



# ALI ASGHAR TEXTILE MILLS LIMITED

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HALF YEARLY REVIEWED FINANCIAL STATEMENTS

## DECEMBER 31, 2013

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### CONTENT

VISION AND MISSION STATEMENT.....	1
COMPANY INFORMATION.....	2
DIRECTORS' REPORT.....	3
AUDITOR'S REVIEW REPORT.....	4
CONDENSED INTERIM BALANCE SHEET.....	6
CONDENSED INTERIM PROFIT & LOSS ACCOUNT.....	7
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME.....	8
CONDENSED INTERIM STATEMENT OF CASHFLOWS.....	9
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY.....	10
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS.....	11

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**VISION STATEMENT**

*To strive for excellence through  
Commitment, Integrity,  
Honesty and Team work*

**MISSION STATEMENT**

*Operate state of the art spinning  
machinery capable of producing high  
quality cotton and blended yarn for  
knitting and weaving*

## COMPANY INFORMATION

### Board of Directors

Mr. Nadeem Ellahi Shaikh (Chief Executive)  
Mr. Abdullah Moosa  
Mst. Marium Humayun  
Mr. Muhammad Suleman  
Mr. Raja Ghanzafar Ali  
Mr. Sultan Mehmood  
Mr. Muhammad Azad Khan

<b>Audit Committee</b>	Mr. Abdullah Moosa	Chairman
	Mr. Nadeem Ellahi Shaikh	Member
	Mr. Sultan Mehmood	Member

**Chief Financial Office** Mr. Muhammad Suleman

**Chief Internal Auditor** Mr. Muhammad Suleman

**Company Secretary** Mr. Abdullah Moosa

**Auditor** M/s. Mushtaq & Co. Chartered Accountant

**Banker** Habib Bank Limited  
Habib Metropolitan Bank Limited  
Bank Al-Habib Ltd  
National Bank Of Pakistan

**Shares Registrar** C.& K. Management Associates (Pvt) Ltd 404-  
Trade Tower, Abdullah Haroon Road Near  
Metropole Hotel, Karachi-75530 Phone:  
35687839, 3568593

**Registered Office** Plot No. 6, Sector No. 25, Korangi Industrial Area,  
Karachi.-74900

**Website** [www.aatml.com.pk](http://www.aatml.com.pk)

**Mills** Plot 6, Sector No. 25 Korangi Industrial Area  
Karachi-74900

## **DIRECTORS' REPORT**

The directors are pleased to present the report to the shareholders for the period July to December 2013. During the period the company incurred a loss of Rs. 9.2 million after incorporating Rs.5.3 million depreciation charges.

As approved by the shareholders in the last AGM, the management has successfully rented out certain available godown place and unused storage facilities on medium to long term rental contracts.

The revenue generated is been used to meet monthly expenses related to Administration, Security and other expenses.

The process of disposal of plant and machinery is still going on. I am pleased to report that a amicable solution was reached with Saudi Pak Leasing and the entire liability was paid off.

I would like to thank all the employees for their support.

Karachi.  
21<sup>st</sup> February 2014

Nadeem Ellahi Shaikh  
Chief Executive

# MUSHTAQ & CO.

## CHARTERED ACCOUNTANTS

407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 Fax: 32639843

**Branch Office:** 501-B, City Towers, Main Boulevard, Lahore. Tel: 35788637-8 Fax: 35788626

Email Address: mushtaq\_vohra@hotmail.com



Illinois, USA

### Auditor's Report to the Members on Review of Condensed Interim Financial Information

#### Introduction

We have reviewed the accompanying condensed interim balance sheet of **Ali Asghar Textile Mills Limited** as at December 31, 2013 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as "interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with the approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures for the quarters ended December 31, 2013 and 2012 in the condensed interim profit and loss account have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2013.

#### Scope of Review

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

#### Basis of Adverse Conclusion

- a) The company has ceased the production since September 2011 and as of that date, reported accumulated losses of Rupees. 168.109 million (June 30, 2013: Rupees. 159.511 million). The Company's current liabilities exceeds its current assets by Rs. 13.755 million (June 30, 2013: 13.4 million) as at December 31, 2013. These conditions along with adverse key financial ratios, company's inability to comply with loan agreements and pay debts on due dates, discontinuance of operation, retirement of key employees and disposal of substantial portion of property, plant and equipment indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Further the company has not been able to obtain enough finance to revive production. These circumstances give rise to significant uncertainty as to the ability of the company to continue operations as a going concern in the foreseeable future and therefore, the company may be unable to realize its assets and discharge its liabilities in the normal course of business. These interim financial information do not include any adjustments relating to recoverability and classification of recorded assets and classification of liabilities in accordance with applicable International Financial Reporting Standards should the company be unable to continue as a going concern. The management has prepared interim financial information on going concern basis but, in our judgment, management's use of the going concern assumption in these financial information is inappropriate.

# MUSHTAQ & CO.

## CHARTERED ACCOUNTANTS

407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 Fax: 32639843

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Illinois, USA

- b) We have not received reply of balance confirmation requests from Bank of Punjab in respect of long term financing amounted to Rupees. 18.77 million. We were also unable to satisfy ourselves as to the correctness of the reported balances by performing alternate review procedures.
- c) We are unable to verify the quality claim booked by the company against raw cotton purchase amounting to Rs. 7,362,358. Further, the company has filed a claim against the supplier of raw cotton for the price difference of Rs. 14,000,000 for non-supply of raw cotton and has gone to arbitration as supplier denied admitting the claim.
- d) The company has not accounted for the finance cost on outstanding loan balances.

### Adverse Conclusion

Based on our review, because of the significance of the matters referred in the preceding paragraph (a) to (d) and its effect on the interim financial information we believe that the accompanying interim financial information do not give a true and fair view of the state of company's affairs as at 31<sup>st</sup> December 2013 and of the loss, comprehensive loss, its cash flows and changes in equity for the half year ended December 31, 2013.

Karachi.

Dated: **February 21, 2014**

**MUSHTAQ & COMPANY**

Chartered Accountants

**Engagement Partner:**

Mushtaq Ahmed Vohra

F.C.A

# Ali Asghar Textile Mills Limited

## Condensed Interim Balance Sheet As at December 31, 2013

	Note	(Un-Audited) December 31, 2013 Rupees	Audited June 30, 2013 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	392,779,119	401,684,281
Long term investments		3,750,000	3,750,000
Long term deposits		2,661,769	2,681,769
		399,190,888	408,116,050
<b>CURRENT ASSETS</b>			
Inventories		1,622,118	1,622,118
Trade debts		911,932	911,932
Loans and advances		14,802,660	10,758,350
Trade deposits and short term prepayments		1,960,357	1,669,828
Other receivables		21,854,317	21,866,240
Tax refunds due from Government		13,958,541	15,468,742
Cash and bank balances		7,936,284	7,186,002
		63,046,210	59,483,212
<b>TOTAL ASSETS</b>		<b>462,237,098</b>	<b>467,599,262</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital 50,000,000 ordinary shares of Rs. 5 each		250,000,000	250,000,000
Issued, subscribed and paid-up capital		222,133,470	222,133,470
Unappropriated loss		(168,108,659)	(159,511,171)
		54,024,811	62,622,299
Surplus on revaluation of property, plant and equipment		262,943,929	263,546,736
<b>NON-CURRENT LIABILITIES</b>			
Redeemable capital		39,737,700	39,737,700
Long term financing		26,246,536	26,246,536
Long term deposits		634,000	432,000
Deferred liabilities		2,010,784	2,131,011
		68,629,020	68,547,247
<b>CURRENT LIABILITIES</b>			
Trade and other payables		40,716,904	36,652,483
Accrued Interest / mark-up		5,063,387	5,063,387
Book overdraft		11,249,576	11,028,323
Current portion of non-current liabilities		9,902,448	10,656,198
Provision for taxation		9,707,023	9,482,589
		76,639,338	72,882,980
<b>CONTINGENCIES AND COMMITMENTS</b>	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>462,237,098</b>	<b>467,599,262</b>

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



# Ali Asghar Textile Mills Limited

## Condensed Interim Profit and Loss Account (Un-Audited) For the half year ended December 31, 2013

	Six Months Period Ended		Quarter Ended	
	December 31, 2013 Rupees	December 31, 2012 Rupees	December 31, 2013 Rupees	December 31, 2012 Rupees
Sales	-	4,478,389	-	3,476,565
Cost of sales	(6,872,875)	(11,192,632)	(5,953,700)	(6,554,194)
<b>Gross loss</b>	<b>(6,872,875)</b>	<b>(6,714,243)</b>	<b>(5,953,700)</b>	<b>(3,077,629)</b>
Administrative expenses	(5,685,352)	(7,483,192)	(1,547,226)	(3,777,499)
Other income	3,656,925	14,861,777	2,984,655	6,592,256
	(2,028,427)	7,378,585	1,437,429	2,814,757
<b>(Loss)/profit from operations</b>	<b>(8,901,302)</b>	<b>664,342</b>	<b>(4,516,271)</b>	<b>(262,872)</b>
Finance cost	(20,280)	(171,065)	(15,105)	(165,709)
<b>(Loss)/profit before taxation</b>	<b>(8,921,582)</b>	<b>493,277</b>	<b>(4,531,376)</b>	<b>(428,581)</b>
<b>Taxation</b>				
Current	(278,713)	-	(278,713)	-
Deferred	-	-	-	-
	(278,713)	-	(278,713)	-
<b>(Loss)/profit after taxation</b>	<b>(9,200,295)</b>	<b>493,277</b>	<b>(4,810,089)</b>	<b>(428,581)</b>
<b>(Loss)/earnings per share - basic and diluted</b>	<b>(0.21)</b>	<b>0.01</b>	<b>(0.11)</b>	<b>(0.01)</b>

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

Karachi  
Dated: 21st February 2014

**NADEEM E. SHAIKH**  
CHIEF EXECUTIVE

**MOHAMMAD SULEMAN**  
DIRECTOR

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**Ali Asghar Textile Mills Limited**

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**Condensed Interim Statement of Comprehensive Income (Un-Audited)****For the half year ended December 31, 2013**

	Six months Period Ended		Quarter Ended	
	December 31, 2013 Rupees	December 31, 2012 Rupees	December 31, 2013 Rupees	December 31, 2012 Rupees
(Loss)/profit after taxation	(9,200,295)	493,277	(4,810,089)	(428,581)
Other comprehensive income	-	-	-	-
<b>Total comprehensive (loss)/income for the year</b>	<b>(9,200,295)</b>	<b>493,277</b>	<b>(4,810,089)</b>	<b>(428,581)</b>

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

Karachi  
Dated: 21st February 2014

**NADEEM E. SHAIKH**  
CHIEF EXECUTIVE

**MOHAMMAD SULEMAN**  
DIRECTOR

# Ali Asghar Textile Mills Limited

## Condensed Interim Statement of Cash flows (Un-Audited) For the half year ended December 31, 2013

	December 31, 2013	December 31, 2012
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/profit before taxation	(8,921,582)	493,277
<b>Adjustments for:</b>		
Depreciation	5,384,465	1,193,429
Staff retirement benefits - gratuity	-	366,095
Finance cost	20,280	171,065
Gain on disposal of property, plant and equipment	(1,734,603)	(622,217)
	3,670,142	1,108,372
Profit before working capital changes	(5,251,440)	1,601,649
<b>(Increase) / decrease in current assets</b>		
Inventory	-	7,715,216
Loans and advances	(4,044,310)	(215,993)
Trade deposits and short term prepayments	(290,529)	409,986
Other receivables	11,922	(13,675,517)
	(4,322,917)	(5,766,308)
<b>Increase in current liabilities</b>		
Trade and other payables	4,064,420	3,306,810
<b>Cash used in operations</b>	(5,509,936)	(857,849)
Finance cost paid	(20,280)	(12,057)
Taxes refund/ (paid)	1,455,921	(180,861)
Staff retirement benefits gratuity paid	(120,227)	(333,340)
	1,315,415	(526,258)
<b>Net cash used in operating activities</b>	(4,194,522)	(1,384,107)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property, plant and equipment	5,418,000	6,080,000
Long term investments	-	500,000
Long term deposits	20,000	-
Fixed capital expenditure	(162,700)	(17,700)
<b>Net cash used in investing activities</b>	5,275,300	6,562,300
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds and repayment from long term financings - net	(753,750)	4,531,685
Deposit received	202,000	-
Bank overdraft	221,253	(9,168,589)
<b>Net cash used in financing activities</b>	(330,497)	(4,636,904)
<b>Net increase in cash and cash equivalents</b>	750,281	541,289
<b>Cash and cash equivalents at the beginning of the period</b>	7,186,002	4,208,203
<b>Cash and cash equivalents at the end of the period</b>	7,936,284	4,749,492

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

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**Ali Asghar Textile Mills Limited**

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**Condensed Interim Statement of Changes in Equity  
For the half year ended December 31, 2013**

	<b>Share Capital</b>	<b>Unappropriated Loss</b>	<b>Total Equity</b>
	<b>R u p e e s</b>		
<b>Balance as at July 01, 2012 (Audited)</b>	222,133,470	(145,726,359)	76,407,111
Total comprehensive income for half year ended December 31, 2012	-	493,277	493,277
Transferred from surplus on revaluation - incremental depreciation	-	638,785	638,785
<b>Balance as at December 31, 2012 (Un-Audited)</b>	222,133,470	(144,594,297)	77,539,173
Total comprehensive loss for the remaining period	-	(15,515,798)	(15,515,798)
Transferred from surplus on revaluation - incremental depreciation	-	598,924	598,924
<b>Balance as at June 30, 2013 (Audited)</b>	222,133,470	(159,511,171)	62,622,299
Total comprehensive loss for half year ended December 31, 2013	-	(9,200,295)	(9,200,295)
Transferred from surplus on revaluation - incremental depreciation	-	602,807	602,807
<b>Balance as at December 31, 2013 (Un-Audited)</b>	<b>222,133,470</b>	<b>(168,108,659)</b>	<b>54,024,811</b>

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

Karachi  
Dated: 21st February 2014

**NADEEM E. SHAIKH**  
CHIEF EXECUTIVE

**MOHAMMAD SULEMAN**  
DIRECTOR

# Ali Asghar Textile Mills Limited

## Notes to the Condensed Interim Financial Information (Un-Audited) For the half year ended December 31, 2013

### 1 THE COMPANY AND IT'S OPERATIONS

- 1.1 Ali Asghar Textile Mills Limited (the Company) was incorporated in Pakistan on February 9, 1967 under the Companies Act, 1913 (Now Companies Ordinance, 1984) as a public limited company having its registered office at Uni Towers, I. I. Chundrigar Road, Karachi in the province of Sindh. Its shares are quoted on Karachi Stock Exchange (Guarantee) Limited. The principal activity of the Company is to manufacture and sale of yarn. The manufacturing facilities of the Company are located at Korangi Industrial Area, Karachi in the province of Sindh.
- 1.2 The Company has closed its operation in September, 2011 and has sold a substantial portion of its property plant and equipment. The Company has accumulated losses of Rs. 168.109 million as at December 31, 2013. Current liabilities exceeds its current assets by Rs. 13.593 million.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

This condensed interim financial information of the Company for the half year ended December 31, 2013 is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard IAS 34 "Interim Financial Reporting" and provisions of and directives issued by the Securities and Exchange Commission of Pakistan under the Companies Ordinance, 1984 (the Ordinance). This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the company for the year ended June 30, 2013. This interim financial information is being submitted to the shareholders as required by the Listing Regulations of Karachi Stock Exchange and section 245 of the Ordinance.

#### 2.2 Accounting Convention

These financial statements have been prepared under the historical cost convention except for measurement of certain financial assets and financial liabilities at fair value and recognition of employee benefits at present value.

#### 2.3 Functional and presentation currency

These financial information are presented in Pakistan Rupees which is also the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest rupee.

### 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation which have been used in the preparation of this interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2013.

### 4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended June 30, 2013. The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2013.

### 5 ACQUISITION AND DISPOSAL OF PROPERTY PLANT AND EQUIPMENTS

The cost of additions and disposals to operating fixed assets during the half year ended, December 31, 2013 were as follows:

	December 31, 2013 (Un-Audited)		June 30, 2013 (Audited)	
	Additions	Disposals	Additions	Disposals
	(Cost in Rupees)		(Cost in Rupees)	
Plant and Machinery	-	(8,004,787)	-	(31,076,987)
Generator	90,000	-	-	-
Vehicle	-	(879,000)	-	(66,500)
Office Equipment	72,700	(14,450)	-	-
	<u>162,700</u>	<u>(8,898,237)</u>	<u>-</u>	<u>(31,143,487)</u>

## 6 CONTINGENCIES AND COMMITMENTS

### Contingencies

- 6.1 The Bank of Punjab has filed suit 62 of 2012 before Honorable Banking Court No. V, Karachi against the company for recovery of Rs. 42.35 million (Principal Rs. 17.1 million alongwith markup Rs. 25.241 million) as outstanding dues against the leasing facilities provided by the bank. The company has filed an application for leave to defend the case before Honorable Banking Court No. Karachi. The company has also provided liabilities amounting to Rs. 18.77 million along with markup Rs. 4.85 million. The outcome of the case is not ascertainable as at December 31, 2013.
- 6.2 The Saudi Pak Leasing Co Limited has filed suit 310 of 2011 before Honorable Banking Court No. III, Karachi against the company for recovery of Rs. 2.06 million (Principal Rs. 0.945 million alongwith Markup Rs. 1.12 million) as outstanding dues against the leasing facilities provided by the Company. The company has filed an application for leave to defend the case before Honorable Banking Court No. III, Karachi. The company has also provided liabilities amounting to Rs. 1.06 million along with markup Rs. 0.133 million. The outcome of the case is not ascertainable as at December 31, 2013.
- 6.3 An Appeal (Appeal No. K469/2009) was filed under section 194A of Customs Act, 1969 before the Honorable Custom Appellate Tribunal Karachi Bench, Karachi against the recovery of Rs. 29,112,294 in respect of non-achievement of export targets in terms of concessionary SRO 554(1)/98 dated 12.06.1998 by Model Customs Collectorate of Exports Customs House, Karachi and was vehemently contested on the behalf of the Company. Hearing has been concluded and judgement reserved by the Honorable Customs Appellate Tribunal Karachi Bench, Karachi and the decision awaited. In the opinion of legal advisor, the merits of the case are in the favour of the company and there is no like hood that the company will incur any financial loss.

### Commitments

There are no commitments of the company as at December 31, 2013.

## 7 TRANSACTION WITH RELATED PARTY

The related parties comprise associated companies (due to common directorship), wholly owned subsidiary, directors and key management personnel. Amounts due to/from related parties are shown in the relevant notes to the financial statements. The Company in the normal course of business carries out transactions with various related parties. Significant balances and transactions with related parties are as follows.

Nature of transaction	Nature of Relationship	December 31, 2013	December 31, 2012
		Rupees	Rupees
<b><u>Rent and other expenses</u></b>			
Gulnar Humayun	Significant Influence over the company	<u>283,920</u>	<u>258,000</u>

## 8 RECLASSIFICATION

Rs. 39,737,700 long term financing from First Dawood Investment Bank Limited has been re-classified to redeemable capital for better presentation.

## 9 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Long term loan from Saudi Pak Bank amounting to Rs. 1.066 Million has been settled subsequent to the balance sheet date.

## 10 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 21st February 2014 by the board of directors of the Company.

Karachi  
Dated: 21st February 2014

**NADEEM E. SHAIKH**  
CHIEF EXECUTIVE

**MOHAMMAD SULEMAN**  
DIRECTOR