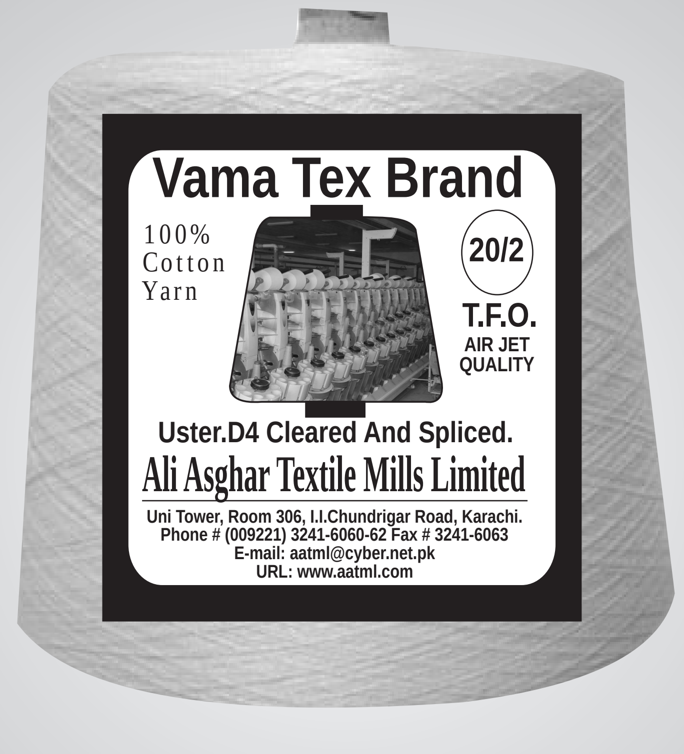
ANNUAL REPORT
2018



ALI ASGHAR TEXTILE MILLS LTD.

CONTENTS

COMPANY INFORMATION

Board of Directors		
Mr. Nadeem Ellahi Shaikh	(Chief Executive/ Executive Director)	
Mr. Muhammad Afzal	(Chairman/Non-Executive)	
Mr. Abdullah Moosa	(Executive Director)	
Mr. Ahmed Ali	(Non-Executive Director)	
Mr. Muhammad Suleman	(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	Mr. Ahmed Ali	Chairman
	Mr. Muhammad Afzal	Member
	Mr. Muhammad Zubair	Member
CFO	Mr. Muhammad Suleman	
Company Secretary	Mr. Abdullah Moosa	
Auditor	M/s. Mushtaq & Co. Chartered Accountants	
Banker	Habib Bank Ltd, Soneri Bank Ltd. Habib Metropolitan Bank Limited Bank Al-Habib Ltd, MCB Bank Limited	
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

ALI ASGHAR TEXTILE MILLS LIMITED

DIRECTOR REPORT

The Directors are pleased to present 52nd Annual Report.

The results of the company are as follows:-

	2017	2018
Profit/(Loss) after Tex	(Rs.11.36 Million)	(Rs.4.85 Million)

The loss after tax (Rs.4.85 million) has decreased by 57.30% over SPLY due to successful implementation of logistic hub and warehousing business plan. Due to improved financials company current ratio has improved from .77 to .93and debt/equity ratio to 15:85. Due to these factors and other initiatives taken by the management the SECP ordered for withdrawal of the winding up petition and vide order Number CSD/ARN/15/2015-1682 Dated 18th April 2018 instructed the joint registrar/CRO to do so. Management is also pleased to report to the members that the auditors Mushtaq& Co have withdrawn their qualification on the management use of going concern assumption in preparation of the financial statements. In line with the change in principal business of the company to warehousing and logistics, the Board of directors has proposed to change the objective clause in the memorandum of association of articles from textiles spinning; to warehouse rental and logistics. Approval of shareholders will be taken in the AGM to be held on 29th October 2018. Company will continue to however look into options to review textile business also.

In view of ample opportunities available in the logistics space, the management has drawn up a plan to dispose of surplus land, after getting permission of shareholders, and use proceeds for investment in logistics oriented activities including but not limited to establishment of cool chain warehouse/office space for rental/e-commerce distribution platform. Regarding auditor qualification please see point wise responses to them.

a) Due to main line of business been changed from textile spinning to warehousing/logistics business, the management thought it best to report rental income as main income. Auditors have objected to this, but in management opinion due to resolution passed by shareholders in AGM 2016 allowing company to venture into rental of company property/building and a material significant event of change in “objective clause” in memorandum of articles of association to be approved in AGM on 29th October 2018, only 20 days after account circulation to stakeholders, the format of profit/loss gives a truer presentation of the future outlook.
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 20.2, 20.4, 27.1, 27.2 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.

a. 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.

b. 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, 2018 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.

c. 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.

Future Outlook:

As CPEC projects get implemented the logistic needs of the country will increase and development of SEZ will lead to higher industrial production. In view of these future development management is developing a plan to build high tech warehouses. For funding of these initiatives management is seeking shareholder approval for disposing of surplus land of the company, besides approaching financial institution for loans.

Regarding corporate governance points raised the company has separated the office of the CFO and company Secretary as per requirement Companies Act 2017. Note regarding CFO and company secretary not having proper certifications is noticed. However I would like to add that both individuals are working in senior positions at the company for more than a decade and have handled all financial issues and negotiations with banks and SECP, PSK diligently. As the company financial position further improves and it is in a position to afford higher salaries, it will appoint higher qualified individuals. Head of internal audit, Mr. Altaf Qadir is a certified ICMA qualified graduate. For director training management is contacting. Proper institutes to complete training of directors.

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	8
2.	Mr. Abdullah Moosa	8
3.	Mr. Ahmed Ali	7
4.	Mr. Muhammad Suleman	8
5.	Mr. Muhammad Afzal	7
6.	Mr. Sultan Mehmood	1
7.	Mr. Mohammad Zubair	8

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, 2018 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, 2019.

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

علی اصغر ٹیکسٹائل ملز لمیٹیڈ
آ گاہی تفصیل منجانب منتظمین

منتظمین کو ۵۲ ویں سالانہ آ گاہی تفصیل پیش کرتے ہوئے خوشی ہے۔
اس کمپنی کے نتائج درج ذیل ہیں:۔

	۲۰۱۷ء	۲۰۱۸ء
منافع/(خسارہ)بعدازادائیگی ٹیکس	(۳۶.۱۱ملین روپے)	(۸۵.۴ملین روپے)

خسارہ بعدازادائیگی ٹیکس(۸۵.۴ملین روپے)جوگزشتہ اسی سال کی مدت کے مقابلے میں ۳۰.۷۵% فیصد سے کم ہوگیا جونقل وحمل کے مرکز اور گوداموں کی منصوبہ کاروباری کی کامیاب حکمت عملی کے سبب ہوا۔مالیات بہتر ہونے کے باعث کمپنی کا موجودہ تناسب ۷۷. سے ۹۳. تک بہتر ہوگیااورقرض/ذاتی اثاثہ جات کا تناب ۸۵:۱۵ تک بہتر ہوگیا۔ان عوامل اورانتظامیہ کی جانب سے دیگراقدامات کے سبب ایس ای سی پی نے پٹیشن واپس لینے کاحکم جاری کیااور بذریعہ حکم نمبرسی ایس ڈی/اے آر این/۱۵/۲۰۱۵۔۱۶۸۲ مورخہ ۱۸/اپریل ۲۰۱۸ء کوجوائنٹ رجسٹرار/سی آر او کوایسا کرنے کی ہدایت کی۔انتظامیہ کواراکین کو یہ آگاہ کرتے ہوئے خوشی ہے کہ محاسب کار مشتاق اینڈ کو نے مالیاتی تفصیلات کی تیاری میں مفیدانتظامی استعمال کوفرض کرتے ہوئے اپنی اہلیت واپس لے لی۔گودام اورنقل وحمل کے سلسلے میں کمپنی کے بنیادی کاروبار میں تبدیلی کے سلسلے میں مجلس منتظمین نے معاہدہ اغراض ومقاصد کی شق میں تبدیلی کی تجویزدی جوکپڑا سازی سے گودام کے کرائے اورنقل وحمل ہے۔حصص یافتگان کی منظوری اے جی ایم میں منعقدہ ۲۹/اکتوبر ۲۰۱۸ء کودی جائے گی۔تاہم کمپنی کپڑے کے کاروبار پرنظرثانی کے پہلوؤں پربھی غورجاری رکھے گی۔

نقل وحمل کی جگہ میں دستیاب وسیع اسامیوں کو مدنظر رکھتے ہوئے، انتظامیہ نے ایک اضافی زمین مختص کرنے کا منصوبہ بنایا ہے،حصص یافتگان سے اجازت حاصل کرنے کے بعد، اورنقل وحمل سے متعلق سرگرمیوں کے طریقہ کار کے استعمال کے بعد جوکرایہ دادی/تجارتی تقسیم کاری لحاظ سے صرف کول چین گودام/دفتری جگہ کے قیام تک محدودنہیں۔محاسب کارکی اہلیت سے متعلق برائے مہربانی ان کے ترتیب وارجوابات ملاحظہ کریں۔

(ا) کیونکہ اصل کاروبارکپڑے سازی سے تبدیل ہوکرگودام/نقل وحمل کے کاروبار میں تبدیل ہوگیا ہےاس وجہ سے انتظامیہ نے کرایہ آمدن کوبطوراصل آمدنی کے بیان کرنا بہترسمجھا۔محاسب کارنے اس پراعتراض کیا،لیکن انتظامیہ کی رائے میں اے جی ایم ۲۰۱۶ء میں حصص یافتگان کی جانب سے منظورکردہ قرارداد کے باعث کمپنی کی جائیداد/عمارت کوکرایہ داری حیثیت میں تبدیل کرنے کا معاہدہ ہے۔اورمعاہدہ اغراض ومقاصد کی ''دستوری شق'' میں ایک ٹھوس نمایاں تبدیلی کو ۲۹/اکتوبر ۲۰۱۸ء میں اے جی ایم میں منظور کیا جانا تھا،کاروباری متعلقین کوکھاتہ تقسیم کیئے جانے کے صرف ۲۰ دن بعد،منافع/خسارہ کی ساخت مستقبل کے لائحہ عمل کی انتہائی حقیقی کارگزاری ظاہرکرتی ہے۔

(ب) سہ فریق کی جانب سے ارسال اوروصول ہونے کا تصدیق نامہ(اس صورت میں، بقایارقم فرسٹ داؤدانویسٹمنٹ بینک اور بینک آف پنجاب سے مطابقت رکھتی ہے)محاسب کارکی جانب سے زیرالتواء بقایاجات کی تصدیق کرنے کے طریقہ کارمیں سے ایک ہے۔انتظامیہ نے ان واجبات کے بارے میں نوٹ نمبر ۲۷.۲، ۲۷.۱، ۲۰.۴، ۲۰.۲ میں ناصرف ہرایک ٹھوس ثبوت کوافشاء کیا ہے بلکہ فرسٹ داؤدانویسٹمنٹ بینک لمیٹیڈ اوربینک آف پنجاب کے واجبات سے متعلق تمام دستاویزات بھی فراہم کیئے ہیں جواس طرح کے بقایاجات دیگرمحاسبی طریقہ کار کے ذریعہ تصدیق کرنے میں ان کیلئے معاون ہوسکتے ہیں لیکن محاسب کاراب بھی ان واجبات کوثابت کرنا چاہتا ہے کیونکہ وہ اپنے فیصلہ کی بنیاد پرخودکومطمئن نہیں کرسکے ہیں۔

(ج) محاسب کار کی جانب سے نشاندہی جو کہ جائیداد کے پلانٹ اور ساز وسامان کی تجدیدی لاگت کے بارے میں ہے جو مشینری اور ساز وسامان کی تنصیب کے رواں طریقہ کار کے باعث ہے۔اس لئے اس طریقہ کار کے دوران یہ تجدیدی لاگت کمپنی کے اثاثہ جات کی شاید معنی خیز عکاسی نہ کرتی ہو۔

(د) جیسا کہ انتظامیہ نے مالیاتی تفصیلات کے نوٹ نمبر ۱.۱۵ اور ۱۵.۲ میں افشاء کیا ہے، انتظامیہ یقین رکھتی ہے کہ اس طرح کے اثاثہ جات سے اقتصادی فوائد کے داخلی آمدن قابل قیاس ہیں جس کا معتبر اندازہ ۳۰ جون ۲۰۱۸ء کو لگایا جاسکتا ہے کیونکہ یہ رقم کپاس کے بین الاقوامی قوانین کے تحت یو کے کاٹن ایکسچینج کے روبروز یر التواء ہے اور تصدیق کیلئے تمام متعلقہ دستاویزات محاسب کاروں کو فراہم کردی گئی ہیں، لیکن یہ رقم تا حال محاسب کاروں کے فیصلہ میں غیر تصدیق شدہ ہے۔

ہ) انتظامیہ کو یقین ہے کہ یہ واجبات اقتصادی فوائد کے انداز اًخارجی آمدن سے زیادہ درج نہیں کیئے جائیں اور اس صورت میں، جیسا کہ بیان نوٹ نمبر ۱.۲۴ میں کیا گیا ہے، یہ انتظامیہ اور قانونی مشیر پختہ یقین رکھتے ہیں کہ یہ خارجی آمدن اس سے زیادہ درج نہیں کئے جائیں گے جو کہ کمپنی کی کتابوں میں پہلے سے درج ہیں اور اس کو بنیاد بناتے ہوئے، یہ انتظامیہ اس رائے پر ہے کہ بینک آف پنجاب کے مارک اپ بشمول ان کے زیر التواء واجبات کو اور مالیاتی تفصیلات میں ظاہر کردہ جائیداد کو درست طور پر درج کیا جاتا ہے۔

مستقبل کا خاکہ

جیسا کہ سی پیک کے منصوبہ میں ملکی ضروریات کی نقل وحمل کو وضع کیا گیا ہے جس سے ایس ای زیڈ میں اضافہ اور بہتری ہوگی جو اعلیٰ صنعتی پیداوار کا باعث ہوگی۔ان مستقبل کی پیش رفت کو مدنظر رکھتے ہوئے انتظامیہ جدید گوداموں کی تعمیر کا منصوبہ تیار کررہی ہے۔ان اقدامات کی مالی فراہمی کیلئے کمپنی کی اضافی زمین کے حصول کیلئے حصص یافتگان کی منظوری حاصل کررہے ہیں، اس کے علاوہ قرضہ جات کیلئے مالیاتی اداروں سے رجوع کررہے ہیں۔

ادارتی انتظام سے متعلق اٹھائے گئے نکات کے سلسلے میں کمپنی نے سی ایف او اور کمپنی سیکریٹری کے دفتر کو کمپنیز دفعہ ۲۰۱۷ء میں درکار ضروریات کے تحت علیحدہ کردیا ہے۔سی ایف او اور کمپنی کے سیکریٹری کے باقاعدہ تصدیق نہ ہونے کی نشاندہی کا نوٹس لیا گیا ہے۔ میں مزید یہ اضافہ کرنا چاہوں گا کہ دونوں اشخاص طویل المدت عہدوں پر دس سال سے زائد عرصہ سے کام کررہے ہیں اور تمام مالیاتی مسائل کو سنبھال چکے ہیں اور بینکوں اور ایس ای سی پی، پی ایس سے گفت وشنید کرچکے ہیں۔جیسا کہ کمپنی کی مالی حالت مزید بہتر ہورہی ہے اور یہ اعلیٰ تنخواہوں برداشت کرسکتی ہے یہ اعلیٰ تعلیم یافتہ افراد کا تقرر کرے گی۔اندرونی محاسب کے سرپرست جناب الطاف قادر ایک مستند آئی سی ایم اے تربیت یافتہ گریجویٹ ہیں۔منتظم کے تربیتی انتظام کیلئے باقاعدہ اداروں سے منتظمین کی تربیت کیلئے رابطے کیئے جارہے ہیں۔

انتظامیہ پرامید ہے کہ جیسے معیشت ترقی کرتی ہے کپڑے کی صنعت بہتر کام کرے گی۔منتظمین کو یہ آگاہ کرتے ہوئے خوشی ہے کہ آپ کی کمپنی نے ادارتی انتظام کے نظم وضبط کے قواعد کو کمپنی میں شامل کرنے کیلئے ضروری اقدامات کئے ہیں جیسا کہ اسٹاک ایکسچینج قواعد کی فہرست میں شامل ہیں۔

کمپنی کے تمام تر مقصد کو مدنظر رکھتے ہوئے، مجلس منتظمین کمپنی کی حکمت عملی کی جانب باقاعدہ نظرثانی کرتے ہیں۔کاروبار کیلئے سالانہ منصوبے اور کارکردگی کے اہداف طے کیئے جاتے ہیں یہ بورڈ اعلیٰ معیار کے بہتر ادارتی انتظام کو برقرار رکھنے کا عزم رکھتا ہے۔ ذیل میں ادارتی اور مالیاتی تفصیلات کا خاکہ دیا گیا ہے۔ یہ مالیاتی تفصیلات کمپنی کے معاملات، اس کے افعالی نتائج، نقدی بہاؤ اور ذاتی اثاثہ جات کو شفاف طور پر ظاہر کرتی ہے۔کمپنی نے باقاعدہ کتابی کھاتے ترتیب دیئے ہیں۔ان مالیاتی تفصیلات اور کھاتے داری تخمینوں کی تیاری میں مناسب کھاتہ داری لائحہ عمل کا بدستور اطلاق کیا گیا ہے جو معقول اور زیرک فیصلوں کی بنیاد پر ہیں۔ بین الاقوامی کھاتہ داری معیار جیسا کہ پاکستان میں نافذ ہیں مالیاتی تفصیلات کی تیاری میں ان پر عمل کیا گیا ہے اور کسی بھی ڈپارچر کو مناسب طور پر افشاء کیا گیا ہے۔

اندرونی منضبطی نظام جو جگہ پر تھا اس پر انتظامیہ کی جانب سے مسلسل نظر ثانی کی جا رہی ہے۔ نظر ثانی اور نگرانی کا طریقہ اسے مزید بہتر بنانے کیلئے جاری رہے گا۔ اندرونی محاسبی افعال کو مضبوط کرنے کیلئے موزوں عملہ کا حصول زیر غور ہے۔

آپ کی کمپنی انتظامیہ مالیاتی اور افعالی کارکردگی کو بہتر کرنے میں کوئی کسر نہیں چھوڑے گی۔

محصولات، واجبات، لگان اور دیگر وصولیابی کی مد میں تمام واجبات کو پوری طرح فراہم کیا گیا ہے اور بروقت ادا کیا جائے گا یا جہاں پر دعویٰ بطور قرض تسلیم نہیں کیا گیا اسے کھاتوں کے نوٹس میں بطور ہنگامی واجبات کے ظاہر کیا گیا ہے۔

کمپنی کو جاری رکھنے میں کوئی شبہ نہیں ہے، بہتر ادارتی انتظام میں سے کوئی ٹھوس ڈپارچر نہیں ہے، جیسا کہ فہرست کے قواعد میں تفصیل ہے۔ یہ کمپنی اپنے ملازمین کے غیر زرانعامی منصوبہ کے تحت کام کرتی ہے جسے کھاتوں میں با قاعدہ بنایا گیا ہے۔ منتظمین، سی ای او، سی ایف او، کمپنی سیکریٹری اور ان کے میاں بیوی اور چھوٹے بچوں کی جانب سے شیئرز میں کوئی تجارت انجام نہیں دی گئی۔

دورانِ سال، منتظمین کی چار مجالس منعقد کی گئیں، ہر ایک منتظم کی حاضری درج ذیل ہے۔

نمبر شمار	نام منتظم	مجلس میں شرکت کردہ تعداد
۱۔	جناب ندیم الٰہی شیخ	۸
۲۔	جناب عبداللہ موسیٰ	۸
۳۔	جناب احمد علی	۷
۴۔	جناب محمد سلیمان	۸
۵۔	جناب محمد افضل	۷
۶۔	جناب سلطان محمود	۱
۷۔	جناب محمد زبیر	۸

ضابطہ اخلاق اور کاروباری کاموں کو ترقی دی گئی اور اب کمپنی کے ہر ایک منتظم اور کمپنی کے ملازم کی جانب سے آگاہ اور تسلیم کیا جا رہا ہے۔

شیئر ہولڈنگ کا خاکہ بطور ۳۰ جون ۲۰۱۸ء منسلک ہے۔

سبکدوش ہونے والے محاسب کار میسرز مشتاق اینڈ کو چارٹرڈ اکاؤنٹینٹس بطور اہل ہونے کے خود کو اختتام مالیاتی سال ۳۰ جون ۲۰۱۹ء کیلئے تقرری کیلئے پیش کرتے ہیں۔

منتظمین ملازمین کی جانب سے وقف کردہ اعلیٰ خدمات انجام دینے کو قلمبند کرنا چاہتے ہیں اور بینکاروں کا ان کی گرانقدر خدمات پر شکریہ ادا کرتے ہیں۔

بحکم بورڈ

ندیم الٰہی شیخ

سرپرست

کراچی

ALI ASGHAR TEXTILE MILLS LIMITED
CHAIRMAN REVIEW

I Am pleased to present to the shareholders chairman review of the company performance for FY18. The year FY 18 was a year of significant improvement for the company.

As chairman of the board, the board committee overseeing various functions carried out their duties decision were reported in time to the stock exchange and SECP. Board committees were monitored to ensure they provided stability to company functions and adhered to all regulations.

The board performance was evaluated a satisfactory as all rules of code of corporate governance were applied.

During the year the board considered and approved may things, including quarterly and annual financial statement appointment of external auditors and other financial matter.

I wish to thank the board of members for all their valuable input and time they gave.

CHAIRMAN OF THE BAORD

MUHAMMAD AFZAL.

KARACHI DATED 12TH OCTOBER 2018

KEY OPERATING AND FINANCIAL RESULTS
FROM 2012-2013 TO 2017-2018

ACCOUNTING YEAR	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
	'000	'000	'000	'000	'000	'000
OPERATING RESULTS						
Rental Income	12,134	5,723	3,637	3,046	4,034	144
Sales-Net	-	-	-	-	-	4,478
Gross Profit (Loss)	509	(6,161)	(8,372)	(12,378)	(13,690)	(20,920)
Net Profit (Loss) After Tax	(4,858)	(11,362)	(13,459)	(23,360)	(20,949)	(15,022)
FINANCIAL POSITION						
Assets Employed:						
Operating Assets	365,563	369,586	373,920	377,353	386,719	401,684
Current Assets	35,674	32,382	32,016	50,828	51,614	59,483
Other Assets	15,018	4,389	3,886	3,736	4,876	6,432
Deferred Cost	-	-	-	-	-	-
Assets Financed By:						
Shareholders Equity	317,186	255,743	268,014	20,655	42,834	62,622
Directors Loan	66,067	45,598	39,005	17,902	2	2
Surplus on revaluation of Fixed Assets	258,185	259,132	260,138	261,206	262,341	263,547
Long term Loan	60,886	108,642	100,755	78,835	62,185	65,984
Other Deferred Liability	1,544	2,785	1,492	1,329	1,161	2,131
Current Maturity	8,552	8,652	8,652	9,902	11,410	10,656
Other Current Liabilities	28,630	37,319	32,400	59,150	62,651	62,227
Key Ratios						
Gross Profit to Sales %	0	0	0	0	0	-467.17%
Net Proftit (Loss) to Sales %	0	0	0	0	0	-335.46%
E.P.S	(0.11)	(0.26)	(0.30)	(0.53)	(0.47)	(0.34)
Current Ratio	0.93	0.77	0.78	0.86	0.82	0.96

PATTERN OF SHAREHOLDING
HELD BY THE SHAREHOLDERS
As on June 30, 2018

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%

Notice of 52nd Annual General Meeting

Notice is hereby given that the 52nd annual general meeting of Ali Asghar Textile Mills Limited will be held at it registered office 306-308 Unitowers, I.I. Chundrigar road, Karachi on October 29 2018 at 11:00 A.M.sharp to transact the following business:

ORDINARY BUSINESS

1. **To confirm minutes of the last General Meeting held on 28th October 2017.**
2. **To receive, consider and adopt audited Accounts for the year ended 30th June 2017 together with Auditor's and Director Report thereon.**
3. **To appoint auditors for the year ending June 30, 2019 and to fix their remuneration.**

SPECIAL BUSINESS :

4. To obtain approval from shareholders in respect of change in memorandum of association to change principal line of business from spinning to lease/rent/**development of company land, building**, plant and machinery and available space of Factory building to various parties as required under Section (183(3) and to pass with the approval of Shareholders following resolution as Special Resolution.

"RESOLVED that the company is hereby authorized to lease out/rent/develop out available Factory building and Plant and Machinery and land as required".

5. To obtain approval for disposing of surplus land and using proceeds for developing warehousing/ office building/distribution centers for FMCG/cool chain warehouse and other related business activities.

   "Resolved that CEO and company Secretary are hereby authorized to negotiate/ transact and carry out all formalities necessary for disposing of surplus land of the company and for implementing logistics hub development strategy"

"Further Resolved the Chief Executive & Company Secretary of the company be and is hereby authorized to do all acts. Deeds and things as may be deemed necessary in this regard"

Other Business

6. To transact any other business as may be placed before the meeting with the permission of the Chairman.
7. Statement under Section 134(3) of Companies Act 2017.

This statement sets out material facts concerning Special Business to be transacted at the Annual General Meeting of the Company to be held on 29th October 2018.

(i) Information about Lease out/Rent out of the Factory Building and Paper Plant & Machinery.

The Memorandum& Article of the company already allows the leasing/rent business but in line with the share holders desire to change principal line of business to leasing/rent/development of factory land/building/machinery for meeting requirements of Section 183(3), this post approval is been formally sought from the shareholders.

The directors have no interest in the special business except to the extent of their shareholding as shareholder

(ii) INFORMATION ABOUT COMPANY PLAN TO DISPOSE OF SUR PLUS LAND.

The company has abundant factory space of around 30500 (yards) available which is located at prime location of Karachi. Shareholder approval will be sought for disposing of surplus land and proceeds will be used for investment in warehousing and other activities related to logistics.

The directors have no interest in the special business except to the extent of their shareholding as shareholder

By the order of Board
Muhammad Suleman
Company Secretary

Dated: October 08, 2018

Notes:

The Share Transfer Books will remain closed and no transfer of shares will be accepted for registration from October 22nd to October 29th (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

ALI ASGHAR TEXTILE MILLS LIMITED

STATEMENT OF COMPLIANCE
WITH THE CODE OF CORPORATE GOVERNANCE
YEAR ENDED JUNE 30, 2018

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
Executive Director	Mr. Muhammad Suleman
Non-Executive Director	Mr. Muhammad Afzal
Non-Executive Director	Mr. Sultan Mehmood
Non-Executive Director	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: 05.10.2018

MUSHTAQ & CO.
CHARTERED ACCOUNTANTS
407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-3
Branch Office: 501-B, City Towers, Main Boulevard, Lahore. Tel: 35788637-8
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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, 2018 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, 2018.

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
6	Independent director are not meeting the criteria of CCG.
13	CFO and Company Secretary are not meeting qualification criteria of CCG.
20	Appropriate arrangement to carry out Director training program has not been carried out during the year.
24	Head of Internal Audit is not meeting the criteria specified in CCG.

MUSHTAQ & COMPANY
KARACHI
Chartered Accountants

Karachi:
Date: 19th October, 2018

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Anwarul Haque, FCA

MUSHTAQ & CO.
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INDEPENDENT AUDITORS' REPORT
To the members of Ali Asghar Textile Mills Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Ali Asghar Textile Mills Limited**, which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 purposes of the audit.

In our opinion and to the best of our information and according to the explanation given to us, because of the significance of matters referred to in paragraph (a) to (f), the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017) 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 30 June, 2018 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, because of the significance of matters referred to in paragraph (a) to (f), the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017) 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 30 June, 2018 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

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CHARTERED ACCOUNTANTS
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a) The Company has suspended its textile operations since September 2011 and leased out warehouses of factory to different companies and hired new employees, as approved in AGM, dated: 29th October, 2016. The Company is generating income from the lease of warehouses. The Company incurred a loss for the year ended June 30, 2018 of Rupees 4.593 million.

b) Corporate Supervision Department of SECP Vide its Order dated April 17, 2018 has disposed of the review application dated 05 August, 2016 under sub section 2 of section 484 of the Companies Ordinance 1984 (Now Companies Act, 2017) in respect of the Order dated June 6, 2016 under section 309 read with section 305 of the Ordinance. The Order concluded under Para 4 that keeping in view the circumstances explained the management's intention and efforts to revive the Company and the revenue being generated through rental income.

"I hereby decide to withdraw the order dated 06 June, 2016. The directors of the company are however advised to fast track the revival of the company."

c) The Company has presented rental income as its main source of income from principal line of business in its Statement of Profit and Loss.

d) Balance payable to First Dawood Investment Bank Ltd amounting to Rs.47.6 million, stated in note 20.2 and to Bank of Punjab amounting to Rs.18.77 million stated in note 20.4 remains unconfirmed. We were also unable to satisfy ourselves as to the correctness of the reported balances by performing other alternate auditing procedures.

e) The company has carried out revaluation of property, plant and equipment on 30th June 2011 under International Accounting Standard (IAS) 16 "Property, Plant and Equipment" from the valuer M/s Asif Associated (Pvt.) Ltd. and the value is as under:

	Rupees in Million
Land	500.000
Building	107.550
Plant & machinery	101.900
Total	709.450

In the absence of latest 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 financial statement cannot be determined.

f) 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.

g) The company has not accounted for the finance cost amounting to Rs.5.049 million (2017: Rs.4.284 million) on outstanding balances in respect of long term loan from banks.

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Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1	**First time application of fourth schedule to the Companies Act, 2017.** As referred to in note 2.1 to the annexed financial statements, the fourth schedule to the Companies Act, 2017 became applicable for the first time for the preparation of the Company's annual financial statements for the year ended June 30, 2018. The Companies Act, 2017 (including third and fourth schedules) forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. As part of this transition to the requirements of the said third and fourth schedules, the management performed a gap analysis to identify differences between the ,previous reporting framework and the current reporting framework and as a result assessed the amendments (as specified in the said note 2.1) relating to disclosures required in the Company's financial statements. We consider it as a key audit matter in view of the extensive impacts in the financial statements due to the Companies Act, 2017.	Our audit procedures included the following: Considering the management's process to identify the necessary amendments required in the Company's financial statements. Evaluating the results of management's analysis and key decisions taken in respect of the transition, using our knowledge of the relevant requirements of the third and fourth schedules to the Companies Act, 2017 and our understanding of the Company's operations and business. Assessing the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures made in the annexed financial statements based on the new requirements.

Sd

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Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible to provide other information. The other information comprises:
Information obtained prior to the date of auditors' report,

a) last six years' financial analysis;
b) director's report;

Information expected to be made available to us after the date of auditors' report,

a) chairman's review;

but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
Board of directors is responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse

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consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is **Anwarul Haque, FCA**.

Karachi.
Dated: 19 OCT 2018

MUSHTAQ & COMPANY
Chartered Accountants

ALI ASGHAR TEXTILE MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees	2016 Rupees
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	5	365,563,394	369,586,361	373,920,038
Capital Work in Progress	6	11,202,138	-	-
Long Term Investments	7	14,652	14,630	13,054
Long Term Deposits	8	2,336,169	2,336,169	2,408,446
Long Term loans and advances	9	1,465,976	2,038,577	1,464,953
		380,582,329	373,975,737	377,806,491
CURRENT ASSETS				
Stores, spares & loose tools	11	-	941,269	941,269
Inventory	12	1,980,000	-	-
Loans and advances	13	5,947,499	5,288,055	3,681,248
Trade deposits and short term prepayments	14	1,611,230	1,611,230	1,931,630
Other receivables	15	21,362,359	21,362,359	21,770,513
Tax refunds due from Government	16	3,538,344	2,210,872	3,350,499
Cash and bank balances	17	235,350	968,854	341,520
		34,674,782	32,382,639	32,016,679
TOTAL ASSETS		415,257,111	406,358,376	409,823,171
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized share capital				
50,000,000 (2017: 50,000,000) ordinary shares of Rs. 5 each		250,000,000	250,000,000	250,000,000
Issued, subscribed and paid-up capital	18	222,133,470	222,133,470	222,133,470
Interest free Directors Loans	19	66,067,055	-	-
Surplus on Revaluation of Fixed Assets	20	258,185,303	259,132,296	260,138,046
Unappropriated Loss		(229,218,910)	(225,522,657)	(214,257,211)
		317,166,918	255,743,109	268,014,305
NON-CURRENT LIABILITIES				
Long term financing	21	58,508,315	105,024,104	98,430,144
Long term Deposits		833,850	833,850	833,850
Deferred liabilities	22	1,544,717	2,785,015	1,492,000
		60,886,882	108,642,969	100,755,994
CURRENT LIABILITIES				
Trade and other payables	23	15,405,424	20,531,169	21,732,585
Unclaimed Dividend	24	239,589	-	-
Accrued Mark-up	25	4,930,250	4,930,250	4,930,250
Book overdrafts	26	8,075,600	7,858,431	5,737,589
Current portion of long term borrowings	20.1	8,552,448	8,652,448	8,652,448
		37,203,311	41,972,298	41,052,872
CONTINGENCIES AND COMMITMENTS	27	-	-	-
TOTAL EQUITY AND LIABILITIES		415,257,111	406,358,376	409,823,171

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

NADEEM E. SHAIKH	ABDULLAH MOOSA	M.SULEMAN
Chief Executive	Director	Chief Finance Officer

ALI ASGHAR TEXTILE MILLS LIMITED
STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees Re-Stated
Rental Income	28	**12,134,101**	5,723,102
Directly attributable Cost	29	**(11,624,222)**	(11,885,020)
Gross Profit/ (Loss)		**509,879**	**(6,161,918)**
Administrative expenses	30	**(7,300,123)**	(6,110,235)
Other expenses	31	**(941,269)**	(758,555)
Other income	32	**2,157,647**	3,006,827
		(6,083,745)	(3,861,963)
Loss from operations		**(5,573,866)**	(10,023,881)
Finance cost	33	**(15,369)**	(25,624)
Loss before taxation		**(5,589,235)**	(10,049,505)
Taxation			
Current		(210,000)	(1,312,880)
Prior Year Tax		920,690	
Loss after taxation		**(4,878,545)**	(11,362,385)
Loss per share - basic and diluted	34	**(0.11)**	(0.26)

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

M.SULEMAN

NADEEM E. SHAIKH	**ABDULLAH MOOSA**	**M.SULEMAN**
CHIEF EXECUTIVE	Director	Chief Finance Officer

ALI ASGHAR TEXTILE MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees	2017 Rupees
Loss after taxation	**(4,878,545)**	(11,362,385)
Other comprehensive income		
Acturial Gain / (Loss) for the year	**235,299**	(908,811)
Total comprehensive (Loss) for the year	**(4,643,246)**	**(12,271,196)**

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

M.SULEMAN

NADEEM E. SHAIKH	**ABDULLAH MOOSA**	**M.SULEMAN**
CHIEF EXECUTIVE	Director	Chief Finance Officer

ALI ASGHAR TEXTILE MILLS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(5,589,235)**	(10,049,505)
Adjustments for:			
Depreciation		**4,114,466**	4,387,876
Staff retirement benefits - gratuity		**245,501**	384,204
Unrealized gain on trading securities		**(22)**	1,576
Liability no longer payable		**-**	6,045
Finance cost		**15,369**	25,624
Loss on Inventory Write Off		**941,269**	-
		5,316,583	4,805,325
Profit before working capital changes		**(272,652)**	(5,244,180)
(Increase) / decrease in current assets			
Loans and advances		**(659,444)**	(1,534,530)
Inventory		**(1,980,000)**	-
Trade deposits and short term prepayments		**-**	320,400
Other receivables		**-**	408,154
		(2,639,444)	(805,976)
(Decrease) / increase in current liabilities			
Trade and other payables		**(5,125,745)**	(1,201,416)
Unclaimed dividend		**239,589**	-
Cash generated from operations		**(7,798,252)**	(7,251,571)
Finance cost paid		**(15,369)**	(25,624)
Taxes paid		**(616,782)**	(182,450)
Staff retirement benefits gratuity paid		**(1,250,500)**	-
		(1,882,651)	(208,074)
Net cash generated from operating activities		**(9,680,903)**	(7,459,645)
CASH FLOWS FROM INVESTING ACTIVITIES			
Long term Loans		**572,601**	(573,624)
Fixed capital expenditure		**(11,293,638)**	(54,200)
Net cash used in investing activities		**(10,721,037)**	(627,824)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds and repayment from long term financings - net		**(46,615,789)**	6,593,960
Interest free diredtors and other loan		**66,067,055**	-
Short term loan/Book Overdraft		**217,169**	2,120,842
Net cash generated from financing activities		**19,668,436**	8,714,802
Net increase in cash and cash equivalents		**(733,504)**	627,333
Cash and cash equivalents at the beginning of the year		**968,854**	341,520
Cash and cash equivalents at the end of the year	17	**235,350**	968,854

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

M.SULEMAN

NADEEM E. SHAIKH	**ABDULLAH MOOSA**	**M.SULEMAN**
Chief Executive Officer	Director	Chief Finance Officer

ALI ASGHAR TEXTILE MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

	Share Capital	Interest free Dirctors and Others Loan	Revaluation Surplus on Property Plant and Equipment	Unappropriated Loss	Total Equity
	Rupees				
Balance as at July 01, 2016 - as previously reported	222,133,470	-	-	(214,257,211)	7,876,259
Impact of Restatement			260,138,046		
Balance as at July 01, 2016 - as restated	222,133,470	-	260,138,046	(214,257,211)	268,014,305
Total comprehensive loss for the year (Re-Stsated)	-	-	-	(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	-	259,132,296	(225,522,657)	255,743,109
Total comprehensive loss for the year	-	-	-	(4,643,246)	(4,643,246)
Transferred from Surplus on Revaluation - Incremental Depreciation	-	-	(946,993)	946,993	-
Transfer from Long Term Loan	-	66,067,055	-	-	66,067,055
Balance as at June 30, 2018	222,133,470	66,067,055	258,185,303	(229,218,910)	317,166,918

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

NADEEM E. SHAIKH	ABDULLAH MOOSA	M.SULEMAN
Chief Executive	Director	Chief Finance Officer

ALI ASGHAR TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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 Pakistan 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 temporatily suspended its textile operation since September, 2011 and has sold a substantial portion of its Property Plant & Equipment. The Company has accumulated losses of Rs. 229.1 million (2017: Rs. 225.5 million) as at June 30, 2018. Current liabilities exceeds its current assets by Rs. 2.4 million (2017: Rs. 9.58 million). In the last AGM meeting presented shareholders with a new business plan and detailed cash flows. After approval the management has started hiring new employees and started business activities.

1.3 Management asseses the reliability of going concern assumption in preperation of these financial statements and concluded that, it is sstill in going concern based on following mitigating factors. Accordingly, these financial statements have been prepared on going concern assumption.

a) Logistic Hub and Warehousing Business

The company has rented out its surplus property to companies. The directors of the company in a board of directors meeting held in year 2016, approved the business of logistics and warehousing. This year the company entered into contracts with leading companies for rentals. The cash flow is coming in regular installments and marketing teams are pitching to new customers and warehousing agents.

b) Support of Directors and Sponsors

Directors of the company have committed that if in case any additional funds are required for running the business of the company; it will be provided by the sponsors and directors.

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

- 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.

ALI ASGHAR TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

4 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.

4.1 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

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 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

4.2 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.

ALI ASGHAR TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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'.

4.3 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
(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.

4.4 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.

4.5 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, 2018

4.6 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.

4.7 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.

4.8 Trade and other payables

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

4.9 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.

4.10 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.

4.11 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.

4.12 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.

ALI ASGHAR TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

4.13 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.

4.14 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.

4.15 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.

4.16 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

4.17 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.

4.18 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.

ALI ASGHAR TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

4.19 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.

4.20 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.

4.21 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.

5 PROPERTY, PLANT AND EQUIPMENT

	Note	2018 Rupees	2017 Rupees
Operating fixed assets	5.1	365,563,394	369,586,361
		365,563,394	369,586,361

5.1 Operating fixed assets

	2018									
	Cost as at July 01, 2017	Additions	(Disposal)	Cost as at June 30, 2018	Accumulated depreciation as at July 01, 2017	Depreciation charge for the year	(Disposal)	Accumulated depreciation as at June 30, 2018	Book value as at June 30, 2018	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	7,488,615	408,691	-	7,897,305	5,429,750	7%
Building on leasehold land-others	34,467,460	-	-	34,467,460	13,932,279	1,026,759	-	14,959,038	19,508,422	5%
Plant and machinery	117,178,828	-	-	117,178,828	83,048,208	2,389,143	-	85,437,352	31,741,476	7%
Electric Fittings	2,990,757	-	-	2,990,757	1,940,212	73,538	-	2,013,750	977,007	7%
Generator	520,565	-	-	520,565	272,308	17,378	-	289,686	230,879	7%
Office Equipments	6,500,166	47,500	-	6,547,666	4,300,488	157,302	-	4,457,790	2,089,876	7%
Furniture & Fixture	2,240,174	-	-	2,240,174	1,927,078	21,917	-	1,948,995	291,179	7%
Vehicle	252,471	44,000	-	296,471	197,782	19,738	-	217,520	78,951	20%
Leased assets										
Plant and Machinery	138,173,171	-	-	138,173,171	75,733,316	-	-	75,733,316	62,439,855	0%
30.06.2018	558,426,647	91,500	-	558,518,147	188,840,287	4,114,466	-	192,954,753	365,563,394	

	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	-	7,488,615	5,838,440	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	7%
Vehicles	-	-	-	-	-	-	-	-	-	20%
30.06.2017	558,372,447	54,200	-	558,426,647	184,452,410	4,387,876	-	188,840,286	369,586,361	

5.2 Depreciation for the period has been allocated as under.

	Note	2018 Rupees	2017 Rupees
Cost of sales	29	3,841,971	4,107,909
Administrative expenses	30	272,495	279,967
		4,114,466	4,387,876

ALI ASGHAR TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

		Note	2018 Rupees	2017 Rupees
6	**CAPITAL WORK IN PROGRESS**		**11,202,138**	-
			11,202,138	-

Capital work in progress relates to addition of warehousing space and addition of workers' buildings to implement logistics hub plan as approved by shareholders on last year AGM. It is expected to be completed by February 2019.

		Note	2018 Rupees	2017 Rupees
7	**LONG TERM INVESTMENTS**			
	Investment in Shares-			
	Engro Power Generation Qadirpur Limited	7.1	**14,652**	**14,630**
			14,652	14,630
7.1	Number of shares: 434, Rs.33.76/- each (2017: 434, Rs.33.71)		33.76	33.71
8	**LONG TERM DEPOSITS**			
	Deposits for Utilities		**886,169**	**886,169**
	Deposits for Leasing Companies		**1,450,000**	**1,450,000**
	Other Deposits		**-**	**-**
			2,336,169	2,336,169
9	**LONG TERM LOANS AND ADVANCES**			
	Considered good			
	Advances - unsecured			
	- to staff		1,905,976	2,508,576
	Advances Written off	31	-	(30,000)
	Less: Current Portion of loans and advances		(440,000)	(440,000)
			1,465,976	2,038,577

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	2018 Rupees	2017 Rupees
11	**STORES, SPARES AND LOOSE TOOLS**			
	Stores		-	921,968
	Spares and Loose Tools		-	19,301
			-	941,269
12	**INVENTORY**			
	Yarn		**1,980,000**	-
			1,980,000	-

Inventory is just Yarn bought for trading purposes as Management wants to trade in cotton yarn to test the market for a new business plan.

		Note	2018 Rupees	2017 Rupees
13	**LOANS AND ADVANCES**			
	Considered good			
	Advances - Unsecured			
	- to suppliers		**4,399,681**	4,180,078
	Advances to Staff			
	Advance for Imprest		**1,107,818**	667,977
	Current portion		**440,000**	440,000
			5,947,499	5,288,055

		Note	2018 Rupees	2017 Rupees
14	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Infrastructure fee	**14.1**	**1,611,230**	1,611,230
	Prepayments		-	-
			1,611,230	1,611,230

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

		Note	2018 Rupees	2017 Rupees
15	**OTHER RECEIVABLES**			
	Quality claim receivable	**15.1**	**7,362,359**	7,362,359
	Price difference claim	**15.2**	**14,000,000**	14,000,000
			21,362,359	21,362,359

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	2018 Rupees	2017 Rupees
16	**TAX REFUND**			
	Income Tax Refundable	**16.1**	**2,345,131**	1,542,464
	Sales tax receivable		**1,193,213**	653,478
	FED receivable		**15,347**	14,930
			3,553,691	2,210,872
16.1	**Income tax refundable**			
	Opening tax refundable		**14,363,904**	14,208,803
	Addition during the period		**-**	67,124
	Opening provision for tax liability		**(12,018,773)**	(11,464,540)
	Provision for current year		**-**	(1,268,923)
	Income Tax Refundable		**2,345,131**	1,542,464

		Note	2018 Rupees	2017 Rupees
17	**CASH AND BANK BALANCES**			
	Cash in Hand			
	-at Mill		19,718	37,400
	-at Head office		50,000	50,000
			69,718	87,400
	Cash at Banks - Current Accounts		165,632	881,454
			235,350	968,854

	Note	2018 Rupees	2017 Rupees

18 Issued, subscribed and paid-up capital

2018 Number of shares	2017		2018 Rupees	2017 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

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

19 INTEREST FREE DIRECTORS' LOANS

	Note	2018	2017
Loan from	19.1	**66,067,055**	-
		66,067,055	-

19.1 These loans are interest free and payable on demand

20 SURPLUS ON REVALUATION OF FIXED ASSETS

	2018	2017
Balance as at July 01,		
Land	**242,442,989**	242,442,989
Building - Mill	**5,626,372**	6,049,862
Building - Other	**11,062,935**	11,645,195
	259,132,296	260,138,046
Less: Incremental depreciation		
Building - Mill	**(393,846)**	(423,490)
Building - Others	**(553,147)**	(582,260)
Balance as at June 30,	**258,185,303**	259,132,296

20.1 The valuation has been performed on the basis of current market value. Latest revaluation of Land, Building and Plant & Machinery was carried out on June 30, 20011 by M/s Asif Associates (Pvt.) Ltd and before that 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

21 LONG TERM FINANCING

	Note	2018	2017
Loan from Directors		-	45,598,488
Loan from others		-	917,301
Loans from banking companies and Redeemable Capital	**20.1**	**58,508,315**	58,508,315
		58,508,315	105,024,104

20.1 Loans from banking companies and Redeemable Capital - secured

	Note	2018	2017
Redeemable Capital	**20.2**	**47,636,398**	47,636,398
Bank Alfalah Limited	**20.3**	**653,750**	753,750
Bank of Punjab	**20.4**	**18,770,615**	18,770,615
		67,060,763	67,160,763
Less: Current portion shown under current liabilities and redeemable capital		(8,552,448)	(8,652,448)
		58,508,315	58,508,315

		Note	2018 Rupees	2017 Rupees

	Lenders	Particulars	Mark-up rate p.a (%)	No. of instalments outstanding	Date of final repayment
20.2	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
20.3	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	2015
20.4	Bank of Punjab	This liability is against leasing facility. Case filed by the bank of punjab, See Note 24.1	-	-	-

22 DEFFERED LIABILITIES

	Note	2018	2017
Staff retirement benefits - gratuity	22.1	**1,669,515**	**2,785,015**
		1,544,717	2,785,015

22.1 Staff retirement benefits

	Note	2018	2017
Movement in Balance sheet liability			
Opening Balance		2,785,015	1,492,000
Expense for the year	22.2	245,501	384,204
Remeasurements recognised - (Gains) / losses	22.2	(235,299)	908,811
		2,795,217	2,785,015
Benefits paid during the year		(1,250,500)	-
Closing balance		**1,544,717**	2,785,015
Movements in present value of defined benefits			
PVDBO - opening		2,785,015	1,492,000
Current service cost		128,572	200,542
Interest cost		116,929	183,662
Remeasuremhts (gains)/losses		(235,299)	908,811
Benefits paid in the year		(1,250,500)	-
PVDBO - closing		**1,544,717**	2,785,015

22.2 Expense for the year

	2018	2017
Profit and Loss Account		
Current service cost	128,572	200,542
Interest cost	116,929	183,662
	245,501	**384,204**
Other Comprehensive Income		
Remeasurements in the year	(235,299)	908,811
Total	**10,202**	**1,293,015**

	Note	2018 Rupees	2017 Rupees

22.3 Other Information to be Disclosed

Principal actuarial assumption

Assumptions		
Discount rate	9.00%	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, 2019 Rs. 254,899

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	**50,217**	**(52,693)**
Increase in future salaries	**(51,720)**	**50,217**

Historical information

	2018	2017	2016	2015	2014
	- - - - - - - - - -	- - - - - - - - - -	R U P E E S	- - - - - - - - - -	- - - - - - - - - -
Present value of defined benefit obligation	**1,544,717**	**2,785,015**	1,492,000	1,329,000	1,161,500

23 TRADE & OTHER PAYABLES

	Note	2018	2017
Trade creditors		**9,958,660**	9,397,063
Accrued liabilities		**3,833,108**	9,191,165
Advance from customers		**2,426**	92,122
Excise and Taxation	**14.1**	**1,611,230**	1,611,230
Unclaimed dividend		**-**	239,589
		15,405,424	20,531,169

23.1 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.

		Note	2018 Rupees	2017 Rupees
24	**UNCLAIMED DIVIDENDS**			
	Unclaimed Interim Dividend 1995-1996		**27,875**	27,875
	Unclaimed Interim Dividend 1996-1997		**95,664**	95,664
	Unclaimed Interim Dividend 1999-2000		**116,050**	116,050
			239,589	239,589
25	**ACCRUED MARK-UP**			
	Accrued mark-up on:			
	- long term financing		**4,930,250**	4,930,250
			4,930,250	4,930,250

25.1 This balance includes markup payable to Bank of Punjab amounting to Rs. 4,930,250 (2017: Rs. 4,930,250), See Note 27.1

		Note	2018 Rupees	2017 Rupees
26	**BOOK OVERDRAFT**			
	Book overdraft	**26.1**	**8,075,600**	7,858,431
			8,075,600	7,858,431

26.1 This represents cheques issued by the Company in excess of balance at banks which remained unpresented till June 30, 2018.

27 CONTIGENCIES & COMMITMENTS

Contingencies

27.1 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

27.2 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

27.3 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.

27.4 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

		2018 Rupees	2017 Rupees
27.4	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, 2018.

		2018 Rupees	2017 Rupees
28	**RENTAL INCOME**		
	Rental Income	**12,134,101**	5,723,102
		-	-
		12,134,101	5,723,102
		-	-
		12,134,101	5,723,102

		Note	2018 Rupees	2017 Rupees
29	**COST OF SEERVICES**			
	Salaries, wages and benefits	29.1	**6,369,286**	6,584,112
	Power		**46,683**	41,000
	Repairs and maintenance		**205,591**	149,087
	Depreciation	5.2	**3,841,971**	4,107,909
	Utilities		**479,115**	868,872.00
	Printing and Stationery		**6,266**	7,920
	Conveyance charges mill		**95,510**	126,120
	Security Expeses Mill		**579,800**	-
			11,624,222	11,885,020

29.1 Salaries, Wages and Benefits include 245,501 (2017: Rs. 384,204) in respect of staff retirement benefits.

		Note	2018 Rupees	2017 Rupees
30	**ADMINISTRATIVE EXPENSES**			
	Directors' remuneration		**56,000**	-
	Travelling and conveyance		**247,920**	365,750
	Rent, rates and taxes		**624,360**	624,360
	Utilities		**1,147,743**	-
	Postage and telephone		**455,777**	371,440
	Printing and stationery		**263,757**	365,911
	Vehicles running and maintenance		**1,712,566**	1,486,998
	Fees and subscription		**551,591**	471,771
	Entertainment		**328,680**	299,837
	Legal and professional		**451,546**	5,000
	Auditors' remuneration	28.1	**200,000**	153,240
	Repairs and maintenance		**527,045**	637,009
	Depreciation	5.2	**272,495**	279,967
	Advertisement		**103,015**	60,168
	Insurance		**339,478**	281,664
	Security Expenses		**18,150**	707,120
			7,300,123	6,110,235
28.1	**Auditors' remuneration**			
	Annual audit		**150,000**	100,000
	Half yearly review		**50,000**	53,240
			200,000	153,240
31	**OTHER EXPENSES**			
	Prepaid Expenses Written off		**-**	320,400
	Advances Written off	9	**-**	30,000
	Bad debt expense		**-**	408,155
	Loss on Inventory Write Off		**(941,269)**	-
			(941,269)	758,555
32	**OTHER INCOME**			
	Scrap sales		**157,625**	217,500
	Unrealized Gain on trading securities		**22**	1,576
	Liability no longer payable		**2,000,000**	6,045
	Directors remuneration paybale waived off		**-**	2,781,706
			2,157,647	3,006,827

		Note	2018 Rupees	2017 Rupees
33	**FINANCE COST**			
	Bank charges, commission and others charges		**15,369**	**25,624**
			15,369	25,624
34	**LOSS PER SHARE**			
	Basic Loss Per Share			
	Profit after taxation		**(4,858,545)**	(11,362,385)
	Weighted average number of ordinary shares		**44,426,694**	44,426,694
	Loss per share - basic and diluted		**(0.11)**	(0.26)

Dilutive Earning Per Share

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

35 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	2018	2017
Rent and other expenses	Associated person	624,360	624,360
Loan received From Directors	Director	20,468,567	6,593,960

36 PLANT CAPACITY & ACTUAL PRODUCTION

Spinning units

	2018	2017
Total number of spindles installed	-	14,400
Installed capacity after conversion into 20/s lbs	-	3,576,183

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	2018	2017
Chief Executive		
Remuneration	-	-
Rent and utilities	**1,147,743**	-
	1,147,743	-
Number of person	**1**	1
Directors		
Remuneration	**56,000**	-
Rent and utilities	-	-
	56,000	-
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.

38 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.

38.1 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.

38.2 Exposure to credit risk

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

	30th June 2018	30th June 2017
	PKR	
Long term Investment	14,652	14,630
Long term deposits	2,336,169	2,336,169
Loans and advances	5,947,499	5,288,055
Trade deposits and short term prepayments	1,611,230	1,611,230
Other receivables	21,362,359	21,362,359
Cash and bank balances	235,350	968,854
	31,507,259	**31,581,297**

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.

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

Domestic	-	-
Export	-	-
	-	**-**

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

Yarn	-	-
Waste	-	-
Others	-	-
	-	**-**

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

Not past due	-	-
0 - 30 days past due	-	-
31 - 90 days past due	-	-
90 - 1 year past due	-	-
Over one year	-	-
	-	-
Impairment	-	-
	-	**-**

38.6 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.

38.7 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, 2018:

	June 30, 2018					
	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	-	-	-	-	-	
Long Term Deposits	833,850	-	-	-	833,850	-
Trade and other payables	15,405,424	-	-	-	15,405,424	-
Accrued mark up & interes	4,930,250	-	-	-	4,930,250	-
Short term borrowings	8,075,600	-	-	-	8,075,600	-
	87,753,439	**-**	**-**	**-**	**87,753,439**	**-**

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**	**-**

38.8 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.

38.9 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.

38.10 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

38.11 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.

38.12 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	14,652	14,630
Financial liabilities	8,075,600	7,858,431
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 2018	585,083	(585,083)	-	-
Cash sensitivity analysis Variable rate instruments 2017	585,083	(585,083)	-	-

38.13 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.

38.14 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.

38.15 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.

38.16 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.

39 NUMBER OF EMPLOYEES

	2018	2017
Total number of employees as at June 30	28	28
Average number of employees during the year	27	27

40 RECLASSIFICATION OF ACCOUNTS BALANCE

	2018	2017
Interest free Directors Loans	66,067,055	-

This balance has been moved from Long term financing Note no 21 to Note no 19 in Interest free Director Loans.

	2018	2017
Unclaimed Dividends	239,589	-

This balance has been moved from Long term financing Note no 23 to Note no 24 in Unclaimed Dividend.

41 DATE OF AUTHORIZATION FOR ISSUE

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

42 GENERAL

The figure have been rounded off to the nearest Rupee.

M.SULEMAN

NADEEM E. SHAIKH	ABDULLAH MOOSA	M.SULEMAN
Chief Executive	Director	Chief Finance Officer

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 ______________________

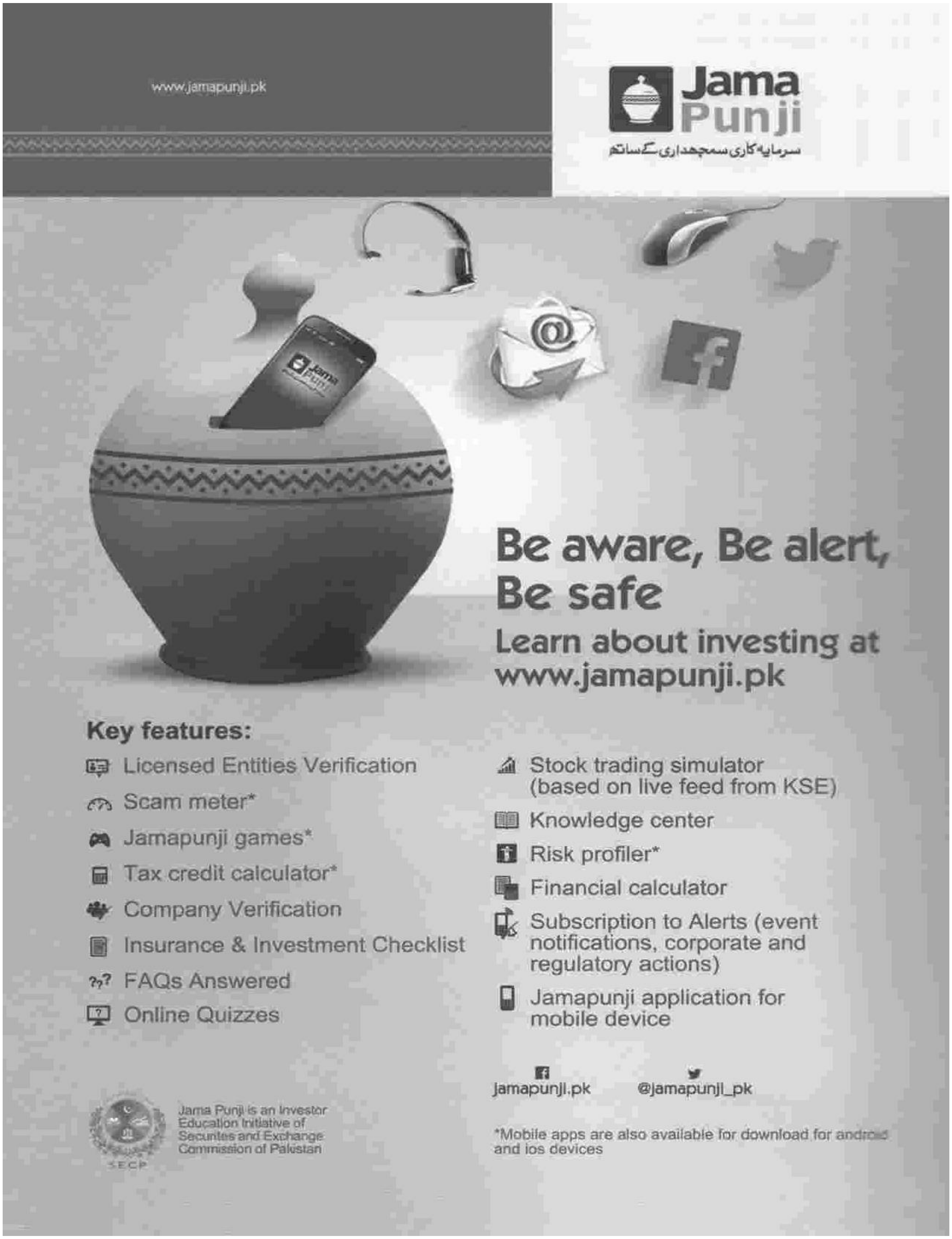
Place ____________ Date ____________

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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