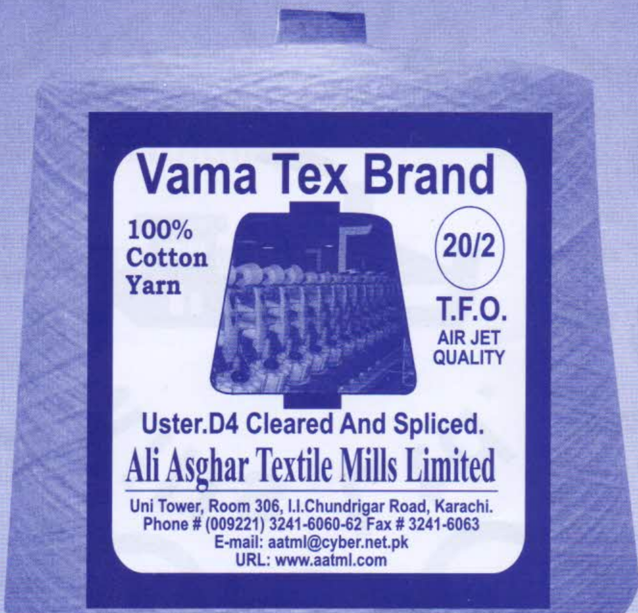
Annual Report 2017



ALI ASGHAR TEXTILE MILLS LTD.

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. Ahmed Ali	(Non-Executive Director)
Mr. Muhammad Suleman	(Non-Executive Director)
Mr. Muhammad Afzal	(Non-Executive Director)
Mr. Sultan Mehmood	(Non-Executive Director)
Mr. Muhammad Zubair	(Independent Director)

Audit Committee	Mr. Muhammad Zubair	Chairman
	Mr. Sultan Mehmood	Member
	Mr. Muhammad Afzal	Member
Human Resources & Remuneration (HR&R) Committee	Ahmed Ali	Chairman
	Mr. Muhammad Afzal	Member
	Mr. Muhammad Zubai	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 through 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 51st annual report to the shareholders.

The last year saw many positives for your company future. As part of a turnaround strategy, management presented shareholders with 2 business plans, which were approved by 94% of the shareholders, in the last AGM held on 29th October 2016. Loss after tax was reduced from 13.4 million last year to only Rs. 11 million this year after incorporating Rs. 4.3 million in depreciation

I am pleased to inform the shareholders, that management has been able to successfully market the surplus warehouses and labor colony areas to various companies representing logistics, construction and textile industry. As a result income from company owned assets (warehouses, labour colony) has gone up 58% (from Rs.3.63 million to Rs. 5.732 million.

This is a clear sign of the huge potential that this business plan, approved by shareholders, has in store for the future of the company. As a result the company has been able to reduce the loss after tax from Rs.13 million to Rs. 11 million, a reduction of, 18%. This and the reasons mentioned above leave no doubt that AATML will successfully implement its turnaround strategy and continue to operate as a going concern. Auditor disagreement with management on going concern assumption is just their opinion.

In order to further improve marketing and strengthen of the logistic/warehousing business plan the company has hired additional people and employee strength has increased by 8% over last year from 26 to 28 employees. More applicants are been interviewed for different post. Hence business process function is been further strengthened.

In order to revive the temporally suspended textile business, management has embarked upon trading of yarn to rebuild it's brand in the market. Textile package approval has also created a positive impact and management is approaching DFI for financing/working capital limits.

The company did not spend any amount on CSR activities. In order to address the points/observations raised by the auditors, please see the following

a. Auditor qualification of accounts, solely based on disagreement with management on use of going concern assumption, is incomprehensible and without any logic. A going concern is a company which has a net asset value, is hiring new employees, carry out business activities generating cash flow/income from it's owned assets, is discharging its liabilities, pay all government taxes and dues, following all regulations maintaining it memberships of business associations. AATML has a net asset value of Rs.255 million has increased number of employees by 8% retained its mill manager is carrying out business activities of renting/leasing its owned property assets, paying off creditors, paying property tax, Sales tax, Sind Services taxes, has active membership of APTMA, KCCI, Korangi Industrial Area association. Also with approval of a second business plan last year by 94% of shareholders the company has embarked on a cash flow positive direction. In view of all the above stated factors, there is no doubt that the company will not be able to discharge it liabilities and continue its business, as a going concern. Company long term debt/Equity ratio is: 43:57 and current ratio. 0.77, both indicators of the healthy financial condition of the company.

b. SECP hastily passed order last year authorizing the CRO to submit a winding up petition was temporary suspended by SECP, as a review petition was filed with SECP. In view of the approval of the business plan by 94% of the shareholders, the consequent increase in business activities and rise in income from company owned assets the company lawyer is very confident that SECP will reverse its original order.

c. 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 193, 19.5, 24.1, 24.2 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.

d. 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.

e. As the management has disclosed in the note number 14.1 and 14.2 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, 2017 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.

f. 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 24.1, 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.

g. Due to the sad demise of one of our directors **Mr. Munawar Hussain, Mr. Ahmed Ali** was co-opted as a director in his place.

In the end I would like to thank all the employees for their hard work and dedication that they have put in last year.

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. Ahmed Ali	1
4.	Mr. Muhammad Suleman	4
5.	Mr. Muhammad Afzal	1
6.	Mr. Sultan Mehmood	1
7.	Mr. Mohammad Zubair	1
8.	Mr. Munawar Hussain	3

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, 2017 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, 2018.

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

By Order of the Board

Karachi

NADEEM ELLAHI SHAIKH
Chief Executive

KEY OPERATING AND FINANCIAL RESULTS
FROM 2011-2012 TO 2016-2017

ACCOUNTING YEAR	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
	'000	'000	'000	'000	'000	'000
OPERATING RESULTS						
Sales-Net	-	-	-	-	4,478	44,110
Gross Profit (Loss)	(7,358)	(8,372)	(12,378)	(13,690)	(20,920)	(94,766)
Net Profit (Loss) After Tax	(11,362)	(13,459)	(23,360)	(20,949)	(15,022)	102,370
FINANCIAL POSITION						
Assets Employed:						
Operating Assets	369,586	373,920	377,353	386,719	401,684	431,988
Current Assets	32,383	32,017	50,828	51,614	59,483	48,101
Other Assets	4,389	3,886	3,736	4,876	6,432	7,701
Deferred Cost	-	-	-	-	-	-
Assets Financed By:						
Shareholders Equity	(3,389)	7,876	20,655	42,834	62,622	76,407
Directors Loan	45,598	39,005	17,902	2	2	830
Surplus on revaluation of Fixed Assets	259,132	260,138	261,206	262,341	263,547	264,784
Long term Loan	105,024	98,430	78,835	62,185	65,984	70,798
Other Deferred Liability	2,785	1,492	1,329	1,161	2,131	1,184
Current Maturity	8,652	8,652	9,902	11,410	10,656	7,338
Other Current Liabilities	33,320	32,401	59,150	62,651	62,227	67,277
Key Ratios						
Gross Profit to Sales %	0	0	0	0	-467.17%	-214.84%
Net Proftit (Loss) to Sales %	0	0	0	0	-335.46%	232.08%
E.P.S	(0.26)	(0.30)	(0.53)	(0.47)	(0.34)	(2.30)
Current Ratio	0.77	0.78	0.86	0.82	0.96	0.71

Pattern of Shareholding
Held by the Shareholders
As on June 30, 2017

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, 2017

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 Zubair
Executive Director	Mr. Nadeem Ellahi Sheikh
Non-Executive Director	Mr. Ahmed Ali
	Mr. Muhammad Suleman
	Mr. Muhammad Afzal
	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: 13.9.2017

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 (the Code) prepared by the Board of Directors of **Ali Asghar Textile Limited** (the Company) for the year ended June 30, 2017 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 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 and report if it does not and to highlight any non-compliance with the requirements 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 of Directors' 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 this 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, 2017.

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) of CCG.

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

Karachi: 07 OCT 2017
Date:

Notice of 51st Annual General Meeting

Notice is hereby given that the 51st annual general meeting of Ali Asghar Textile Mills Limited will be held at Plot No. 6 Sector No. 25, Korangi, Karachi on October 28TH 2017 at 1:00 PM. sharp to transact the following business:

ORDINARY BUSINESS

1. **To confirm minutes of the last meeting**
2. **To receive, consider and adopt audited financial statements of the company for the year ended on 30th June 2017.**
3. **To appoint auditors for the year ending June 30, 2018 and to fix their remuneration.**
4. **To transact any other ordinary business with the permission of the Chair.**

By the order of Board

Muhammad Suleman
Company Secretary

Dated: October 07, 2017

Notes:

The Share Transfer Books will remain closed and no transfer of shares will be accepted for registration from October 21st to October 28th (both days inclusive).

1. **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 attend and vote.

2. 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.

3. **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

4. 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.

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

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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, 2017 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 suspended its textile operations since September 2011 and entered into lease agreements to lease out warehouses to different companies and hired new employees, as approved in AGM, dated: 29th October, 2016. The Company is generating profits from the lease of warehouses.
The Company incurred a loss for the year ended June 30, 2017 of Rupees 12.271 million (June 30, 2016 Re-stated: Loss Rupees 13.846 million) and as of that date, reported accumulated losses of Rupees 225.522 million (June 30, 2016 Re-Stated: Rupees 214.257 million). The company's current liabilities exceeded its current assets by Rupees 9.589 million (June 30, 2016: Rupees 9.036 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. We believe that 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 19.3 and with Bank of Punjab amounting to Rs. 18.77 million stated in note 19.5 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, 2017 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.

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d) We are unable to verify the quality claim booked by the company against raw cotton purchase (note 14.1) 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 14.2) and has gone to arbitration as supplier denied admitting the claim.

e) The company has not accounted for the finance cost approximate to Rs. 4.284 million (2016: Rs. 2.266 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. 4.284 million and consequently accrued mark-up would also have been increased by Rs. 4.284 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, 2017 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. 07 OCT 2017
Dated:

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

ALI ASGHAR TEXTILE MILLS LIMITED

BALANCE SHEET

AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees (Re-Stated)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	369,586,361	373,920,038
Long Term Investments	7	14,630	13,054
Long Term Deposits	8	2,336,169	2,408,446
Long Term loans and advances	9	2,038,577	1,464,953
		373,975,737	377,806,491
CURRENT ASSETS			
Stores, spares & loose tools	11	941,269	941,269
Loans and advances	12	5,288,055	3,681,248
Trade deposits and short term prepayments	13	1,611,230	1,931,630
Other receivables	14	21,362,359	21,770,513
Tax refunds due from Government	15	2,210,872	3,350,499
Cash and bank balances	16	968,854	341,520
		32,382,639	32,016,679
TOTAL ASSETS		406,358,376	409,823,171
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
50,000,000 (2016: 50,000,000) ordinary shares of Rs. 5 each		250,000,000	250,000,000
Issued, subscribed and paid-up capital	17	222,133,470	222,133,470
Unappropriated Loss		(225,522,657)	(214,257,211)
		(3,389,187)	7,876,259
Surplus on Revaluation of Fixed Assets	18	259,132,296	260,138,046
NON-CURRENT LIABILITIES			
Long term financing	19	105,024,104	98,430,144
Long term Deposits		833,850	833,850
Deferred liabilities	20	2,785,015	1,492,000
		108,642,969	100,755,994
CURRENT LIABILITIES			
Trade and other payables	21	20,531,169	21,732,585
Accrued Mark-up	22	4,930,250	4,930,250
Book overdrafts	23	7,858,431	5,737,589
Current portion of long term borrowings	19.2	8,652,448	8,652,448
		41,972,298	41,052,872
CONTINGENCIES AND COMMITMENTS	24		
TOTAL EQUITY AND LIABILITIES		406,358,376	409,823,171

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

NADEEM E. SHAIKH	**ABDULLAH MOOSA**
CHIEF EXECUTIVE	DIRECTOR

ALI ASGHAR TEXTILE MILLS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees (Re-Stated)
Cost of Sales	26	(7,357,625)	(8,372,407)
Gross Loss		(7,357,625)	(8,372,407)
Administrative expenses	27	(10,637,630)	(13,161,798)
Other expenses	28	(758,555)	(1,593,011)
Other income	29	8,729,929	10,541,458
		(2,666,256)	(4,213,351)
Loss from operations		(10,023,881)	(12,585,758)
Finance cost	30	(25,624)	(17,535)
Loss before taxation		(10,049,505)	(12,603,293)
Taxation			
Current		(1,312,880)	(856,036)
Loss after taxation		(11,362,385)	(13,459,329)
Loss per share - basic and diluted	31	(0.26)	(0.30)

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, 2017

	2017 Rupees	2016 Rupees (Re-Stated)
Loss after taxation	**(11,362,385)**	(13,459,329)
Other comprehensive income		
Acturial Gain / (Loss) for the year	**(908,811)**	(387,438)
Total comprehensive (Loss) for the year	**(12,271,196)**	**(13,846,767)**

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, 2017

	Note	2017 Rupees	2016 Rupees (Re-Stated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(10,049,505)	(12,603,293)
Adjustments for:			
Depreciation		4,387,876	4,678,283
Staff retirement benefits - gratuity		384,204	294,262
Unrealized gain on trading securities		1,576	-
Liability no longer payable		6,045	-
Finance cost		25,624	17,735
Gain / (Loss) on disposal of property, plant and equipment		-	(705,568)
		4,805,325	4,284,512
Profit before working capital changes		(5,244,180)	(8,318,781)
(Increase) / decrease in current assets			
Loans and advances		(1,534,530)	6,026,902
Trade deposits and short term prepayments		320,400	290,400
Other receivables		408,154	90,458
		(805,976)	6,407,760
(Decrease) / increase in current liabilities			
Trade and other payables		(1,201,416)	(11,753,726)
Cash generated from operations		(7,251,571)	(13,664,746)
Finance cost paid		(25,624)	(17,535)
Taxes paid		(182,450)	(64,109)
Staff retirement benefits gratuity paid		-	(518,700)
		(208,074)	(600,344)
Net cash generated from operating activities		(7,459,645)	(14,265,090)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	917,000
Long term Loans		(573,624)	-
Long Term Deposits		-	64,000
Fixed capital expenditure		(54,200)	(1,456,262)
Net cash used in investing activities		(627,824)	(475,262)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds and repayment from long term financings - net		6,593,960	19,172,200
Deposit Received		-	(6,075)
Short term loan		2,120,842	(4,387,176)
Net cash generated from financing activities		8,714,802	14,778,949
Net increase in cash and cash equivalents		627,334	38,596
Cash and cash equivalents at the beginning of the year		341,520	302,924
Cash and cash equivalents at the end of the year	16	968,854	341,520

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, 2017

	Share Capital	Unappropriated Loss	Total Equity
	Rupees		
Balance as at July 01, 2015	222,133,470	(201,478,715)	20,654,755
Total comprehensive loss for the year (Re-Stsated)	-	(13,846,767)	(13,846,767)
Transferred from Surplus on Revaluation - Incremental Depreciation	-	1,068,271	1,068,271
Balance as at June 30, 2016	222,133,470	(214,257,211)	7,876,259
Total comprehensive loss for the year	-	(12,271,196)	(12,271,196)
Transferred from Surplus on Revaluation - Incremental Depreciation	-	1,005,750	1,005,750
Balance as at June 30, 2017	222,133,470	(225,522,657)	(3,389,188)

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

NADEEM E. SHAIKH	**ABDULLAH MOOSA**
CHIEF EXECUTIVE	DIRECTOR

ALI ASGHAR TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

- 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 PRIOR YEAR ERROR

Management of the Comapany, while preparing the Financial Statements for the Year ended June 30, 2016, noticed that they have failed to account for depreciation in the last year's account in respect of Plant and machnery, Electric fittings and Generator.

The ommision of depreciation on Plant and machnery, Electric fittings and Generator in the previous year's financial statements represents a prior year accounting error which must be accounted for retrospectively in the financial statements, consiquently the Comapny shall adjust all comparative amounts presented in the current period's financial statements affected by the accounting error.

Management estimates that the depreciation charged for the year June 30, 2016 was under booked by Rs. 2.867 million.

4.1 Such error/ omission constitutes a 'prior period error' as defined in IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Accordingly, the above mentioned prior period error has been corrected retrospectively in the current period by restating the opening balances of 'Property, plant and equipment' and 'Advance for lease of land' for the beginning of the earliest period presented i.e. year ended June 30, 2016. Consequently, the effect of the revision is as follows:

Effect on Balance Sheet in 2016	**Rupees**
Decrease in Propert, Plant & Equipment (Non- Current Assets)	2,867,452
Effect on Profit and loss account in 2016	
Increase in Loss before Taxation	2,867,452
Effect on SOCI in 2016	
Increase in Loss	2,867,452
Effect on SOCE in 2016	
Accumulated Losses Increased	2,867,452

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

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.

ALI ASGHAR TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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.

ALI ASGHAR TEXTILE MILLS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2017

	Share Capital	Unappropriated Loss	Total Equity
	Rupees		
Balance as at July 01, 2015	222,133,470	(201,478,715)	20,654,755
Total comprehensive loss for the year (Re-Stsated)	-	(13,846,767)	(13,846,767)
Transferred from Surplus on Revaluation - Incremental Depreciation	-	1,068,271	1,068,271
Balance as at June 30, 2016	222,133,470	(214,257,211)	7,876,259
Total comprehensive loss for the year	-	(12,271,196)	(12,271,196)
Transferred from Surplus on Revaluation - Incremental Depreciation	-	1,005,750	1,005,750
Balance as at June 30, 2017	222,133,470	(225,522,657)	(3,389,188)

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

NADEEM E. SHAIKH
CHIEF EXECUTIVE

ABDULLAH MOOSA
DIRECTOR

ALI ASGHAR TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

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

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 provision.

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.

ALI ASGHAR TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

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.

ALI ASGHAR TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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 asset.

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.

ALI ASGHAR TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

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	2017 Rupees	2016 Rupees
Operating fixed assets	6.1	369,586,361	373,920,038
		369,586,361	373,920,038

6.1 Operating fixed assets

	2017									
	Cost as at July 01, 2016	Additions	(Disposal)	Cost as at June 30, 2017	Accumulated depreciation as at July 01, 2016	Depreciation charge for the year	(Disposal)	Accumulated depreciation as at June 30, 2017	Book value as at June 30, 2017	Annual depreciation rate %
	Rupees									
Owned Assets										
Leasehold land	242,776,000	-	-	242,776,000	-	-	-	-	242,776,000	-
Building on leasehold land-Mill	13,327,055	-	-	13,327,055	7,049,162	439,453	-	7,488,614	5,838,441	7%
Building on leasehold land-others	34,467,460	-	-	34,467,460	12,851,480	1,080,799	-	13,932,279	20,535,181	5%
Plant and machinery	117,178,828	-	-	117,178,828	80,479,237	2,568,971	-	83,048,208	34,130,620	7%
Electric Fittings	2,990,757	-	-	2,990,757	1,861,139	79,073	-	1,940,212	1,050,545	7%
Generator	520,565	-	-	520,565	253,622	18,686	-	272,308	248,257	7%
Office Equipments	6,445,966	54,200	-	6,500,166	4,136,833	163,655	-	4,300,488	2,199,678	7%
Furniture & Fixture	2,240,174	-	-	2,240,174	1,903,512	23,566	-	1,927,078	313,096	7%
Vehicle	252,471	-	-	252,471	184,110	13,672	-	197,782	54,689	20%
Leased assets										
Plant and Machinery	138,173,171	-	-	138,173,171	75,733,316	-	-	75,733,316	62,439,855	0%
30.06.2017	558,372,447	54,200	-	558,426,647	184,452,410	4,387,876	-	188,840,286	369,586,361	

	2016 (Re-Stated)									
	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-Mill	13,327,055	-	-	13,327,055	6,576,632	472,530	-	7,049,162	6,277,893	7%
Building on leasehold land-others	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	2,762,335	-	80,479,237	36,699,591	7%
Electric Fittings	2,990,757	-	-	2,990,757	1,776,114	85,025	-	1,861,139	1,129,618	7%
Generator	520,565	-	-	520,565	233,529	20,093	-	253,622	266,943	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	7%
Vehicles	-	-	-	-	-	-	-	-	-	20%
30.06.2016	558,249,835	1,456,262	(1,333,650)	558,372,447	180,896,344	4,678,283	(1,122,218)	184,452,409	373,920,038	

6.2 **Depreciation for the period has been allocated as under.**

	Note	2017 Rupees	2016 Rupees
Cost of sales	26	4,107,909	4,357,236
Administrative expenses	27	279,967	321,047
		4,387,876	4,678,283

ALI ASGHAR TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

		Note	2017 Rupees	2016 Rupees
7	**LONG TERM INVESTMENTS**			
	Investment in Shares-			
	Engro Power Generation Qadirpur Limited	7.1	14,630	13,054
			14,630	13,054

7.1 Number of shares: 434, Rs.33.71/- each (2016: 434, Rs.30.08)

		Note	2017 Rupees	2016 Rupees
8	**LONG TERM DEPOSITS**			
	Deposits for Utilities		886,169	952,946
	Deposits for Leasing Companies		1,450,000	1,450,000
	Other Deposits		-	5,500
			2,336,169	2,408,446
9	**LONG TERM LOANS AND ADVANCES**			
	Considered good			
	Advances - unsecured			
	- to staff		2,508,576	3,887,964
	Advances Written off	28	(30,000)	(1,593,011)
	Less: Current Portion of loans and advances		(439,999.70)	(830,000)
			2,038,577	1,464,953

10 **DEFFERED TAXATION**

Due to the losses, deferred taxation works out to be deferred tax asset amounting to Rs. 72.926 million (2016: Rs. 72.09 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	2017 Rupees	2016 Rupees
11	**STORES, SPARES AND LOOSE TOOLS**			
	Stores		921,968	921,968
	Spares and Loose Tools		19,301	19,301
			941,269	941,269
12	**LOANS AND ADVANCES**			
	Considered good			
	Advances - Unsecured			
	- to suppliers		4,180,078	2,851,248
	Advances to Staff			
	Advance for Imprest		667,977	-
	Current portion		440,000	830,000
			5,288,055	3,681,248
13	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Infrastructure fee	13.1	1,611,230	1,611,230
	Prepayments		-	320,400
			1,611,230	1,931,630

13.1 This represent 50% payment made to Excise and Taxation Department of Government of Sindh against levy of Infrastructure Fee. (refer note 21.1)

		Note	2017 Rupees	2016 Rupees
14	**OTHER RECEIVABLES**			
	Quality claim receivable	14.1	7,362,359	7,362,358
	Price difference claim	14.2	14,000,000	14,000,000
	Profit receivable		-	408,155
			21,362,359	21,770,513

14.1 The company has recorded quality claim against raw cotton purchase

14.2 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	2017 Rupees	2016 Rupees
15	**TAX REFUND**			
	Income Tax Refundable	15.1	1,542,464	2,744,264
	Sales tax receivable		653,478	592,225
	FED receivable		14,930	14,010
			2,210,872	3,350,499
15.1	**Income tax refundable**			
	Opening tax refundable		14,208,803	14,144,694
	Addition during the period		67,124	64,109
	Opening provision for tax liability		(11,464,540)	(10,608,503)
	Provision for current year		(1,268,923)	(856,036)
	Income Tax Refundable		1,542,464	2,744,264
16	**CASH AND BANK BALANCES**			
	Cash in Hand			
	-at Mill		37,400	29,632
	-at Head office		50,000	52,426
			87,400	82,058
	Cash at Banks - Current Accounts		881,454	259,462
			968,854	341,520

17 Issued, subscribed and paid-up capital

2017 Number of shares	2016 Number of shares		2017 Rupees	2016 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	30,639,100	30,639,100
44,426,694	44,426,694		222,133,470	222,133,470

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

		2017 Rupees	2016 Rupees
18	**SURPLUS ON REVALUATION OF FIXED ASSETS**		
	Balance as at July 01,		
	Land	242,442,989	242,442,989
	Building - Mill	6,049,862	6,505,228
	Building - Other	11,645,195	12,258,100
		260,138,046	261,206,317

	Note	2017 Rupees	2016 Rupees
20.1 Staff retirement benefits			
Movement in Balance sheet liability			
Opening Balance		1,492,000	1,329,000
Expense for the year	20.2	384,204	294,262
Remeasurements recognised - (Gains) / losses	20.2	908,811	387,438
		2,785,015	2,010,700
Benefits paid during the year		-	(518,700)
Closing balance		**2,785,015**	1,492,000
Movements in present value of defined benefits			
PVDBO - opening		1,492,000	1,329,000
Current service cost		200,542	168,500
Interest cost		183,662	125,762
Remeasuremhts (gains)/losses		908,811	387,438
Benefits paid in the year		-	(518,700)
PVDBO - closing		**2,785,015**	1,492,000
20.2 Expense for the year			
Profit and Loss Account			
Current service cost		200,542	168,500
Interest cost		183,662	125,762
		384,204	**294,262**
Other Comprehensive Income			
Remeasurements in the year		908,811	387,438
Total		**1,293,015**	**681,700**

20.3 Other Information to be Disclosed

Principal actuarial assumption

Assumptions	2017	2016
Discount rate	7.65%	7.65%
Average Rate of increment in salary	10.00%	10.00%
Expected year of services (years)	12	10

Estimated charge to P&L for June 30, 2018 Rs. 180,916

The weighted average duration of defined benefit obligation is '6 years.

Sensitivity analysis for actuarial assumptions

The below information summarizes how the defined benefit obligation at the end of the reporting period would have increased / decreased as a result of change in respective assumptions by 100 basis point.

	Increase in assumptions	Decrease in assumptions
	-------- Rupees --------	
Discount rate	**46,941**	**51,018**
Increase in future salaries	**49,415**	**46,383**

	Note	2017 Rupees	2016 Rupees

Historical information

	2017	2016	2015	2014	2013
	---	---	RUPEES	---	---
Present value of defined benefit obligation	2,785,015	1,492,000	1,329,000	1,161,500	2,131,011

21 TRADE & OTHER PAYABLES

	Note	2017 Rupees	2016 Rupees
Trade creditors		9,397,063	9,360,423
Accrued liabilities		9,191,165	10,429,221
Advance from customers		92,122	92,122
Excise and Taxation	13.1	1,611,230	1,611,230
Unclaimed dividend		239,589	239,589
		20,531,169	21,732,585

21.1 The Company has filed a suit against levy of Infrastructure fee, decision of the Honourable Sindh High Court dated 17 September 2008 in which the imposition of levy of infrastructure cess before 28 December 2006 has been declared as void and invalid. However, the Excise and Taxation Department has filed an appeal before the Honourable Supreme Court of Pakistan against the order of the Honourable Sindh High Court. During the current year, the Honourable Supreme Court of Pakistan has disposed off the appeal with a joint statement of the parties that during the pendency of the appeal, another law i.e. fifth version came into existence which was not the subject matter of in the appeal hence the case was referred back to High Court of Sindh with right to appeal to Supreme Court. On May 31, 2011, the High Court of Sindh has granted an interim relief on an application of petitioners on certain terms including discharge and return of bank guarantees / security furnished on consignment released up to December 27, 2006 and any bank guarantee / security furnished on consignment released after December 27, 2006 shall be encashed to extent of 50% of the guaranteed or secured amount only with balance kept intact till the disposal of petition. In case the High Court upholds the applicability of fifth version of the law and its retrospective application the authorities are entitled to claim the amounts due under the said law with the right to appeal available to petitioner.

22 ACCRUED MARK-UP

	2017 Rupees	2016 Rupees
Accrued mark-up on:		
- long term financing	4,930,250	4,930,250
	4,930,250	4,930,250

22.1 This balance includes markup payable to Bank of Punjab amounting to Rs. 4,930,250 (2016: Rs. 4,930,250), See Note 24.1

23 BOOK OVERDRAFT

	Note	2017 Rupees	2016 Rupees
Book overdraft	23.1	7,858,431	5,737,589
		7,858,431	5,737,589

23.1 This represents cheques issued by the Company in excess of balance at banks which remained unpresented till June 30, 2017.

	Note	2017 Rupees	2016 Rupees

24 CONTIGENCIES & COMMITMENTS

Contingencies

24.1 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.

24.2 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.

24.3 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.

24.4 The amount stated in 14.1 Quality claim receivable Rs. 7,362,358 and note 14.2 Price difference claim Rs. 14,000,000. The management believes that inflow of economic benefit from such is probable

		2017 Rupees	2016 Rupees
24.4 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, 2017.

25 SALES

		2017 Rupees	2016 Rupees
Local Yarn Sale		-	-
Waste-Local/ Polyester/ Viscose		-	-
Raw Cottom Sales		-	-
		-	-
Brokerage and Commision		-	-
		-	-

26 COST OF SALES

	Note	2017 Rupees	2016 Rupees (Re-Stateed)
Salaries, wages and benefits		2,925,589	2,912,672
Power		41,000	60,384
Repairs and maintenance		149,087	874,107
Depreciation	6.2	4,107,909	4,357,236
Utilities		-	14,854
Printing and Stationery		7,920	6,844
Conveyance charges mill		126,120	146,310
		7,357,625	8,372,407

		Note	2017 Rupees	2016 Rupees
27	**ADMINISTRATIVE EXPENSES**			**(Re-Stateed)**
	Directors' remuneration		-	1,473,000
	Staff salaries and benefits	27.1	3,658,523	3,200,562
	Travelling and conveyance		365,750	192,135
	Rent, rates and taxes		624,360	624,360
	Utilities		868,872	2,375,483
	Postage and telephone		371,440	449,837
	Printing and stationery		365,911	246,718
	Vehicles running and maintenance		1,486,998	1,355,039
	Fees and subscription		471,771	144,672
	Entertainment		299,837	360,938
	Legal and professional		5,000	381,495
	Auditors' remuneration	27.2	153,240	153,240
	Repairs and maintenance		637,009	606,431
	Depreciation	6.2	279,967	321,047
	Advertisement		60,168	51,544
	Insurance		281,664	177,713
	Security Expenses		707,120	1,047,584
			10,637,630	13,161,798

27.1 Salaries, Wages and Benefits include 384,204 (2016: Rs. 294,262) in respect of staff retirement benefits.

		Note	2017 Rupees	2016 Rupees
27.2	**Auditors' remuneration**			
	Annual audit		100,000	100,000
	Half yearly review		53,240	53,240
			153,240	153,240
28	**OTHER EXPENSES**			
	Prepaid Expenses Written off		320,400	-
	Advances Written off	9	30,000	1,593,011
	Bad debt expense		408,155	-
			758,555	1,593,011
29	**OTHER INCOME**			
	Rental Income		5,723,102	3,637,740
	Gain on sale of Plant & Machinery		-	705,568
	Profit on Orix Investment		-	53,814
	Scrap sales		217,500	-
	Unrealized Gain on trading securities		1,576	-
	Liability no longer payable		6,045	-
	Directors remuneration paybale waived off		2,781,706	6,144,336
			8,729,929	10,541,458
30	**FINANCE COST**			
	Bank charges, commission and others charges		25,624	17,535
			25,624	17,535

	Note	2017 Rupees	2016 Rupees
31 LOSS PER SHARE			
Basic Loss Per Share			
Profit after taxation		**(11,362,385)**	(13,459,329)
Weighted average number of ordinary shares		**44,426,694**	44,426,694
Loss per share - basic and diluted		**(0.26)**	(0.30)

Dilutive Earning Per Share

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

32 RELATED PARTY DISCLOSURE

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	2017	2016
Rent and other expenses	Associated person	624,360	624,360
Loan received From Directors	Director	6,593,960	21,102,528

33 PLANT CAPACITY & ACTUAL PRODUCTION

	2017	2016
Spinning units		
Total number of spindles installed	**14,400**	14,400
Installed capacity after conversion into 20/s lbs	**3,576,183**	3,576,183

34 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	2017	2016
Chief Executive		
Remuneration	-	1,440,000
Rent and utilities	-	383,160
	-	1,823,160
Number of person	1	1
Directors		
Remuneration	-	48,000
Rent and utilities	-	-
	-	48,000
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.

35 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.

35.1 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.

35.2 Exposure to credit risk

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

	30th June 2017	30th June 2016
	PKR	
Long term Investment	14,630	13,054
Long term deposits	2,336,169	2,408,446
Loans and advances	5,288,055	3,681,248
Trade deposits and short term prepayments	1,611,230	1,931,630
Other receivables	21,362,359	21,770,513
Cash and bank balances	968,854	341,520
	31,581,297	**30,146,411**

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.

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

Domestic	-	-
Export		
	-	-

35.4 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**

35.5 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)
	-	-

35.6 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.

35.7 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, 2017:

	June 30, 2017					
	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	-
Long term loans from directors	46,515,789	-	-	-	46,515,789	-
Long Term Deposits	833,850	-	-	-	833,850	-
Trade and other payables	20,531,169	-	-	-	20,531,169	-
Accrued mark up & interes	4,930,250	-	-	-	4,930,250	-
Short term borrowings	7,858,431	-	-	-	7,858,431	-
	139,177,804	-	-	-	**139,177,804**	-

Contractual maturities of financial liabilities as at June 30, 2016:

	June 30, 2016					
	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	-
Long term loans from directors	39,921,829	-	-	-	39,921,829	-
Long Term Deposits	833,850	-	-	-	833,850	-
Trade and other payables	21,732,585	-	-	-	21,732,585	-
Accrued mark up & interes	4,930,250	-	-	-	4,930,250	-
Short term borrowings	5,737,589	-	-	-	5,737,589	-
	131,664,418	-	-	-	**131,664,418**	-

35.8 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.

35.9 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.

35.10 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

35.11 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.

35.12 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	14,630	13,054
Financial liabilities	7,858,431	5,737,589
Variable rate instruments		
Financial assets	-	-
Financial liabilities	58,508,315	58,508,315

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 2017	585,083	(585,083)	-	-
Cash sensitivity analysis Variable rate instruments 2016	585,083	(585,083)	-	-

35.13 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.

35.14 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.

35.15 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, 2017 other financial assets was categorized in level 1.

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

35.16 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.

36 NUMBER OF EMPLOYEES	2017	2016
Total number of employees as at June 30	28	26
Average number of employees during the year	27	26

37 DATE OF AUTHORIZATION FOR ISSUE

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

38 GENERAL

The figure have been rounded off to the nearest Rupee.

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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