

2014

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COMPANY PROFILE

Amtex Limited is amongst the largest vertically integrated Textile setups in Pakistan having production facilities in all sectors of Textile Industry from Spinning, Weaving, Processing, Printing, Finishing, Cut and Sewn processes and provides employment opportunities to large number of families. After establishing strong foothold in the Textile exports, Amtex successfully switched to Direct to Retail ("DTR") business model that has enabled it to focus on exporting high value added diversified Products directly to premier Retailers in the EU, USA and across the globe. Amtex holds an iconic textile position in the Global textile industry, being the "One Stop Shop" concept by offering largest variety and combination of products to its diversified customers.

With state of the art Textile manufacturing facility, internationally recognized R&D Department, Strong outsourcing capabilities, Professional management, International display centers and warehouses for facilitating procurement of orders and direct dealing with retailing giants, Amtex is marching towards becoming a leader. Amtex has shown huge promise in value added Home Textile sector, where it has become a leader in exporting high end quality Products. Amtex has maintained its focus and commitment in balancing, modernization and value addition activities, as core business philosophy. Amtex aims at developing synergies by keeping abreast with their strong vendor base and establishing partnerships with them so as to increase the Product portfolio as well as to have the flexibility to react to the dynamics of ever demanding growing parameters of market and global business.

COMPANY INFORMATION

Board of Directors

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

Secretary & Chief Financial Officer

Mr. Tahir Javed

Audit Committee

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

Auditors

Zahid Jamil & Co.
Chartered Accountants

Legal Advisor

Mr. Muhammad Javed Pervaiz Akhtar
Advocate High Court

Bankers

Albarka Bank Limited
 Askari Bank Limited
 Bank Alfalah Limited
 Bankislami Pakistan Limited
 Faysal Bank Limited
 Habib Bank Limited
 KASB Bank Limited
 National Bank of Pakistan
 Soneri Bank Limited
 Summit Bank Limited
 The Bank of Punjab
 United Bank Limited

Registered Office

P-225 Tikka Gali # 2 Montgomery Bazar
 Faisalabad

Share Registrar Office

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

Projects Locations

30-k.m. Shaiekhupura Road Faisalabad
Spinning Unit
 Sargodha Road Faisalabad
Weaving Unit
 1-k.m. Khurrianwala Jaranwala Road
 Faisalabad
Processing & Stitching Unit



VISION STATEMENT

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

MISSION STATEMENT

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

FINANCIAL HIGHLIGHTS

YEAR ENDED JUNE 30,					
2014	2013	2012	2011	2010	2009

Rupees in million

Operating performance

Sales-net	2,812	2,485	3,002	6,427	11,066	14,120
Cost of Sales	3,921	3,203	2,951	6,601	8,119	10,731
Gross (loss) / profit	(1,108)	(718)	51	(174)	2,947	3,389
Operating (loss) / profit	(1,779)	(1,402)	(1,372)	(472)	2,351	2,707
(Loss) / profit before taxation	(1,959)	(2,316)	(2,689)	(1,816)	834	1,055
(Loss) / profit after taxation	(1,967)	(2,322)	(2,699)	(1,866)	731	921

YEAR ENDED JUNE 30,					
2014	2013	2012	2011	2010	2009

Rupees in million

Financial position

Property, plant and equipment-net (excl. capital work in progress)	4,674	4,984	5,066	5,415	4,997	4,985
Intangible assets	-	1	4	6	8	11
Capital work in progress	26	63	107	81	845	634
Fixed assets	4,700	5,049	5,176	5,502	5,851	5,631
Total assets	13,461	15,481	16,879	18,228	19,120	18,053

Current assets

Store, spare parts, loose tools and stock in trade	3,540	4,596	5,660	6,032	7,706	7,413
Other current assets	5,033	5,668	5,894	6,528	5,396	4,838
Cash and cash equivalents	151	136	135	133	145	144
	8,725	10,400	11,689	12,693	13,248	12,395

Current liabilities

Short term bank borrowings	6,857	7,033	6,919	8,557	8,117	8,099
Current portion of long term financing/ murabaha	946	784	760	524	397	430
Other current liabilities	3,117	3,255	2,704	1,999	1,289	1,360
	10,920	11,073	10,383	11,080	9,802	9,889
Net Working Capital	(2,196)	(672)	1,306	1,613	3,446	2,506
Long term financing/ murabaha	1,829	1,838	1,907	158	447	801
Share capital and reserves	(1,759)	18	2,174	4,745	6,423	4,770

YEAR ENDED JUNE 30,					
2014	2013	2012	2011	2010	2009

Profitability analysis

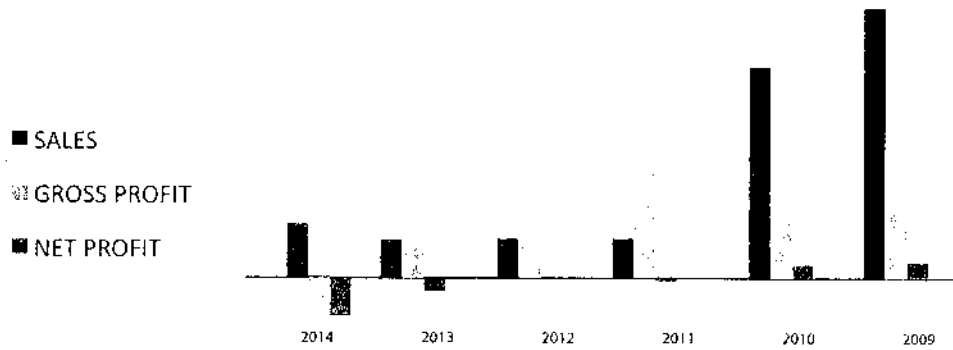
Gross (loss) / profit to sales	(%)	(39.4)	(28.9)	1.7	(2.7)	26.6	24.0
(Loss) / profit before tax to sales	(%)	(69.7)	(93.2)	(89.6)	(28.3)	7.5	7.5
(Loss) / profit after tax to sales	(%)	(69.9)	(93.4)	(89.9)	(29.0)	6.6	6.5
Return on capital employed	(%)	(70.3)	(31.9)	(21.3)	(7.3)	24.1	31.5
Earning per share	(Rupees)	(7.6)	(9.0)	(10.4)	(7.2)	3.7	5.1

YEAR ENDED JUNE 30,					
2014	2013	2012	2011	2010	2009

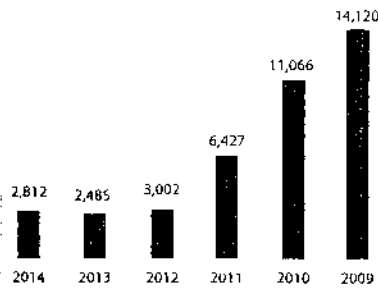
Financial analysis

Current Ratio	(times)	0.8	0.9	1.1	1.1	1.4	1.3
Debt to equity	(times)	(1.4)	129.9	1.1	0.1	0.1	0.2
Break up value per share	(Rupees)	(6.8)	0.1	8.4	18.3	26.6	52.9
Inventory turnover ratio	(times)	1.2	0.8	0.6	1.1	1.2	1.7
Debtors turnover ratio	(times)	0.6	0.5	0.5	1.2	2.6	3.7
Fixed assets turnover ratio	(times)	0.6	0.5	0.6	1.2	1.9	2.5
Total assets turnover	(times)	0.2	0.2	0.2	0.4	0.6	0.8

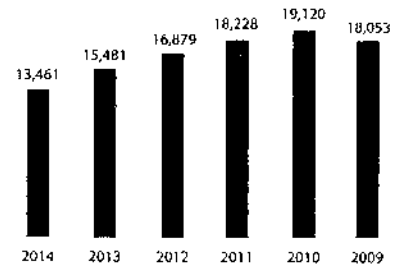
Comparison (Sales, Gross Profit & Net Profit)



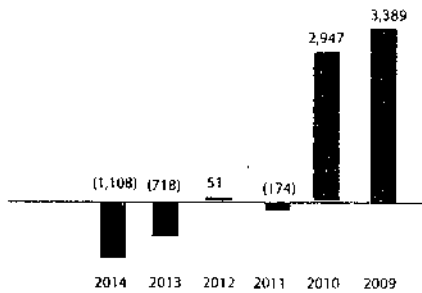
Sales-Net (Rupees in million)



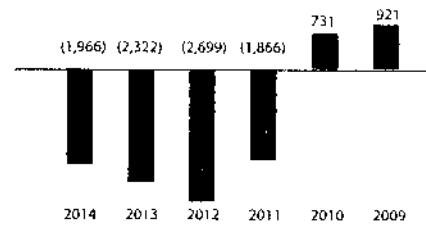
Total Assets (Rupees in million)



Gross profit / loss (Rupees in million)



Loss / Profit after tax ((Rupees in million)



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of the members of Amtex Limited (the Company) will be held on October 31, 2014 at 11:00 A.M. at mills premises 1 K.M. Khurrianwala Jaranwala Road Faisalabad to transact the following business:

ORDINARY BUSINESS

1. To confirm minutes of the Annual General Meeting held on October 30, 2013.
2. To receive and adopt the Audited Accounts of the Company for the year ended June 30, 2014 together with Directors' and Auditors' reports thereon.
3. To approve re-appointment of M/s. Zahid Jamil & Company, Chartered Accountants, as external auditors of the Company for the year 2014-15 and fix their remuneration, as recommended by the Audit Committee and Board of Directors.

OTHER BUSINESS

4. To transact any other business with the permission of the chair.

By Order of the Board

Faisalabad
October 09, 2014

Tahir Javed
Company Secretary

NOTES: -

1. The Share Transfer Books of the Company will remain closed from 24-10-2014 to 31-10-2014 (both days inclusive). Transfers received at Vision Consulting Ltd, 3-C Lawrance Road, LDA Flats Lahore at the close of the business on 23-10-2014 will be treated in time.
2. A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received at the Company's Registered Office not later than 48 hours before the time of holding the meeting.
3. Members are requested to notify immediately changes, if any, in their registered address.
4. CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

For Attending the Meeting:

- i. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulation, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.
- ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

For Appointing Proxies:

- i. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirements.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of the CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- v. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

DIRECTORS' REPORT

The Directors of your Company present before you the annual report with audited financial statements for the year ended June 30, 2014.

Operating & Financial Results

The financial year 2014 was again a very challenging and tough year for the Pakistan economy. The domestic environment is still affected by the war on terror, poor law and order situation and energy crises in the country. The company needs support from its financial partners by way of rescheduling and restructuring of existing loans along with fresh structured export orders based financing to revive its export business. The Company has prepared a comprehensive plan and has approached its financial partners and negotiations are under process. During this year one bank has rescheduled its loans but response from other banks is awaited and management of your company hopes to receive positive consideration from the banks.

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

	2014 Rupees	2013 Rupees
Sales	2,812,437,021	2,485,357,200
Cost of sales	3,920,739,449	3,202,969,944
Gross loss	(1,108,302,428)	(717,612,744)
Other income	82,669,382	62,275,099
	(1,025,633,046)	(655,337,645)
Selling and distribution expenses	17,929,077	21,246,628
Administrative expenses	735,887,202	725,200,600
Finance cost	179,906,637	913,965,067
	933,722,916	1,660,412,295
Loss before taxation	(1,959,355,962)	(2,315,749,940)
Provision for taxation	7,277,808	6,306,655
Net loss for the year	(1,966,633,770)	(2,322,056,595)
Loss per share - Basic and diluted	(7.58)	(8.95)

During financial year ended June 30, 2014, company incurred gross loss of Rupees 1,108.302 million on sales of Rupees 2,812.437 million as compared to Rupees 717.612 million gross loss on sales of Rupees 2,485.357 million for the previous financial year. During the financial year ended June 30, 2014 Company incurred net loss after tax of Rupees 1,966.633 million as compared to net loss after tax of Rupees 2,322.056 million during the previous financial year. Gross loss is mainly due to significant under / low utilization of manufacturing capacities due to non availability of required financial support from the banks of the company to meet the

working capital needs to revive its export business further gas and power load shedding situation has also not improved for the textile industry in Punjab. Sharp decline in US dollar value observed during the year under review also eroded the margins on feeble exports of the Company. Decrease in dollar rate, under utilization of capacities, low export sales and increase in energy tariff have culminated in after tax loss of rupees 1,966.633 million.

Auditors' Observations

The auditors of your company have opined that past due trade debts are impaired and provision for doubtful debts should be made in the financial statements. Company has provided 37% provision in last annual accounts against foreign receivable debtors and is negotiating with customers to recover the past payments.

Regarding the "going concern" observation of auditors, directors of your company explain that on the basis of existing conditions and future judgments about the outcome of the events, the management is making full efforts to continue the entity as a going concern. Currently due to under-utilization of capacities and losses, the company is facing tight cash flow situation and has not been able to pay its certain debt obligations towards its financial creditors. To regularize such bank loans, the repayment terms of loans are being renegotiated with the lenders keeping in view the future cash flows, profits and other relevant forecasts and certain banks have approved the restructuring with approval of fresh funding structured to revive the export business while requests have already been made to the other financial institutions. In view of the above the management is confident that it will be successful in its efforts and company will be able to continue as a going concern.

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

Market Review and Future Prospects

The supply of electricity and gas is not improving for the textile industry in Punjab but the rise in energy prices is taking its toll from units already fighting for their survival. The socio economic factors are further deteriorating with political instability and bad law and order situation. The financial partners are reluctant for supporting the textile industry as they are comfortable in lending to government against the sovereign guarantees. The much anticipated textile policy is still in doldrums and textile industry has been left alone by the government to fight at its own. However, Pakistan has received GSP Plus status from the European Union in January 2014 and textile exports to Europe have witnessed encouraging growth after GSP Plus status. There is strong demand of Pakistani textile products in the European markets. The company is wooing its past customers in Europe and North American markets and participating in international textile trade fairs and hope to receive good export orders and revive its exports business with the active market policy along with financial restructuring with its financial partners. These factors are providing great opportunity to the existing export manufacturing units in the market and the Company plans to benefit from these and revive its export business, however, the same would depend to a great extent on measures taken by the government and support extended by financial partners.

Dividend

In view of the adverse results in the current year, cash flows of the company do not permit dividend payout therefore the directors have not recommended any dividend for the year.

Auditors

The present auditors M/s Zahid Jamil & Company, Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Board of Directors has been suggested by the audit committee the re-appointment of M/s Zahid Jamil & Company, Chartered Accountants, as auditors for the financial year ending June 30, 2015.

Pattern of Shareholding

The pattern of Shareholding alongwith categories of shareholders of the company as at June 30, 2014, as required under section 236 of Companies Ordinance, 1984 and Code of Corporate Governance is annexed with this report.

No. of Board Meetings Held

Meetings of the board of directors were held during the year June 30, 2014 and the attendance of the directors is as follows:

Name	Designation	No. of Meetings Attended
Khurram Iftikhar	C.E.O	4
Shahzad Iftikhar	Director	8
Nadeem Iftikhar	Director	8
Suhail Maqsood Ahmed	Director	3
Muhammad Ahsan	Director	8
Gul Muhammad Naz	Director	3
Usman Ghani	Director	7
Shahzada Mahmood Ahmed	Director	4
Ejaz Qadir	Director	3

Audit Committee

The Audit Committee of the Company is in place and comprises of the following members as required under the Code of Corporate Governance:

Suhail Maqsood Ahmed Chairman
(Independent Director)

Muhammad Ahsan Member
(Non Executive Director)

Usman Ghani Member
(Non Executive Director)

Meetings of Audit Committee were held during the year ended June 30, 2014 as required by the Code of Corporate Governance for review of quarterly accounts, annual accounts and other related matters. The meetings were also attended by the CFO, Head of Internal Audit and External Auditors as and when required.

Corporate Governance

The Statement of Compliance with the best practices of Code of Corporate Governance is annexed.

Corporate and Financial Frame Work

In compliance of the Code of Corporate Governance, we give below statements on Corporate and Financial Reporting frame work:

1. The financial statements together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984. These Statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements.
4. International Accounting / Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and there is no any departure there from.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There has been no material departure from the best practices of Corporate Governance as detailed in the Listing Regulations of the stock exchange where the company is listed.
7. Going concern is explained separately.
8. The company strictly complies with the standard of safety rules & regulations. It also follows environmental friendly policies.
9. Financial highlights of the last six years are annexed.

Acknowledgment

The Directors of your company would like to place on record their deep appreciation for the support of the banks, financial institutions, regulators and shareholders and hope for the same in future.

The directors of your company also wish to place on record appreciation for the dedication, perseverance and diligence of the staff and workers of the company.

For and on behalf of the Board

Faisalabad
Date: September 30, 2014

Khuram Iftikhar
Chief Executive

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (the CCG) contained in listing regulations of the Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with best practices for good Corporate Governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages the representation of independent non-executive directors and directors representing minority interest on its Board. The Board includes:-

Category	Names
Independent Directors	Suhail Maqsood Ahmed
Executive Directors	Khuram Iftikhar Shahzad Iftikhar Nadeem Iftikhar
Non-Executive Directors	Usman Ghani Muhammad Ahsan Gul Muhammad Naz

2. The Directors have confirmed that none of them is serving as a Director in more than seven listed Companies, including this Company.
3. All the resident Directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFIs or being member of stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year, no casual vacancy occurred in the Board of Directors.
5. The Company has prepared a Code of Conduct and has ensured that appropriate steps has been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of CEO and other executive and non-executive directors, have been taken by the Board / shareholders.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The directors are conversant with their duties and responsibilities under the relevant laws and regulations. They have not attended any orientation course during the year.
10. The Company Secretary, CFO were appointed prior to the implementation of the Code of Corporate Governance. The Board has approved the appointment of Head of Internal Audit as recommended by Chief Executive Officer.
11. The Directors' report for current year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. All financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members, of whom two are non-executive directors and the chairman of Committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been defined and communicated to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors.
18. The Board has set-up an internal audit function manned by suitably qualified and experienced personnel conversant with the policies and procedures of the Company and are involved in the internal audit function on full time basis.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The "closed period" prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material / sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all other material principles enshrined in the Code have been complied with.

For and on behalf of the Board

Khurram Iftikhar
Chief Executive

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2014 prepared by the Board of Directors of AMTEX LIMITED (the company) to comply with the listing regulation No. 35 of Karachi Stock Exchange, where the Company is listed.

The responsibility of compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of Compliance reflects the status of Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub-Regulation (x) of Listing Regulations 35 notified by the Karachi Stock Exchanges require the Company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, except for the matter mentioned in paragraph "a and b" below nothing has come to our attention, which causes us to believe that the statement of compliance does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the code of Corporate Governance for the year ended June 30, 2014.

- a) None of the directors' has obtained a certification under any directors' training program offered by institutions-local or foreign-that meet the criteria specified by the SECP.
- b) Executive directors of the company are more than one third of elected directors, including the chief executive officer.

FAISALABAD:
Date: September 30, 2014

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

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of AMTEX LIMITED as at JUNE 30, 2014, related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that, except for the matters referred to in paragraphs (a) to (c) below, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

Except for the matters referred to in paragraphs (a) to (c) below, we conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that-

- a) the Company has incurred gross loss of Rs. 1,108.302 million (2013: Rs. 717,613 million), net loss of Rs. 1,966.633 million (2013: Rs. 2,322.057 million) during the year ended June 30, 2014 and as at that date, accumulated loss is Rs. 4,884.410 million (2013 restated: Rs. 3,104.625 million) and company's current liabilities exceeded its current assets by Rs. 2,195.857 million (2013: Rs. 672.805 million). The company is facing operational and financial problems. Moreover, the company is defendant / petitioner in various law suits as mentioned in note 14 to the financial statements and due to pending litigations certain long and short term liabilities remained unconfirmed / unreconciled in the absence of balance confirmations from related banks and financial institutions as mentioned in Note 6, 7, 8 and 12 to the financial statements. Further, there is no sufficient appropriate audit evidence that the management's plans are feasible and ultimate outcome will improve the company's current situation. These factors, along with matters mentioned in paragraph (b) to (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. The financial statements, however, do not disclose this fact and any adjustment to that effect;
- b) trade debts amounting to Rs. 7,114,403 million (2013: Rs. 7,111.968 million) remained unconfirmed / un-reconciled in the absence of balance confirmations and relevant record. Past due foreign debtors amounting to Rs. 7,102.768 million (2013: Rs. 7,087.926 million) are impaired, the company has made the provision amounting to Rs. 2,651.491 million (2013: Rs. 1,984.619 million) against these past due balances, whereas in our opinion these should be fully provided. Had this provision been made, the loss for the year and accumulated losses would have been increased and foreign debtors would have been decreased by Rs. 4,451.277 million (2013: Rs. 5,103.307 million). Moreover foreign debtors have not been translated at closing rate as on June 30, 2014. Had the foreign debtors been translated at closing rate loss for the year and accumulated loss would have been increased and foreign debtors would have been decreased by Rs.66.498 million;

- c) mark up expense has not been fully charged in these financial statements on redeemable capital and on long and short term financing due to pending litigations with various banks. Had the mark up been fully charged, net loss for the year would have been increased by Rs.820.432 million (2013: Rs.147.217 million), mark up payable and accumulated loss would have been increased by Rs. 967.649 million;
- d) in our opinion proper books of accounts, except for any effects of the matters mentioned in paragraphs (a) to (c) above, have been kept by the Company as required by the Companies Ordinance, 1984;
- e) in our opinion-
- i) the balance sheet and profit and loss account together with the notes thereon, have not been drawn up, in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- f) in our opinion and to the best of our information and according to the explanations given to us, because of the matters discussed in paragraphs (a) to (c) above, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof do not conform with approved accounting standards as applicable in Pakistan and do not give the information required by the Companies Ordinance, 1984 in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at JUNE 30, 2014 and of the loss, its cash flows and changes in equity for the year then ended; and
- g) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980- (XVIII of 1980).

FAISALABAD:
Date: September 30, 2014

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

FINANCIAL STATEMENTS

as at June 30, 2014

BALANCE SHEET

as at June 30, 2014

	Note	2014 Rupees	2013 Rupees Restated
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 260,000,000 (2013: 260,000,000) ordinary shares of Rs.10/- each		2,600,000,000	2,600,000,000
Issued, subscribed and paid up capital	3	2,594,301,340	2,594,301,340
Reserves	4	(4,353,370,923)	(2,573,585,987)
		(1,759,069,583)	20,715,353
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	5	1,894,881,582	2,076,922,720
NON-CURRENT LIABILITIES			
Redeemable capital	6	-	-
Long term financing	7	1,828,728,822	1,838,046,515
Liabilities against assets subject to finance lease	8	-	-
Deferred liabilities	9	575,535,980	472,607,057
		2,404,264,802	2,310,653,572
CURRENT LIABILITIES			
Trade and other payables	10	406,955,359	610,400,855
Interest / markup payable	11	2,709,953,887	2,644,766,496
Short term borrowings	12	6,857,129,814	7,033,409,347
Current portion of non current liabilities	13	946,447,477	784,349,563
		10,920,486,537	11,072,926,261
Contingencies and commitments	14	-	-
		13,460,563,338	15,481,217,906

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

Khurram Iftikhar
Chief Executive Officer

	Note	2014 Rupees	2013 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	4,699,965,450	5,047,387,746
Intangible assets	16	-	1,189,176
Long term deposits	17	35,967,868	32,519,405
		4,735,933,318	5,081,096,327
CURRENT ASSETS			
Stores, spares and loose tools	18	749,728,790	868,343,077
Stock in trade	19	2,790,660,569	3,727,384,897
Trade debts	20	4,671,392,930	5,324,041,770
Loans and advances	21	27,819,296	28,136,908
Deposits and prepayments	22	11,132,806	11,726,846
Other receivables	23	110,145,065	120,062,107
Tax refunds due from the Government	24	212,469,281	184,117,945
Cash and bank balances	25	151,281,283	136,308,029
		8,724,630,020	10,400,121,579
		<u>13,460,563,338</u>	<u>15,481,217,906</u>

Shahzad Iftikhar
Director

PROFIT AND LOSS ACCOUNT

for the year ended June 30, 2014

	Note	2014 Rupees	2013 Rupees
Sales	26	2,812,437,021	2,485,357,200
Cost of sales	27	3,920,739,449	3,202,969,944
Gross loss		(1,108,302,428)	(717,612,744)
Other income	28	82,669,382	62,275,099
		(1,025,633,046)	(655,337,645)
Selling and distribution expenses	29	17,929,077	21,246,628
Administrative expenses	30	735,887,202	725,200,600
Finance cost	31	179,906,637	913,965,067
		933,722,916	1,660,412,295
Loss before taxation		(1,959,355,962)	(2,315,749,940)
Provision for taxation	32	7,277,808	6,306,655
Net loss for the year		(1,966,633,770)	(2,322,056,595)
Loss per share - Basic and diluted	33	(7.58)	(8.95)

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

Khurram Iftikhar
Chief Executive Officer

Shahzad Iftikhar
Director

STATEMENT OF COMPREHENSIVE INCOME

for the year ended June 30, 2014

	Note	2014 Rupees	2013 Rupees
Loss for the year		(1,966,633,770)	(2,322,056,595)
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss:			
Gain realized on disposal of assets during the year	5	67,855,419	60,457,000
Incremental depreciation on revalued assets for the year	5	114,185,719	105,813,037
Measurement of defined benefit liability	9.1	4,807,696	4,350,682
		186,848,834	170,620,719
Total comprehensive loss for the year		(1,779,784,936)	(2,151,435,876)

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

Khurram Iftikhar
Chief Executive Officer

Shahzad Iftikhar
Director

CASH FLOW STATEMENT

for the year ended June 30, 2014

	Note	2014 Rupees	2013 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(1,959,355,962)	(2,315,749,940)
Adjustments for:			
Depreciation of property, plant and equipment		326,392,442	322,706,134
Amortisation of intangible asset		1,189,176	2,378,352
Provision for staff retirement gratuity		10,692,642	14,059,134
Provision for doubtful debts		666,871,886	667,561,277
Markup waived off / less claimed by banks		-	(52,034,756)
Gain on disposal of property, plant and equipment		(81,974,381)	(387,424)
Commission payable written back		-	(7,666,839)
Finance cost		179,906,637	913,965,067
Operating cash flows before working capital changes		(856,277,560)	(455,168,995)
Changes in working capital			
(Increase) / decrease in current assets			
Stores, spares and loose tools		112,950,632	23,788,845
Stock in trade		936,724,328	1,036,120,818
Trade debts		(14,223,046)	(456,288,245)
Loans and advances		317,612	15,991,418
Deposits and prepayments		594,040	65,702
Other receivables		9,917,042	(1,218,747)
Tax refunds due from Government		(9,423,506)	3,704,866
Increase / (decrease) in current liabilities			
Trade and other payables		(203,445,496)	(34,131,228)
		833,411,606	588,033,429
Cash (used in) / generated from operations		(22,865,954)	132,864,434
Income tax paid		(26,205,638)	(13,608,042)
Finance cost paid		(13,174,119)	(26,770,506)
Staff retirement gratuity paid		(4,501,150)	(9,162,350)
Net cash (used in) / generated from operating activities		(66,746,861)	83,323,536
b) CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in property, plant and equipment		(44,560,800)	(2,922,598)
Proceeds from disposal of property, plant and equipment		54,487,319	63,000,000
Additions in capital work in progress		(1,236,630)	(35,372,514)
Long term deposits		(3,448,463)	(17,568,697)
Net cash generated from investing activities		5,241,426	7,136,191

	2014 Rupees	2013 Rupees
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	(41,610,545)	(142,918,219)
Liabilities against assets subject to finance lease	(1,406,209)	(1,720,736)
Short term borrowings - net	119,495,443	55,598,641
	<u>76,478,689</u>	<u>(89,040,314)</u>
Net increase in cash and cash equivalents (a+b+c)	14,973,254	1,419,413
Cash and cash equivalents at the beginning of the year	136,308,029	134,888,616
Cash and cash equivalents at the end of the year	<u>151,281,283</u>	<u>136,308,029</u>

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

Khurram Iftikhar
Chief Executive Officer

Shahzad Iftikhar
Director

STATEMENT OF CHANGES IN EQUITY

for the year ended June 30, 2014

	Issued, subscribed and paid up capital	Merger reserve	Capital reserves		General reserve	Revenue reserves		Total
			Share premium	Sub Total		Accumulated loss	Sub total	
-----Rupees-----								
Balance as at July 01, 2012 as previously reported	2,594,301,340	88,029,340	183,000,000	281,039,330	250,000,000	495,170,376	(701,750,376)	2,178,590,294
Effect of change in accounting policy (Note 2.3)								
Reclassification of cumulative unrecognized actuarial loss (Note 9.1)						(1,439,065)	(1,439,065)	(1,439,065)
Balance as at July 01, 2012 as restated	2,594,301,340	88,029,340	183,000,000	281,039,330	250,000,000	493,731,311	(703,189,441)	2,172,151,269
Loss for the year						(2,322,056,595)	(2,322,056,595)	(2,322,056,595)
Other comprehensive income for the year (restated)						170,620,719	170,620,719	170,620,719
Total comprehensive loss for the year						(2,151,435,876)	(2,151,435,876)	(2,151,435,876)
Balance as at June 30, 2013 as restated	2,594,301,340	88,029,340	183,000,000	281,039,330	250,000,000	(5,104,625,317)	(2,854,625,317)	20,715,353
Loss for the year						(1,966,633,770)	(1,966,633,770)	(1,966,633,770)
Other comprehensive income for the year						186,340,834	186,340,834	186,340,834
Total comprehensive loss for the year						(1,779,784,936)	(1,779,784,936)	(1,779,784,936)
Balance as at June 30, 2014	2,594,301,340	88,029,340	183,000,000	281,039,330	250,000,000	(6,884,410,253)	(4,634,410,253)	(1,759,069,584)

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

Khurram Iftikhar
Chief Executive Officer

Shahzad Iftikhar
Director

NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2014

1. STATUS AND ACTIVITIES

- 1.1 Amtex Limited (the Company) is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 and listed on Karachi Stock Exchange 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. The cloth processing unit and stitching units are located at 1 KM Jaranwala Road, Khurrianwala, District Faisalabad and spinning unit is located at 30 KM Sheikhpura Road, Khurrianwala, District Faisalabad, in the province of Punjab.
- 1.2 Pursuant to scheme of arrangement approved by the Honorable Lahore High Court, Lahore, assets, liabilities and reserves of Amtex Spinning Limited were merged with the assets, liabilities and reserves of the Company with effect from April 01, 2003.
- 1.3 The Company has incurred loss before taxation of Rs. 1,959,355,962 and its sales have been slightly increased during the year as compared to previous corresponding year. Under utilization of production capacity because of continuous load management by the utility companies, continuous increasing tariff rates by utility companies, very poor law and order situation and increasing labor cost has resulted in higher operating cost. Due to slow turnover of stocks and collection of trade debts, 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 the recovery of their outstanding debts and several legal notices against the company which the management is defending.

Besides unfavorable business environments the management is hopeful that with the improvement in supply of gas and electricity, the production and operating results will improve. The management is making efforts to improve the liquidity by improving debt collection. The management of the Company has already taken steps for extension and restructuring of loans. Certain banks of the Company have restructured the existing loans (Refer Note 7.1) 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 The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and directives issued by the Securities and Exchange Commission of Pakistan and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) as notified under the provisions of the Ordinance. Wherever, the requirements of the Ordinance or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Ordinance or the requirements of the said directives take precedence.

2.1.1 Standards, amendments to standards and interpretations becoming effective in current period

The following new and revised standards are effective and mandatory for financial statements for the periods beginning on or after July 01, 2013 and therefore, have been applied in preparing these financial statements.

- IFRS 7 (Amendments) "Financial Instruments Disclosures" on offsetting financial assets and financial liabilities. The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement. The Company does not have any offsetting arrangements in place, therefore, the amendments do not have material impact on the disclosures.
- IFRS 13 "Fair Value Measurement" establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 defines fair value for financial reporting purposes, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. It applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. The application of IFRS 13 may result in changes in how entities determine fair values for financial reporting purposes. IFRS 13 requires extensive disclosures about fair value measurements. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures are extended by IFRS 13 to cover all assets and liabilities within its scope. The standard is effective for accounting periods of the Company beginning on or after July 01, 2013. The application of the standard may result in more extensive disclosures in financial statements.

IAS 19 "Employee Benefits" The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus. Net interest recognised in profit or loss and calculated by applying the discount rate at the beginning of each reporting period to the net defined benefit liability or asset at the beginning of that reporting period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

The amendment has resulted in change in accounting policy of the Company with respect to staff retirement gratuity (Refer Note 2.3).

2.1.2 Standards, amendments to standards and interpretations becoming effective in current year but not relevant

There are certain new standards, amendments and interpretations that are mandatory for accounting periods of the Company beginning on or after July 1, 2013 but are considered not to be relevant to the Company's operations and are, therefore not disclosed in these financial statements.

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

The following amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after their respective effective dates:

	Effective date (accounting period beginning on or after)
<ul style="list-style-type: none"> - IFRS 9 Financial Instruments (2014): A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the areas of classification and measurement, impairment hedge accounting, derecognition: - Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. Introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. - IFRS 9 (2014) supersedes IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013), but these standards remain available for application if the relevant date of initial application is before 1 February 2015. The management of the Company is reviewing the changes to evaluate the impact of application of standard on the financial statements. 	1-Jan-18
<ul style="list-style-type: none"> - IFRS 15 Revenue from Contracts with Customers: IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The Management is in the process of evaluating the impact of application of the standard on the Company's financial statements. 	1-Jan-17
<ul style="list-style-type: none"> - Amendment to IAS 16 "Property Plant and Equipment" and IAS 38 "Intangible Assets": In this amendment it is clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is 	1-Jan-16

- clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The application of amendment is not expected to have any material impact on the Company's financial statements.
- IAS 32 (Amendment) "Financial Instruments: Presentation". This amendment updates the application guidance to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The application of the amendment is not expected to have any material impact on the Company's financial statements. 1-Jul-14
- IAS 36 "Impairment of Assets": These amendments address the disclosures and clarify the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The application of amendments is not expected to have any material impact on the Company's financial statements. 1-Jan-14
- IAS 39 "Financial Instruments Recognition and Measurement": These amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one). The application of amendments is not expected to have any material impact on the Company's financial statements. 1-Jan-14
- IAS 19 "Employee Benefits": These amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service. The application of amendments is not expected to have any material impact on the Company's financial statements. 1-Jul-14

The IASB has issued Annual Improvements to IFRS's 2010-2012 Cycle

Amendments to the following standards were made which are effective for accounting periods beginning on or after July 01, 2014:

IFRS 2 -- Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'.

IFRS 3 — Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.

IFRS 8 — Requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.

IFRS 13 — Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).

IAS 16 and IAS 38 — Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

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

The IASB has issued Annual Improvements to IFRS's 2011-2013 Cycle

Amendments to the following standards were made which are effective for accounting periods beginning on or after July 01, 2014:

IFRS 1 — Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only).

IFRS 3 — Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

IFRS 13 -- Clarify the scope of the portfolio exception in paragraph 52

IAS 40 -- Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property

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

IFRIC 21 Levies

This interpretation provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.

The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides guidance on recognition of a liability to pay levies. The interpretation is effective for accounting periods beginning on or after January 01, 2014. The application of the interpretation is not expected to have material impact on the Company's financial statements.

2.2 Basis of preparation

The financial statements have been prepared under the "historical cost convention" except:-

- certain property, plant and equipment items carried at revaluation.
- employee retirement benefits carried at present value.

2.3 Change in accounting policy

Staff retirement benefits

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the elimination of 'corridor approach' for actuarial gains and losses permitted under the previous version of IAS 19 and require all actuarial gains and losses to be recognized immediately through other comprehensive income. The amendments have resulted in change to the Company's accounting policy in respect of staff retirement gratuity. The change in accounting policy has been applied retrospectively in accordance with the requirements of IAS-8 "Accounting Policies, Change in Accounting Estimates and Errors" and opening balances of accumulated loss and staff retirement gratuity have been adjusted by recording previously unrecognized actuarial gains / (losses): -

The effects of retrospective application of the change in accounting policy are as follows:

	2013		
	Before restatement	As restated	Re-statement adjustment
	Rupees.....		
Defined benefit liability	35,020,192	32,108,575	2,911,617
Accumulated loss	(3,107,536,934)	(3,104,625,317)	(2,911,617)
Total comprehensive Loss	(2,155,786,558)	(2,151,435,876)	(4,350,682)

This change in accounting policy for the periods prior to beginning of year end 30 June 2013 is not material. Accordingly statement of financial position for the year ended June 30, 2012 has not been presented.

2.4 Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Asset held under finance lease is recognised as asset of the Company at its fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as liability against asset subject to finance lease. The liability is classified as current and non current depending upon the timing of payment. Lease payments are apportioned between finance charges and reduction of the liability against asset subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Staff retirement benefits

The Company operates unfunded gratuity scheme for all its employees at mills. Provisions are made to cover the obligations under the schemes on the basis of actuarial valuation and are charged to income statement.

Actuarial gains and losses are recognised as income or expense when the cumulative unrecognized actuarial gains or losses at the end of previous reporting period exceed 10 per cent of the present value of the Company's defined benefit obligation at that date. These gains and losses are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost.

Trade and other payables

Liabilities for trade and other payables are measured at cost which is the fair value of the consideration to be paid in future for goods and services received, whether billed to the Company or not.

Provisions

Provisions are recognised when the Company has a present, legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Provision for taxation

Current

Provision for current taxation is based on income taxable at the current tax rates after taking into account tax rebates and tax credits available under the law.

Deferred

Deferred tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of the Institute of Chartered Accountants of Pakistan.

Deferred tax asset is recognised for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax charged or credited in the income statement, except in case of items credited or charged to equity in which case it is included in equity.

2.9 Dividend and other appropriations

Dividend is recognised as a liability in the period in which it is approved. Appropriations of profits are reflected in the statement of changes in equity in the period in which such appropriations are made.

2.10 Property, plant and equipment

Property, plant and equipment except freehold land and capital work in progress are stated at cost / revaluation less accumulated depreciation and impairment in value, if any. Freehold land is stated at revalued amount less accumulated impairment in value, if any. Capital work-in-progress is stated at cost less accumulated impairment in value, if any.

Depreciation is charged to income applying the reducing balance method at the rates specified in the property, plant and equipment note. Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

In respect of additions and disposals during the year, depreciation is charged from the month of acquisition or capitalisation and up to the month preceding the month of disposal respectively.

When parts of an item of property, plant and equipment have different useful lives, they are recognised as separate items of property, plant and equipment.

Normal repairs and maintenance costs are charged to income during the period in which they are incurred. Major renewals and improvements are capitalised.

Gains or losses on disposal of property, plant and equipment are included in current income.

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these assets are available for use.

Surplus arising on revaluation of an item of property, plant and equipment is credited to surplus on revaluation of property, plant and equipment, except to the extent of reversal of deficit previously charged to income, in which case that portion of the surplus is recognised in income. Deficit on revaluation of an item of property, plant and equipment is charged to surplus on revaluation of that asset to the extent of surplus and any excess deficit is charged to income. On subsequent sale or retirement of revalued item of property, plant and equipment, the attributable balance of surplus is transferred to unappropriated profit through statement of comprehensive income. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets is transferred to unappropriated profit through statement of comprehensive income.

Assets subject to finance lease

In view of certainty of ownership of the assets at the end of the lease period, assets subject to finance lease are stated at cost less accumulated depreciation. These assets are depreciated over their expected useful lives on the same basis as owned assets except building under lease which is depreciated on straight line basis over its lease term of 61 years.

2.11 Intangible asset

Intangible asset is stated at cost less accumulated amortization and impairment in value, if any. Intangible asset is amortised using the straight-line method over a period of five years.

Amortization on addition to intangible assets is charged from the month in which an asset is acquired or capitalized, while no amortization is charged for the month in which that asset is disposed off.

2.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit and loss account in the period in which these are incurred.

Impairment

The Company assesses at each balance sheet date whether there is any indication that assets except deferred tax assets may be impaired. If such indications exist, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in profit and loss account, unless the relevant assets are carried at revalued amounts, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognised for the assets in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant assets are carried at revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Stores, spares and loose tools

These are valued at moving average cost less allowances for obsolete or slow moving items, if any. Items in transit are valued at cost comprising invoice value and other charges incurred thereon.

Stock in trade

Stock in trade except waste are valued at lower of cost and net realisable value. Cost is determined as follows:

Raw material	Weighted average cost except items in transit which are valued at cost accumulated upto the balance sheet date.
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Wastes	are valued at net realisable value.

Net realizable value represents the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost to make the sales. Average manufacturing cost consists of direct materials, labor and a proportion of manufacturing overheads.

2.16 Trade debts and other receivables

Trade debts are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad are written off when identified. Other receivables are recognised at nominal amount which is fair value of the consideration to be received in future.

2.17 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks, books overdrawn, highly liquid short term investments that are convertible to known amount of cash and are subject to insignificant risk of change in value.

2.18 Non-current assets held for sale

Non-current asset (or disposal group) is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Non-current asset (or disposal group) classified as held for sale is measured at the lower of its previous carrying amount and fair value less costs to sell.

Non-current asset (or disposal group) classified as held for sale that no longer meet the criteria of classification as held for sale is transferred to non-current assets at the lower of:

- Its carrying amount before the assets were classified as held for sale, adjusted for any depreciation, amortization or revaluation that would have been recognised had the assets not been classified as held for sale, and
- Its recoverable amount at the date of the subsequent decision not to sell.

Gains and losses on disposal of Non-current asset (or disposal group) held for sale are included in current income.

2.19 Foreign currency translation

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

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

2.20 Financial instruments

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

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

2.21 Offsetting of financial asset and financial liability

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

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259,130,134	259,130,134	2,000,000,000	2,000,000,000
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	Note	2014 Rupees	2013 Rupees
4. RESERVES			
Capital reserves			
Merger reserve	4.1	98,039,330	98,039,330
Share premium		183,000,000	183,000,000
		281,039,330	281,039,330
Revenue reserves			
General reserve	4.2	250,000,000	250,000,000
Accumulated loss		(4,884,410,253)	(3,104,625,317)
		(4,634,410,253)	(2,854,625,317)
		<u>(4,353,370,923)</u>	<u>(2,573,585,987)</u>

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

4.2 This reserve can be utilized by the Company for various purposes including issue of bonus shares to shareholders, payment of dividend when profits are insufficient and further to meet sudden losses due to natural calamities.

5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Opening balance	5.1	2,076,922,720	2,025,619,422
Created during the year		-	217,573,335
Less:			
Transferred to Comprehensive Income for the year in respect of:			
Incremental depreciation for the year		114,185,719	105,813,037
Surplus realised on disposal of assets during the year		67,855,419	60,457,000
		182,041,138	166,270,037
		<u>1,894,881,582</u>	<u>2,076,922,720</u>

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

379,166,665 379,166,665

6.1 These represent balance out of 2,00,000 sukuk certificates of Rs. 5,000/- each privately placed with a banking company.

During the musharika, the legal title to the musharika assets will remain with the Company, however, a trustee will hold the beneficial title on behalf of the investors.

In addition, these are secured against second charge on all the present and future fixed assets excluding freehold land and building on freehold land of the Company, bank guarantee of Rs. 740 million issued in favour of the trustee and by personal guarantee of two directors of the Company. Bank guarantee of Rs. 740 million is also secured. Securities are disclosed in Note 7.1.

Sukuk certificates are redeemable in twelve equal quarterly installments commenced from January 10, 2010 and ending on October 10, 2012.

The certificate holders will be entitled to rental payments for use of musharika assets. Rental payments shall be calculated to provide return equal to the base rate plus incremental rental plus service agency charges incurred by the trustee during the previous quarter.

Base rate is defined as three months KIBOR and incremental rental is defined as margin of 2% per annum.

The effective yield rate of rental ranges from 11.03% to 12.17% per annum (2013: 11.52% to 13.70% per annum).

6.2 The Company has filed suit under Financial Institutions (Recovery of Finances) Ordinance, 2001 against the sukuk unit holders in the Honorable Lahore High Court 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 the interim order of The Honorable Lahore High Court the guarantor has deposited two overdue rentals in an escrow account opened by the Deputy Registrar (Judicial) to secure the payments due under the sukuk arrangement. Furthermore information / records were not made available by the banking company to confirm the year end balance of the outstanding amount.

	Note	2014 Rupees	2013 Rupees
7. LONG TERM FINANCING			
Secured			
From banking companies and financial institutions	7.1		
Under mark up arrangements			
Demand finance		1,887,778,216	1,921,807,475
Term finance		155,000,000	155,000,000
Long term finances		19,176,163	19,176,163
Syndicated term finance		11,288,814	11,413,019
Morabaha finance		19,301,582	20,499,592
Morabaha finance II		189,537,904	-
Not subject to markup			
Demand finance		33,216,000	33,216,000
		<u>2,315,298,679</u>	<u>2,161,112,249</u>
Less: Current portion			
Installments due / overdue		287,103,253	179,955,930
Payable within one year		199,466,604	143,109,804
		<u>486,569,857</u>	<u>323,065,734</u>
		<u>1,828,728,822</u>	<u>1,838,046,515</u>

7.1 Terms of finances are as under;

Nature of finance	Notes	Balance Rupees	Number of installments	Payment rests	Commencement date	Ending date	Markup rate
Under mark up arrangements:							
Demand finances							
DFI	7.1.1	1,396,478,216	38	Quarterly	30-Jun-12	30-Sep-21	5% Flat
DFI	7.1.2	411,600,000	29	Quarterly	7-Jul-12	30-Jun-19	3 Month kibar + 1.5%
DF	7.1.3	79,700,000	22	Quarterly	31-Jul-13	31-Oct-18	3 Months Kibar
		<u>1,887,778,216</u>					
Term finances							
Term finance II		125,000,000	12	Quarterly	30-Sep-10	30-Jun-13	3 Month KIBOR + 3.00% p.a with a floor of 10% p.a
Term finance I		30,000,000	21	Quarterly	30-Jun-13	30-Jun-17	8.5%
		<u>155,000,000</u>					
Long term finances under State Bank of Pakistan Scheme							
II		4,243,913	12	Quarterly	27-Jan-07	27-Oct-10	SBP rate + 2.00% p.a
III	7.1.4	14,932,750	17	Quarterly	31-Mar-07	31-Mar-12	SBP rate + 3.00% p.a
		<u>19,176,163</u>					
Syndicated term finance							
		11,288,814	20	Quarterly	07-Mar-06	7-Dec-10	6 Month KIBOR + 3.00% p.a with a floor of 5% p.a
Morabaha finance	7.1.5	19,301,582	30	Quarterly	19-Sep-12	19-Dec-19	15.50%
Morabaha finance II	7.1.6	189,537,904	36	Quarterly	31-Dec-13	31-Dec-22	3 Month kibar-3% with cap at 7%
Not subject to mark up:							
Demand finances							
DFH	7.1.7	33,216,000	39	Quarterly	30-Sep-12	30-Jun-22	

These are secured against specific charges on fixed assets, first charge over fixed and current assets ranking pari passu with the charges created in respect of short term borrowings (Refer Note 12), ranking charge over fixed assets and equitable and registered mortgage of properties of the Company and its associates. These are further secured against ranking charge over current assets, pledge of sponsor's 45 million shares in the Company, counter bank guarantee of Rs. 340 million and personal guarantee of all directors of the Company. Bank guarantee is secured against first charge over current assets of the Company.

The effective rate of mark up ranges from 5% to 13.18% per annum (2013: 5% to 14.95% per annum).

- 7.1.1 It represents loans transferred from short term borrowings due to restructuring agreement with a bank. Current unpaid mark up amounting to Rs.230.394 million till August 31, 2011 (refer note no 9) alongwith IRS transaction cost amounting to Rs.18.033 million would be paid by the company after complete adjustment of principal liability alongwith future mark up.

Any deviation in the restructured arrangement with regards to mark up / principal servicing would revert the facilities back to its previously approved arrangements and all types of concessions (pricing & tenor) shall be withdrawn.

- 7.1.2 It represents loans transferred from short term borrowings due to restructuring agreement with a bank. For mark up, quarter payment of Rs.0.150 million shall be paid for 7 years and remaining accrued mark up will be deferred and it will be paid in further 3 years in equal quarterly installments after complete adjustment of principal liability along with future mark up.

- 7.1.3 It represents loans transferred from short term borrowings due to restructuring agreement with a bank. Existing markup of Rs. 32 million out of Rs. 40.47 million will be paid in two years on quarterly basis after repayment of complete principal and markup accrued during the period of settlement. Remaining existing markup shall be waived-off by the bank. In case of default, Bank will withdraw all concessions (including rate reduction and mark up waiver). No second restructuring will be allowed and the bank will settle outstanding through sale of assets on litigation.

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

- 7.1.5 It represents murabaha finance restructured from short term morabaha.

- 7.1.6 The company has entered into restructuring agreement with the Al-baraka Islamic Bank as on December 06, 2013 as a result of which company has paid Rs. 99,978,000/- out of the balance of short term export Murabaha finance amounting to Rs.495,774,975/- and remaining balance amounting to Rs. 395,796,975/- has been converted into long term Murabaha finance II of Rs. 195,796,975/- and short term Murabaha Finance I of Rs. 200,000,000/-. Further total Mark up till date mentioned amounting to Rs.23,538,637/- has been deferred and will be recovered on quarterly basis in 3 years after complete adjustment of long term Murabaha Finance II in 9 years. These are secured against JPP charge on Current Assets valuing Rs.750 million, ranking charge over Fixed Assets valuing Rs. 200 million with 25% margin for all lines, Title of export documents and personal Guarantees of main sponsoring directors of the company.

- 7.1.7 It represents outstanding mark up on principal liabilities restructured as mentioned in note 7.1.2 above, converted in the demand finance and no mark up shall be charged on it. Quarterly payments of Rs. 0.150 million shall be paid for 7 years and then balance shall be paid in further 3 years in equal quarterly installments.

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

	2014 Rupees	2013 Rupees
8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Opening balance	82,117,164	86,687,900
Paid / adjusted during the year	(1,406,209)	(4,570,736)
	80,710,955	82,117,164
Current portion		
Installments due / overdue	(80,710,955)	(62,023,471)
Payable within one year	-	(20,093,693)
	(80,710,955)	(82,117,164)

These represent plant and machinery acquired under separate lease agreements.

The purchase option is available to the Company on payment of last installment and surrender of deposit at the end of the lease period.

The principal plus financial charges are payable over the lease period in 48 monthly and 16, 24 and 16 quarterly installments. The liability represents the total minimum lease payments discounted at 15.5% to 18.39% per annum (2013: 15.5% to 18.39% per annum) being the interest rates implicit in leases. Furthermore information / records were not made available by the financial institution to confirm the year end balance of the outstanding amount due to pending litigation.

The future minimum lease payments to which the Company is committed as at June 30, 2014 are as under:

	Rupees
Period ending June 30, 2014	101,470,997
Financial charges payable	(20,760,042)
Financial charges allocated to future periods	-
	80,710,955

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

2014		2013	
Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments

-----Rupees-----

Due within one year	101,470,997	80,710,955	103,347,347	82,117,164
Due after one year but not later than five years	-	-	-	-
	<u>101,470,997</u>	<u>80,710,955</u>	<u>103,347,347</u>	<u>82,117,164</u>

	Note	2014 Rupees	2013 Rupees
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9. DEFERRED LIABILITIES

Deferred markup on:

Demand finance I	7.1.1	468,688,756	398,557,946
Demand finance	7.1.3	49,816,216	41,940,536
Morabaha finance	7.1.5	23,538,637	-

Staff retirement gratuity	9.1	542,043,609	440,498,482
		33,492,371	32,108,575
		<u>575,535,980</u>	<u>472,607,057</u>

9.1 Staff retirement gratuity

9.1.1 General description

The Company operates an unfunded gratuity scheme for all its employees at mills who have completed the minimum qualifying period of service as defined under the scheme. The most recent valuation was carried out as at June 30, 2014 using the "Projected Unit Credit Method".

	2014 Rupees	2013 Rupees Restated
9.1.2 Balance sheet reconciliation as at June 30,		
Present value of defined benefit obligation	33,492,371	32,108,575

	Note	2014 Rupees	2013 Rupees Restated
9.1.3 Movement in net liability recognised			
Opening balance as at July 01,		32,108,575	48,797,238
Expenses recognised in profit and loss account	9.1.4	10,692,642	14,059,134
Paid during the year		(4,501,150)	(9,162,350)
Benefits due but not paid, transferred to current liabilities		-	(17,234,765)
Remeasurement (gain) on obligation		(4,807,696)	(4,350,682)
Balance at June 30,		<u>33,492,371</u>	<u>32,108,575</u>
9.1.4 Expenses recognised in profit and loss account			
Current service cost		7,966,746	10,278,030
Interest cost		2,725,896	3,781,104
		<u>10,692,642</u>	<u>14,059,134</u>
		2014	2013
9.1.5 Principal actuarial assumptions			
Discount factor used		13% Per annum	12% Per annum
Expected rate of increase in salaries		12% Per annum	10% Per annum
Expected average remaining working lives of participating employees		5 years	4 years
9.1.6 Year end sensitivity analysis of the defined benefit obligation is as follows:			
	Change in assumptions	Reworked defined benefit obligation Increase in assumptions	Decrease in assumptions
Discount rate	100 bps	31,051,332	36,176,474
Salary increase rate	100 bps	34,993,598	32,045,593
		2014 Rupees	2013 Rupees
10. TRADE AND OTHER PAYABLES			
Creditors		333,070,943	390,356,943
Accrued liabilities		35,976,660	133,972,815
Advance from customers		35,904,415	83,981,353
Withholding tax payable		2,003,341	2,089,744
		<u>406,955,359</u>	<u>610,400,855</u>

	Note	2014 Rupees	2013 Rupees
11. INTEREST / MARKUP PAYABLE			
Redeemable capital		100,031,748	100,031,748
Long term financing		197,438,479	134,783,801
Liabilities against assets subject to finance lease		20,760,042	19,556,757
Short term borrowings		2,391,723,618	2,390,394,190
		<u>2,709,953,887</u>	<u>2,644,766,496</u>

12. SHORT TERM BORROWINGS

Secured

From banking companies and financial institutions

Under mark up arrangements	12.2		
Export finances		5,335,620,871	5,756,241,707
Running finance		215,241,005	215,241,005
Morabaha finances	12.3	401,450,753	159,360,000
Cash finances		192,472,910	191,794,250
Forced demand finance	12.4	139,419,334	139,419,334
Payment against documents	12.5	299,948,051	299,948,051
Not subject to markup			
Demand finance	12.6	271,405,000	271,405,000
Overdraft		1,571,890	-
		<u>6,857,129,814</u>	<u>7,033,409,347</u>

12.1 The aggregate unavailed short term borrowing facilities available to the Company is Rs. 49 million (2013: Nil).

12.2 Short term borrowings, excluding cash finances are secured against lien on export documents, hypothecation of current assets, first charge over current assets ranking pari passu with the charges created in respect of long term financing (Refer Note 7.1), and ranking charge over current assets of the Company. These are further secured against first charge over fixed assets ranking pari passu with the charges created in respect of long term financing (Refer Note 7.1), ranking charge over fixed assets and by personal guarantee of directors of the Company. Cash finances are secured against pledge of stocks and personal guarantee of directors of the Company.

The effective rate of mark up charged during the year ranges from 9.11 % to 16% per annum (2013: 9.86 % to 23.725% per annum).

12.3 Morabaha finances include Morabaha finance I restructured during the year as mentioned in Note 7.1.4 and also include morabaha facilities availed during the year. These finances are to be repaid from export proceeds realized or from own source and are for purchase of cotton, PSF, yarn, cloth, chemical, spares and other raw material. Collateral securities are same as detailed in Note 7.1.4.

12.4 It represents two rentals of redeemable capital paid by the guarantor (Refer Note 6.2). It is subject to mark up at the rate of 23.725 % per annum. Securities are disclosed in Note 7.1.

12.5 The effective rate of mark up charged during the year ranges from 16 % to 18 % per annum (2013: 18% to 20% per annum). Securities are disclosed in Note 12.2.

12.6 Total amount of demand finance was Rs. 367.722 million. The securities are disclosed in Note 7.1. Rs. 74.989 million was payable on June 29, 2010 as down payment, Rs. 127.876 million was payable till July 31, 2010 out of proceeds of sales tax refunds and remaining mark up balance of Rs 164.857 million was payable in 10 equal monthly installments commenced from June 30, 2010 and ending on March 31, 2011.

12.7 Information / records were not made available by the banking companies to confirm the year end balances amounting to Rs.1,274.750 million out of total outstanding amount due to pending litigation.

	Note	2014 Rupees	2013 Rupees
13. CURRENT PORTION OF NON CURRENT LIABILITIES			
Redeemable capital	6	379,166,665	379,166,665
Long term financing	7	486,569,857	323,065,734
Liabilities against assets subject to finance lease	8	80,710,955	82,117,164
		<u>946,447,477</u>	<u>784,349,563</u>

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

- a. M/S. S.A.Rehmat Private Limited has filed winding up petition against the Company in the Honorable Lahore High Court, Lahore and prayed that the Respondent Company M/S Amtex Limited be wound up and its assets be sold and proceeds thereof may be distributed among creditors.
- Amtex Limited has filed suit in the Honorable Civil Court at Faisalabad against M/s S.A Rehmat private Limited for recovery of Rs.28,230,026/- further filed suit against the same company for Rendition of account and cancellation of documents.
- b. M/S KASB Bank Limited has instituted a suit for recovery of Rs.149,802,970/- under Financial Institutions (Recovery of Finances) Ordinance, 2001 in the Honorable Lahore High Court, Lahore against the Company. The company has duly filed its petition for leave to defend in the said matter and the same is pending adjudication.
- c. Amtex Limited filed suit in the court of Honorable Senior Civil Judge Faisalabad against M/S. Pakistan cargo Services Private Limited for recovery of Rs.12,019,087/-. The Company is hopeful of settlement of case in its favour.
- d. M/S Zephyre Textile Limited has filed a suit for recovery of Rs. 2,916,762/- against the company before the Honorable District Judge Lahore. The company has duly filed its reply in the said matter and the same is pending adjudication.
- e. M/S. Pak Kuwait Investment Company Private Limited has instituted suit under Financial Institutions (Recovery of Finances) Ordinance, 2001 for recovery of Rs. 97,903,568/- along with future markup in the Honorable High Court Sindh at Karachi against the company. The company has duly filed its petition for leave to defend in the said matter and the same is pending adjudication.
- f. M/S Codabar Labeling System has filed a suit for recovery of Rs. 585,247/- against the company before the Civil Court at Lahore. The company has filed an application challenging the jurisdiction of the Court and the same is pending adjudication.
- g. Bank Islami Pakistan Limited has instituted suit against the company in the Honorable Lahore High Court, Lahore under financial institutions (Recovery of Finance) Ordinance, 2001 for recovery of Rs. 660,473,859/- The Company has duly filed its petition for leave to defend in the said matter and the same is pending adjudication.
- h. M/S National Bank of Pakistan (Islamic Banking Division) has instituted a suit for recovery of Rs. 106,924,484/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable Lahore High Court, Lahore against the company. The company has duly filed its petition for leave to defend in the said matter and the same is pending adjudication.
- i. M/S National Bank of Pakistan has instituted a suit for recovery of Rs. 1,487,663,500/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable Lahore High Court, Lahore against the company. The company has duly filed its petition for leave to defend in the said matter and the same is pending adjudication.
- j. M/S First Punjab Modaraba Ltd has instituted a suit for recovery of Rs. 18,371,336/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable Banking Court No. II, Lahore against the company. The company is going to file its petition for leave to defend in the said matter.

- k. M/S Faysal Bank Ltd has instituted a suit for recovery of Rs. 6,061,867/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable Banking Court No. II, Faisalabad against the company. The company is going to file its petition for leave to defend in the said matter.
- l. M/S Saudi Pak Industrial & Agricultural Investment Company Ltd has instituted a suit for recovery of Rs. 19,122,367/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable Banking Court No. II, Lahore against the company. The company has duly filed its petition for leave to defend in the said matter and the same is pending adjudication.
- m. M/S Habib Bank Ltd has instituted a suit for recovery of Rs. 946,312,769/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable High Court Lahore against the company. The company has duly filed its petition for leave to defend in the said matter and the same is pending adjudication.
- n. The Bank of Punjab has instituted a suit for recovery of Rs. 6,373,121,000/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable High Court Lahore against the company. The company has duly filed its petition for leave to defend in the said matter and the same is pending adjudication.
- o. Askari Bank Ltd has instituted a suit for recovery of Rs. 619,486,166/- under Financial Institutions (Recovery of finances) Ordinance, 2001 in the Honorable High Court Lahore against the company. The company has duly filed its petition for leave to defend in the said matter and the same is pending adjudication.
- p. The company has not fully recognised mark up on redeemable capital and on long and short term financing due to aforementioned litigations and also due to settlements with other banks. Had the mark up been fully charged the loss for the year and accumulated losses would have been increased by Rs. 820.432 million.
- q. The company has filed writ petition in the Honorable Lahore High Court, Lahore against Federation of Pakistan and others, in the case of investigation of affairs of the company. The case is pending adjudication.
- r. Cases are pending before foreign exchange adjudication officer, State Bank of Pakistan, for non repatriation of export proceeds within prescribed times. The default may attract penalties. The financial impact cannot be determined at this stage.
- s. A recovery demand of rupees 9.4 million has been raised as a result of an order passed by Additional Commissioner Inland Revenue u/s 122 (5A) of the Income Tax Ordinance 2001 regarding Tax Year 2012. Department has deducted rupees 9 million from Company's income tax and sales tax refunds. Said recovery deductions has not yet accounted for due to an appeal filed before Appellate Tribunal Inland Revenue (ATIR), Lahore.
- t. Financial impact, if any, of the above (a to s) has not been acknowledged in these financial statements because of pending litigations.

	Note	2014 Rupees	2013 Rupees
14.2 Commitments			
Bank guarantees issued in favour of Sui Northern Gas Pipelines Limited for supply of gas.		64,018,000	52,927,000
Claim of workers' welfare fund not acknowledged. The Company is claiming exemption from the levy.		3,333,305	3,333,305
Bank guarantees issued in favour of Faisalabad Electric Supply Corporation for new connection.		8,940,000	8,940,000
15. PROPERTY, PLANT AND EQUIPMENT			
Tangible			
Operating fixed assets	15.1	4,673,948,551	4,984,065,404
Capital work in progress	15.5	26,016,899	63,322,342
		<u>4,699,965,450</u>	<u>5,047,387,746</u>

15.4 Detail of disposal of property, plant and equipment (Sold by negotiation)

Description	Cost / Revaluated amount	Accumulated depreciation	Written down value	Sale proceeds	Profit	Particulars
Freehold Land	40,880,000	-	40,880,000	117,530,000	76,650,000	AL-Baraka Bank (Pakistan) Limited 816-C, Main Faisal lane, civil lines Faisalabad
Freehold Land	30,223,800		30,223,800	46,899,000	16,675,200	AL-Baraka Bank (Pakistan) Limited 816-C, Main Faisal lane, civil lines Faisalabad
Vehicle	1,883,190	1,043,271	839,919	1,500,000	660,081	Khadeeja Khanum Flat No. 9A Moh Muslim Block, Iqbal Town, Lahore
Vehicle	1,295,500	748,281	547,219	1,135,000	587,781	Zahid Waqar Malik House # 56, Mohalla Gulfishan colony, Ichlem
2014 Rupees	74,282,490	1,791,552	72,490,938	167,064,000	94,573,062	
2013 Rupees	63,040,720	428,144	62,612,576	63,000,000	387,424	

15.5 Capital work in progress

	Owned			Under lease	Total
	Civil work	Electric installation	Plant and machinery	Plant and machinery	
	-----Rupees-----				
Balances as at July 1, 2012	23,582,488	-	58,564,040	24,525,365	106,671,893
Capital expenditure incurred during the year	7,717,781	7,496,708	20,158,025	-	35,372,514
Transferred to operating fixed assets	-	-	(78,722,065)	-	(78,722,065)
Balances as at June 30, 2013	31,300,269	7,496,708	-	24,525,365	63,322,342
Capital expenditure incurred during the year	1,236,630	-	-	-	1,236,630
Transferred to operating fixed assets	(6,520,000)	(7,496,708)	-	(24,525,365)	(38,542,073)
Balances as at June 30, 2014	26,016,899	-	-	-	26,016,899

16. INTANGIBLE ASSETS

	Note	2014 Rupees	2013 Rupees
Computer softwares			
At July 01,			
Cost		11,891,760	11,891,760
Accumulated amortisation	16.1	(11,891,760)	(10,702,584)
Net book value		-	1,189,176
16.1 Accumulated amortisation			
Opening as at July 01,		10,702,584	8,324,232
For the year		1,189,176	2,378,352
Closing as at June 30,		11,891,760	10,702,584

16.2 Annual rate of amortisation is 20%.

	Note	2014 Rupees	2013 Rupees
17. LONG TERM DEPOSITS			
Against utilities		26,593,371	23,144,908
Against TFC		9,374,497	9,374,497
		<u>35,967,868</u>	<u>32,519,405</u>
18. STORES, SPARES AND LOOSE TOOLS			
Stores		730,330,711	847,637,924
Spares		17,412,110	18,382,174
Loose tools		1,985,969	2,322,979
		<u>749,728,790</u>	<u>868,343,077</u>

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

	2014 Rupees	2013 Rupees
19. STOCK IN TRADE		
Raw material	1,061,226,051	1,628,065,176
Work in process	204,979,803	254,007,786
Finished goods	1,518,749,713	1,837,416,703
Waste	5,705,002	7,895,232
	<u>2,790,660,569</u>	<u>3,727,384,897</u>

19.1 Stock in trade amounting to Rs. 146.356 million (2013: Rs. 146.356 million) was pledged as security with the banks.

19.2 Stock in trade amounting to Rs.666.259 (2013: Rs.1,253.903 million) is at net realisable value as per valuation report given by an independent valuer.

	Note	2014 Rupees	2013 Rupees
20. TRADE DEBTS			
Considered good			
Unsecured			
Foreign		4,462,911,850	5,127,348,486
Local		208,481,080	196,693,284
		4,671,392,930	5,324,041,770
Considered doubtful			
Unsecured			
Foreign		2,651,491,122	1,984,619,236
Less: Provision for doubtful debts	20.1	(2,651,491,122)	(1,984,619,236)
		4,671,392,930	5,324,041,770
20.1. Provision for doubtful debts			
Opening balance		1,984,619,236	1,317,057,959
Created during the year		666,871,886	667,561,277
Closing balance		2,651,491,122	1,984,619,236
20.2. The aging of trade debts as at balance sheet date is as under.			
Not past due		220,116,249	220,735,162
Past due within one year		21,567,750	182,203,589
Past due more than one year		7,081,200,053	6,905,722,255
		7,102,767,803	7,087,925,844
		7,322,884,052	7,308,661,006
21. LOANS AND ADVANCES			
Considered good			
Advances			
Suppliers / for expenses		27,819,296	27,690,908
For purchase of asset		-	446,000
		27,819,296	28,136,908

	Note	2014 Rupees	2013 Rupees
22. DEPOSITS AND PREPAYMENTS			
Considered good			
Deposits			
Export margin		3,510,822	3,510,822
Lease deposits		7,251,662	7,251,662
Prepayments		370,322	964,362
		<u>11,132,806</u>	<u>11,726,846</u>
23. OTHER RECEIVABLES			
Considered good			
Export rebate / duty drawback		93,102,408	103,019,450
Federal excise duty		14,042,717	14,042,717
Others		2,999,940	2,999,940
		<u>110,145,065</u>	<u>120,062,107</u>
24. TAX REFUNDS DUE FROM GOVERNMENT			
Income tax		32,103,302	13,175,472
Sales tax		180,365,979	170,942,473
		<u>212,469,281</u>	<u>184,117,945</u>
25. CASH AND BANK BALANCES			
Cash in hand		127,849,543	93,467,156
Cash at banks			
In current accounts		23,420,357	42,645,972
In PLS accounts		11,383	194,901
		<u>151,281,283</u>	<u>136,308,029</u>

	Note	2014 Rupees	2013 Rupees
26. SALES			
Export			
Fabrics / made ups / garments	26.1	506,413,207	830,488,691
Indirect export			
Yarn	26.2	79,758,900	3,876,000
Cloth	26.2	3,659,800	-
Processing and conversion	26.2	294,292,666	228,312,104
		884,124,573	1,062,676,795
Local			
Yarn / cloth	26.2	1,703,792,269	1,184,685,502
Processing and conversion	26.2	88,220,766	117,396,741
Waste and left over	26.3 & 26.2	46,399,103	23,411,485
Printing screens	26.2	90,702,508	97,689,027
		2,813,239,219	2,485,859,550
Add: Export rebate / duty drawback		3,997,902	4,243,789
		2,817,237,121	2,490,103,339
Less: Commission		4,800,100	4,746,139
		2,812,437,021	2,485,357,200

26.1 Exchange gain due to currency rate fluctuation amounting to Rs.10,577,957/- (2013: Rs.325,529,954/-) has been included in export sales.

26.2 Gross sales

Yarn	81,354,078	3,876,000
Cloth	3,769,594	-
Processing and conversion	300,178,519	230,353,594
Local		
Yarn / cloth	1,742,748,741	1,196,197,890
Processing and conversion	89,985,181	118,448,418
Waste and left over	47,430,112	24,009,046
Printing screens	106,121,934	113,723,788
	2,371,588,159	1,686,608,736
Less: Sales tax	(64,762,147)	(31,237,877)
	2,306,826,012	1,655,370,859

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

	Note	2014 Rupees	2013 Rupees
27. COST OF SALES			
Cost of goods manufactured	27.1	3,599,882,229	2,994,103,492
Finished goods			
Opening stock		1,845,311,935	2,054,178,387
Closing stock		(1,524,454,715)	(1,845,311,935)
		320,857,220	208,866,452
		<u>3,920,739,449</u>	<u>3,202,969,944</u>
27.1 Cost of goods manufactured			
Raw material consumed	27.1.1	1,987,022,603	1,584,343,723
Salaries, wages and benefits		341,034,509	254,924,842
Staff retirement benefits		10,692,642	14,059,134
Stores and spares		103,815,446	63,933,094
Dyes and chemicals		228,710,063	158,887,521
Packing material		57,564,258	54,206,590
Conversion and processing charges		8,219,914	10,875,396
Engraving and wadding		16,939,584	8,703,912
Repairs and maintenance		17,039,381	10,532,217
Fuel and power		435,976,007	298,523,311
Looms rent		-	542,700
Insurance		1,496,767	1,844,038
Depreciation	15.2	321,810,952	318,841,992
Other		20,532,120	17,100,823
		<u>3,550,854,246</u>	<u>2,797,319,293</u>
Work in process			
Opening stock		254,007,786	450,791,985
Closing stock		(204,979,803)	(254,007,786)
		49,027,983	196,784,199
		<u>3,599,882,229</u>	<u>2,994,103,492</u>
27.1.1 Raw material consumed			
Opening stock		1,628,065,176	2,258,535,343
Purchases including purchase expenses		1,420,183,478	953,873,556
		<u>3,048,248,654</u>	<u>3,212,408,899</u>
Closing stock		(1,061,226,051)	(1,628,065,176)
		<u>1,987,022,603</u>	<u>1,584,343,723</u>

27.1.1.1 It includes an amount of Rs.485.439 million (2013: Rs. 813.885 million) in respect of write down of inventories to net realisable value as per valuation report given by an independent valuer.

	Note	2014 Rupees	2013 Rupees
28. OTHER INCOME			
Income from financial assets:			
Profit on deposit		-	1,136,554
Income from assets other than financial assets:			
Scrap sales		-	451,376
Markup waived off / less claimed by banks		-	52,034,756
Gain on disposal of property, plant and equipment		81,974,381	387,424
Rental income		695,001	598,150
Commission payable written back		-	7,666,839
		<u>82,669,382</u>	<u>62,275,099</u>
29. SELLING AND DISTRIBUTION EXPENSES			
Steamer freight		12,147,217	14,236,455
Freight and octroi		2,156,639	3,570,309
Clearing and forwarding		1,019,392	1,850,649
Export development surcharge		1,212,380	1,298,062
Other		1,393,449	291,153
		<u>17,929,077</u>	<u>21,246,628</u>
30. ADMINISTRATIVE EXPENSES			
Directors' remuneration	34	3,600,000	3,600,000
Salaries and benefits		27,407,163	21,545,702
Electricity and gas		1,928,004	1,473,175
Postage and telecommunication		4,418,970	3,590,519
Vehicles running and maintenance		3,946,702	3,630,204
Traveling and conveyance		8,862,899	5,558,730
Printing and stationery		1,133,404	1,127,382
Entertainment		2,498,852	2,259,411
Fees and subscriptions		2,067,161	1,482,907
Legal and professional		3,273,036	4,065,233
Auditor's remuneration	30.1	1,500,000	1,500,000
Repairs and maintenance		951,919	616,566
Advertisement		118,275	57,375
Amortisation	16	1,189,176	2,378,352
Depreciation	15.2	4,581,490	3,864,142
Provision for doubtful debts	20.1	666,871,886	667,561,277
Insurance		70,707	211,750
Other		1,467,558	677,875
		<u>735,887,202</u>	<u>725,200,600</u>
31. Auditor's remuneration			
Audit fee		1,000,000	1,000,000
Half yearly review		500,000	500,000
		<u>1,500,000</u>	<u>1,500,000</u>

	Note	2014 Rupees	2013 Rupees
31. FINANCE COST			
Interest / mark up on:			
Redeemable capital		-	13,093,196
Long term financing		134,383,859	150,978,830
Liabilities against assets subject to finance lease		1,673,787	4,663,332
Short term borrowings		35,023,454	734,387,931
Bank charges and commission		8,825,537	10,841,778
		<u>179,906,637</u>	<u>913,965,067</u>
32. PROVISION FOR TAXATION			
Current			
For the year	32.1	7,277,808	6,306,655
Deferred	32.2	-	-
		<u>7,277,808</u>	<u>6,306,655</u>

32.1 Minimum tax on local sales has not been provided due to gross loss sustained by the tax payer and provision for taxation has been provided only under section 169 of the Income Tax Ordinance, 2001.

32.2 Deferred taxation:

Deferred tax asset amounting to Rs. 1,429.122 million is not recognised for all deductible temporary differences and carry forward of unused tax losses due to uncertainty regarding non availability of taxable profits in foreseeable future against which such temporary differences and tax losses can be utilised.

32.3 Relationship between tax expense and accounting profit

The relationship between tax expenses and accounting profit has not been presented in these financial statements as the company's current year's taxation includes tax based on provisions of section 169 and 113 of the Income Tax Ordinance, 2001.

	2014	2013
33. LOSS PER SHARE - BASIC AND DILUTED		
Loss for the year (Rupees)	<u>(1,966,633,770)</u>	<u>(2,322,056,595)</u>
Weighted average number of ordinary shares	<u>259,430,134</u>	<u>259,430,134</u>
Loss per share - Basic and diluted (Rupees)	<u>(7.58)</u>	<u>(8.95)</u>

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

34. REMUNERATION TO CHIEF EXECUTIVE OFFICER,
DIRECTORS AND EXECUTIVES

	2014			2013		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	-----Rupees-----					
Remuneration	800,000	1,600,000	3,600,000	800,000	1,600,000	3,152,000
House rent allowance	320,000	640,000	1,440,000	320,000	640,000	1,260,800
Utility allowance	80,000	160,000	360,000	80,000	160,000	315,200
	1,200,000	2,400,000	5,400,000	1,200,000	2,400,000	4,728,000
Number of persons	1	2	8	1	2	7

34.1 The Directors and Executives are entitled to free use of Company maintained vehicles. The running and maintenance expenses of these vehicles are Rs.1,050,445/- (2013: Rs. 941,200/-). The Directors have waived off their meeting fee.

Unit	(FIGURES IN THOUSAND)	
	2014	2013

35. INSTALLED CAPACITY AND ACTUAL PRODUCTION

Spinning

100 % plant capacity converted to 20s count based on 3 shifts per day for 1095 shifts (2013: 1095 shifts) Kgs. 18,162 18,162

Actual production converted to 20s count based on 3 shifts per day for 455 shifts (2013: 347 shifts) Kgs. 7,092 5,653

Weaving

100 % plant capacity at 50 picks based on 3 shifts per day for 1095 shifts (2013: 1095 shifts) Sq.Mt. 43,083 53,083

Actual production converted to 50 picks based on 3 shifts per day for 885 shifts (2013: 870 shifts) Sq.Mt. 33,050 32,505

Dyeing and finishing

Production capacity for 3 shifts per day for 1095 shifts (2013: 1095 shifts) Mt. 45,625 45,625

Actual production for 3 shifts per day for 300 shifts (2013: 212 shifts) Mt. 9,450 7,200

Processing, Stitching and Apparel

The plant capacity of these divisions are indeterminable due to multi product plants involving varying processes of manufacturing and run length of order lots.

Reasons for shortfall

- Temporary closure due to load management by suppliers of gas and electricity and for maintenance.
- Actual production is planned to meet the market demand.
- It is difficult to describe precisely the production capacity of textile products being manufactured since it fluctuates widely depending upon various factors such as simple / multi-function articles, small and large size articles, special articles and the pattern of articles adopted.

36. NUMBER OF EMPLOYEES		2014	2013
Total number of employees as at June 30,		1,341	1,435
Average number of employees for the year		1,250	1,300

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company finances its operations through the mix of equity, debt and working capital management with a view to maintain an appropriate mix between various sources of finance to minimize risk. The overall risk management is carried out by the finance department under the oversight of Board of Directors in line with the policies approved by the Board.

	2014	2013
	Rupees	Rupees
37.1 Financial instruments by category		
Financial assets:		
Loans and receivables at amortized cost		
Trade debts	4,671,392,930	5,324,041,770
Deposits	46,730,352	43,281,889
Bank balances	23,420,357	42,645,972
	<u>4,741,543,639</u>	<u>5,409,969,631</u>
Financial liabilities:		
Financial liabilities at amortized cost		
Redeemable capital	379,166,665	379,166,665
Long term financing	2,315,298,679	2,161,112,249
Liabilities against assets subject to finance lease	80,710,955	82,117,164
Trade and other payables	369,047,603	524,329,758
Interest / markup payable	2,709,953,887	2,644,766,496
Short term borrowings	6,857,129,814	7,033,409,347
	<u>12,711,307,603</u>	<u>12,824,901,679</u>

37.2 Financial instruments and related disclosures

The Company's activities expose it to a variety of financial risks (credit risk, liquidity risk and market risk). Risks measured and managed by the Company are explained below:

37.2.1 Credit risk and concentration risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The maximum exposure to credit risk at the reporting date is as follows:

	2014 Rupees	2013 Rupees
Long term deposits	35,967,868	32,519,405
Trade debts	4,671,392,930	5,324,041,770
Deposits	10,762,484	10,762,484
Bank balances	23,420,357	42,645,972
	<u>4,741,543,639</u>	<u>5,409,969,631</u>

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

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

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

	2014 Rupees	2013 Rupees
Not past due	220,116,249	220,735,162
Past due within one year	21,567,750	182,203,589
Past due more than one year	7,081,200,053	6,905,722,255
	<u>7,102,767,803</u>	<u>7,087,925,844</u>
	<u>7,322,884,052</u>	<u>7,308,661,006</u>

The management is pursuing the matter with foreign buyers and is confident that its efforts will result in the recovery of above old outstanding balances, and hence, pending negotiations and resolution of the matter, 37% of the past due balances has been provided.

The credit risk exposure is limited in respect of deposits and bank balances as bank balances and majority of deposits are placed with foreign and local banks having good credit rating from international and local credit rating agencies.

37.2.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to manage liquidity is to maintain sufficient level of liquidity of the Company on the basis of expected cash flows, requirements of holding highly liquid assets and maintaining adequate reserve borrowing facilities to cover liquidity risk. This includes maintenance of balance sheet liquidity ratios through working capital management. Following are the contractual maturities of financial liabilities including interest payments as at June 30, 2014 and 2013;

	2014				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
-----Rupees in thousand-----					
Financial liabilities:					
Redeemable capital	379,167	479,198	479,198	-	-
Long term financing	2,315,999	2,635,541	597,107	122,959	1,915,476
Liabilities against assets					
subject to finance lease	80,711	101,471	101,471	-	-
Trade and other payables	369,048	369,048	369,048	-	-
Short term borrowings	6,857,130	9,248,853	9,248,853	-	-
	10,001,355	12,834,111	10,795,677	122,959	1,915,476
2013					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
-----Rupees in thousand-----					
Financial liabilities:					
Redeemable capital	379,167	479,198	479,198	-	-
Long term financing	2,161,112	2,512,257	398,204	147,395	1,966,659
Liabilities against assets					
subject to finance lease	82,117	102,146	81,580	20,566	-
Trade and other payables	524,330	524,330	524,330	-	-
Short term borrowings	7,033,409	9,423,804	9,423,804	-	-
	10,180,135	13,041,736	10,907,116	167,961	1,966,659

The contractual cash flows relating to mark up have been determined on the basis of weighted average mark up rates on long term and short term borrowings. The Company is exposed to liquidity risk which will be managed by the Company as explained in detail in Note 1.3.

37.2.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Majority of interest rate risk arises from redeemable capital, long and short term borrowings from banks. The interest rate profile of the Company's interest bearing financial instruments is presented in relevant notes to the financial statements.

Sensitivity analysis

Sensitivity to interest rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss, therefore a change in interest rates at the reporting date would not effect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

Had the interest rate been increased / decreased by 1% at the reporting date with all other variables held constant, loss for the period and equity would have been Rs. 25.088 million (2013: Rs. 90.960 million) lower / higher.

ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The Company is exposed to currency risk on foreign debtors. The total foreign currency risk exposure on reporting date amounted to Rs. 7,114.403 million (2013: Rs. 7,111.968 million).

At June 30, 2014, had the currency been weakened / strengthened by 5% against the foreign currency with all other variables held constant, profit for the year and equity would have been Rs. 238.692 million (2013: Rs. 291.537 million) higher / lower, mainly as a result of foreign exchange gains / losses on translation of foreign currency denominated trade debts.

iii) Equity price risk

Trading and investing in equity securities give rise to equity price risk. The Company is not exposed to equity price risk.

37.3 Fair values of financial instruments

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

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

37.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or obtain / repay long term financing from / to financial institutions.

The Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders. Debt is calculated as total borrowings ('redeemable capital', 'long term financing', 'liabilities against assets subject to finance lease' and 'short term borrowings' as shown in the balance sheet). Equity comprises of shareholders' equity as shown in the balance sheet under 'share capital and reserves'.

The salient information relating to capital risk management of the Company as of June 30, 2014 and 2013 were as follows:

	Note	2014 Rupees	2013 Rupees
Total debt	6,7,8 & 12	9,632,306,113	9,655,805,425
Less: Cash and bank balances	25	151,281,283	136,308,029
Net debt		9,481,024,830	9,519,497,396
Total equity		(1,759,069,583)	17,803,736
Total capital		7,721,955,247	9,537,301,132
Gearing ratio		122.78%	99.81%

37.5 Overdue loans

On the reporting date the installments of redeemable capital amounting to Rs.379.167 million along with mark up of Rs.100.031 million, long term finances amounting to Rs.287.103 million along with mark up of Rs. 197.438 million, lease finance amounting to Rs. 80.711 million along with mark up of Rs. 20.760 million and short term borrowings amounting to Rs. 6,857.130 million along with mark up of Rs. 2,391.724 million were over due.

On reporting date, the carrying amount of loans relevant to above overdues were redeemable capital Rs. 379.167 million, long term finances Rs. 2,315.299 million, lease finance Rs. 80.710 million and short term borrowings Rs. 6,857.130 million.

No overdue installment was subsequently paid. Company has applied to the banking companies for restructuring of the overdue loans and mark up (Refer Note 1.3).

38. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 30, 2014 by the Board of Directors of the Company.

39. 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;

	2014 Rupees	2013 Rupees
Rent received	180,000	-
Purchase from Shama Exports	-	4,358,587
Sales to Shama Exports	527,717	1,793,796

40. GENERAL

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

Previous	Current
Other operating income	Other income

40.2 Figures have been rounded off to the nearest Rupee except where mentioned rounding off in Rupees in thousands.

Khurram Iftikhar
Chief Executive Officer

Shahzad Iftikhar
Director

PATTERN OF SHAREHOLDING

As on June 30, 2014

Number of Shareholders	Share Holding		Total Number of Shares Held	Percentage of Total Capital
	From	To		
95	1 -	100	2,597	0.00
255	101 -	500	105,317	0.04
376	501 -	1000	323,958	0.12
708	1001 -	5000	2,235,541	0.86
297	5001 -	10000	2,499,043	0.96
97	10001 -	15000	1,308,286	0.50
69	15001 -	20000	1,331,050	0.51
63	20001 -	25000	1,496,780	0.58
33	25001 -	30000	959,018	0.37
20	30001 -	35000	662,468	0.26
23	35001 -	40000	889,500	0.34
10	40001 -	45000	441,313	0.17
46	45001 -	50000	2,284,500	0.88
12	50001 -	55000	619,485	0.24
9	55001 -	60000	530,101	0.20
3	60001 -	65000	189,750	0.07
7	65001 -	70000	476,500	0.18
8	70001 -	75000	597,500	0.23
4	75001 -	80000	315,500	0.12
3	80001 -	85000	245,540	0.09
4	85001 -	90000	356,000	0.14
3	90001 -	95000	277,000	0.11
34	95001 -	100000	3,389,128	1.31
1	100001 -	105000	100,500	0.04
5	105001 -	110000	544,000	0.21
2	110001 -	115000	228,000	0.09
1	115001 -	120000	120,000	0.05
4	120001 -	125000	497,500	0.19
3	125001 -	130000	387,000	0.15
2	135001 -	140000	276,500	0.11
3	145001 -	150000	450,000	0.17
4	150001 -	155000	607,500	0.23
1	160001 -	165000	165,000	0.06
2	165001 -	170000	337,200	0.13
2	175001 -	180000	358,000	0.14
1	180001 -	185000	181,000	0.07
1	185001 -	190000	190,000	0.07
4	195001 -	200000	800,000	0.31
2	205001 -	210000	416,500	0.16
1	210001 -	215000	213,500	0.08
1	225001 -	230000	230,000	0.09
1	230001 -	235000	234,000	0.09
1	240001 -	245000	241,000	0.09
1	255001 -	260000	259,500	0.10
1	270001 -	275000	274,000	0.11
2	295001 -	300000	600,000	0.23
1	335001 -	340000	340,000	0.13
2	345001 -	350000	699,000	0.27

Number of Shareholders	Share Holding		Total Number of Shares Held	Percentage of Total Capital
	From	To		
1	355001 -	360000	359,000	0.14
1	365001 -	370000	370,000	0.14
1	395001 -	400000	400,000	0.15
1	490001 -	495000	494,500	0.19
2	495001 -	500000	1,000,000	0.39
1	735001 -	740000	736,500	0.28
1	1000001 -	1005000	1,005,000	0.39
1	1055001 -	1060000	1,056,000	0.41
1	1520001 -	1525000	1,520,934	0.59
1	2095001 -	2100000	2,100,000	0.81
1	2195001 -	2200000	2,200,000	0.85
1	2290001 -	2295000	2,290,523	0.88
1	2610001 -	2615000	2,614,621	1.01
1	6005001 -	6010000	6,010,000	2.32
1	7895001 -	7900000	7,900,000	3.05
1	21185001 -	21190000	21,189,133	8.17
1	22550001 -	22555000	22,555,000	8.69
1	48255001 -	48260000	48,255,780	18.60
1	51990001 -	51995000	51,994,656	20.04
1	55090001 -	55095000	55,092,912	21.24
2,249			259,430,134	100.00

Categories of Members	Number	Shares Held	Percentage
Individuals	2224	208,506,352	80.37
Joint Stock Companies	19	2,224,454	0.86
Financial Institutions	1	21,189,133	8.17
Funds	2	2,664,621	1.03
Government Institution	1	22,555,000	8.69
Trust	1	2,290,523	0.88
Miscellaneous	1	51	0.00
Total	2,249	259,430,134	100

**Categories of Shareholders
as at June 30, 2014**

Categories of Shareholders	Number	Shares Held	Percentage
Associated Companies, Undertakings and Related Parties		-	-
NIT & ICP / FUNDS			
NIT	1	2,290,523	0.88
Directors, CEO their Spouses & Minor Children			
Mr. Khurram Iftikhar	1	51,994,656	20.04
Mr. Shahzad Iftikhar	1	55,092,912	21.24
Mr. Nadeem Iftikhar	1	48,255,780	18.60
Mr. Suhail Maqsood Ahmed	1	500	0.00
Mr. Muhammad Ahsan	1	650	0.00
Mr. Gul Muhammad Naz	1	500	0.00
Mr. Usman Ghani	1	500	0.00
Executives		-	-
Public Sector Companies & Corporations			
Joint Stock companies	19	2,224,454	0.86
Banks, Development Finance Institutions, Non Banking Finance Institutions, Insurance Companies, Takaful, Modarabas & Pension Funds	3	23,853,754	9.19
General Public			
Local	2218	53,160,905	20.49
Foreign	-	-	-
Others	1	22,555,000	8.69
Shareholders Holding Five Percent or More Voting Interest in the Listed Company			
Mr. Khurram Iftikhar	Chief Executive	51,994,656	20.04
Mr. Shahzad Iftikhar	Director	55,092,912	21.24
Mr. Nadeem Iftikhar	Director	48,255,780	18.60
EMPLOYEES OLD-AGE BENEFITS INSTITUTION		22,555,000	8.69
NATIONAL BANK OF PAKISTAN		21,189,133	8.17

During the financial year the trading in the shares of the company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows

Nil

FORM OF PROXY

Annual General Meeting 2014

I / We _____

of _____

being a member of Amtex Ltd, hereby appoint _____

of _____

or failing him/her _____

of _____

member(s) of the Company, as my / our proxy in my / our absence to attend and vote for me / us and on my /our behalf at the Annual General Meeting of the Company to be held on October 31, 2014 at 11:00 A.M. at mills premises 1 K.M. Khurrianwala Jaranwala Road, Faisalabad, Pakistan.

as witness my / our hand seal this _____ day of _____ 2014

Signed by the said member _____

in presence of _____



Signature(s) of Member(s)

Witness 1

Witness 2

Signature of witness _____

Signature of witness _____

Name _____

Name _____

Address _____

Address _____

CNIC # _____

CNIC # _____

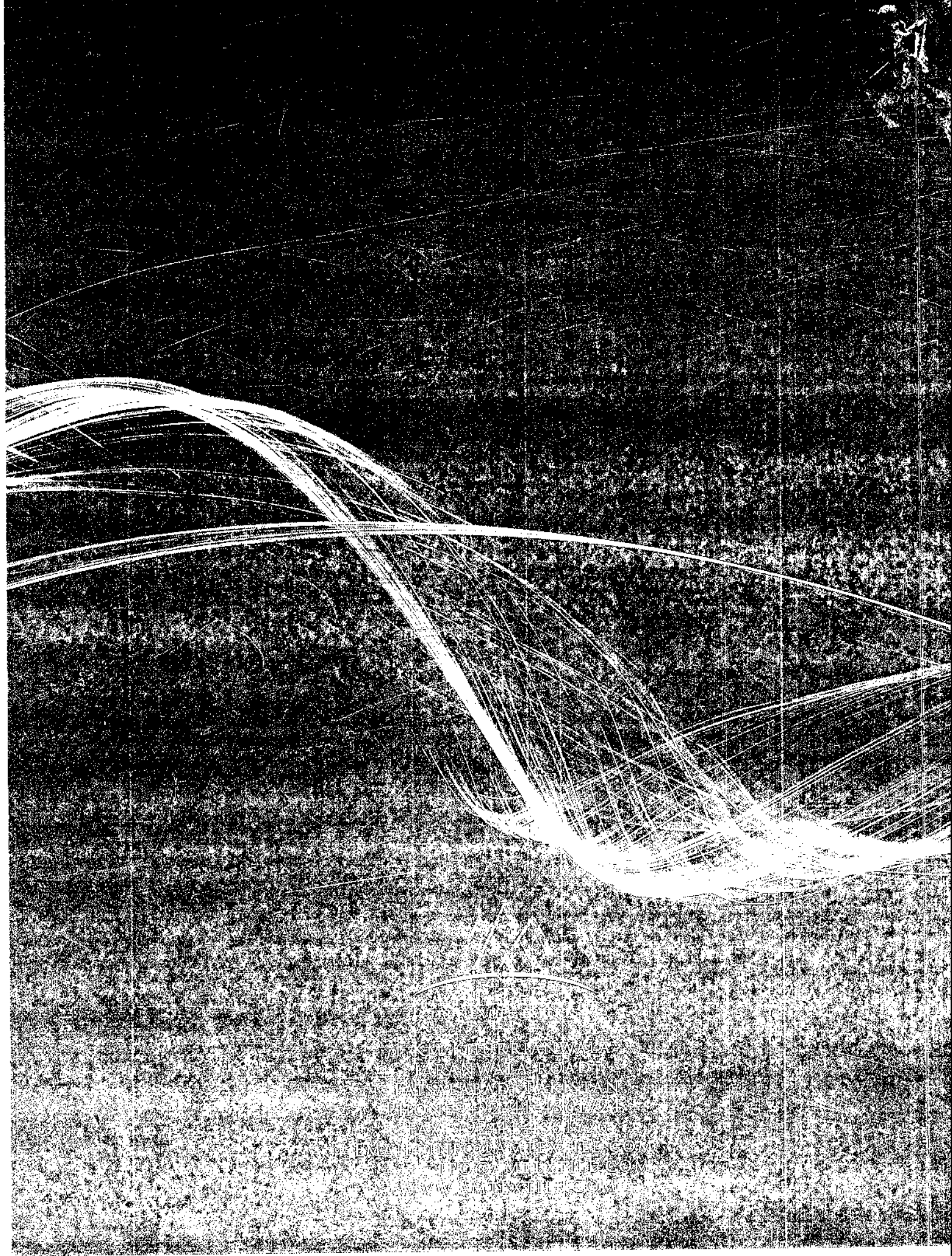
Please Quote:

Folio No	Shares Held	CDC A/C No.

IMPORTANT: Proxies in order to be effective, must be received at the Registered Office of the company at 1 K.M. Khurrianwala Jaranwala Road Faisalabad, not later than 48 hours before the time for holding the Annual General Meeting and must be duly stamped, signed and witnessed.

AFFIX
CORRECT
POSTAGE

The Company Secretary
AMTEX LIMITED
1-k.m. Khurrianwala Jaranwala Road,
Faisalabad - Pakistan



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