its current assets by Rs. 9,493.578 million (June 2019: Rs. 9,146.149 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 9 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 19.1.5, 20 and 24.6 to the financial statements for the year ended June 30, 2019. Moreover, during the period company's spinning unit's operations remained closed. 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 6 to the financial statements for the year ended

25c



June 30, 2019. 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 (c) below, indicate a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

- (b) the Company has created provision for doubtful debts amounting to Rs. 7,041.999 million (June 2019: Rs. 7,041.999 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 six-month period would have been increased by Rs 469.725 million (June 2019: Rs. 790.339 million), mark up payable and accumulated loss would have been increased by Rs. 4,966.9 million (June 2019: Rs. 4,497.175 million);

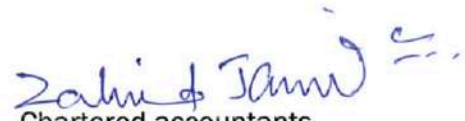
The matters as stated above in paragraph (a) to (c) are not in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Had condensed interim financial statements been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting, virtually every account/balance in the interim financial information would have been materially different.

### **Adverse Conclusion**

Our review indicates that, because of the significance of the effects of the matters as described in the paragraphs (a) to (c) of the "Basis for Adverse Conclusion" section of our report, this interim financial information does not give a true and fair view of the financial position of the entity as at December 31, 2019, and of its financial performance and its cash flows for the six-month period then ended in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's report is Muhammad Amin (FCA).

Faisalabad  
February 29, 2020

  
Chartered accountants  
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**AMTEX LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2019**

|   |      | UN-AUDITED<br>DECEMBER 31<br>2019<br>RUPEES | AUDITED<br>JUNE 30<br>2019<br>RUPEES |
|---|------|---|--------------------------------------|
|   | NOTE |   |                                      |
| <b>ASSETS</b>   |      |   |                                      |
| <b>NON CURRENT ASSETS</b>                               |      |   |                                      |
| Property, plant and equipment                           | 3    | 1,510,716,800                               | 1,552,783,503                        |
| Right-of-use assets                                     |      | 66,666,402                                  | 70,175,160                           |
| Investment property - fair value                        |      | 1,102,323,583                               | 1,102,323,583                        |
| Long term deposits                                      | 4    | 50,719,526                                  | 50,719,526                           |
|   |      | <b>2,730,426,311</b>                        | <b>2,776,001,772</b>                 |
| <b>CURRENT ASSETS</b>                                   |      |   |                                      |
| Stores, spares and loose tools                          |      | 190,117,719                                 | 234,842,917                          |
| Stock in trade  |      | 645,655,264                                 | 693,575,967                          |
| Trade debts   | 5    | 138,515,778                                 | 200,656,695                          |
| Loans and advances                                      |      | -   | 4,003,478                            |
| Deposits and prepayments                                |      | 7,251,662                                   | 7,251,662                            |
| Other receivables                                       |      | 103,648,363                                 | 106,544,102                          |
| Tax refunds due from the Government                     |      | 194,444,221                                 | 192,303,829                          |
| Cash and bank balances                                  |      | 179,809,622                                 | 162,688,117                          |
|   |      | <b>1,459,442,629</b>                        | <b>1,601,866,767</b>                 |
|   |      | <b>4,189,868,940</b>                        | <b>4,377,868,539</b>                 |
| <b>EQUITY AND LIABILITIES</b>                           |      |   |                                      |
| <b>SHARE CAPITAL AND RESERVES</b>                       |      |   |                                      |
| Authorised capital                                      |      |   |                                      |
| 260,000,000 (2019: 260,000,000)                         |      |   |                                      |
| ordinary shares of Rs.10/- each                         |      | <b>2,600,000,000</b>                        | <b>2,600,000,000</b>                 |
| Issued, subscribed and paid up capital                  |      | 2,594,301,340                               | 2,594,301,340                        |
| Reserves  |      | 531,039,330                                 | 531,039,330                          |
| Accumulated loss  |      | (12,522,621,436)                            | (12,345,995,985)                     |
| Surplus on revaluation of property, plant and equipment |      | 864,186,026                                 | 867,699,951                          |
|   |      | <b>(8,533,094,740)</b>                      | <b>(8,352,955,364)</b>               |
| <b>NON-CURRENT LIABILITIES</b>                          |      |   |                                      |
| Redeemable capital                                      | 6    | -   | -                                    |
| Long term financing                                     | 7    | 588,805,466                                 | 874,689,239                          |
| Lease liabilities                                       |      | -   | -                                    |
| Deferred liabilities                                    |      | 1,181,136,614                               | 1,108,119,315                        |
|   |      | <b>1,769,942,080</b>                        | <b>1,982,808,554</b>                 |
| <b>CURRENT LIABILITIES</b>                              |      |   |                                      |
| Trade and other payables                                |      | 237,952,008                                 | 279,030,327                          |
| Interest / markup payable                               |      | 2,686,563,426                               | 2,669,103,629                        |
| Short term borrowings                                   | 8    | 6,081,442,444                               | 6,093,087,444                        |
| Current portion of non current liabilities              |      | 1,947,063,722                               | 1,706,793,949                        |
|   |      | <b>10,953,021,600</b>                       | <b>10,748,015,349</b>                |
| Contingencies and commitments                           | 9    | -   | -                                    |
|   |      | <b>4,189,868,940</b>                        | <b>4,377,868,539</b>                 |

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

  
Khurram Iftikhar  
Chief Executive Officer

  
Shahzad Iftikhar  
Director

  
Waheed Aslam  
Chief Financial Officer


**AMTEX LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

|                                     |      | Quarter ended December 31, |              | Half year ended December 31, |               |
|-------------------------------------|------|----------------------------|--------------|------------------------------|---------------|
|                                     |      | 2019                       | 2018         | 2019                         | 2018          |
|                                     | Note | Rupees                     | Rupees       | Rupees                       | Rupees        |
| Sales                               |      | 158,220,198                | 189,411,761  | 317,888,212                  | 340,931,117   |
| Cost of sales                       | 10   | 185,454,967                | 215,081,054  | 371,396,614                  | 394,365,021   |
| Gross loss                          |      | (27,234,769)               | (25,669,293) | (53,508,402)                 | (53,433,904)  |
| Other income                        |      | 5,742,382                  | 5,040,000    | 10,782,382                   | 6,080,000     |
|                                     |      | (21,492,387)               | (20,629,293) | (42,726,020)                 | (47,353,904)  |
| Selling and distribution expenses   |      | 3,043,902                  | 5,116,079    | 6,192,023                    | 7,904,345     |
| Administrative expenses             |      | 15,279,618                 | 9,840,444    | 26,262,400                   | 21,691,335    |
| Finance cost                        |      | 49,604,662                 | 46,095,016   | 98,773,402                   | 90,712,186    |
|                                     |      | 67,928,182                 | 61,051,539   | 131,227,825                  | 120,307,866   |
| Loss for the period before taxation |      | (89,420,569)               | (81,680,832) | (173,953,845)                | (167,661,770) |
| Provision for taxation              |      | 4,408,393                  | 4,160,505    | 6,185,531                    | 5,765,574     |
| Net loss for the period             |      | (93,828,962)               | (85,841,337) | (180,139,376)                | (173,427,344) |
| Loss per share - Basic and diluted  |      | (0.36)                     | (0.33)       | (0.69)                       | (0.67)        |

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements

  
Khurram Iftikhar  
Chief Executive Officer

  
Shahzad Iftikhar  
Director

  
Waheed Aslam  
Chief Financial Officer

**AMTEX LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

|   | Quarter ended December 31, |                     | Half year ended December 31, |                      |
|---|----------------------------|---------------------|------------------------------|----------------------|
|   | 2019                       | 2018                | 2019                         | 2018                 |
|   | Rupees                     | Rupees              | Rupees                       | Rupees<br>(Restated) |
| Net loss for the period                   | (93,828,962)               | (85,841,337)        | (180,139,376)                | (173,427,344)        |
| Other comprehensive income for the period | -                          | -                   | -                            | -                    |
| Total comprehensive loss for the period   | <u>(93,828,962)</u>        | <u>(85,841,337)</u> | <u>(180,139,376)</u>         | <u>(173,427,344)</u> |

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

|   |  |   |
|---|--|---|
| <br><b>Khurram Iftikhar</b><br>Chief Executive Officer | <br><b>Shahzad Iftikhar</b><br>Director | <br><b>Waheed Aslam</b><br>Chief Financial Officer |
|---|--|---|

**AMTEX LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

|  | Half year ended December 31, |                |
|--|------------------------------|----------------|
|  | 2019<br>Rupees               | 2018<br>Rupees |
| <b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>                 |                              |                |
| Loss for the period before taxation                            | (173,953,845)                | (167,661,770)  |
| Adjustments for:   |                              |                |
| Depreciation of property, plant and equipment                  | 45,547,843                   | 51,099,155     |
| Provision for staff retirement gratuity                        | 2,140,240                    | 966,333        |
| Gain / Loss on disposal of property, plant and equipment       | (702,382)                    | 4,000,000      |
| Finance cost   | 98,773,402                   | 90,712,186     |
| Operating cash flows before working capital changes            | (28,194,742)                 | (20,884,096)   |
| Changes in working capital                                     |                              |                |
| (Increase) / decrease in current assets                        |                              |                |
| Stores, spares and loose tools                                 | 44,725,198                   | 78,458,986     |
| Stock in trade   | 47,920,703                   | 87,708,559     |
| Trade debts  | 62,140,917                   | 49,398,041     |
| Loans and advances   | 4,003,478                    | 2,620,219      |
| Deposits and prepayments                                       | -                            | 223,209        |
| Other receivables  | 2,895,739                    | 4,203,321      |
| Tax refunds due from the Government                            | (4,129,486)                  | (3,189,535)    |
| Increase / (decrease) in current liabilities                   |                              |                |
| Trade and other payables                                       | (41,078,319)                 | 20,526,668     |
|  | 116,478,230                  | 239,949,468    |
| Cash generated from operations                                 | 88,283,488                   | 219,065,372    |
| Income tax paid  | (4,196,437)                  | (3,834,556)    |
| Finance cost paid  | (10,436,546)                 | (9,714,604)    |
| Staff retirement gratuity paid                                 | -                            | (855,850)      |
| Net cash generated from operating activities                   | 73,650,505                   | 204,660,362    |
| <b>b) CASH FLOWS FROM INVESTING ACTIVITIES</b>                 |                              |                |
| Sale proceed from disposal of vehicles                         | 730,000                      | 5,000,000      |
| Net cash generated from investing activities                   | 730,000                      | 5,000,000      |
| <b>c) CASH FLOWS FROM FINANCING ACTIVITIES</b>                 |                              |                |
| Long term financing  | (45,614,000)                 | (116,050,000)  |
| Short term borrowings - net                                    | (11,645,000)                 | (85,710,000)   |
| Net cash used in financing activities                          | (57,259,000)                 | (201,760,000)  |
| Net increase / (decrease) in cash and cash equivalents (a+b+c) | 17,121,505                   | 7,900,362      |
| Cash and cash equivalents at the beginning of the period       | 162,688,117                  | 143,771,493    |
| Cash and cash equivalents at the end of the period             | 179,809,622                  | 151,671,855    |

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

|  |   |  |
|--|---|--|
| <br>Khurram Iftikhar<br>Chief Executive Officer | <br>Shahzad Iftikhar<br>Director | <br>Waheed Aslam<br>Chief Financial Officer |
|--|---|--|



**AMTEX LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

|   | Issued,<br>subscribed and<br>paid up capital | Capital reserves  |               |  | Revenue reserves   |                     | Total           |
|---|--|-------------------|---------------|--|--------------------|---------------------|-----------------|
|   |  | Merger<br>reserve | Share premium | Surplus on<br>revaluation of<br>property, plant<br>and equipment | General<br>reserve | Accumulated<br>loss |                 |
|   |  |                   |               |  |                    |                     |                 |
| Rupees  |  |                   |               |  |                    |                     |                 |
| Balances 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) |
| Loss for the year from continuing operations  | -  | -                 | -             | -  | -                  | (173,427,344)       | (173,427,344)   |
| Other comprehensive income for the year   | -  | -                 | -             | -  | -                  | -                   | -               |
| Total comprehensive loss for the year   | -  | -                 | -             | -  | -                  | (173,427,344)       | (173,427,344)   |
| Transfer to accumulated loss in respect of surplus realized on disposal of assets during the year | -  | -                 | -             | (520,388)  | -                  | 520,388             | -               |
| Transfer to accumulated loss in respect of incremental depreciation for the year                  | -  | -                 | -             | (3,868,842)  | -                  | 3,868,842           | -               |
|   | -  | -                 | -             | (4,389,230)  | -                  | 4,389,230           | -               |
| Balances as at December 31, 2018  | 2,594,301,340                                | 98,039,330        | 183,000,000   | 871,415,363  | 250,000,000        | (12,261,163,730)    | (8,264,407,697) |
| Loss for the year from continuing operations  | -  | -                 | -             | -  | -                  | (89,291,610)        | (89,291,610)    |
| Other comprehensive income for the year   | -  | -                 | -             | -  | -                  | 743,943             | 743,943         |
| Total comprehensive loss for the year   | -  | -                 | -             | -  | -                  | (88,547,667)        | (88,547,667)    |
| Transfer to accumulated loss in respect of loss realized on disposal of assets during the year    | -  | -                 | -             | 190,231  | -                  | (190,231)           | -               |
| Transfer to accumulated loss in respect of incremental depreciation for the year                  | -  | -                 | -             | (3,905,643)  | -                  | 3,905,643           | -               |
|   | -  | -                 | -             | (3,715,412)  | -                  | 3,715,412           | -               |
| Balances 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) |
| Loss for the year from continuing operations  | -  | -                 | -             | -  | -                  | (180,139,376)       | (180,139,376)   |
| Other comprehensive income for the year   | -  | -                 | -             | -  | -                  | -                   | -               |
| Total comprehensive loss for the year   | -  | -                 | -             | -  | -                  | (180,139,376)       | (180,139,376)   |
| Transfer to accumulated loss in respect of incremental depreciation for the year                  | -  | -                 | -             | (3,513,925)  | -                  | 3,513,925           | -               |
|   | -  | -                 | -             | (3,513,925)  | -                  | 3,513,925           | -               |
| Balances as at December 31, 2019  | 2,594,301,340                                | 98,039,330        | 183,000,000   | 864,186,026  | 250,000,000        | (12,522,621,436)    | (8,533,094,740) |

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

|  |   |  |
|--|---|--|
| <br>Khurram Iftikhar<br>Chief Executive Officer | <br>Shahzad Iftikhar<br>Director | <br>Waheed Aslam<br>Chief Financial Officer |
|--|---|--|

# **AMTEX LIMITED**

## **NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL INFORMATION FOR THE HALF YEAR ENDED DECEMBER 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. 173,953,845/- 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.

These condensed interim financial statements have been subjected to limited scope review by the auditors, as required under section 237 of Companies Act, 2017 and should be read in conjunction with audited annual financial statements of the Company for the year ended June 30, 2019.

## 2.2 Accounting policies

- 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, 2019.
- 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, 2019. The impact of remeasurement of post-employment benefit plans has not been incorporated in the condensed interim financial statements.

## 2.3 IFRS 16 - Leases

IFRS 16 - Leases replaces the lease standard "IAS 17 Leases" it will result in almost all leases being recognized on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, as an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short term and low value leases. The associated Right-of-use (ROU) for finance leases were measured on a retrospective basis as if the new rules had always been applied. The recognized right-of-use assets only relates to the motor vehicles.

Management of the Company has assessed the changes laid down by these standards and determined that these do not have any significant impact on these condensed interim financial statements of the Company.

The change in accounting policy affected the following items in the statement of financial position.

| Note  | Un-audited<br>31 December<br>2019 | Audited<br>30 June<br>2019 |
|---|-----------------------------------|----------------------------|
| Property, Plant and Equipment - decreased by                                      | (66,666,402)                      | (70,175,160)               |
| Right-of-use asset - increased by   | 66,666,402                        | 70,175,160                 |
| Liability against assets subject to finance lease/ Ijarah facility - decreased by | (68,248,285)                      | (68,248,285)               |
| Lease liabilities - increased by  | 68,248,285                        | 68,248,285                 |

## 2.4 Accounting estimates, judgements and financial risk management

- 2.4.1** 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.

- 2.4.2** 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, 2019.
- 2.4.3** 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, 2019.

|   |              | Un-audited<br>December 31,<br>2019<br>Rupees | Audited<br>June 30,<br>2019<br>Rupees |
|---|--------------|--|---------------------------------------|
| <b>3. Property, plant and equipment</b>   | <b>Note</b>  |  |                                       |
| Operating fixed assets  | <b>3.1</b>   | <u>1,510,716,800</u>                         | <u>1,552,783,503</u>                  |
| <b>3.1. Operating fixed assets</b>  |              |  |                                       |
| Opening balance written down value  |              | 1,552,783,503                                | 1,672,627,573                         |
| Deletions during 6 months / 12 months   | <b>3.1.1</b> | (1,026,000)                                  | (30,300,000)                          |
| Depreciation charge for 6 months / 12 months  |              | (42,039,085)                                 | (93,648,820)                          |
| Depreciation adjustment for disposal  |              | 998,382                                      | 4,104,750                             |
| Closing written down value  |              | <u>1,510,716,800</u>                         | <u>1,552,783,503</u>                  |
| <b>3.1.1. Deletions during 6 months / 12 months</b>   |              |  |                                       |
| Plant & machinery   |              | -  | 30,300,000                            |
| Vehicles  |              | 1,026,000                                    | -                                     |
|   |              | <u>1,026,000</u>                             | <u>30,300,000</u>                     |
| <b>4. Long term deposits</b>  |              |  |                                       |
| Against utilities   |              | 41,345,029                                   | 41,345,029                            |
| Against TFC   |              | 9,374,497                                    | 9,374,497                             |
|   |              | <u>50,719,526</u>                            | <u>50,719,526</u>                     |
| <b>5. Trade debts</b>   |              |  |                                       |
| Considered good   |              |  |                                       |
| Unsecured   |              |  |                                       |
| Foreign   |              | 44,580,409                                   | 62,100,520                            |
| Local   |              | 93,935,369                                   | 138,556,175                           |
|   |              | <u>138,515,778</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>138,515,778</u>                           | <u>200,656,695</u>                    |
| <b>5.1. The aging of trade debts as at balance sheet date is as under:</b>  |              |  |                                       |
| Not past due  |              | 50,928,358                                   | 200,656,695                           |
| Past due within one year  |              | 87,587,419                                   | -                                     |
| Past due more than one year   |              | 7,041,998,880                                | 7,041,998,879                         |
|   |              | <u>7,129,586,299</u>                         | <u>7,041,998,879</u>                  |
|   |              | <u>7,180,514,657</u>                         | <u>7,242,655,574</u>                  |
| <b>6. Redeemable capital</b>  |              |  |                                       |
| Secured   |              |  |                                       |
| Sukuk certificates  | <b>6.1</b>   | -  | -                                     |
| Less : Adjusted during the year   |              | -  | -                                     |
|   |              | <u>-</u>                                     | <u>-</u>                              |
| <b>6.1</b>  |              |  |                                       |
| 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.

|   | Note | Un-audited<br>December 31,<br>2019<br>Rupees | Audited<br>June 30,<br>2019<br>Rupees |
|---|------|--|---------------------------------------|
| <b>7. Long term financing</b>                     |      |  |                                       |
| Secured   |      |  |                                       |
| From banking companies and financial institutions |      |  |                                       |
| Under mark up arrangements                        |      |  |                                       |
| Demand finance                                    | 7.1  | 2,153,808,158                                | 2,202,026,235                         |
| Term finance                                      |      | 30,000,000                                   | -                                     |
| Long term finances under SBP                      | 7.2  | 19,176,163                                   | 19,176,163                            |
| Syndicated term finance                           |      | 10,500,000                                   | 10,500,000                            |
| Morabaha finance                                  | 7.3  | 15,301,582                                   | 19,301,582                            |
| Morabaha finance II                               |      | 104,000,000                                  | 104,000,000                           |
| Not subject to markup                             |      |  |                                       |
| Demand finance                                    |      | 134,835,000                                  | 158,230,923                           |
|   |      | <u>2,467,620,903</u>                         | <u>2,513,234,903</u>                  |
| Less: Current portion                             |      |  |                                       |
| Installments due / overdue                        |      | (1,350,459,141)                              | (965,411,608)                         |
| Payable within one year                           |      | (528,356,296)                                | (673,134,056)                         |
|   |      | <u>(1,878,815,437)</u>                       | <u>(1,638,545,664)</u>                |
|   |      | <u>588,805,466</u>                           | <u>874,689,239</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 5.00% to 7.01% per annum (June 30, 2019: 4.53% to 7.00% per annum).



- 7.3 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   |

- 7.4 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, 2019: 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 5.00% to 15.04% per annum (June 30, 2019: 5.00% to 20.00% per annum ).

#### 9. Contingencies & commitments

##### 9.1. Contingencies

- a. There is no material change in the status of contingencies as disclosed in note # 26 of the financial statements for the year ended June 30, 2019 except following:
- b. 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.

##### 9.2. Commitments

Collector of custom

| Un-audited<br>December 31,<br>2019<br>Rupees | Audited<br>June 30,<br>2019<br>Rupees |
|--|---------------------------------------|
|--|---------------------------------------|

3,293,869

2,696,922

|                                   | Note        | Quarter ended December 31, |                    | Half year ended December 31, |                    |
|-----------------------------------|-------------|----------------------------|--------------------|------------------------------|--------------------|
|                                   |             | 2019<br>Rupees             | 2018<br>Rupees     | 2019<br>Rupees               | 2018<br>Rupees     |
| <b>10. Cost of sales</b>          |             |                            |                    |                              |                    |
| Cost of goods manufactured        | <b>10.1</b> | 174,355,402                | 189,254,255        | 351,668,581                  | 360,350,183        |
| Finished goods                    |             |                            |                    |                              |                    |
| Opening stock                     |             | 309,502,676                | 354,097,455        | 318,131,144                  | 362,285,494        |
| Closing stock                     |             | (298,403,111)              | (328,270,656)      | (298,403,111)                | (328,270,656)      |
|                                   |             | 11,099,565                 | 25,826,799         | 19,728,033                   | 34,014,838         |
|                                   |             | <u>185,454,967</u>         | <u>215,081,054</u> | <u>371,396,614</u>           | <u>394,365,021</u> |
| <b>10.1</b>                       |             |                            |                    |                              |                    |
| Raw material consumed             |             | 71,629,662                 | 53,339,378         | 130,682,950                  | 91,310,289         |
| Salaries, wages and benefits      |             | 17,340,859                 | 12,103,223         | 36,104,414                   | 36,840,290         |
| Staff retirement benefits         |             | 895,140                    | 515,545            | 2,140,240                    | 966,333            |
| Stores and spares                 |             | 4,313,329                  | 5,695,877          | 5,643,806                    | 12,691,789         |
| Dyes and chemicals                |             | 24,931,245                 | 44,796,438         | 62,985,053                   | 86,500,837         |
| Packing material                  |             | 6,254,072                  | 10,400,523         | 15,659,212                   | 20,978,972         |
| Conversion and processing charges |             | 19,460,189                 | 19,934,980         | 38,672,334                   | 32,224,946         |
| Repairs and maintenance           |             | 211,537                    | 156,203            | 833,587                      | 706,323            |
| Fuel and power                    |             | 5,179,170                  | 4,888,140          | 9,275,716                    | 8,295,441          |
| Depreciation                      |             | 22,276,471                 | 24,950,356         | 44,552,946                   | 49,900,711         |
| Other                             |             | 1,008,884                  | 476,757            | 2,448,693                    | 1,943,790          |
|                                   |             | <u>173,500,558</u>         | <u>177,257,420</u> | <u>348,998,951</u>           | <u>342,359,721</u> |
| Work in process                   |             |                            |                    |                              |                    |
| Opening stock                     |             | 14,399,954                 | 36,112,588         | 16,214,740                   | 42,106,215         |
| Closing stock                     |             | (13,545,110)               | (24,115,753)       | (13,545,110)                 | (24,115,753)       |
|                                   |             | 854,844                    | 11,996,835         | 2,669,630                    | 17,990,462         |
|                                   |             | <u>174,355,402</u>         | <u>189,254,255</u> | <u>351,668,581</u>           | <u>360,350,183</u> |
| <b>11. Overdue loans</b>          |             |                            |                    |                              |                    |

On the reporting date the installments of long term finances amounting to Rs. 1352.334 million alongwith mark up of Rs. 111.849 million, lease finance amounting to Rs. 68.248 million alongwith mark up of Rs. 18.775 million and short term borrowings amounting to Rs. 6,081.442 million alongwith mark up of Rs. 2,467.648 million were over due.

On reporting date, the carrying amount of loans relevant to above overdue are, long term finances of Rs. 2469.495 million, lease finance of Rs. 68.248 million and short term borrowings of Rs. 6,081.442 million.

Overdue loans amounting to Rs. 13 million 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<br>December 31,<br>2019<br>Rupees | Audited<br>June 30,<br>2019<br>Rupees |
|-----------------------------|---------------------------|--|---------------------------------------|
|                             |                           |  |                                       |
| Associated undertakings     | -Services acquired        | -  | 9,416,310                             |
|                             | - Purchase                | -  | 4,612,882                             |
|                             | - Rentals                 | 10,080,000                                   | 21,200,000                            |
|                             | - Rent Receivable         | 14,740,000                                   | 21,357,000                            |
| Key management personnel    | Remuneration to Directors | 1,200,000                                    | 2,400,000                             |

### 13. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 29, 2020 by the Board of Directors of the Company.

### 14. GENERAL

- 14.1. In order to comply with the requirements of IAS 34, the condensed interim statement of financial position and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flow have been compared with the balances of comparable period of immediately preceding financial year.
- 14.2. Provision for taxation are based on this condensed interim financial information and is subject to adjustments in annual financial statements.
- 14.3. Figures have been rounded off to the nearest Rupee.

|  |  |  |
|--|--|--|
| <br>Khurram Iftikhar<br>Chief Executive Officer | <br>Shahzad Iftikhar<br>Director | <br>Waheed Aslam<br>Chief Financial Officer |
|--|--|--|

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