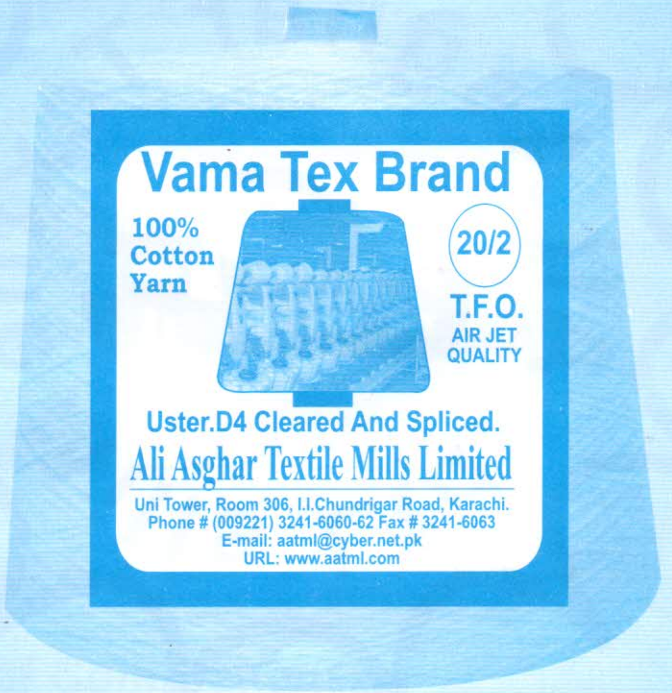
Annual Report 2016



ALI ASGHAR TEXTILE MILLS LTD.

CONTENTS

COMPANY INFORMATION

Board of Directors

Mr. Nadeem Ellahi Shaikh	(Chief Executive)
Mr. Abdullah Moosa	(Non-Executive Director & Chairman)
Mr. Munawar Hussain	(Non-Executive Director)
Mr. Muhammad Suleman	(Non-Executive Director)
Mr. Raja Ghanzafar Ali	(Non-Executive Director)
Mr. Sultan Mehmood	(Non-Executive Director)
Mr. Muhammad Azad Khan	(Independent Director)

Audit Committee	Mr. Muhammad Azad Khan	Chairman
	Mr. Sultan Mehmood	Member
	Mr. Raja Ghanzafar Ali	Member
Human Resources & Remuneration (HR&R) Committee	Ms. Munawar Hussain	Chairman
	Mr. Raja GhanzafarAli	Member
	Mr. Muhammad Azad Khan	Member

CFO & Company Secretary Mr. Muhammad Suleman

Auditor M/s. Mushtaq & Co. Chartered Accountants

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
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

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

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

DIRECTOR REPORT

The Directors are pleased to present the 50th annual report for the year ended 30th June 2016

During the year the company incurred a loss of Rs.10.591 million compared to loss of Rs.23.36 million. As CEO I took a decision to reverse my salary claim on the company and salary not paid but accrued, for the last 4 years was reversed. As a result the company got a benefit of Rs.6.1 million. This was done to support the future of the company. The previous 12 month were very though for the spinning industry due to cotton crop failure and the resultant shortage of raw material led to higher cost of production.

As a result around 120 textile mills had to close their operation and temporarily suspend their business. A view of the results of many textile spinning mills for 30th June 2016, gives strength and credence to the management far sighted decision to temporary close which resulted in protection of share holder value.

The management of the company, leaving no stone unturned, in developing new and profitable ventures for the company, has devised two business plan for the approval of the shareholders in the upcoming AGM to be held on 29th October 2016. Whereas a detailed summary of the business plans is been send to the shareholders along with notice of AGM, I will briefly touch upon the two endeavors been envisaged.

PLAN-A

Textile business revival. In view of a much improved energy supply scenario and announcement of textile package by the government the management has made a detailed feasibility of setting up a 10,000 spindle project. Management is hopeful that after approval from the shareholders, they will be able to successfully persuade lenders/banks for finance.

PLAN-B Logistic Hub/Warehousing.

In view of the unprecedented investment by the government of China in the development of infrastructure of Pakistan and resultant stimulation to the economy, there is a great demand for rental space and housing accommodations from multinational/FMCG/Garment factories/pharmaceuticals. The management feels that this has the potential of becoming a full-fledged business in view of most of the infrastructure in the form of warehouses labour colony available. Hence management strongly feels that once it is given shareholders approval for investment for this business plan the implementation will be quite smooth. The director training programs under code of corporate governance is under notice of the BOD and a training institute of good repute is been selected shortly to enable directors to complete training.

In the end I would like to mention that aatml is a living/breathing organization fulfilling all its corporate responsibilities. It is providing employment over 20+employees in the head office and the mills. All income and sales taxes due to the government are been paid and all regulation of the SECP, PSK are been duly followed. By with the probable approval the shareholders of the business plans, the company will embark on a new trajectory which will be very beneficial to the shareholders.

With reference to the auditor's qualification/observation, Para vise reply is as follows:

a) Auditor's qualification of accounts with regards to the going concern issue is inappropriate. The company is discharging all its responsibilities with regard to taxes, Government rules and regulations. The company has 20 plus employees been paid regular monthly salaries 90% of all creditors have been paid. Remaining 10% are been negotiated with for a fair settlement. The management has put forward 2 business plans for the shareholders to the approved. Once approval is in hand. The company will embark of a new path of prosperity. SECP passed a hasty and irresponsible order based on their incorrect viewpoint of AATML been just a shell company. Inspite of various evidences and documentation given to SECP regarding the value been created by AATML for its shareholders, the capital cost been carried out for new business ventures, the Rs.500 million assets base of the company, the SECP with its own construed, twisted interpretation of the law passed a illegal order of winding up going against the norms of justice. AATML has hired the services of a top corporate firm to defend itself and has filed a revision application against the order. Management is very confident that it will get a favorable ruling.

b) Sending and receiving third party confirmation (in this case, balance conformation from First Dawood Investment Bank and Bank of Punjab) is one of the procedures applied by auditors to verify the balance pending. The management has not only disclosed each material fact about these liabilities under note number 20.3, 20.6, 25.1, and 25.2 but also provided all documents relating to First Dawood Investment Bank Limited and Bank of Punjab liability which could help them verify such balances through other alternate audit procedures but the auditor still choose to qualify these liabilities because they couldn't satisfy themselves on the basis of their judgment.

c) The Auditor's point about certain carrying revaluation of the Property Plant and Equipment is due to the on going process of machinery and equipment disposal. Hence, during this process, the revaluation might not have a meaningful refection of company's assets.

d) As the management has disclosed in the note number 15.1 and 15.2 of the financial statements, the management believes that the inflow of economic benefit from such assets is probable and could be measured reliably as at June 30, 2016 as this is the amount of claim pending before UK cotton exchange under international cotton rules and all the relating documents for verification has been provided to the auditors, but the amount still remain unverified in the matter of auditor's judgment.

e) The management believes that the liability should not be recorded more than the probable outflow of economic benefit and in this case, as stated in note number 25.1, the management and the legal advisor firmly believes that the outflow won't be more than what already recorded in the books of the company and basing that, the management is of opinion that the markup of Bank of Punjab along with its pending liability is correctly recorded and properly disclosed in the financial statements.

I would like to thanks the employees for all their hard work and effort that they have put in the last year that has gone by.

Future outlook

The management hopes that as the economy improves the textile industry will do better. The directors are pleased to report that your company has taken necessary steps to company with the provisions of the code of Corporate Governance as incorporated in the listing regulations of stock exchange.

In light of the company's overall objective, the Board of Directors regularly reviews the company's strategic direction. Annual plans and performance targets set for the business the Board is committed to maintain the high standards, of goods corporate governance. Given below is the statement of Corporate and financial Report Framework. These financial statements present fairly the state of affairs of the company, the results of its operations, cash flows and changes in equity. The Company has maintained proper books of accounts. Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment. International accounting Standards as applicable in Pakistan has been followed in preparation of financial statement and any departure there form has been adequately disclosed.

The system of internal control, which was in palace, is being continuously reviewed by the management. The process of review and monitoring will continue with the object to improve it further. Hiring of appropriate staff to strengthen the internal audit functions is under consideration.

The management of your company is leaving no stone unturned to improve the financial and operational performance.

All liabilities in regard to the payment on account of taxes, duties, levies, and charges have been fully provided and will be paid in due course or where claim was not acknowledged as debt the same is disclosed as contingent liabilities in the notes to the accounts.

There is no doubt about the company's ability to continue as going concern.

There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations. The company operates un-funded gratuity scheme for its employees and provision has been made in the accounts accordingly. No trade in the shares of the company were carried out by the directors, CEO, CFO, Company Secretary and their spouses and minor children.

During the year, four Board Meetings were held, the attendance by each Director given below:-

S.No.	Name of Director	Number of meeting attended
1.	Mr. Nadeem Ellahi Shaikh	4
2.	Mr. Abdullah Moosa	4
3.	Mr. Munawar Hussain	4
4.	Mr. Muhammad Suleman	4
5.	Mr. Raja Ghanzafar Ali	1
6.	Mr. Sultan Mehmood	1
7.	Mr. Mohammad Azad Khan	1

Code of Ethics and Business practice has been developed and are now being communicated and acknowledged by each director and employee of the company.

The pattern of holding of the shares as on June 30, 2016 is annexed.

Retiring Auditors M/s. Mushtaq & Co. Chartered Accountants retire and being eligible offers themselves for re-appointment for the financial year ending June 30, 2016.

The Directors wish to place on record the highly dedicated services rendered by the employees and convey thanks to bankers and leasing companies for their valuable services.

By Order of the Board

NADEEM ELLAHI SHAIKH
Chief Executive

Karachi
Dated: 10.10.2016

KEY OPERATING AND FINANCIAL RESULTS
FROM 2010-2011 TO 2015-2016

ACCOUNTING YEAR	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011
	'000	'000	'000	'000	'000	'000
OPERATING RESULTS						
Sales-Net	-	-	-	4,478	44,110	930,360
Gross Profit (Loss)	(5,589)	(12,378)	(13,690)	(20,920)	(94,766)	(112,063)
Net Profit (Loss) After Tax	(10,591)	(23,360)	(20,949)	(15,022)	102,370	(10,946)
FINANCIAL POSITION						
Assets Employed:						
Operating Assets	376,787	377,353	386,719	401,684	431,988	796,239
Current Assets	32,016	50,828	51,614	59,483	48,101	204,776
Other Assets	3,885	3,736	4,876	6,432	7,701	6,372
Deferred Cost	-	-	-	-	-	-
Assets Financed By:						
Shareholders Equity	10,743	20,655	42,834	62,622	76,407	319,253
Directors Loan	39,005	17,902	2	2	830	1,064
Surplus on revaluation of Fixed Assets	260,138	261,206	262,341	263,547	264,784	558,075
Long term Loan	98,430	78,835	62,185	65,984	70,798	414,729
Other Deferred Liability	1,492	1,329	1,161	2,131	1,184	8,916
Current Maturity	8,652	9,902	11,410	10,656	7,338	145,471
Other Current Liabilities	32,401	59,150	62,651	62,227	67,277	193,315
Key Ratios						
Gross Profit to Sales %	0	0	0	-467.17%	-214.84%	-12.05%
Net Proftit (Loss) to Sales %	0	0	0	-335.46%	232.08%	-1.18%
E.P.S	(0.24)	(0.53)	(0.47)	(0.34)	(2.30)	(0.25)
Current Ratio	0.99	0.86	0.82	0.96	0.71	1.06

PATTERN OF SHAREHOLDING
HELD BY THE SHAREHOLDERS
As on June 30, 2016

No. of Shareholders	Shareholdings			Total Shares held
482	1	-	100	43,563
305	101	-	500	96,010
107	501	-	1000	90,701
149	1001	-	5000	1,378,340
22	5001	-	10000	174,775
10	10001	-	15000	119,599
5	15001	-	20000	89,200
3	20001	-	25000	73,000
1	30001	-	35000	30,500
1	35001	-	40000	39,000
3	40001	-	45000	127,736
1	45001	-	50000	50,000
2	70001	-	75000	146,200
1	3700001	-	3705000	3,701,464
2	10245001	-	40000000	38,266,606
				44,426,694

Director, Chief Executive Officer		
Nadeem Ellahi	18,293,275	41%
Marium Humayun	40,940	0.0922%
Raja Gazanfar Ali	1,000	0.0023%
Muhammad Suleman	1,000	0.0023%
Abdullah Moosa	1,000	0.0023%
Sultan Mehmood	1,000	0.0023%
Muhammad Azad Khan	1,000	0.0023%
Associated Company, Undertaking and related parties		
NIT & ICP (investment Companies)	4,800	0.0108%
Banks Development Financial Institutions, Joint stock,non Banking Financial and other Institutions	171,499	0.3860%
Insurance Company		
Modarabas and Mutual Funds		
Shareholding 10% - Naveed Ellahi	19,973,331	45%
General Public		
Local	5,937,849	13.3655%
Foreign		
Others		
	44,426,694	100%

ALI ASGHAR TEXTILE MILLS LIMITED
STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE YEAR ENDED JUNE 30, 2016

This statement is being presented to comply with the Code of Corporate Governance contained in the Regulation No. 35 of Listing Regulations of Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Board comprises seven directors, including the CEO. The Company encourages representation of independent non-executive directors on its Board including those representing minority interests.
   At present the Board includes following:

Category	Names
Independent Director	Mr. Muhammad Azad Khan
Executive Director	Mr. Nadeem Ellahi Sheikh
Non-Executive Director	Mr. Munawar hussain
	Mr. Muhammad Suleman
	Mr. Raja Ghazanfar Ali
	Mr. Sultan Mehmood
	Mr. Abdullah Moosa

   The independent directors meet the criteria of independence under clause i(b) of the CCG.

2. The Directors have confirmed that none of them are serving as a director in more than seven listed companies, including this Company.

3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI. No director of the board is a member of stock exchange in Pakistan.

4. During the year, no casual vacancies occurred.

5. The Company has prepared a code of conduct and ensures that appropriate steps have been taken to disseminate it through the company along with its supporting policies and procedure.

6. The Board has developed a vision and 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 the CEO have been taken by the Board.

8. The meetings of the Board were presided by the Chairman. 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 board arranged in house orientation courses for its directors during the year to appraise them of their duties and responsibilities and to brief them regarding amendments in the companies ordinance/corporate laws.

10. No new appointments of Chief Financial Officer, Company Secretary and Head of Internal Audit, has been made during the year while any change(if any) in their remuneration and terms of conditions of employment is approved by the Board.

11. The Directors' Report for this period has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.

13. The Directors, CEO and executive 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 three members, all of them are non-executive directors.

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 formed and advised to the committee for compliance.

17. The Board has formed a Human Resource and Remuneration Committee. It comprises three members, two of which are non-executive Directors.

18. The Board has setup an effective internal audit function manned by suitable qualified and experienced personnel who are conversant with the policies and procedures of the Company. They 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 programme 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 company's securities, was determined and intimated to directors, employees and stock exchange.

22. Material/Price sensitive information has been disseminated among all the market participants at once through stock exchange.

23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintenance proper record including basis for inclusion or exclusion of names of person from the said list.

24. We confirm that all other material principles contained in the Code have been complied with.

Nadeem Ellahi
Chief Executive
Karachi
Date: 05.10.2016

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

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REVIEW REPORT TO THE MEMBERS

On the Statement of Compliance with Best Practices of the Code of Corporate Governance

We have reviewed the enclosed statement of compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Ali Asghar Textile Mills Limited** for the year ended June 30, 2016 to comply with the Code contained in regulation No. 5.19 of the Rule book of Pakistan Stock Exchange Limited.

The responsibility for 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 the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not and to highlight any non-compliance with the requirement of the Code. A review is limited primarily to inquiries of the Company's 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 are not required to consider whether the Board's statement on internal control covers all the risks and control or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee and upon recommendation of audit committee, places before the Board of Directors for their review and approval its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of 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, nothing has come to our attention which causes us to believe that the statement of compliance does not appropriately reflect the status of the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.

Further, we highlight below instances of non compliance with requirements of the code as reflected in the paragraph reference where these are stated in the statement of Compliance:

Paragraph reference	Description
9	Appropriate arrangement to carry out Director training program has not been carried out as specified in clause (xi)

MUSHTAQ & CO. KARACHI

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Mushtaq Ahmed Vohra
FCA

KARACHI:
Date: 08 OCT 2016

Notice of 50th Annual General Meeting

Notice is hereby given that the 50TH annual general meeting of Ali Asghar Textile Mills Limited will be held at Plot No. 6 Sector No. 25, Korangi, Karachi on October 29TH 2016 at 6:30 pm sharp to transact the following business:

ORDINARY BUSINESS

1. For consideration of the audited annual financial statements and the reports of the directors and auditors.
2. Appointment and fixation of remuneration of auditors.
3. To confirm the minutes of the forty nine annual general meetings.
4. To pass the following resolution with our without modification

SPECIAL BUSINESS

To consider and approve the business plan for revival of the Company and pass the following ordinary resolution. with our without modification:

> Resolved That the two business plans for revival of the textile business and for development of existing land and constructed area into a logistics hub catering to logistics-storage needs of fmcg-multinational as detailed in the statement of material facts under Section 160 (1) (b) of the Companies Ordinance, 1984 be and are hereby approved and the Chief Executive of the Company is hereby authorized to implement and do all acts, deeds and things and to actively negotiate with supplier financial institutions/machinery agents for their support for the implementation of the business plans.

A statement of material facts under section 160 (1) (b) of the companies ordinance 1984 regarding the special business to be transacted at the AGM is attached to this notice for onward submission to the shareholders.

By the order of Board

Muhammad Suleman
Company Secretary

Dated: October 06, 2016

Notes:

1. **Closure of share transfer books:**

Share Transfer Books will remain closed and no transfer of shares will be accepted for registration from October 20th to October 29th (both days inclusive).

2. **Participation in the annual general meeting:**

A member entitled to attend and vote at this meeting is entitled to appoint another member/any other person as his/her proxy to áttend and vote.

3. Duly completed instrument of proxy, and the other authority under which it is signed, thereof, must be lodged with the secretary of the company at the company's registered office at least 48 hours before the time of the meeting.

4. **Necessary Provision of email and physical mailing address and other material information:**

As per SRO 787(I)/2014 of SECP, each TRE Holder/Shareholder who desire to receive soft copy of accounts is requested to update his/her email address with the share registrar and opt for the soft copy of financial results of The Company, so all the results and material information could be transferred in more quicker and better way and any change of address of TRE Certificate holder should be immediately notified to the company's share registrars, C&K Management Associates (PVT) Limited, Address: 404- Trade Tower, Abdullah Haroon Road Near, Metropole Hotel, Karachi-75530, Phone: 35687839, 3568593

5. The CDC account holders will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:

A. 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 Regulations, 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 at the time of the meeting.

B. 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 accordingly.

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 CNIC or the passport

iv) The proxy shall produce his/her original CNIC or original passport at the time of meeting.

v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted along with proxy form to the company.

6. Accounts of the company and other material information should be provided on the website www.aatml.com.pk

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

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Email Address: mushtaq_vohra@hotmail.com

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Ali Asghar Textile Mills Limited** as at June 30, 2016 and the 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 we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose 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.

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 the 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 verifications, we report that:

a) The company has ceased the production since September 2011 and incurred a loss for the year ended June 30, 2016 of Rupees 10.979 million (June 30, 2015: Loss Rupees 23.314 million) and as of that date, reported accumulated losses of Rupees 211.389 million (June 30, 2015: Rupees 201.478 million). The company's current liabilities exceeded its current assets by Rupees 9.036 million (June 30, 2015: Rupees 18.223 million) as of that date. These conditions along with adverse key financial ratios, shows Company's inability to comply with loan agreements and pay debts on due dates, discontinuance of operation and retirement of key employees indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Furthermore the SECP has issued order no. CSD/ARN/15/2015 dated: June 06, 2016 under section 309 for winding up of the company against which review application dated: August 05, 2016 has been filed by the company. These circumstances give rise to significant uncertainty as to the ability of the company to continue operations as 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. The financial statements have been prepared on going concern basis, but in our judgment, management's use of going concern assumption in these financial statements is inappropriate.

b) Balance with the First Dawood Investment Bank Ltd amounting to Rs.47.6 million, stated in note 20.3 and with Bank of Punjab amounting to Rs. 18.77 million stated in note 20.6 remains unconfirmed. Confirmation was sent. We were also unable to satisfy ourselves as to the correctness of the reported balances by performing other alternate auditing procedures.

c) The company has not carried out a revaluation of property, plant and equipment on June 30, 2016 under International Accounting Standard (IAS) 16 "Property, Plant and Equipment". In the absence of revaluation figures, it is not possible to perform impairment test as suggested in the International Accounting Standards (IAS) 36 "Impairment of assets". Hence impact of the same on assets, revaluation surplus and on profit and loss account of the company cannot presently be determined.

d) We are unable to verify the quality claim booked by the company against raw cotton purchase (note 15.1) 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 (note 15.2) and has gone to arbitration as supplier denied admitting the claim.

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

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e) The company has not accounted for the finance cost approximate to Rs. 2.266 million (2015: Rs.2.058 million) on outstanding balances in respect of long term loan from Bank of Punjab. Had the company accounted for the finance cost, the loss for the year would have been increased by Rs. 2.266 million and consequently accrued mark-up would also have been increased by Rs. 2.266 million.

f) Except for the paragraph (a) to (e) and its effects on financial statements, in our opinion, proper books of accounts have been kept by the company as required by the Companies ordinance, 1984;

g) in our opinion;

i. Except for the paragraph (a) to (e) and its effects on financial statements, the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts 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;

h) In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the inappropriate going concern assumption and other matters discussed in paragraph (a) to (e), 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, 2016 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and

i) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Karachi.
Dated: 08 OCT 2016

KARACHI

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Mushtaq Ahmed Vohra,
FCA

Ali Asghar Textile Mills Limited

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
Sales	26	-	-
Cost of sales	27	(5,589,980)	(12,378,346)
Gross (Loss)		(5,589,980)	(12,378,346)
Distribution cost	28	-	-
Administrative expenses	29	(13,076,774)	(12,650,643)
Other expenses	30	(1,593,011)	(911,932)
Other income	31	10,541,458	3,331,969
		(4,128,327)	(10,230,606)
(Loss)/Profit from operations		(9,718,306)	(22,608,952)
Finance cost	32	(17,535)	(7,698)
(Loss)/Profit before taxation		(9,735,841)	(22,616,650)
Taxation			
Current		(856,036)	(743,953)
Deferred			
		(856,036)	(743,953)
(Loss)/Profit after taxation		(10,591,877)	(23,360,603)
(Loss)/Earning per share - basic and diluted	33	(0.24)	(0.53)

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

NADEEM E. SHAIKH
CHIEF EXECUTIVE

ABDULLAH MOOSA
DIRECTOR

Ali Asghar Textile Mills Limited

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	2016 Rupees	2015 Rupees
(Loss)/Profit after taxation	**(10,591,877)**	(23,360,603)
Other comprehensive income		
Acturial Gain / (Loss) for the year	**(387,438)**	46,562
Total comprehensive (Loss) for the year	**(10,979,315)**	**(23,314,041)**

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

NADEEM E. SHAIKH
CHIEF EXECUTIVE

ABDULLAH MOOSA
DIRECTOR

Ali Asghar Textile Mills Limited

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit before taxation		(9,735,841)	(22,616,650)
Adjustments for:			
Depreciation		1,810,831	9,694,048
Staff retirement benefits - gratuity		294,262	253,562
Reversal of excess gratuity provision		-	-
Finance cost		17,535	7,698
Gain / (Loss) on disposal of property, plant and equipment		(705,568)	-
		1,417,060	9,955,308
Profit before working capital changes		(8,318,781)	(12,661,342)
(Increase) / decrease in current assets			
Inventory		-	-
Trade debts		-	911,932
Loans and advances		6,026,902	(1,178,112)
Trade deposits and short term prepayments		290,400	(309,900)
Other receivables		90,458	108,529
Other Financial Assets		-	-
		6,407,760	(467,551)
(Decrease) / increase in current liabilities			
Trade and other payables		(11,753,726)	(4,261,735)
Cash generated from operations		(13,664,746)	(17,390,628)
Finance cost paid		(17,535)	(7,698)
Taxes paid		(64,109)	(149,333)
Staff retirement benefits gratuity paid		(518,700)	(39,500)
		(600,344)	(196,531)
Net cash generated from operating activities		(14,265,090)	(17,587,159)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		917,000	-
Long Term Investments		-	1,236,946
Payment of Long term Loan			
Deferred income		-	-
Long Term Deposits		64,000	(96,277)
Fixed capital expenditure		(1,456,262)	(327,650)
Net cash used in investing activities		(475,262)	813,019
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds and repayment from long term financings - net		19,172,200	15,142,500
Deposit Received		(6,075)	212,075
Short term borrowings		(4,387,176)	16,468
Net cash used in financing activities		14,778,949	15,371,043
Net increase / (decrease) in cash and cash equivalents		38,596	(1,403,097)
Cash and cash equivalents at the beginning of the year		302,924	1,706,022
Cash and cash equivalents at the end of the year	17	341,520	302,924

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

NADEEM E. SHAIKH
Chief Executive Officer

ABDULLAH MOOSA
Director

Ali Asghar Textile Mills Limited

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

	Share Capital	Unappropriated Loss	Total Equity
	Rupees		
Balance as at July 01, 2014	222,133,470	(179,299,478)	42,833,992
Total comprehensive loss for the year	-	(23,314,041)	(23,314,041)
Transferred from Surplus on Revaluation - Incremental Deprec	-	1,134,804	1,134,804
Balance as at June 30, 2015	222,133,470	(201,478,715)	20,654,755
Total comprehensive loss for the year	-	(10,979,315)	(10,979,315)
Transferred from Surplus on Revaluation - Incremental Deprec	-	1,068,271	1,068,271
Balance as at June 30, 2016	222,133,470	(211,389,759)	10,743,710

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

NADEEM E. SHAIKH
CHIEF EXECUTIVE

ABDULLAH MOOSA
DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

1 THE COMPANY AND IT'S OPERATIONS

1.1 The Ali Asghar Textile Mills Limited (the Company) was incorporated in Pakistan on February 9, 1967 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 since September, 2011 and has sold a substantial portion of its Property Plant & Equipment. The Company has accumulated losses of Rs. 213.16 million as at June 30, 2016. Current liabilities exceeds its current assets by Rs. 7.56 million.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance), directives issued by the Securities and Exchange Commission of Pakistan (SECP) and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Ordinance, provisions of and directives issued under the Ordinance. In case requirements differ, the provisions or directives of the Ordinance shall prevail.

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 statements 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 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- Residual values and useful life of property, plant and equipment;
- Provision for slow moving and obsolete stores & spares and stock-in-trade;
- Estimates of liability in respect of employee retirement benefits - gratuity and compensated absences;
- Provision for current and deferred taxation;
- Classification of investment; and
- Valuation at fair value of derivative financial instruments.

4 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

4.1 Amendments to published standards that are effective in current financial year and are relevant to the Company

Following are the amendments in the approved accounting standards that are effective and relevant to the company.

Presentation of Items of Other Comprehensive Income (Amendments to IAS 1), (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. This new amendment is not expected to materially affect the disclosures in the financial statements of the company.

IAS 19 (Revised), 'Employee benefits' (effective for the periods beginning on or after 01 January, 2013). During the year the company has changed the accounting policy in respect of post employment defined benefit plan as required under IAS 19. According to new policy, all acturial gain or loss are recognised in other comprehensive income (OCI) in the period in which they occur. The amount recorded in profit and loss are limited to current and past service costs, gain or loss on settlement and net interest income or expense. All other changes in the defined benefit plan obligation are recognised directly in OCI with no subsequent recycling through profit and loss account. Proviously, the company recognised all acturial gain or loss in profit and loss account and the cummulative balance of acturial gain or loss was Nil as on June 30,2013. Hence the effect of such change is considered immaterial for these financial statements as a whole.

4.2 New accounting standards, amendments to existing approved accounting standards and interpretations that are issued but not yet effective and have not been early

adopted by the Company

There are certain amendments to the approved accounting standards and a new interpretation issued by the International Financial Reporting Interpretations Committee (IFRIC) which will be effective but are considered not to be relevant or are expected to have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

4.3 New amendments to approved accounting standards and interpretation which became effective during the year ended June 30, 2014

There were certain new amendments to the approved accountings standards and a new interpretation issued by the International Financial Reporting Interpretations Committee (IFRIC) which became effective during the year but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

4.4 Standards, interpretations issued by the IASB that are applicable to the company but are not yet notified by the SECP

IFRS 9, 'Financial Instruments' (effective for periods beginning on or after January 1, 2013). This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

IFRS 10, 'Consolidated Financial Statements', applicable from January 01, 2013, build on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This standard will be applicable on or after January 01, 2015 as per SECP SRO 633 (i)/2014 and shall supersede the requirements relating to consolidated financial statements in IAS 27 'Consolidated and Seperate Financial statements' (as amended in 2008)

IFRS 11, 'Joint Arrangements', applicable from January 01, 2013, is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement; joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence entity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. This standard will be applicable on or after January 01, 2015 as per SECP SRO 633 (i)/2014 and shall supersede IAS 31 'Interests in Joint Ventures'.

IFRS 12, 'Disclosure of interests in other entities' (effective for the periods beginning on or after 01 January, 2013). This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. This standard will be applicable on or after January 01, 2015 as per SECP SRO 633 (i)/2014.

IFRS 13, 'Fair value measurement', this standard provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The standard is not applicable until April 01, 2013 but is available for early adoption. This standard will be applicable on or after January 01, 2015 as per SECP SRO 633 (i)/2014.

4.5 There are a number of other minor amendments and interpretations to other approved accounting standards that are not yet effective and are also not relevant to the Company and therefore have not been presented here.

4.6 The Security and Exchange Commision of Pakistan through SRO 183(I)/2013 dated March 4, 2013 has amended the requirements of fourth schedule of Company Ordinance 1984. The amendments require some additional disclosure and modification of existing disclosures. the company has made the disclosures accordingly.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set-out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

5.1 Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation except freehold land and leasehold land, which are stated at cost less impairment losses, if any. Cost comprises acquisition and other directly attributable costs.

Depreciation is provided on a reducing balance method and charged to profit and loss account to write off the depreciable amount of each asset over its estimated useful life at the rates specified in note 6.1. Depreciation on addition in property, plant and equipment is charged from the month of addition while no depreciation is charged in the month of disposal.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized, if any. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit and loss as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in the profit and loss account.

The Company reviews the useful life and residual value of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on depreciation charge.

Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership, are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Outstanding obligations under the lease less finance cost allocated to future periods are shown as a liability.

Finance cost under lease agreements are allocated to the periods during the lease term so as to produce a constant periodic rate of finance cost on the remaining balance of principal liability for each period.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Derecognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit and loss account in the year the asset is de-recognized.

Capital work-in-progress

Capital work-in-progress is stated at cost accumulated up to the balance sheet date less accumulated impairment losses, if any. Capital work-in-progress is recognized as an operating fixed asset when it is made available for intended use.

5.2 Investments

Classification of an investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on regular basis.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "Investment at fair value through profit or loss" which is initially measured at fair value.

The Company assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the Company applies the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' to all investments, except investments in subsidiaries and equity method accounted for associates, which are tested for impairment in accordance with the provisions of IAS 36 'Impairment of Assets'.

Investment at fair value through profit or loss

Investments classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if these are acquired for the purpose of selling in the short term. Gains or losses on investments held-for-trading are recognized in profit and loss account.

Held-to-maturity

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in profit and loss account when the investments are de-recognized or impaired, as well as through the amortization process.

Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for-sale. After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in statement of other comprehensive income until the investment is sold, de-recognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in statement of other comprehensive income is included in profit and loss account. These are sub-categorized as under:

a) Quoted

For investments that are actively traded in organized capital markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the balance sheet date.

b) Unqouted

Fair value of unquoted investments is determined on the basis of appropriate valuation techniques as allowed by IAS 39 'Financial Instruments: Recognition and Measurement'.

5.3 Inventories

Inventories, except for stock in transit and waste stock / rags, are stated at lower of cost and net realizable value. Cost is determined as follows:

a) Stores, spares and loose tools

Useable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

b) Stock in trade

Cost of raw material, work-in-process and finished goods is determined as follows:

(i) For raw materials:	Annual average basis.
(ii) For work-in-process and finished goods:	Average manufacturing cost including a portion of production overheads

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stock / rags are valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale.

5.4 Trade debts and other receivables

Trade debts are initially recognized at fair value and subsequently measured at cost less provision for doubtful debts. A provision for doubtful debts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the trade debts. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy of financial reorganization, and default or delinquency in making payments are considered indicators that the trade debt is doubtful and the provision is recognized in the profit and loss account. When a trade debt in uncollectible, it is written off against the

5.5 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

5.6 Borrowings

Borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Finance costs are accounted for on an accrual basis and are included in current liabilities to the extent of the amount remaining unpaid.

5.7 Staff Retirement Benefit

Defined benefits plans

The Company operates unfunded gratuity scheme for all its eligible employees. The Company accounts for gratuity provision on the basis of actuarial valuation using the projected unit credit method.

Actuarial gains and losses arising at each valuation date are recognised immediately in the profit and loss account. However, the amendment in IAS-19 Employee benefit, (effective from the accounting period beginning on July 2013), requires to recognize the actuarial gain or loss in Other Comprehensive Income instead of Profit and Loss Account, whose impact is not significant.

Benefits under the scheme are payable to employees on completion of the prescribed qualifying period

5.8 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

5.9 Taxation

Current year

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

5.10 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which they are approved by the shareholders and therefore, they are accounted for as non-adjusting post balance sheet event.

5.11 Provisions

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

5.12 Revenue recognition

Revenue from sale of goods is recognized when goods are dispatched to customers and invoices raised.

Operating lease rentals are recorded in profit and loss account on a time proportion basis over the term of the lease arrangements.

Dividend income and entitlement of bonus shares are recognized when right to receive such dividend and bonus shares is established.

5.13 Financial Instruments

Financial instruments carried on the balance sheet include investments, deposits, trade debts, loans and advances, other receivables, cash and bank balances, long-term financing, liabilities against assets subject to finance lease, short-term borrowings, accrued mark-up and trade and other payables etc. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instruments at fair value through profit or loss" which are initially measured at fair value.

Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and de-recognition is charged to the profit or loss currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

5.14 Borrowing cost

Interest, mark-up and other charges on long-term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long-term finances. All other interest, mark-up and other charges are recognized in profit and loss account.

5.15 Foreign currency transactions and translation

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currencies during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in the profit and loss account.

5.16 Impairment

a) Financial Assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flows of that

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics

b) Non Financial Assets

The carrying amounts of the Company's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account.

5.17 Off-setting of financial assets and liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

5.18 Derivative financial instruments

Derivative that do not qualify for hedge accounting are recognized in the balance sheet at estimated fair value with corresponding effect to profit and loss account. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

5.19 Earnings per share - basic and diluted

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5.20 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

5.21 Related party transactions

All transactions with related parties are carried out by the Company at arms' length price using the method prescribed under the Companies Ordinance 1984.

Nature of the related party relationship as well as information about the transactions and outstanding balances are disclosed in the relevant notes to the financial statements.

6 PROPERTY, PLANT AND EQUIPMENT

	Note	2016 Rupees	2015 Rupees
Operating fixed assets	6.1	376,787,490	377,353,491
		376,787,490	377,353,491

6.1 Operating fixed assets

	2016									
	Cost as at July 01, 2015	Additions	(Disposal)	Cost as at June 30, 2016	Accumulated depreciation as at July 01, 2015	Depreciation charge for the year	(Disposal)	Accumulated depreciation as at June 30, 2016	Book value as at June 30, 2016	Annual depreciation rate %
	Rupees									
Owned Assets										
Leasehold land	242,776,000	-	-	242,776,000	-	-	-	-	242,776,000	-
Building on leasehold land-Mil	13,327,055	-	-	13,327,055	6,576,632	472,530	-	7,049,162	6,277,893	7%
Building on leasehold land-oth	33,121,898	1,345,562	-	34,467,460	11,749,201	1,102,279	-	12,851,480	21,615,980	5%
Plant and machinery	117,178,828	-	-	117,178,828	77,716,902	-	-	77,716,902	39,461,926	7%
Electric Fittings	2,990,757	-	-	2,990,757	1,776,114	-	-	1,776,114	1,214,643	7%
Generator	520,565	-	-	520,565	233,529	-	-	233,529	287,036	7%
Office Equipments	6,378,266	67,700	-	6,445,966	3,966,229	170,604	-	4,136,833	2,309,133	7%
Furniture & Fixture	2,240,174	-	-	2,240,174	1,878,172	25,340	-	1,903,512	336,662	7%
Vehicle	1,543,121	43,000	(1,333,650)	252,471	1,266,250	40,078	(1,122,218)	184,110	68,361	20%
Leased assets										
Plant and Machinery	138,173,171	-	-	138,173,171	75,733,316	-	-	75,733,316	62,439,855	0%
30.06.2016	558,249,835	1,456,262	(1,333,650)	558,372,447	180,896,344	1,810,831	(1,122,218)	181,584,957	376,787,490	

	2015									
	Cost as at July 01, 2014	Additions	(Disposal)	Cost as at June 30, 2015	Accumulated depreciation as at July 01, 2014	Depreciation charge for the year	(Disposal)	Accumulated depreciation as at June 30, 2015	Book value as at June 30, 2015	Annual depreciation rate %
	Rupees									
Owned Assets										
Leasehold land	242,776,000	-	-	242,776,000	-	-	-	-	242,776,000	-
Building on leasehold land-Mi	13,327,055	-	-	13,327,055	6,068,536	508,096	-	6,576,632	6,750,423	7%
Building on leasehold land-oth	33,121,898	-	-	33,121,898	10,624,322	1,124,879	-	11,749,201	21,372,697	5%
Plant and machinery	117,178,828	-	-	117,178,828	74,746,649	2,970,253	-	77,716,902	39,461,926	7%
Electric Fittings	2,990,757	-	-	2,990,757	1,684,689	91,425	-	1,776,114	1,214,643	7%
Generator	417,565	103,000	-	520,565	211,924	21,605	-	233,529	287,036	7%
Office Equipments	6,233,116	145,150	-	6,378,266	3,784,678	181,551	-	3,966,229	2,412,037	7%
Furniture & Fixture	2,234,174	6,000	-	2,240,174	1,850,924	27,248	-	1,878,172	362,003	7%
Vehicle	1,469,621	73,500	-	1,543,121	1,197,032	69,218	-	1,266,250	276,871	20%
Leased assets										
Plant and Machinery	138,173,171	-	-	138,173,171	71,033,541	4,699,774	-	75,733,316	62,439,855	7%
Vehicles	-	-	-	-	-	-	-	-	-	20%
30.06.2015	557,922,185	327,650	-	558,249,835	171,202,295	9,694,048	-	180,896,344	377,353,491	

6.2 Depreciation for the period has been allocated as under.

	Note	2016 Rupees	2015 Rupees
Cost of sales	27	1,574,809	9,324,607
Administrative expenses	29	236,023	369,441
		1,810,831	9,694,048

		Note	2016 Rupees	2015 Rupees
7	LONG TERM INVESTMENTS			
	Orix Leasing - Held to Maturity	7.1	-	1,250,000
	Investment in Shares-			
	Engro Power Generation Qadirpur Limited	7.2	13,054	13,054
			13,054	1,263,054

7.1 This represents a Certificate of Deposits (CODs) of Rs. 1,250,000/- each for the terms of 4yrs, 3yrs, 2yrs and 1yr, respectively with ORIX Leasing Pakistan Limited having semiannually profit on completion of each six months with expected rate of 12.5% - 13.52%. These CODs shall be encashed by ORIX on respective maturity dates and to be adjusted against the long term loan liability (Note 20.2) amounting of Rs. 5.0 million long term loan as per settlement agreement dated 27th December, 2011.

7.2 Number of shares: 434, Rs.30.08/- each (2014: Nil)

		Note	2016 Rupees	2015 Rupees
8	**Long term Deposits**			
	Deposits for Utilities		952,946	952,946
	Deposits for Leasing Companies		1,450,000	1,450,000
	Other Deposits		5,500	69,500
			2,408,446	2,472,446
9	**Loans and advances**			
	Considered good			
	Advances - unsecured			
	- to staff		3,887,964	1,999,579
			3,887,964	1,999,579
	Advances Written off		1,593,011	-
	Less: Current Portion of loans and advances		830,000	830,000
			1,464,953	1,169,579

10 **Deferred Taxation**

Due to the losses, deferred taxation works out to be deferred tax asset amounting to Rs. 72.09 million (2014: Rs. 73.02 million). The company has not recognised Deferred tax asset as it is not probable that in future taxable profit will be available against which unused tax losses and unused tax credits can be utilized.

		Note	2016 Rupees	2015 Rupees
11	**Inventories**			
	Stores, spares and loose tools	11.1	941,269	941,269
			941,269	941,269

		Note	2016 Rupees	2015 Rupees
11.1	**Stores, spares and loose tools**			
	Stores		921,968	921,966
	Spares and Loose Tools		19,301	19,302
			941,269	941,268

		Note	2016 Rupees	2015 Rupees
12	**Trade debts**			
	UnSecured - considered good			
	Domestic Debts		-	911,932
	Provision for doubtful debts	12.1	-	(911,932)
			-	-
12.1	**Provision for doubtful debts**			
	Balance at the beginning of the year		-	(911,932)
	Reversed during the year		-	-
			-	(911,932)

		Note	2016 Rupees	2015 Rupees
13	**Loans and advances**			
	Considered good			
	Advances - unsecured			
	- to suppliers		2,851,248	8,814,150
	- to staff		830,000	830,000
			3,681,248	9,644,150
	Advances Written off	30	-	-
			3,681,248	9,644,150
14	**Trade deposits and short term prepayments**			
	Security deposits		-	-
	Excise and taxation	14.1	1,611,230	1,611,230
	Prepayments		320,400	610,800
			1,931,630	2,222,030

14.1 This represent 50% payment made to Excise and Taxation Department of Government of Sindh against levy of Infrastructure Fee. (refer note 22.4)

		Note	2016 Rupees	2015 Rupees
15	**Other receivables**			
	Quality claim receivable	15.1	7,362,358	7,362,358
	Price difference claim	15.2	14,000,000	14,000,000
	Profit receivable		408,155	470,247
	Rent receivable		-	28,366
			21,770,513	21,860,971

15.1 The company has recorded quality claim against raw cotton purchase

15.2 The company filed a claim against the supplier of raw cotton for the price difference of Rs. 14 million for non-supply of raw cotton and has gone to arbitration as supplier denied to admit claim.

		Note	2016 Rupees	2015 Rupees
16	**Tax refunds due from Government**			
	Income Tax Refundable	16.1	2,744,264	14,144,694
	Provision for Taxation		-	-
			2,744,264	14,144,694
	Sales tax receivable		592,225	536,452
	FED receivable		14,010	6,330
			3,350,499	14,687,476
16.1	**Income tax refundable**			
	Opening tax refundable		14,144,694	14,045,543
	Addition during the period		64,109	99,151
	Opening provision for tax liability		(10,608,503)	-
	Provision for current year		(856,036)	-
	Net liability		2,744,264	14,144,694

	Note	2016 Rupees	2015 Rupees
17 Cash and bank balances			
Cash in Hand			
-at Mill		29,632	-
-at Head office		52,426	23,383
		82,058	23,383
Cash at Banks - Current Accounts		259,462	279,541
		341,520	302,924

18 Issued, subscribed and paid-up capital

2016 Number of shares	2015 Number of shares		2016 Rupees	2015 Rupees
38,298,874	38,298,874	Ordinary shares of Rs. 5 each allotted for consideration paid in cash	191,494,370	191,494,370
6,127,820	6,127,820	Ordinary shares of Rs. 5 each issued as right shares	30,639,100	30,639,100
44,426,694	44,426,694		222,133,470	222,133,470

18.1 The right shares were issued in June 30, 2008 against the conversion of director's loan.

	2016 Rupees	2015 Rupees
19 Surplus on Revaluation of Fixed Assets		
Balance as at July 01,		
Land	242,442,989	242,442,989
Building - Mill	6,505,228	6,994,869
Building - Other	12,258,100	12,903,263
Add: Surplus on revaluation of land and building	-	-
	261,206,317	262,341,121
Less: Incremental depreciation		
Building - Mill	(455,366)	(489,641)
Building - Others	(612,905)	(645,163)
Realisation of asset disposed off during the year	-	
Land	-	-
Building - Mill	-	-
Building - Other	-	-
	260,138,046	261,206,317
Less: Related to deferred tax effect:		
Surplus on revaluation recognized during the year	-	-
Reversal of deferred tax liability due to the transfer of incremental depreciation to equity from surplus on revaluation	-	-
	-	-
Balance as at June 30,	260,138,046	261,206,317

19.1 The valuation has been performed on the basis of current market value. Previous revaluation was carried out on June 30, 2006 by M/s Consultancy Support and Services. Revaluation of Land was carried out on March 14, 2005 by Consultancy Support and Services, and revaluation was carried out on April 1, 1994 on the basis of market value determined by Eastern Surveyors.

20	Long term financing	Note	2016 Rupees	2015 Rupees
	Loan from Directors	20.1	39,004,528	17,902,000
	Loan from others	20.1	917,301	917,301
	Loans form banking companies and Redeemable Capital	20.2	58,508,315	60,015,815
			98,430,144	78,835,116

20.1 These loans are secured, interest free, payable on demand but not repayable within the period of next twelve months.

20.2	Loans form banking companies and Redeemable Capital - secured	Note	2016 Rupees	2015 Rupees
	Redeemable Capital	20.3	47,636,398	47,636,398
	Orix Leasing Pakistan Limited	20.4	-	1,250,000
	Bank Alfalah Limited	20.5	753,750	2,261,250
	Bank of Punjab	20.6	18,770,615	18,770,615
	SaudiPak Leasing	20.7	-	-
		20.8	67,160,763	69,918,263
	Less: Current portion shown under current liabilities and redeemable capital		(8,652,448)	(9,902,448)
			58,508,315	60,015,815

	Lenders	Particulars	Mark-up rate p.a (%)	No. of instalments outstanding	Date of final repayment
20.3	First Dawood Investement Bank	These are 5 Term Finance Certificates (TFCs) amounting to Rs. 91.3 million and are secured by the ownership right over the leased asset, personal guarantee of directors and post dated cheques. The TFC started from December 01, 2011 and will be matured after 9.7 years. The liability of these TFCs are recorded at the present value of future outflows.	-	-	2021
20.4	Orix Leasing Pakistan Limited	The company invested Rs. 5 million with Orix Leasing Pakistan Ltd (note 7.1) against the outstanding Liability of the same amount. Simultaneously amout of Investment shall be adjusted on maturity dates against outstanding balance of settlement amount. All securities & charges have been released & vacated.	-	-	2016
20.5	Bank Alfalah Limited	As per order of Honorable Court, The company has to pay Rs. 6,030,000 in eight bi-annual equal installments of Rs. 753,750 each.	-	1 semi annual installments	2016
20.6	Bank of Punjab	This liability is against leasing facility. Case filed by the bank of punjab, See Note 24.1	-	-	-
20.7	SaudiPak Leasing	This liability was against leasing facility of machinery. This liability has been settled during the year.	-	-	-

		Note	2016 Rupees	2015 Rupees
21	**Deferred liabilities**			
	Staff retirement benefits - gratuity	20.1	1,492,000	1,329,000
			1,492,000	1,329,000

		Note	2016 Rupees	2015 Rupees
20.1	**Staff retirement benefits**			
	Movement in the net liability recognized in the Balance sheet			
	Opening net liability		1,329,000	1,161,500
	Expense for the year		681,700	207,000
			2,010,700	1,368,500
	Reversal of excess provision		-	-
	Benefits paid during the year		(518,700)	(39,500)
	Closing net liability		1,492,000	1,329,000
	Expense recognized in the profit and loss account			
	Current service cost		168,500	131,500
	Interest cost		125,762	122,062
	Acturial Loss Recognised		-	(46,562)
			294,262	207,000

Historical information

	2016	2015	2014	2013	2012
	RUPEES				
Present value of defined benefit obligation	1,492,000	1,329,000	1,161,500	2,131,011	1,184,967

	2016 Rupees	2015 Rupees
Reconciliation		
Present value of defined benefit obligation	-	-
Unrecognized actuarial loss	-	-
	-	-

General description

The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charges is made using the actuarial technique of Projected Unit Credit Method.

Principal actuarial assumption

Following are a few important actuarial assumption used in the valuation.	%	%
Discount rate	-	11.35
Expected rate of increase in salary	-	11.35

Expected gratuity expense for the year ending June 30, 2016 works out to Rs. 159,256.

		Note	2016 Rupees	2015 Rupees
22	**Trade and other payables**			
	Trade creditors		9,360,423	13,940,090
	Accrued liabilities	22.1	10,429,221	15,348,192
	Advance from customers		92,122	2,347,210
	Excise and Taxation	14.1	1,611,230	1,611,230
	Unclaimed dividend		239,589	239,589
			21,732,585	33,486,311

22.1 **These balances include the following amounts due to related parties:**

Gulnar Humayun (Rent Payable)		-	-

23 **Accrued interest / mark-up**

Accrued interest / mark-up on secured:			
- long term financing		4,930,250	4,930,250
		4,930,250	4,930,250

23.1 This balance includes markup payable to Bank of Punjab amounting to Rs. 4,930,250 (2015: Rs. 4,930,250), See Note 24.1.

24 **Book overdrafts**

Book overdraft	24.1	5,737,589	10,124,765
		5,737,589	10,124,765

24.1 This represents cheques issued by the Company in excess of balance at banks which remained unpresented till June 30, 2014.

25 **Contingencies and commitments**

Contingencies

25.1 The Bank of Punjab has filed suit 62 of 12 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 on 07.02.2013. The company has also provided liabilities amounting to Rs. 18.77 million along with markup Rs. 4.93 million. The management believes that there wont be any outflow of economic benefit more than what it has already recorded and disclosed. In the opinion of Legal advisors of the company, the aforementioned amount of Rs. 42.35 million is exaggerated and is not supported by the statement of account filed by the Bank of Punjab before the learned banking court.

25.2 The company has suit No. B-102 of 13. First Dawood Investment Bank Versus Ali Asghar Textile Mills Limited pending before Honorable Highcourt of Sindh at Karachi. The company trying to settle its TFCs amounting to Rs.89.609 million with First Dawood Bank Limited.The First Dawood Investment Bank has filed suit for the recovery of 89.609 million against lease finance which was converted to TFC's.The company has counter filed case against First Dawood Investment and defending the case and in the opinion of Legal advisor, the management of the company is trying to settle its TFCs with First Dawood Bank Limited at its earliest and is taking all the steps to conclude the aforementioned case.

25.3 The company has CP no. D-1009 of 12. Ali Asghar Textile Mills Limited Versus Fed. of Pakistan pending before Honorable Highcourt of Sindh at Karachi. The company trying to settle it at its earliest and in the opinion of Legal advisor, The merits of the case pending are in the favor of the company as it is taking all the steps to conclude the aforementioned case.

		Note	2016 Rupees	2015 Rupees
25.3	Guarantees issued by banks on behalf of the Company		1,611,230	1,611,230

Commitments

There are no commitments of the company as at June 30, 2014.

		Note	2016 Rupees	2015 Rupees
26	**Sales**			
	Local Yarn Sale		-	-
	Waste - local / Polyester / Viscose		-	-
	Raw Cotton sale		-	-
			-	-
	Brokerage and commission		-	-
			-	-

27	Cost of sales	Note	2016 Rupees	2015 Rupees
	Finished stock - opening		-	-
	Purchase of finished goods		-	-
	Cost of raw cotton sold		-	-
	Cost of goods manufactured	27.1	5,589,980	12,378,346
			5,589,980	12,378,346
	Finished stock - closing		-	-
			5,589,980	12,378,346

27.1	Cost of goods manufactured	Note	2016 Rupees	2015 Rupees
	Raw material consumed	27.2	-	-
	Salaries, wages and benefits	27.3	2,912,672	2,533,157
	Stores and spares		-	-
	Packing material		-	-
	Doubling		-	-
	Commision on Purchase of Machinary			-
	Power		60,384	46,570
	Rent, rates and taxes			-
	Insurance		-	-
	Repairs and maintenance		874,107	140,010
	Depreciation	6.2	1,574,809	9,324,607
	Utilities		14,854	183,332
	Printing and Stationery		6,844	
	Conveyance charges mill		146,310	150,670.00
			5,589,980	12,378,346
	Work in process			
	Opening stock		-	-
	Closing stock		-	-
			-	-
			5,589,980	12,378,346

27.2	Raw material consumed		
	Opening stock	-	-
	Raw Material Sold	-	-
	Purchases and related expenses	-	-
		-	-
	Closing stock	-	-
		-	-

27.3 Salaries, Wages and Benefits include Nil (2015: Nil) in respect of staff retirement benefits.

28	Distribution cost		
	Others	-	-
		-	-

29 Administrative expenses

	Note	2016	2015
Directors' remuneration		1,473,000	1,488,000
Staff salaries and benefits	29.1	3,200,562	2,723,065
Travelling and conveyance		192,135	201,665
Rent, rates and taxes		624,360	624,360
Utilities		2,375,483	1,549,634
Postage and telephone		449,837	468,378
Printing and stationery		246,718	270,388
Vehicles running and maintenance		1,355,039	1,358,842
Fees and subscription		144,672	215,463
Entertainment		360,938	226,569
Legal and professional		381,495	1,289,795
Auditors' remuneration	29.2	153,240	153,240
Repairs and maintenance		606,431	338,958
Depreciation	6.2	236,023	369,441
Advertisement		51,544	58,384
Insurance		177,713	-
Security Expenses		1,047,584	1,314,461
		13,076,774	12,650,643

29.1 Salaries, Wages and Benefits include Rs. 294,262 (2015: Rs. 253,562) in respect of staff retirement benefits.

	Note	2016 Rupees	2015 Rupees
29.2 Auditors' remuneration			
Annual audit		100,000	100,000
Half yearly review		53,240	53,240
		153,240	153,240

	Note	2016 Rupees	2015 Rupees
30 Other expenses			
Advances Written off	13	1,593,011	-
Loss on Settlement		-	-
Trade Debts Written off		-	911,932
		1,593,011	911,932
31 Other income			
Rental Income		3,637,740	3,046,491
Gain/(Loss) on sale of fixed assets (Plant & Machinery)		705,568	-
Creditors written off		-	-
Profit on Orix Investment		53,814	273,827
Scrap sales		-	11,000
Dividend Income		-	651
Directors remuneration waived off		6,144,336	-
		10,541,458	3,331,969

	Note	2016 Rupees	2015 Rupees
32 Finance cost			
Bank charges, commission and others charges		17,535	7,698
		17,535	7,698

33 **(Loss)/Earning Per Share**

Basic (Loss)/Earning Per Share

Profit after taxation	(10,591,877)	(23,360,603)
Weighted average number of ordinary shares	44,426,694	44,426,694
(Loss)/Earnings per share - basic and diluted	(0.24)	(0.53)

Dilutive (Loss)/Earning Per Share

33 There is no dilutive effect on basic earnings per share.

34 **Related party disclosures**

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	2016 Rupees	2015 Rupees
Rent and other expenses			
Gulnar Humayun	Significant Influence over the company	624,360	624,360

35 **Plant capacity and actual production**

Spinning units	2016	2015
Total number of spindles installed	14,400	14,400
Average number of spindles worked	-	-
Number of shifts worked per day	-	-
Installed capacity after conversion into 20/s lbs	3,576,183	3,576,183
Actual production after conversion into 20/s lbs	-	-

36 **REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES**

	2016 Rupees	2015 Rupees
Chief Executive		
Remuneration	1,440,000	1,440,000
Rent and utilities	383,160	607,230
	1,823,160	2,047,230
Number of person	1	1
Directors		
Remuneration	48,000	48,000
Rent and utilities	-	607,230
	48,000	655,230
Number of persons	1	1

The remaining Directors have waived their remuneration. The chief executive of the company is also provided with the car maintained by the Company and utilities at residence.

6 PROPERTY, PLANT AND EQUIPMENT

	Note	2016 Rupees	2015 Rupees
Operating fixed assets	6.1	376,787,490	377,353,491
		376,787,490	377,353,491

6.1 Operating fixed assets

	2016									
	Cost as at July 01, 2015	Additions	(Disposal)	Cost as at June 30, 2016	Accumulated depreciation as at July 01, 2015	Depreciation charge for the year	(Disposal)	Accumulated depreciation as at June 30, 2016	Book value as at June 30, 2016	Annual depreciation rate %
	Rupees									
Owned Assets										
Leasehold land	242,776,000	-	-	242,776,000	-	-	-	-	242,776,000	-
Building on leasehold land-Mil	13,327,055	-	-	13,327,055	6,576,632	472,530	-	7,049,162	6,277,893	7%
Building on leasehold land-oth	33,121,898	1,345,562	-	34,467,460	11,749,201	1,102,279	-	12,851,480	21,615,980	5%
Plant and machinery	117,178,828	-	-	117,178,828	77,716,902	-	-	77,716,902	39,461,926	7%
Electric Fittings	2,990,757	-	-	2,990,757	1,776,114	-	-	1,776,114	1,214,643	7%
Generator	520,565	-	-	520,565	233,529	-	-	233,529	287,036	7%
Office Equipments	6,378,266	67,700	-	6,445,966	3,966,229	170,604	-	4,136,833	2,309,133	7%
Furniture & Fixture	2,240,174	-	-	2,240,174	1,878,172	25,340	-	1,903,512	336,662	7%
Vehicle	1,543,121	43,000	(1,333,650)	252,471	1,266,250	40,078	(1,122,218)	184,110	68,361	20%
Leased assets										
Plant and Machinery	138,173,171	-	-	138,173,171	75,733,316	-	-	75,733,316	62,439,855	0%
30.06.2016	558,249,835	1,456,262	(1,333,650)	558,372,447	180,896,344	1,810,831	(1,122,218)	181,584,957	376,787,490	

37 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURE

The company has exposure to the following risks from its use of financial instruments

(i) Credit risk
(ii) Liquidity risk
(iii) Market risk

The board of directors has overall responsibility for the establishment and oversight of company's risk management framework. The board is also responsible for developing and monitoring the company's risk management policies.

37.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. The Company does not have significant exposure to any individual counter-party. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. To mitigate the risk, the Company has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored. Some customers are also secured, where possible, by way of inland letters of credit, cash security deposit, bank guarantees and insurance guarantees.

37.2 Exposure to credit risk

The maximum exposure to credit risk at the reporting date was as follows:

	30th June 2016	30th June 2015
	PKR	
Long term Investment	13,054	1,263,054
Long term deposits	2,408,446	2,472,446
Trade debts	-	-
Loans and advances	3,681,248	9,644,150
Other financial assets	-	-
Trade deposits and short term prepayments	1,931,630	2,222,030
Other receivables	21,770,513	21,860,971
Cash and bank balances	341,520	302,924
	30,146,411	37,765,575

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit rating (if available) or to historical information about counterparty default rate.

Due to Company's long standing business relationship with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company.

37.3 The maximum exposure to credit risk for trade debts at the balance sheet date by geographical region is as follows:-

Domestic	-	911,932
Export	-	-
	-	911,932

37.4 The maximum exposure to credit risk for trade debts at the balance sheet date by type of the customers is as follows:

Yarn	-	305,041
Waste	-	165,637
Others	-	441,253
	-	911,931

37.5 The aging of trade debtors at the close of the balance sheet date is as follows:-

Not past due	-	-
0 - 30 days past due	-	387,571
31 - 90 days past due	-	478,764
90 - 1 year past due	-	45,597
Over one year	-	-
	-	911,932
Impairment	-	(911,932)
	-	-

37.6 Based on the past experience, sales volume, consideration of financial position, past track records and recoveries, economic conditions of particularly the textile sectors and generally the industry, the company believes that it is prudent to provide trade.

37.7 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities.

The Company manages liquidity risk by maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities. Management believes the liquidity risk to be low.

Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows.

Contractual maturities of financial liabilities as at June 30, 2015:

	Carrying amount	Contractual cash flow	Six months or less	Six to twelve months	Two to five years	More than five years
	PKR					
Non derivative financial liabilities:-						
Long term financing	58,508,315	58,508,315	4,817,510	3,834,938	49,855,867	-
Long term loans from directors	39,921,829	39,921,829	-	17,765,214	22,156,615	-
Long Term Deposits	833,850	833,850	-	833,850	-	-
Trade and other payable	21,732,585	21,732,585	6,291,583	25,887,514	(10,446,512)	-
Accrued mark up & inte	4,930,250	4,930,250	-	1,457,382	3,472,868	-
Short term borrowings	5,737,589	5,737,589	3,690,417	2,047,172	-	-
	131,664,418	**131,664,418**	**14,799,511**	**51,826,069**	**65,038,838**	**-**

Contractual maturities of financial liabilities as at June 30, 2013:

	Carrying amount	Contractual cash flow	Six months or less	Six to twelve months	Two to five years	More than five years
	PKR					
Non derivative financial liabilities:-						
Long term financing	60,015,815	60,015,815	5,513,485	4,388,963	50,113,367	-
Long term loans from directors	18,819,301	18,819,301	-	8,374,589	10,444,712	-
Long Term Deposits	839,925	839,925	-	839,925	-	-
Trade and other payable	33,486,311	33,486,311	9,694,287	25,887,514	(2,095,490)	-
Accrued mark up & inte	4,930,250	4,930,250	-	1,457,382	3,472,868	-
Short term borrowings	10,124,765	10,124,765	6,512,249	3,612,516	-	-
	128,216,367	**128,216,367**	**21,720,021**	**44,560,889**	**61,935,457**	**-**

37.8 The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark up rates effective as at June 30. The rates of mark up have been disclosed in relevant notes to these financial statements.

37.9 Market Risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instruments, changes in market sentiments, speculative.

37.10 Currency risk

Currency risk is the risk that the fair value or the future cash flows of the financial instrument will fluctuate because of the changes in the foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is not exposed to any currency risk arising from various currency exposures

37.11 Other Price Risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate of changes in market price (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to commodity price.

37.12 Interest Rate Risk

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rates. Majority of the interest rate arises from short and long term borrowings from bank.

Fixed rate instruments		
Financial assets	13,054	1,263,054.00
Financial liabilities	5,737,589	10,124,765
Variable rate instruments		
Financial assets	-	-
Financial liabilities	58,508,315	60,015,815

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 affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit and loss		Equity	
	100 bp Increase	100 bp Decrease	100 bp Increase	100 bp Decrease
	PKR			
Cash sensitivity analysis Variable rate instruments 2016	585,083.15	(585,083)	-	-
Cash sensitivity analysis Variable rate instruments 2015	600,158	(600,158)	-	-

37.13 Fair value of financial assets and liabilities

The carrying value of all financial instruments reflected in the financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

37.14 Fair value of financial assets and liabilities

The carrying value of all financial instruments reflected in the financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

37.15 Fair Value Hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into level 1 to 3 based on the degree to which the fair value is observed.

Level 1 fair value measurement are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurement are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurement are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2016 other financial assets was categorized in level 1.

There were no transfers between Level 1 and 2 in the year.

37.16 Capital risk management

The company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholder 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 sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as total borrowings divided by total capital employed. Borrowings represent long term financing, long term financing from directors and others and short term borrowings. Total capital employed includes total equity as shown in the balance sheet plus borrowings.

38 Number of Employees

	2016	2015
Total number of employees as at June 30	26	26
Average number of employees during the year	26	26

39 Corresponding Figures

Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and transactions of the purposes of comparison. Significant reclassification made is as follow:

Particular	From	To	Note	Amount in Rs.
First Dawood Investment Bank	Loans from Banking Company	Redeemable Capital	20	47,636,398

40 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on ______________________ by the Board of Directors of the Company.

41 GENERAL

The figure have been rounded off to the nearest Rupee.

42 RECLASSIFICATION

42.1 Amount of utility charges has been reclassified to conveyance charges in note 26.1
42.2 Amount of Loans and advances in note no.13 is reclassified in short term loans in note no.9

NADEEM E. SHAIKH	ABDULLAH MOOSA
CHIEF EXECUTIVE	DIRECTOR

PROXY FORM

I/We --

of -- being a member of

ALI ASGHAR TEXTILE MILLS LIMITED and a holder of ------------------------------ ordinary shares

as per Share Register Folio No. ---

(in case of Central Depository System Account Holder A/c No. ------------------------------------

Participant I.D.NO. ------------------------------------) hereby appoint -----------------------------

of -- another member of the Company as per

Register Folio No. ------------------------------- or (failing him / her) ----------------------------

of --- another member of the Company) as my / our Proxy

to attend and vote for me/us and on my/our behalf at 48th Annual General Meeting of the Company to be held on Thursday, October 30, 2014 at 1:00 p.m. at Plot 2&6 Sector No.25 Korangi Industrial Area Karachi and at any adjournment thereof.

(Member's Signature)

Witness(1): ____________________

NIC #. ____________________

Address ____________________

Witness(2): ____________________

NIC #. ____________________

Address ____________________

Place __________ Date __________

Affix Rs. 5/-
Revenue Stamp

(Signature should agree with the specimen signature registered in the Company)

NOTE:

1. The Proxy should be deposited at the Registered Office of the Company not later than 48hours before the time for holding the meeting.

2. A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy to attend and instead of him/her.

3. In case of Central Depository System Account Holder, an attested copy of identify card should be attached to this Proxy Form.

4. Proxies, in order to be effective, must be duly stamped, signed and witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned.

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