

COMPANY INFORMATION

BOARD OF DIRECTORS:

CHIEF EXECUTIVE:
DIRECTORS:

MR. ZAHID ANWAR
MRS. RUKHSANA BEGUM
MR. IMRAN ZAHID
MR. ZEESHAN ZAHID
CH. GHULAM MURTAZA BUTTAR
MR. ZULQARNAIN
MR. ALI RAZA ZAFAR

AUDIT COMMITTEE:

CHAIRMAN:
MEMBER:
MEMBER:

MR. ZULQARNAIN
MR. ZEESHAN ZAHID
CH GHULAM MURTAZA BUTTER

HUMAN RESOURCES & REMUNERATION COMMITTEE:

CHAIRMAN:
MEMBER:
MEMBER:

MR. ALI RAZA ZAFAR
MR. ZEESHAN ZAHID
CH. GHULAM MURTAZA BUTTAR

COMPANY SECRETARY:

MR. ALLAH DITTAH

CHIEF FINANCIAL OFFICER:

MR. ABRAR MOHSIN

AUDITORS:

M/S ARSHAD RAHEEM & CO.
CHARTERED ACCOUNTANTS

BANKS:

AL BARAKA BANK (PAKISTAN) LIMITED
JS BANK LIMITED
NATIONAL BANK OF PAKISTAN
UNITED BANK LIMITED
DUBAI ISLAMIC BANK
HABIB BANK LIMITED

LEGAL ADVISOR:

MR. ZIA-UL-HAQ (ADVOCATE)

REGISTERED OFFICE:

JK HOUSE, 32-W, SUSAN ROAD,
MADINA TOWN, FAISALABAD

SHARE REGISTRAR OFFICE:

HAMEED MAJEED ASSOCIATES (PVT) LTD
1ST FLOOR, H.M HOUSE, 7-BANK SQUARE
LAHORE.

MILLS:

32-KM, SHEIKHUPURA ROAD, FAISALABAD

WEB SITE:

www.asimtextile.com

VISION

**TO TURN AROUND THE COMPANY INTO A
PROFITABLE UNDERTAKING ITS LIFE
AND TO BE A MARKET LEADER BY BEING
THE BEST LEADER BY BEING THE BEST**

MISSION

**TO PROVIDE FINE QUALITY PRODUCTS
TO ITS CUSTOMERS AND BRING THE
COMPANY INTO PROFIT TO INCREASE
SHAREHOLDERS' WEALTH**

**ASIM TEXTILE MILLS LIMITED
NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that Annual General Meeting of the members of Asim Textile Mills Limited will be held at registered office, JK House, 32-W, Susan Road, Madina Town, Faisalabad at 9:30 AM on 28.10.2019 to transact the following business :-

1. To confirm the minutes of the Annual General Meeting held on 28.10.2018.
2. To receive, consider and adopt the audited accounts of the company for the year ended June 30, 2019 together with the Directors' and Auditor's reports thereon.
3. To appoint auditors for the year ending June 30, 2020 and fix their remuneration. The retiring auditors M/S Arshad Raheem & Co. Chartered Accountants being eligible offered themselves for reappointment.
4. To transact any other business with the permission of the chair.

FOR AND ON BEHALF OF THE BOARD

FAISALABAD: 05.10.2019

(Company Secretary)

NOTES :

1. The share transfer books of the company will remain closed from 21.10.2019 to 28.10.2019 (both days inclusive).
2. A member entitled to attend and vote at the general meeting is entitled to appoint another member as proxy. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time for the meeting.
3. CDC shareholders are requested to bring with them their National Identification Cards alongwith participants ID and their account number at the time of Annual General Meeting' in order to facilitate identification. In case of a corporate entity, a certified copy of the resolution passed by the Board of Directors/valid power of attorney with the specimen signatures of the nominee be produced at the time of meeting.
4. Members are requested to immediately notify the change in their addresses, if any.

ASIM TEXTILE MILLS LIMITED

CHAIRMAN, S REVIEW

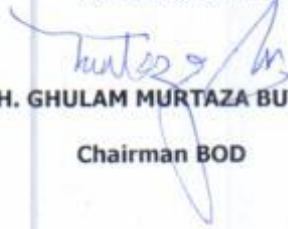
We are pleased to present the financial results of the Company. The Sale has increased of this year as compared to the last year & company has earned Rs. 56.169 million in this year as compared to the last year.

We are confident that our existing business trend will continue adding to sustainable growth to achieve better results during the current year and the rise in other avenues of business will further add value to the net worth of the company.

The management remains committed to maintain focus on sustaining the financial performance of your company. We thank our shareholders, customers and staff for their support and trust in the company.

In the end, I would like to thank the Board of Directors for their valuable contribution and guidance throughout the period.

For and on behalf of the Board



CH. GHULAM MURTAZA BUTTAR

Chairman BOD

October 05, 2019.

Faisalabad.

عاصم ٹیکسٹائل ملز لمیٹڈ

چیئرمین کا جائزہ

ہم بعد غوثی کھٹی کے مالی نتائج پیش کر رہے ہیں، اس سال کی سال پچھلے سال کی سال کے مقابلے میں زیادہ ہے۔ اور اس سال نتائج پچھلے سال کی نسبت بڑھ ہو کر 5.61691 کروڑ ہوا ہے۔

ہم اس بات پر امید ہیں کہ کھٹی اس سال کی ترقی کی طرف گامزن رہے گی۔ اور اس سال بہتر نتائج حاصل کرنے کیلئے کاروبار کے بہترین طریقے اختیار کریں گے۔

تجربہ اس سلسلے میں پر عزم ہے کہ آپ کی کھٹی کی مالی کارکردگی کو برقرار رکھنے کے معاملے پر خصوصی توجہ مرکوز رکھے۔ ہم اپنے حصص یافتگان، کسٹمرز اور عطف کے شکر گزار ہیں جنکی مدد اور اتحاد کھٹی کو حاصل رہا۔

آخر میں میں ہر وہ آف ڈائریکٹرز کا بھی شکریہ ادا کرنا چاہتا ہوں جن کی طرف سے ہر سال کے دوران قیمتی شراکت اور رہنمائی فراہم کی جاتی رہی۔

ہر وہ کی طرف سے

05 اکتوبر 2019

فیصل آباد

چیئرمین ہر وہ آف ڈائریکٹرز
پابندی تمام ہر نفسی ہر

DIRECTORS' REPORT

Your Board of Directors is pleased to present 30th annual report together with audited accounts of the Company for the year ended June 30, 2019.

Operating Indicators	June 30, 2019 Rupees in Millions	June 30, 2018 Rupees in Millions
Sales	1786.446	1,433.635
Gross Profit	109.344	87.546
Provision for taxation	24.425	17.010
Profit after Taxation	56.169	41.736
Profit per share	3.70	2.75

Future Outlook:

The Company is steadfast on its stated strategic initiatives aimed at enhancing margins by drastically improving operations and affecting across the board cost reductions through efficiency in manufacturing. Steps are taken to improve the financial health of the company by overhauling plant and machinery to improve product quality and performance. Despite of the very challenging business conditions, we are immensely hopeful for positive prospects in future

Compliance to good Governance and social requirements

Your company is committed to fulfill its responsibilities towards good governance, social and environmental responsibilities. To protect health and safety of employees and environment, company provides able conditions and means to ensure compliance.

Human Resource and industrial relations

Under a defined and documented criteria in line with national and international laws people are recruited and hired. This is demonstrated at all level beyond any racism, cast, sex or religion and respects human rights, ethics and standards.

Court Cases:

The company has instituted a suit in the Honorable Lahore High Court, Lahore against Faysal Bank Limited claiming damages on account of acquisition of un-remunerative agricultural land on the advice of FIBL for not providing timely cash finance facilities despite written commitments and for charging illegal profits against the principles of Islamic Banking and in contravention of the objective clause of its Memorandum of Association, Articles of Association and against circulars issued by the State Bank of Pakistan. The amount claimed for the first two counts is Rs.141.831 million (including claims of Central Excise Duty), whereas the amount of last count has been left for the Court to determine.

The counter suit filed by the Faysal Bank for recovery of Rs. 454.502 million along with costs and cost of funds before the Honorable Lahore High Court (Single Judge), Lahore has been adjudicated on 04.06.2015 against the company. The company has filed an appeal in Honorable Lahore High Court, Lahore (Division Bench) vide R.F.A. No. 1372/2015 on various grounds including the company being condemned unheard.

However, in this regard directors' and the management of the company are confident that these cases are based and being contested on strong legal grounds and are likely to be decided in Company's favor.

Auditor's Observations:

The auditors have expressed uncertainty in their audit report about the Company's ability to continue as a going concern due to accumulated loss of Rs.151.899 million against the paid up share capital of Rs. 151.77

million and the provision for cost of fund has not been accounted for in the Financial Statements in line with the decision of Lahore High Court, Lahore in counter suit filed by Faisal bank Limited as described in the auditors' report to the members.

In this regard the management of the company is optimistic that there are no significant doubts about the company's ability to continue as a going concern as described in Note. 1.2 Of these Financial Statements.

The management has filed an appeal in the Lahore High Court, Lahore (D.B) vide R.F.A. No. 1372/2015 on various grounds including the company being condemned unheard. The management of the company is of the opinion that this case is based and being contested on strong legal grounds and is likely to be decided in Company's favor. Therefore, no provision for cost of funds is accrued.

Regarding the auditor's reservation of going concern relating to note 1.2 of financial statements, the management of the company is making its strenuous efforts, optimal production strategies and effective cost controls to improve the profitability of the company. The management is quite optimistic that balancing and modernization of plant and machinery, improvement in future industry situation and better production efficiency will definitely improve the future financial results. The management positively looks forward to counter all challenges and is firmly committed to deliver the best possible results and will continue to meet its objectives and goals. Based upon these aspects and continuing financial support from directors and associates, the financial statements have been prepared on going concern basis.

We confirm that:

- a) Financial statements have been prepared in conformity with the requirement of the Companies Act 2017 and present fairly state of affairs, results of its operation, cash flows and changes in equity.
- b) Proper books of accounts have been maintained in the manner required under Companies act 2017.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- e) The system of internal control is being implemented and monitored.
- f) There are no significant doubts about the company's ability to continue as a going concern.
- g) There has been no material departure from best practices of corporate governance, as detailed in listing regulations.
- h) The key operating and financial data of last six years is annexed to this report.
- i) Outstanding duties and taxes, if any, have been disclosed in the financial statements.
- j) The Chairman's review dealing with the performance of the Company during the year ended June 30, 2019 forms part of this report.
- k) Value of investments of Employees Provident Fund was Rs. 12.178/- millions for the year ended June 30, 2019.
- l) Company has arranged in-house training program for its Directors.
- m) Statement of compliance with the Best Practices of Corporate Governance is annexed.
- n) We confirm that directors and CFO and their spouse and minor children have made no transactions of the Company's shares during the year.
- o) The pattern of shareholding as at June 30, 2019 is annexed with this report.

- During the year under review, five meetings of the Board were held:-

Mr. Zahid Anwar	5	Mr. Zeeshan Zahid	4
Mrs. Rukhsana Begum	4	Ch. Ghulam Murtaza Buttar	4
Mr. Imran Zahid	5	Mr. Zulqarnan	5
Mr. Ali Raza Zafar	5		

- The Audit Committee held four (4) meetings during the year. Attendance by each member was as follows:

Ch Ghulam Murtaza Buttar	3	Mr. Zeeshan Zahid	4	Mr. Zulqarnan, Chairman	4
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- The HR Committee held one (1) meeting during the year. Attendance by each member was as follows:

Ch Ghulam Murtaza Buttar	1	Mr. Zeeshan Zahid	1	Mr. Ali Raza Zafar Chairman	1
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- Considering the accumulated losses brought forward, no dividend is recommended for the year ended June 30, 2019.
- Present auditors, M/s Arshad Raheem & Co., Chartered Accountants, retire and offer themselves for re-appointment. The Audit Committee has recommended the re-appointment of retiring auditors for the year 2020 on same terms and conditions.
- The remuneration of the Board members is approved by the Board itself. However in accordance with the code of corporate Governance it is ensured that no Director takes part in deciding his own remuneration.
- No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which this balance sheet relates and the date of the Director's Report.
- Transactions undertaken with related parties during the financial year have been ratified by the Audit Committee and approved by the Board.

On behalf of board of directors.

Zahid Anwar
Chief Executive
October 05, 2019.

ڈائریکٹرز رپورٹ برائے ممبران

آپ کے ڈائریکٹرز 30.06.2019 کے مالی سال کے اختتام پر تیسویں سالانہ اجلاس کے انعقاد پر خوشی محسوس کرتے ہیں

مالیاتی نتائج

	روپے (ملین میں)	
	اختتام مالی سال	اختتام مالی سال
	30.06.2019	30.06.2018
سیلز	1786.446	1433.635
قبل از ٹیکس منافع	109.344	87.546
ٹیکس	24.425	17.010
بعد از ٹیکس منافع	56.169	41.736
	=====	=====
فی شیئر آمدنی - بنیادی (روپے)	3.70	2.75

مستقبل کا نقطہ نظر

کمپنی کاروباری لاگت میں کمی آپریشن میں بہتری کی بدولت منافع میں مسلسل اضافہ کے عزم پر قائم ہے۔ پلانٹ اور مشینری کی مرمت عمل میں لائی جا رہی ہے تاکہ اس کی کارکردگی اور مصنوعات کی کوالٹی میں اضافہ ہو سکے۔

کارپوریٹ سماجی ذمہ داری

آپ کی کمپنی ماحولیاتی ملازمین اور برادری کی سماجی ذمہ داریوں سے بخوبی واقف ہے۔ اسی سلسلے کے پیش نظر بین الاقوامی کے معیار کو اپناتا ہوئے تھری پارٹی حقیقت حاصل کر رکھا ہے جو کہ درج ذیل ہے:

انسانی وسائل اور صنعتی تعلقات

کمپنی نے قومی اور بین الاقوامی معیار کے مطابق ملازمین کی شمولیت کیلئے اصول وضع کر رکھے ہیں یہ اصول نسل پرستی، ذات اور جنس کو خاطر میں لانے بغیر وضع ہیں۔ اس کے علاوہ کمپنی میں دوستانہ ماحول میں کام کو یقینی بنانے کیلئے بھی اصول وضع اور اپنا بنا رکھے ہیں یہی چیز روزگار کے حصول کو منظم کرتی ہے۔

کورٹ کیسز

کمپنی نے فیصل بینک لمیٹڈ کی تجویز پر غیر زرعی زمین خریدی اور رقم کی بروقت ادائیگی کیلئے پیشگی تحریری معاہدہ بھی کیا تاہم فیصل بینک نے بروقت رقم نہیں دی جس سے کمپنی کو نقصان پہنچا اور فیصل بینک نے اسلامی بینکنگ کے اصولوں، میٹروپولیٹن آف ایسوسی ایشن، آرٹیکل آف ایسوسی ایشن اور سٹیٹ بینک کی جانب سے جاری کردہ سرکلرز کے خلاف کمپنی سے منافع وصول کیا۔ اس بنا پر کمپنی نے نقصان کے ازالے کیلئے فیصل بینک کے خلاف لاہور ہائی کورٹ لاہور میں کیس دائر کیا ہوا ہے۔ پہلی دو شماروں کی رقم 141.831 ملین روپے بنتی ہے جس میں سنٹرل ایکسائز ڈیوٹی کی رقم بھی شامل ہے۔

فیصل بینک کی جانب سے بھی 454.502 ملین روپے کی وصولی کیلئے لاہور ہائی کورٹ (سنگل جج) کی عدالت میں کیس دائر کیا گیا جس کا فیصلہ مورخہ

04.06.2015 کو سمیٹی کے خلاف آیا تاہم سمیٹی نے لاہور ہائی کورٹ لاہور ڈویژن بیچ میں مختلف وجوہ بشمول سمیٹی کا موقف نہ سنا جانا کی بنیاد پر بحوالہ نمبر R.F.A. 1372/2015 کی رو سے کیس دائر کیا ہوا ہے۔ تاہم سمیٹی اور انکی انتظامیہ خود اعتماد ہیں کہ کیس کی بنیاد مضبوط ہے اور اسکا فیصلہ سمیٹی کے حق میں آنے کی امید ہے

آڈیٹرز کے مشاہدات

آڈیٹرز نے اپنی آڈٹ رپورٹ میں منفی رپورٹ دی ہے کہ سمیٹی کی ساکھ Going Concern سے مطابقت نہیں رکھتی جس کی وجہ سے اس سال ایکویٹی 151.899 ملین روپے جبکہ ادا شدہ سرمایہ 151.77 ملین روپے ہے اس کے علاوہ فیصل بنک کی جانب سے دائر کردہ کیس جو کہ آڈیٹرز رپورٹ میں بیان کیا گیا ہے اور لاہور ہائی کورٹ لاہور کے سمیٹی کے خلاف فیصلے کے باوجود Cost of Fund کی رقم کو مالیاتی تفصیلات میں شامل نہیں کیا گیا سمیٹی کی انتظامیہ اس حوالے سے پراسید ہے کہ سمیٹی کے چلنے رہنے میں کوئی شک نہیں جیسا کہ مالیاتی تفصیلات کے نوٹ نمبر 1.2 میں بیان کیا گیا ہے انتظامیہ نے لاہور ہائی کورٹ لاہور میں مکمل طور پر نہ سنے جانے اور مختلف وجوہات کی بنا پر اپیل نمبر R.F.A. 1372/2015 دائر کر رکھی ہے اور پراسید ہے کہ کیس کا فیصلہ سمیٹی کے حق میں کیا جائے گا اسلئے Cost of Fund کی رقم کو شامل نہیں کیا گیا۔

ذیل جائزہ سال کے دوران پانچ اجلاس منعقد ہوئے ہر ایک ڈائریکٹر کی حاضری حسب ذیل ہے۔

نام ڈائریکٹر	تعداد حاضری
جناب زاہد انوار (CEO)	5
جناب عمران زاہد	5
محترمہ رشانہ بیگم	4
جناب ذیشان زاہد	4
جناب چوہدری غلام مرتضیٰ بٹر	4
جناب علی رضا ظفر	5
جناب ذفر تمین	5

آڈٹ کمیٹی کی طرف سے سال کے دوران چار اجلاس منعقد ہوئے ہر ایک ڈائریکٹر کی حاضری حسب ذیل ہے۔

جناب چوہدری غلام مرتضیٰ بٹر	3
جناب ذیشان زاہد	4
جناب ذفر تمین	4

ایچ آر کمیٹی کی طرف سے سال کے دوران ایک اجلاس منعقد ہوا ہر ایک ڈائریکٹر کی حاضری حسب ذیل ہے

جناب چوہدری غلام مرتضیٰ بٹر	1
جناب ذیشان زاہد	1
جناب علی رضا ظفر	1

سمیٹی کے گزشتہ سالوں کے تقاضات کو دیکھتے ہوئے کسی قسم کے دیوڈنڈ کی منظوری نہیں دی گئی۔

موجودہ آڈیٹرز ارشد رحیم اینڈ کو چارٹرڈ انٹرنس ریٹائر ہو گئے تاہم دوبارہ تعیناتی کی پیشکش کی گئی جنہیں دوبارہ تعیناتی کیلئے آڈٹ کمیٹی نے تجویز بھی دی ہے۔

اعتراف

بورڈ اس موقع پر اپنے محرز حصص داروں کی مسلسل حمایت اور حوصلہ افزائی کیلئے ان کی شکر گزار ہے اور اسی موقع پر بورڈ اپنے ملازمین کی انتظامیت اور کام سے ان کا وہ کی بھی تعریف کرتا ہے

بورڈ کی جانب سے
چیف ایگزیکٹو آفیسر

تاریخ: 5 اکتوبر 2019

فیصل آباد

**STATEMENT OF COMPLIANCE
WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017
ASIM TEXTILE MILLS LIMITED
FOR THE YEAR ENDED JUNE 30, 2019**

The Company has complied with the requirements of the regulations in the following manner:

1. The total number of directors is 7 as per the following:

- a. Male: 6 members
- b. Female: 1 member

2. The composition of Board of Directors (the Board) is as follows:

Category Names

- a) Independent Directors: Mr. Zulqarnain
Mr. Ali Raza Zafar.
- b) Other Non-executive Directors Mr. Zeeshan Zahid
Mr. Ghulam Murtaza Buttar.
- c) Executive Directors Mr. Zahid Anwar
Mr. Imran Zahid
Mrs. Rukhsana Begum

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The Board has developed a vision / mission statement overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board /shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

8. The Board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The directors were apprised about the changes in the Code, applicable laws and their duties and responsibilities to effectively manage affairs of the company for and on behalf of the shareholders. The directors of the company having fourteen years of education and fifteen years of experience on the board are exempt from the requirement of directors' training program. All the board members except three qualify for exemption under this provision of the regulations. The company will arrange the training program for the directors as provided under the regulation in future.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees comprising of members given below:

a) Audit Committee

1. Ms. Zulqarnain Chairman
2. Mr. Zeeshan Zahid Member
3. Mr. Ch. Ghulam Murtaza Buttar

b) HR and Remuneration Committee

1. Mr. Ali Raza Zafar Chairman
2. Mr. Zeeshan Zahid Member
3. Mr. Ch. Ghulam Murtaza Buttar Member

13. The terms of reference of the audit committee and HR and Remuneration Committee have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

a) Audit Committee

The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Regulations.

b) HR and Remuneration Committee

The meeting of the HR and Remuneration Committee was held once during the year.

15. The Board has set up an effective internal audit function and that is involved in Internal Audit on full time basis relating to the business and other affairs of the company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board 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 ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

Place: Faislabad.


Zahid Anwar (Chief Executive).

October 05, 2019.

ASIM TEXTILE MILLS LIMITED

KEY OPERATING & FINANCIAL DATA FOR LAST SIX YEARS

Particulars	2018	2017	2016	2015	2014	2013
Financial Position						
Paid up capital	151.770	151.770	151.770	151.770	151.770	151.770
Fixed assets	888.394	891.550	888.166	681.197	676.73	661.393
Accumulated depreciation	398.986	381.333	354.768	329.093	309.769	289.974
Current assets	406.424	353.990	282.636	357.598	358.601	303.484
Current liabilities	662.474	663.819	644.989	649.528	650.398	232.427
Income						
Sales	1433.635	1214.020	1092.539	1129.414	1,314.143	1,130.026
Other income	3.433	3.548	4.881	16.494	10.820	6.792
Pre tax profit/(loss)	58.746	39.939	(13.283)	(13.435)	70.475	104.064
Taxation charge/(credit)	17.009	10.613	0.004	4.163	41.828	2.696
Statistics & Ratios						
Pre tax profit/(loss) to sales %	4.1	3.29	(1.22)	(1.19)	5.36	9.21
Pre tax profit/(loss) to capital %	38.71	26.32	(8.75)	(8.85)	46.44	68.57
Current ratio	1:1.61	1: 1.53	1: 1.44	1: 1.55	1: 1.55	1: 1.30
Paid up value per share (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00
Earnings/(loss) after tax per share (Rs.)	2.75	1.93	(0.88)	(1.16)	1.89	6.68
Cash dividend%						
Break up value per share (Rs.)	(4.09)	(7.22)	(9.89)	(9.63)	(8.83)	(11.15)

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**Review Report to the Members
on Statement of Compliance with best Practices of Code of
Corporate Governance**


We have reviewed the Statement of Compliance with the best practices (the statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Asim Textile Mills Limited (the Company) for the year ended June 30, 2019 to comply with the requirements of Listing Regulations of Pakistan Stock Exchange where the company is listed.

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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls, or to form an opinion on effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of its related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transaction and transactions which are not executed at arm's length price and recording proper justification for using such alternate price mechanism. We are only required and have ensured compliance of requirement to the extent of approval of related party transaction by the Board of Directors upon recommendation of Audit Committee. We have not carried out any procedure 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 Company's compliance, in all material respects, with the best practice contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2019.


ARSHAD RAHEEM & CO
Chartered Accountants
Engagement Partner: Arshad Raheem

LAHORE: 05 OCT 2019

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INDEPENDENT AUDITOR'S REPORT

To the members of ASIM TEXTILE MILLS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **ASIM TEXTILE MILLS LIMITED** ("**the Company**"), which comprises the statement of financial position as at June 30, 2019, the statement of profit or loss, the statement of 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 purpose of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters stated in basis for opinion paragraph, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the international Financial Reporting Standard (IFRSs) as applicable in Pakistan, and, given the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2019 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified 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 Auditor's 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.

Short term borrowings include Morahaba Finance obtained from Faisal Bank Limited amounting to Rs. 417.590 million on 31st October 1999 in respect of which the Company has filed suit against bank for charging illegal profits against principal of Islamic Banking and in contravention of objective clause of Memorandum of Association, Article of Association and against circulars issued by State

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Bank of Pakistan. Faisal Bank Limited filed a counter suit which has been adjudicated on 04-06-2015 against the Company (Note 18 & 19) as a result of which the Company has to settle the loan along with profit and cost of fund. Profit on these loans amounting to Rs 194.161 million have already been provided for; however the litigation is decided against the Company further provision or cost of funds has not been accounted for, having been undeterminable at this stage, by the management as the Company has filed an appeal in Honourable Lahore High Court, Lahore (Division Bench) vide R.F.A No.1372/2015 based on infield favourable judgments of Honourable Lahore High Court, Lahore

Material Uncertainty relating to Going Concern

We draw attention of the members to the contents of note 1.2 to the annexed financial statements, which indicates that its accumulated loss stands at Rs. 151.899 million against the paid up share capital of Rs. 151.770 as at June 30, 2019 and as of that date, the Company's current liabilities exceeded its current assets by Rs. 183.848 million. Although the Company has earned net profit of Rs. 56.168 million during the current year but these factors indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our audit report.

Following are the Key Audit Matter(s):

S. No	Key Audit Matter(s)	How the Matter was addressed in audit
1.	Revenue recognition:	
	Refer note 20 and 4.19 to the accompanying financial statements, the Company generates revenue from sale of yarn to domestic customers. The Company recognized revenue of Rs.1,786.445 million which was higher by 25% as compared to last year.	In this regard, our audit procedures included: <ul style="list-style-type: none"> Understanding the policies and procedures applied to revenue recognition, as well as compliance therewith, including an analysis of the effectiveness of controls related to revenue recognition processes employed by the company.

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	<p>As per ISA 240, there is a presumed risk of material misstatement due to inappropriate revenue recognition. This may either result from an overstatement of revenues through premature revenue recognition or recording fictitious revenues or understatement of revenues through improperly shifting revenues to a later period.</p> <p>This revenue may also be manipulated through the use of inappropriate rates for the overstatement of revenue to achieve desired financial results.</p> <p>In view of significant doubt about the Company's ability to continue as a going concern and presumed risk of material misstatement involved, we have considered this as a key audit matter.</p>	<ul style="list-style-type: none"> • Performing cut-off procedures for a sample of revenue transactions at year end in order to conclude on whether they were recognized at the moment the related transaction actually took place. • Analyzing other adjustments and credit notes issued after the reporting date. • Performing analytical procedures on entries in the daily ledger related to revenue made by the Company. These procedures were carried out paying special attention to accounting entries recorded close to the year-end closing or subsequently, as well as those deemed unusual due, among other reasons, to their nature, amount, and date of occurrence. • Reviewing disclosures included in the notes to the annexed financial statements.
<p>2.</p>	<p>Inventories</p> <p>The company has significant levels of inventories amounting to Rs. 168.649 million as at the reporting date, being 17% of the total assets of the company.</p> <p>There is a risk in estimating the eventual NRV of items held, as well as assessing which items may be slow-moving or obsolete.</p> <p>The Company's principal accounting policy on stores and spares and stock in trade are disclosed in notes -4.2 and 4.3 to the financial statements.</p>	<p>Our audit focused on whether the valuation of year-end inventory was in line with IAS 2. This included challenging judgments taken regarding obsolescence and net realizable value provisions. We obtained assurance over the appropriateness of management's assumptions applied in calculating the value of inventories by:</p> <ul style="list-style-type: none"> • Attending the year end stock take to gain comfort over the existence and condition of inventories and internal controls designed by the company. • Obtaining the final valuation sheets of the inventories and tracing quantities from working papers of observation of physical stock taking. • Obtaining understanding of internal controls designed by the company over recording of purchases and valuation of the inventories, and testing their operating effectiveness on sample basis.

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		<ul style="list-style-type: none"> • Assessing historical costs recorded in the inventory valuation by performing test of details on purchases. Evaluating that the valuation basis used are appropriate and consistent except for change in policy as disclosed in note 5.18.1, including analysis of costing of different items on sample basis. • Assessing the management's determination of the net realizable values and intended use of the inventories including performing tests on the sales prices fetched by the company before and after year end. • Performing analytical and other relevant audit procedures. • Considering the adequacy of the company's disclosures in respect of inventories.
3.	Trade Debts	
	<p>Refer note 9 to the accompanying financial statements, The Company's trade debtors were Rs. 72,622 million as at June 30, 2019 which is a significant balance.</p> <p>We identified the recoverability of trade debtors as a key audit matter because estimating the recoverable amount involves inherent uncertainty and significant management judgement.</p>	<p>Our audit procedures to assess the valuation of trade debts, amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of and assessing the design and implementation of management's key internal controls relating to credit control, debt collection and making allowances for doubtful debts; • Assessing, on a sample basis, whether items in the trade debtors 'aging report were classified within the appropriate ageing bracket by comparing individual items in the report with underlying documentation; • Assessing the assumptions and estimates made by the management for the provision for doubtful debts, if any; and • Comparing, on a sample basis, receipts from customers subsequent to the financial year end relating to trade debtor balances as at June 30, 2019 with underlying documentation.



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Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the (information included in the Director's report, but does not include the financial statements and auditor's 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 information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of the Companies Act, 2017 (XIX of 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.

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

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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/branches 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 in accordance with 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).



ARSHAD RAHEEM & CO
Chartered Accountants
Arshad Raheem

LAHORE: 05 OCT 2019

ASIM TEXTILE MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

ASSETS	Note	2019 Rupees	2018 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	5	466,717,972	489,408,281
Long term deposits	6	15,038,156	15,038,156
		<u>481,756,128</u>	<u>504,446,437</u>
CURRENT ASSETS			
Stores and spares	7	11,554,100	11,646,158
Stock in trade	8	168,649,353	170,833,538
Trade debts	9	72,622,128	45,030,153
Advances and prepayments	10	42,553,113	6,052,467
Short term investment	11	17,357,041	19,929,127
Balance with statutory authorities	12	30,420,121	32,033,872
Cash and bank balances	13	141,701,947	120,898,354
		<u>484,858,403</u>	<u>406,423,670</u>
		<u>966,614,531</u>	<u>910,870,107</u>
SHARE CAPITAL AND RESERVES			
Authorized capital			
17,500,000 ordinary shares of Rs.10 each		<u>175,000,000</u>	<u>175,000,000</u>
Issued, subscribed and paid up capital			
15,177,000 ordinary shares of Rs. 10 each, fully paid in cash		151,770,000	151,770,000
Accumulated loss		(151,899,854)	(213,784,444)
Surplus on revaluation of property plant and equipment	14	191,560,975	199,848,464
		191,431,121	137,834,020
NON CURRENT LIABILITIES			
Deferred liabilities	15	106,678,901	110,561,743
CURRENT LIABILITIES			
Trade and other payables	16	51,630,265	50,722,215
Accrued mark up	17	194,161,422	194,161,422
Provision for income tax		5,122,115	-
Short term borrowings	18	417,590,707	417,590,707
		668,504,509	662,474,344
CONTINGENCIES AND COMMITMENTS			
	19	-	-
		<u>966,614,531</u>	<u>910,870,107</u>

The annexed notes 1 to 36 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

ASIM TEXTILE MILLS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
Sales	20	1,786,445,500	1,433,834,887
Cost of sales	21	<u>1,677,101,721</u>	<u>1,346,088,953</u>
Gross Profit		109,343,779	87,545,934
Operating expenses			
Administrative expenses	22	<u>30,996,112</u>	<u>27,563,370</u>
Other operating expenses	23	<u>6,284,765</u>	<u>4,628,311</u>
		37,280,877	32,191,681
		<u>72,062,902</u>	<u>55,354,253</u>
Other operating income	24	<u>8,586,498</u>	<u>3,433,283</u>
		80,649,400	58,787,536
Finance cost		56,267	41,357
Profit before taxation		<u>80,593,133</u>	<u>58,746,179</u>
Taxation	25	<u>24,424,546</u>	<u>17,009,770</u>
Profit for the year		<u>56,168,587</u>	<u>41,736,409</u>
Profit per share - basic and diluted	26	<u>3.70</u>	<u>2.75</u>

The annexed notes 1 to 36 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

ASIM TEXTILE MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees	Rupees
Profit for the year	56,168,587	41,736,409
Other comprehensive income :		
Items that will not be reclassified subsequently to profit or loss		
Unrealized loss on changes in fair value of investment	(2,571,486)	(3,122,589)
Total comprehensive income for the year	<u>53,597,101</u>	<u>38,613,820</u>

The annexed notes 1 to 36 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

ASIM TEXTILE MILLS LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees	Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	80,593,133	58,746,179
Adjustments for non cash and other items:		
Depreciation	24,741,861	25,160,730
Profit on deposit accounts	(7,068,028)	(4,192,701)
(Gain)/Loss on disposal of fixed asset	(951,552)	832,677
Provision for WWF	1,940,870	
Profit on deposit with SNGPL	(498,274)	(41,630)
Finance cost	56,267	41,357
Cash generated before changes in working capital	98,814,276	80,546,612
Changes in working capital		
(Increase) / decrease in current assets		
Stores and spares	92,058	3,464,582
Stock in trade	2,184,185	(32,371,871)
Trade debts	(27,591,975)	(9,854,650)
Advances and prepayments	(36,366,103)	(857,233)
Tax refunds due from Government	(1,367,059)	(1,130,174)
Increase / (decrease) in current liabilities		
Trade and other payables	(1,032,820)	(1,344,998)
	(64,081,713)	(42,094,344)
Cash generated from operations	34,732,563	38,452,267
Finance cost paid	(56,267)	(41,357)
Taxes paid	(20,039,682)	(14,925,845)
Insurance claim	1,000,000	-
Staff retirement gratuity paid	(164,780)	(368,768)
	(19,260,729)	(15,335,970)
Net cash generated from operating activities	15,471,834	23,116,297
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Addition in property, plant and equipment	(2,100,000)	(6,414,792)
Long term deposits	-	(3,620,000)
Sale proceeds from the disposal of assets	-	1,230,000
Profit on deposits	7,431,759	4,434,702
Net cash used in operating activities	5,331,759	(4,370,090)
Net increase in cash and cash equivalents	20,803,593	18,746,207
Cash and cash equivalents at the beginning of the year	120,898,354	102,152,147
Cash and cash equivalents at the end of the year	141,701,947	120,898,354

The annexed notes 1 to 36 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

ASIM TEXTILE MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	Capital	Revaluation surplus on plant and equipment	Accumulated Loss	Total
	----- Rupees -----			
Balance as at July 01, 2017.	151,770,000	208,793,666	(261,343,466)	99,220,200
Profit for the year	-	-	41,736,409	41,736,409
Surplus on revaluation adjusted during the year	-	(159,653)	159,653	-
Other comprehensive loss	-	-	(3,122,589)	(3,122,589)
Transfer of incremental depreciation on revalued assets for the year	-	(12,520,923)	12,520,923	-
Tax effect on incremental depreciation	-	3,735,374	(3,735,374)	-
Balance as at June 30, 2018	<u>151,770,000</u>	<u>199,848,464</u>	<u>(213,764,444)</u>	<u>137,834,020</u>
Profit for the year	-	-	56,168,587	56,168,587
Other comprehensive loss	-	-	(2,571,486)	(2,571,486)
Transfer of incremental depreciation on revalued assets for the year	-	(11,839,271)	11,839,271	-
Tax effect on incremental depreciation	-	3,551,782	(3,551,782)	-
Balance as at June 30, 2019	<u>151,770,000</u>	<u>191,560,975</u>	<u>(151,899,854)</u>	<u>191,431,121</u>

The annexed notes 1 to 36 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

ASIM TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1. THE COMPANY AND ITS OPERATIONS

- 1.1** The Company is limited by shares and incorporated in Pakistan under the Companies Act, 2017. Its shares are quoted at Karachi, Islamabad and Lahore Stock Exchanges, with effect from January 11, 2016 all three Stock Exchanges merged into Pakistan Stock Exchange. The principal business of the Company is manufacturing and sale of yarn. The Mill is situated at Tehsil Jaranwala, District Faisalabad in the Province of Punjab and the registered office of the Company is situated at JK House, 32-W, Susan Road, Madina Town, Faisalabad.

1.2 Going concern assumption

The Company has accumulated loss of Rs. 151.899 million (2018: Rs.213.784 million) as against issued, subscribed and paid up capital of Rs.151.770 million, thereby having a negative equity of Rs.129,854 (2018: Rs.62.014 million); and its current assets have been decreased from its current liabilities by Rs. 183.646 million (2018: Rs.256.050 million) as at June 30, 2019. These factors indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to discharge its liabilities and realize its assets in the normal course of business.

In spite of the huge accumulated losses and negative equity, the management of the company is making strenuous efforts, optimal production strategies and effective cost controls to improve the profitability of the Company. The management looks forward positively to counter all challenges and is firmly committed to deliver the best possible results and will continue to meet its objectives and goals. Based upon these aspects and continuing financial support from directors and associates, the financial statements have been prepared on going concern basis.

2. SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

All significant transactions and events affecting the Company's financial position and performance during the year have been adequately disclosed in the notes to these financial statements where required.

3. BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

Effective in current year and are relevant to the Company

The Company has adopted all the new standards and amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year:

3.2.1 IFRS 9: Financial Instruments

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan through its S.R.O. 229 (I)/2019 and is effective for accounting period / year ending on or after June 30, 2019.

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

i Classification and measurement of financial assets and financial liabilities

The revised provisions on the classification and measurement of financial assets (applicable mainly to trade receivables and other receivables) and financial liabilities (mainly trade creditors and interest-bearing debt) have not affected company's financial information. Consequently, the comparative figures have not been restated on the introduction of IFRS 9.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at July 1, 2018.

		Original classification	New classification	Original carrying amount	New carrying amount
Financial assets	Note			(Rupees in thousands)	
Trade debts	9	Loans and receivables	Amortized cost	72,622,128	72,622,128
Loans and deposits	10	Loans and receivables	Amortized cost	42,553,113	42,553,113
Cash and bank balances	13	Loans and receivables	Amortized cost	141,701,947	141,701,947

ii Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

The guiding principle of the expected credit loss (ECL) model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognized as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement basis:

- 12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality.
- Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

The Company's financial assets include mainly trade debts, deposits, advances, other receivables and bank balances.

The Company's trade receivables do not contain financing component (as determined in terms of the requirements of IFRS 15 "Revenue from Contracts with Customers"), therefore, the Company is using simplified approach, that does not require the Company to track the changes in credit risk, but, instead, requires to recognize a loss allowance based on lifetime ECLs at each reporting date.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging.

The expected loss rates are based on the Company's historical credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers. The Company has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors.

iii Transition

The Company has used the exemption not to restate comparative periods and any adjustments on adoption of IFRS 9 are to be recognized in statement of changes in equity as on July 1, 2018. However, the adoption of IFRS 9 did not have any impact on opening retained earnings as on July 1, 2018. Accordingly, the comparative information is presented as per the requirements of IAS 39.

3.2.2 IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 'Revenue from Contracts with Customers' is effective for accounting period beginning on or after July 1, 2018. This standard has replaced IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers.

The IFRS 15 establish a five-steps mode to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires the entities to exercise judgment, taking in to consideration all of the relevant facts and circumstances when applying each step of the model to contracts with the customers. Hence, the Company has concluded that the impact of adoption of revenue recognition model as laid down in IFRS 15 is not material.

There is no material impact of transition to IFRS 15 on the financial position of the Company and there is no effect on the accounting policies of the Company in respect of revenue from contracts with Customers.

3.3 Amendments to standards effective in current year and not relevant to the Company

		Effective date (annual periods beginning on or after)
IFRS 2	Share-based payments	January 1, 2018
IFRS 4	Insurance contract	January 1, 2018
IAS 40	Investment property	January 1, 2018

3.4 Standards / Amendments not yet effective

The following amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards:

IFRS 3	Business Combinations - Amendment requiring an entity to remeasure its previously held interest at fair value when it obtains control of a business that is a joint operation.	January 1, 2019
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IFRS 3	Business Combinations - The amendments clarify the definition of a business, the amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test.	January 1, 2020
IFRS 9	Financial Instruments - Prepayment Features with Negative Compensation and modifications of financial liabilities. The amendment allow debt instruments with negative compensation prepayment features to be measured at amortized cost or fair value through other comprehensive income. The amendment also clarified that gains and losses arising on modifications of financial liabilities that do not result in derecognition should be recognized in profit or loss.	January 1, 2019
IFRS 11	Joint Arrangement - The proposed amendments is to eliminate diversity in practice in the accounting for previously held interests in the assets and liabilities of a joint operation in transactions in which an entity obtains control, or joint control, of a joint operation that meets the definition of a business.	January 1, 2019
IFRS 16	Leases - IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.	January 1, 2019
IFRS 17	Insurance Contracts - address the principles for the recognition, measurement, presentation and disclosure of Insurance contracts. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.	January 01,2021
IAS 1	Presentation of Financial Statements - amendments to its definition of material to make it easier for companies to make materiality judgements. The materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.	January 01,2020

IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - The amendments are intended to make the definition of material easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing general purpose financial statements in accordance with IFRS.	January 01,2020
IAS 12	Income tax - Recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised. The amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.	January 1, 2019
IAS 19	Employee Benefits - The amendments require an entity: To use the updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after plan amendment, curtailment and settlement when entity measure its net defined benefit liability, and; To recognize in profit or loss as part of past service cost, or gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of impact of the asset ceiling.	January 1, 2019
IAS 23	Borrowing Costs - to clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowings made specifically to obtain that qualifying asset as part of the funds that it has borrowed.	January 1, 2019
IAS 28	Investment in Associates and Joint Ventures - Clarification that an entities may elect, at initial recognition, to measure investments in an associate or joint venture at fair value through profit or loss separately for each associate or joint venture measuring an associate or joint venture at fair value. The amendment clarifies that an entity applies IFRS 9 'Financial Instruments' long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 1, 2019

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, plant and equipment

4.1.1 Operating fixed assets

Property, plant and equipment except free hold land, building on freehold land, plant & machinery, electric installations and capital work in progress are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Building on freehold land, plant & machinery and electric installations are stated at revalued amount less accumulated depreciation and accumulated impairment losses, if any. Freehold land is stated at revalued amount.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with them will flow to the entity and its cost can be reliably measured. Cost incurred to replace a component of an item of the property, plant and equipment is capitalized and the asset so replaced is retired from use. Normal repairs and maintenance are charged to profit and loss account during the period in which they are incurred.

Any revaluation increase arising on the revaluation of land, buildings and property, plant and equipment improvements is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land, buildings and property, plant and equipment improvements is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders. The surplus on revaluation buildings and property, plant and equipment improvements to the extent of incremental depreciation charged is transferred to unappropriated profit.

Last year the Company changed its accounting policy in respect of the accounting and presentation of revaluation surplus on property, plant and equipment. Previously, the Company's accounting policy was in accordance with the provisions of repealed Companies Ordinance, 1984. Those provisions and resultant previous policy of the company was not in alignment with the accounting treatment and presentation of revaluation surplus as prescribed in the IFRS. However, the Companies Act, 2017 has not specified any accounting treatment for revaluation surplus, accordingly the Company has changed the accounting policy and is now following the IFRS prescribed accounting treatment and presentation of revaluation surplus.

Depreciation is charged to income applying the reducing balance method so as to write off the historical cost of the assets over their expected useful life at the rates mentioned in property, plant and equipment note - 5.

Depreciation on additions during the year is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off. The residual values and useful lives are reviewed by the management at each financial year end and adjusted if impact on depreciation is significant.

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

4.1.2 Capital work in progress

Capital work in progress is shown at cost less any identified impairment loss and represents expenditure incurred on property, plant and equipment during the construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

4.2 Stores and spares

These are valued at lower of moving average cost and net realizable value except items-in-transit which are valued at cost accumulated to the balance sheet date. Stores, spares and loose tools are regularly reviewed by the management to assess their net realizable value (NRV). Provision is made for slow moving and obsolete store items when so identified.

4.3 Stock in trade

These are valued at lower of cost and net realizable value. Cost is determined as follows:

Raw material	- At factory	Monthly average cost
	- In Transit	Invoice value plus direct charges in respect thereof.
Work in process and finished goods		Prime cost including a proportion of production overheads.
Wastes		At net realizable value

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

4.4 Trade and other receivables

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

4.5 Short term investment

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale.

Subsequent to initial recognition at cost, these are measured at fair value. The Company uses latest stock exchange quotations to determine the fair value of quoted investments. Gain or losses on available for sale investments are recognized directly in other comprehensive income until the investments are sold or disposed off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously recognized in other comprehensive income, is re-classified from equity to profit and loss as re-classification adjustment.

4.6 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupees (functional and presentation currency) at the rates of exchange approximating those appearing on the dates of transactions. Assets and liabilities in foreign currencies are translated into Pak Rupees at rates of exchange prevalent on the balance sheet date. All exchange differences arising from foreign currency transactions/ translations are charged to profit and loss account.

4.7 Cash and cash equivalents

Cash and cash equivalents comprise of cash and cheques in hand and at banks and include short term highly liquid investments. The cash and cash equivalents are readily convertible to known amount of cash and are subject to insignificant risk of change in value.

4.8 Staff retirement benefits

The Company changed its policy for staff retirement benefits as on 31st March, 2008 from staff retirement gratuity to provident fund and staff retirement gratuity up to that date is stated on termination basis.

At present the Company operates an approved Provident Fund Scheme covering all its permanent employees. Equal monthly contributions are made, both by the Company, and the employees, to the fund at the rate of 8.33% of the basic salary. The Company's contribution to the fund is recognized as expense for the year.

4.9 Taxation

Current Taxation

Under normal law

The current taxation is computed on the basis of profit for the year adjusted for fiscal purposes, minimum tax u/s 113 or Alternate Corporate Tax (ACT) u/s 113C of the Income Tax Ordinance, 2001, whichever is higher, after taking into account the tax credit or rebate, if any.

Under presumptive tax regime

Taxation in relation to export of goods under section 154 read with section 169 is provided on the basis of Presumptive Tax Regime in accordance with the provisions of the Income Tax Ordinance, 2001.

Deferred Taxation

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets 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 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 Trade and other payables

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

4.11 Provisions

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

4.12 Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities, which may differ on the occurrence/ non- occurrence of the uncertain future event(s).

4.13 Related party transactions and transfer pricing

All transactions with related parties are carried out at arm's length. The prices are determined in accordance with comparable uncontrolled price method.

4.14 Borrowing costs

Borrowing costs to the extent of borrowing costs that are directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to profit and loss account in the period of incurrence.

4.15 Dividend and other appropriations

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

4.17 Impairment

The management assesses at each balance sheet date whether there is any indication that an asset is impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the cash generating unit is reduced to its recoverable amount by charging the impairment loss against profit and loss account for the year.

4.18 Offsetting of financial assets and financial liabilities

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

4.19 Revenue recognition

Revenue is recognized to the extent it is probable that economic benefits will flow to the Company and revenue can be measured reliably. Revenue is measured at fair value of consideration received or receivable and is recognized on the following basis:

Revenue from sales of goods is recognized when the significant risks and rewards of the ownership of the goods have been passed to the customer usually when goods are delivered / dispatched and title has passed.

Profit on short term investment is recognized on the time-apportioned basis.

4.20 Accounting convention

These financial statements have been prepared under the historical cost convention except property, plant and equipment referred in note 5.1 are carried at revalued amounts. In these financial statements, except for cash flow statement, all the transactions have been accounted for on accrual basis.

4.21 Functional and presentation currency

These financial statements have been presented in Pakistani Rupees which is also Company's functional currency.

4.22 USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of setting up and applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant areas requiring the use of the management estimates in these financial

- Useful life of the depreciable assets
- Store and spares
- Provision for doubtful debts
- Taxation
- Contingencies

However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the subsequent years.

ASIM TEXTILE MILLS LIMITED

5 PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	COST / REVALUED AMOUNTS				DEPRECIATION			BOOK VALUE		Rate
	As at July 01, 2018	Additions/ transfers during the Year	Deletion transfer during the period	As at June 30, 2019	As at July 01, 2018	Deletion during the year	For the Year	As at June 30, 2019	As at June 30, 2019	
Land - freehold	53,508,000	-	-	53,508,000	-	-	-	53,508,000	-	-
Building on freehold land	151,418,124	-	-	151,418,124	50,840,910	-	5,028,861	55,669,771	95,548,353	5%
Plant and machinery	618,104,530	625,000	-	618,729,530	311,902,864	-	15,321,437	327,224,301	291,505,229	5%
Electric installation	31,754,357	-	-	31,754,357	18,204,534	-	1,554,982	17,359,516	13,994,841	10%
Factory equipment	355,750	-	-	355,750	332,460	-	2,329	334,789	20,961	10%
Furniture, fixture and Office equipment	659,633	-	-	659,633	475,286	-	18,435	493,721	165,912	10%
Vehicles	2,618,122	-	-	2,618,122	1,843,641	-	77,448	1,921,089	697,033	10%
	29,975,912	1,475,000	1,101,580	30,349,332	17,396,452	1,053,132	2,736,369	19,071,689	11,277,643	20%
Rupees: June 2019	888,394,428	2,100,000	1,101,580	889,392,848	398,986,147	1,053,132	24,741,661	422,674,876	466,717,972	

PARTICULARS	COST / REVALUED AMOUNTS				DEPRECIATION			BOOK VALUE		Rate
	As at July 01, 2017	Additions/ transfers during the Year	Deletion transfer during the period	As at June 30, 2018	As at July 01, 2017	Deletion during the year	For the Year	As at June 30, 2018	As at June 30, 2018	
Land - freehold	53,508,000	-	-	53,508,000	-	-	-	53,508,000	-	-
Building on freehold land	151,418,124	-	-	151,418,124	45,540,372	-	5,293,538	50,840,910	100,577,214	5%
Plant and machinery	627,674,853	-	(9,570,323)	618,104,530	303,186,071	(7,507,644)	16,224,439	311,902,864	306,201,666	5%
Electric installation	31,754,357	-	-	31,754,357	14,476,776	-	1,727,758	16,204,534	15,549,823	10%
Factory equipment	355,750	-	-	355,750	325,872	-	2,588	332,460	23,280	10%
Furniture, fixture and Office equipment	659,633	-	-	659,633	454,803	-	20,483	475,286	184,347	10%
Vehicles	2,618,122	-	-	2,618,122	1,757,588	-	86,053	1,843,641	774,481	10%
	23,561,120	6,414,792	-	29,975,912	15,580,581	-	1,805,871	17,386,452	12,589,460	20%
Rupees: June 2018	891,549,959	6,414,792	(9,570,323)	888,394,428	381,333,083	(7,507,646)	25,160,730	398,986,147	489,408,281	

ASIM TEXTILE MILLS LIMITED

2019 **2018**
Rupees **Rupees**

5.1 Depreciation charge for the year has been allocated as under;

Cost of sales	21,907,609	23,248,323
Administrative expenses	<u>2,834,252</u>	<u>1,912,407</u>
	<u>24,741,861</u>	<u>25,160,730</u>

5.2 Had there been no revaluation, the related figures of freehold land, building on freehold land, plant and machinery and electric installations as at June 30 would have been as follows:

	<u>2019</u>		
	Cost	Accumulated depreciation	Written down value
	----- (Rupees) -----		
Freehold land	4,062,000	-	4,062,000
Building on freehold land	40,631,000	33,769,428	6,861,572
Plant and machinery	479,087,478	307,554,369	171,533,109
Electric installations	20,077,303	13,797,547	6,279,836
	<u>543,857,861</u>	<u>355,121,344</u>	<u>188,736,517</u>
	<u>2018</u>		
	Cost	Accumulated depreciation	Written down value
	----- (Rupees) -----		
Freehold land	4,062,000	-	4,062,000
Building on freehold land	40,631,000	33,408,293	7,222,707
Plant and machinery	478,462,478	298,547,254	179,915,224
Electric installations	20,077,383	13,099,787	6,977,596
	<u>543,232,861</u>	<u>345,055,334</u>	<u>198,177,527</u>

5.3 The total area of the land of company is 56 kanal and 18 marla which is used for production unit, located at 32- KM, Sheikhpura, Faisalabad.

	Note	2019 Rupees	2018 Rupees
6 LONG TERM DEPOSITS			
Security deposits			
- SNGPL	6.1	12,258,028	12,258,028
- FESCO		2,734,078	2,734,078
- WASA		8,550	8,550
- CDC		37,500	37,500
		<u>15,038,156</u>	<u>15,038,156</u>
6.1	This represents the security amount deposited with Sui Northern Gas Pipelines Limited (SNGPL) for supply of natural gas to the Company. The balance amount is subject to profit @ 2.65% p.a.		
7. STORES AND SPARES			
Stores		6,893,655	6,472,024
Spares		4,660,445	5,174,134
		<u>11,554,100</u>	<u>11,646,158</u>
8. STOCK IN TRADE			
Raw material		151,462,796	113,364,709
Work in process		7,637,117	6,106,933
Finished goods		9,549,440	51,361,896
		<u>168,649,353</u>	<u>170,833,538</u>
9. TRADE DEBTS			
Considered good			
Local - unsecured	9.1	72,622,128	45,030,153
		<u>72,622,128</u>	<u>45,030,153</u>
9.1	These are unsecured but considered good by the management of the Company.		
10. ADVANCES AND PREPAYMENTS			
Advances-considered good			
- Advances to employees		280,500	148,500
- Advances to suppliers		26,361,811	5,095,992
Prepayments		15,513,186	544,902
Accrued profit		397,616	263,073
		<u>42,553,113</u>	<u>6,052,467</u>
11. SHORT TERM INVESTMENT			
Available for sale			
NAFA Government Securities Liquid Fund	11.1	11,077,414	12,059,710
JS Investments (JS Islamic Fund)	11.2	6,280,227	7,869,417
		<u>17,357,641</u>	<u>19,929,127</u>

11.1 These have been valued by using published net asset value (NAV) as at 30th June, the number of units held by the Company are 113,208.1192 units (2018: 113,208.1192 units).

11.2 These have been valued by using published net asset value (NAV) as at 30th June, the number of units held by the Company are 75,032.5785 units (2018: 75,032.5785 units).

Asim Textile Mills Limited

12. BALANCE WITH STATUTORY AUTHORITIES	Note	2019 Rupees	2018 Rupees
Sales tax		30,420,121	29,053,062
Income tax - <i>net</i>		-	2,980,810
		<u>30,420,121</u>	<u>32,033,872</u>

13. CASH AND BANK BALANCES

Cash in hand		477,496	285,933
Cash at bank			
In current accounts	13.1	83,467,700	74,522,327
In deposit accounts	13.2	57,756,751	46,090,094
		<u>141,224,451</u>	<u>120,612,421</u>
		<u>141,701,947</u>	<u>120,898,354</u>

13.1 It includes US\$. 1,000/- (2018: US\$.1,000/-) and SAR. 2,461/- (2018: SAR.2,461/-)

13.2 Deposits with commercial banks yield profit at the rate of 3.75% to 9.75% (2018: 3.75% to 5.45%) .

14. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Balance as on July 01,		199,848,464	208,793,666
Surplus on revaluation adjusted during the year		-	(159,653)
		<u>199,848,464</u>	<u>208,634,013</u>
Incremental depreciation on revalued property, plant and equipment			
for the year		(11,839,271)	(12,520,923)
Related effect of deferred tax liability		3,551,782	3,735,374
		<u>(8,287,489)</u>	<u>(8,785,549)</u>
Balance as on June 30,		<u>191,560,975</u>	<u>199,848,464</u>

First revaluation of company's building on freehold land and plant and machinery was carried out as on September 30, 1995 by an independent valuer M/s Iqbal A. Nanjee & Co. Lahore on the basis of depreciated replacement values.

Second revaluation of company's freehold land, building on freehold land and plant and machinery has been carried out on September 30, 2000 by an independent valuer Inspectorates Corporation International (Pvt) Ltd., Lahore and the same has been verified by SBP's approved auditors on the basis of depreciated replacement values.

Third revaluation of company's freehold land, building on freehold land, plant and machinery and electric installations has been carried out on June 30, 2012 by an independent valuer M/s Nizamy Associates, Faisalabad on the basis of depreciated replacement values.

Fourth revaluation of company's freehold land, building on freehold land, plant and machinery and electric installations has been carried out on Sep 30, 2015 by an independent valuer M/e Amir Evaluators & Consultants, Peshawar on basis of depreciated replacement values.

The fair valuation of the revalued assets are considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the assets. The fair value are subject to change owing to change in input. However, the management does not expect there to be a material sensitivity to the fair values arising from the non-observable inputs. The basis of revaluation for items of these fixed assets were as follows:

Freehold land

Property brokers, dealers and estate agents were contacted to ascertain the asking and selling prices for properties of the same nature in the immediate neighborhood and adjoining areas. Neighboring properties which have been recently sold or purchased, were investigated to ascertain a reasonable selling / buying price. Properties that were up for sale were examined for asking price. An average of the above values was then assigned to the property.

Building on freehold land

Construction specifications were noted for each factory and residential building and structure and current construction rates were used to obtain replacement values of building, to which a depreciation formula was applied, based upon the Company's estimates of balance life to arrive at the current assessed value.

Plant and machinery

Plant and machinery have been evaluated / assessed by keeping in view their present physical condition, the remaining useful life / economic life and technological obsolescence. Further, new replacement values were arrived by using current local and foreign market values for the similar type of plant and machinery. These current local and foreign market values were taken into account on the basis of technical obsolescence, efficiency, maintenance, replacement and other related factors involved.

Electric installations

These were evaluated / assessed by keeping in view their present physical condition and the remaining useful life / economic life. Further, new replacement values were arrived by using current market values for the similar type of assets. These current market values were taken into account on basis of efficiency, maintenance, replacement and other related factors involved.

Asim Textile Mills Limited

		2019	2018
	Note	Rupees	Rupees
15. DEFERRED LIABILITIES			
Deferred taxation	15.1	106,246,856	109,964,918
Staff retirement gratuity	15.2	432,045	596,825
		106,678,901	110,561,743
 15.1 DEFERRED TAXATION			
Balance as on July 01,		109,964,918	111,620,223
(Adjusted) / provided during the year		(3,718,062)	(1,655,305)
Balance as on June 30,		106,246,856	109,964,918
This comprise of following:			
Deferred tax liability:			
Taxable temporary differences relating to operating assets		32,166,701	32,381,417
Taxable temporary differences relating to surplus on revaluation of property, plant and equipment		74,209,770	77,761,552
Deferred tax assets:			
Deductible temporary differences on tax losses		-	-
Staff retirement benefits		(129,614)	(178,051)
		106,246,857	109,964,918
The liability of deferred tax has been computed by applying the tax rate of 30%.			
Deferred tax debit balance is recognized on staff retirement benefits.			
 15.2 STAFF RETIREMENT GRATUITY			
Balance as on July 01,		596,825	965,593
Paid during the year		(164,780)	(368,768)
Balance as on June 30,		432,045	596,825

16. TRADE AND OTHER PAYABLES

Trade creditors		27,733,815	23,078,867
Accrued expenses		13,579,322	18,823,534
Advances from customers		1,070,663	4,200,441
Provident fund trust	16.1	701,930	689,999
Due to related parties	16.2	1,868,802	651,050
Withholding tax payable		374,664	80,629
Sale tax payable		16,304	28,971
Workers' Welfare Fund		1,940,870	-
Workers' profit participation fund		4,343,895	3,168,724
		51,630,265	50,722,215

16.1 This represents amount due to provident fund trust for the month of June -2019 of which payment was made at July 15, 2019 (July 13, 2018).

16.2 This represents directors current account balances maintained with the company.

		2019	2018
17. ACCRUED MARK UP	Note	Rupees	Rupees
Accrued markup on secured morabaha finance	17.1	194,161,422	194,161,422

17.1 The company has ceased the payment of markup since July 01, 2006, as it has filed a suit against Faysal Bank Limited in the Honorable Lahore High Court, Lahore. The facts of the litigation are explained in note 19.1.

18. SHORT TERM BORROWINGS

From banking company

Secured

Morabaha I	18.1	340,901,898	340,901,898
Morabaha II- Secured	18.2	74,145,100	74,145,100

Unsecured

Interest free bank overdraft		2,543,709	2,543,709
		<u>417,590,707</u>	<u>417,590,707</u>

18.1 It represents morabaha finance created by Faysal Bank Limited by converting various morabaha finances into long term morabaha-I at an interest rate of 13% per annum.

18.2 It represents an interest free morabaha finance by Faysal Bank Limited by converting various unpaid markups into non profit morabaha-II.

18.3 The above mentioned morabaha finances are secured against the first charge of Rs. 505 million on fixed assets and personal guarantees of directors and Chief Executive of the Company.

18.4 The Company is not repaying the morabaha finances as it has filed a suit against Faysal Bank Limited in the Honorable Lahore High Court, Lahore. The bank has also filed a counter suit praying for a decree to be passed in its favor for a sum of Rs. 454.502 million against the defendants jointly and severally, with cost of funds at the rate of 20% or as certified by State Bank of Pakistan from date of default and 20% liquidated damages plus service charges and all costs, charges, expenses payable or to be incurred by the plaintiff bank till the final payment / realization of the afore-mentioned amount. The facts and status of the litigations are further explained in note 19.1.

18.5 The Company has ceased the repayment of the overdraft, as it has filed a suite against Faysal Bank Limited in the Honorable Lahore High Court, Lahore. The facts of the litigation are explained in note 19.1.

18.6 Further to note 18.1 to 18.5 since these facilities are in default / subjudice, the recognition and measurement of these financial liabilities under IFRS 9-Financial Instruments are required to be carried at amortized cost. These are carried at cost as their amortized costs are impracticable to determine. Hence, these are reclassified from long term financing to short term borrowings for all the relevant periods, whether present or future and have accordingly been regrouped / reclassified.

19. CONTINGENCIES AND COMMITMENTS

Contingencies

19.1 The Company has instituted a suit in the Honorable Lahore High Court, Lahore against Faysal Bank Limited claiming damages on account of acquisition of unremunerative agricultural land on the advice of FIBL for not providing timely cash finance facilities despite written commitments and for charging illegal profits against the principles of Islamic Banking and in contravention of the objective clause of its Memorandum of Association, Articles of Association and against circulars issued by the State Bank of Pakistan. The amount claimed for the first two counts is Rs.141.831 million (including claims of Central Excise Duty), whereas the amount of last count has been left for the Court to determine.

The counter suite filed by the Faysal Bank for recovery of Rs. 454.502 million along with costs and cost of funds before the Honorable Lahore High Court (Single Judge), Lahore has been adjudicated on 04.06.2015 against the company. The company has filed an appeal in Honourable Lahore High Court, Lahore (Division Bench) vide R.F.A. No. 1372/2015 on various grounds including the company being condemned unheard. Due to litigations, the Bank is not responding and confirming the balance to the company. Having been undeterminable at this stage, provision for cost of funds has not been accounted for.

19.2 By virtue of Finance Act, 2017, Section 5A of the Income Tax Ordinance, 2001 was amended. Through the revised provision, a tax equal to 7.5 percent of accounting profit for the year is required to be levied on every public company, other than a scheduled bank and modarba, if distribution of cash dividend or bonus shares of at least 40 percent of the accounting profit after tax for the year is not made within six months. However, the management is of the view that this amendment is opposed to the principles of economic growth and has, therefore, having intention to challenge the amendment before Honourable Lahore High Court. Legal advisor and management is confident that discriminatory provisions for this tax would not affect any financial outflow of the company. If any adverse inference is drawn by the revenue authorities. It is worthwhile to mention here that constitutional petitions have already been filed by some companies before Honourable High Courts challenging the tax and the Honourable High Courts have granted stay order in this respect of levy of the above tax. Accordingly provision amounting to Rs. 2,995,427/- for the year ended June 30, 2017 and Rs 2,937,309 for the year ended June 30,2018 has not been made in these financial statements in respect of the additional tax liability and the management expects a favourable outcome in this respect.

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		2019	2018
		Rupees	Rupees
20. SALES - NET	Note		
Local:			
Yarn sales		1,761,901,449	1,416,677,815
Waste sales		25,001,881	17,519,624
		<u>1,786,903,330</u>	<u>1,434,197,439</u>
Gross sales		1,786,903,330	1,434,197,439
Less: Sales tax		-	10,902
Commission		457,830	551,650
		<u>457,830</u>	<u>562,552</u>
		<u>1,786,445,500</u>	<u>1,433,634,887</u>
21. COST OF SALES			
Raw material consumed	21.1	1,245,904,700	959,861,166
Stores and spares consumed		27,544,711	25,809,748
Packing material consumed		23,184,685	21,039,464
Salaries, wages and benefits	21.2	138,150,289	135,290,447
Fuel and power		172,026,437	171,114,797
Repairs and maintenance		3,861,986	2,277,374
Insurance		3,007,171	2,868,882
Depreciation	5.1	21,907,609	23,248,323
General expenses		1,231,861	1,019,067
		<u>1,636,819,449</u>	<u>1,342,529,268</u>
Work in process			
Balance as on July 01,		6,106,933	5,302,204
Balance as on June 30,		(7,637,117)	(6,106,933)
		<u>(1,530,184)</u>	<u>(804,729)</u>
Cost of goods manufactured		1,635,289,265	1,341,724,539
Finished goods			
Balance as on July 01,		51,361,896	55,726,310
Balance as on June 30,		(9,549,440)	(51,361,896)
		<u>41,812,456</u>	<u>4,364,414</u>
		<u>1,677,101,721</u>	<u>1,346,088,953</u>
21.1 RAW MATERIAL CONSUMED			
Balance as on July 01,		113,364,709	77,433,153
Purchases		1,284,002,787	995,792,722
		<u>1,397,367,496</u>	<u>1,073,225,875</u>
Balance as on June 30,		(151,462,796)	(113,364,709)
		<u>1,245,904,700</u>	<u>959,861,166</u>

21.2 This includes a sum of Rs.3,660,077/- (2018: Rs. 3,427,343/-) in respect of defined

		2019 Rupees	2018 Rupees
22. ADMINISTRATIVE EXPENSES			
Director's remuneration		3,900,000	975,000
Staff salaries and benefits	22.1	15,565,267	16,510,795
Postage and telecommunication		604,553	477,064
Electricity, Fuel and water		855,968	521,183
Printing and stationary		163,258	124,113
Travelling and conveyance		286,505	374,102
Entertainment		105,482	315,853
Fees and subscription		880,758	732,864
Legal and professional		800,400	797,100
Rates and taxes		238,905	584,906
Vehicle, running and maintenance		3,175,001	2,635,609
Auditors' remuneration	22.2	445,000	400,000
Insurance		824,929	673,272
Advertisement		15,000	26,200
Depreciation	5.1	2,834,252	1,912,407
Others		300,834	502,002
		<u>30,996,112</u>	<u>27,563,370</u>
22.1	This includes a sum of Rs.439,319/- (2018: Rs. 543,652/-) in respect of defined contribution plan.		
22.2 AUDITORS' REMUNERATION			
Statutory audit		365,000	330,000
Half yearly review		55,000	50,000
Out of pocket expenses		25,000	20,000
		<u>445,000</u>	<u>400,000</u>
23. OTHER OPERATING EXPENSES			
Workers' profit participation fund		4,343,895	3,168,724
Workers Welfare fund		1,940,870	1,469,587
		<u>6,284,765</u>	<u>4,628,311</u>
24. OTHER OPERATING INCOME			
Income from financial assets			
Profit on deposit accounts		7,068,028	4,192,701
Exchange gain on foreign currency translation		68,644	31,629
Profit on deposit with SNGPL		498,274	41,630
Profit /(loss) on disposal of fixed assets		951,552	(832,677)
		<u>8,586,498</u>	<u>3,433,283</u>

Asim Textile Mills Limited
2019 **2018**
Rupees **Rupees**

25. TAXATION

Current

- For the year	28,142,608	17,927,332
- Prior year	-	737,743

Deferred

	(3,718,062)	(1,655,305)
	24,424,546	17,009,770

25.2 Status of income tax assessment

Tax provision made in financial statements taking into consideration of admissibility of expenses. A comparison of last three years tax assessment is presented below:

	2019	2,018	2,017
	Rupees		
Income tax provision for the year-accounts	28,142,608	17,927,332	12,147,555
Income tax as per tax assessment u/s 120 of Income Tax Ordinance, 2001.	28,142,608	17,927,332	12,147,555

26. PROFIT / (LOSS) PER SHARE-BASIC AND DILUTED

Profit for the year	56,168,587	41,736,409
Weighted average number of ordinary shares outstanding during the year	15,177,000	15,177,000
Profit per share-basic and diluted	3.70	2.75

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

27. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	CHIEF EXECUTIVE		DIRECTOR		EXECUTIVES	
	2019	2018	2019	2018	2019	2018
	----- (Rupees) -----					
Salary	1,500,000	375,000	2,400,000	600,000	2,472,723	2,974,984
House rent allowance	-	-	-	-	989,089	1,189,994
Utilities allowance	-	-	-	-	247,272	297,498
Provident fund	-	-	-	-	205,978	247,816
Total	1,500,000	375,000	2,400,000	600,000	3,915,062	4,710,292
Number of persons	1	1	2	2	2	4

28. TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of associated undertakings and other key management personnel. Amounts due from and due to related parties, if any, are shown under relevant notes to financial statements. Remuneration of Chief Executive Officer, Directors and Executives is explained in Note 29. Transactions with related parties other than those specifically mention in relevant notes is as follows.

Party	Nature of relationship	Nature of transactions	2019 Rupees	2018 Rupees
Provident fund trust	Post employment	Company's contribution to provident fund	4,099,396	3,970,995
CEO/directors/members	Related party	Expenses paid on behalf of CEO/directors/members	1,217,752	410,657

29. PLANT CAPACITY AND PRODUCTION

Installed capacity after conversion into 20/s count (Kgs)	11,407,803	11,002,544
Actual production of yarn after conversion into 20/s count (Kgs)	10,601,522	10,553,619

29.1. Reason for short fall:

It is difficult to determine precisely the production / rated capacity in spinning units since it fluctuates widely depending on various factors such as efficiency of labour, quality of raw material.

30. EMPLOYEES PROVIDENT FUND TRUST

The following information is based on latest un-audited financial statements of the fund:

Size of the fund (Rupees)	13,822,064	14,483,202
Cost of investment made (Rupees)	12,606,825	13,106,825
Fair value of investment (Rupees)	12,177,848	14,064,559
Percentage of investment made (%)	89	97

30.1	The breakup of fair value of investments is:	2019		2018	
		Rupees	% of total	Rupees	% of total
	NBP FAM Ltd.	3,351,071	26.24	4,007,972	28.50
	CDC Trustee UBL Fund	1,826,777	14.30	2,556,587	18.18
	Others (Fixed deposit)	7,000,000	54.81	7,500,000	53.33
	Bank balances	592,587	4.64	-	-
		<u>12,770,435</u>	<u>100.00</u>	<u>14,064,559</u>	<u>100.00</u>

30.2 The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

31. NUMBER OF EMPLOYEES

The average number of employees for the year ended June 30, 2019 were 544 (2018: 551) and number of employees as at June 30, 2019 were 551 (2018: 546).

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32.1 Financial assets and liabilities

Financial assets and liabilities of the company are as follows:-

	June 30, 2018						Total
	Interest/mark-up bearing			Non Interest/mark-up bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
	year	year	total	year	year	total	
(Rupees)							
Financial assets							
At fair value through profit and loss							
- Investment (NAFA Government Securities)	11,077,414	-	11,077,414	-	-	-	11,077,414
- Investment (US Islamic Fund)	8,280,227	-	8,280,227	-	-	-	8,280,227
Loans and receivables							
Long term deposits	-	15,038,150	15,038,150	-	-	-	15,038,150
Trade debts	-	-	-	72,622,128	-	72,622,128	72,622,128
Advances and other receivable	397,616	-	397,616	-	-	-	397,616
Cash and bank balances	57,758,751	-	57,758,751	83,945,190	-	83,945,190	141,703,941
	<u>76,912,988</u>	<u>15,038,150</u>	<u>91,951,138</u>	<u>166,567,318</u>	-	<u>166,567,318</u>	<u>247,117,486</u>
Financial liabilities							
At amortised cost							
Trade and other payables	-	-	-	43,893,869	-	43,893,869	43,893,869
Interest accrued on long term financing	-	-	-	194,161,422	-	194,161,422	194,161,422
Short term borrowing	415,046,998	-	415,046,998	2,543,709	-	2,543,709	417,590,707
	<u>415,046,998</u>	-	<u>415,046,998</u>	<u>246,598,999</u>	-	<u>246,598,999</u>	<u>664,535,998</u>
Excess of financial assets over financial liabilities	<u>(338,034,990)</u>	<u>15,038,150</u>	<u>(322,996,840)</u>	<u>(84,021,670)</u>	-	<u>(84,021,670)</u>	<u>(406,918,510)</u>

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32.1 Financial assets and liabilities

Financial assets and liabilities of the company are as follows:-

	June 30, 2018						Total
	Interest/mark-up bearing			Non Interest/mark-up bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
	year	year	total	year	year	total	
(Rupees)							
Financial assets							
At fair value through profit and loss							
- Investment (SAF Government Securities)	12,059,710	-	12,059,710	-	-	-	12,059,710
- Investment (US Islamic Fund)	7,869,417	-	7,869,417	-	-	-	7,869,417
Loans and receivables							
Long term deposits	-	15,038,150	15,038,150	-	-	-	15,038,150
Trade debts	-	-	-	45,030,153	-	45,030,153	45,030,153
Advances and other receivable	263,073	-	263,073	-	-	-	263,073
Cash and bank balances	46,091,094	-	46,091,094	74,808,009	-	74,808,009	120,899,103
	<u>66,282,294</u>	<u>15,038,150</u>	<u>81,320,444</u>	<u>119,838,162</u>	-	<u>119,838,162</u>	<u>201,158,606</u>
Financial liabilities							
At amortised cost							
Trade and other payables	-	-	-	43,243,450	-	43,243,450	43,243,450
Interest accrued on long term financing	-	-	-	194,161,422	-	194,161,422	194,161,422
Short term borrowing	415,046,998	-	415,046,998	2,543,709	-	2,543,709	417,590,707
	<u>415,046,998</u>	-	<u>415,046,998</u>	<u>229,948,581</u>	-	<u>229,948,581</u>	<u>644,839,679</u>
Excess of financial assets over financial liabilities	<u>(248,764,704)</u>	<u>15,038,150</u>	<u>(233,726,554)</u>	<u>(109,110,419)</u>	-	<u>(109,110,419)</u>	<u>(342,836,975)</u>

33. DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

Following information has been disclosed with reference to circular no. 14 of 2016 dated April 21, 2016, issued by the Securities and Exchange Commission of Pakistan relating to "All Shares Islamic

Description	Explanation
i) Advances	Non-interest bearing
ii) Long term deposits	Both Interest and non-interest bearing
iii) Short term borrowings	Both Interest and non-interest bearing
iv) Relationship with banks having Islamic windows	<p>Following is the nature of relationship of the Company with the banks having Islamic window of operator:</p> <ol style="list-style-type: none"> 1. Al Baraka Bank Pakistan Limited (Islamic) 2. Dubai Islamic Bank (Islamic) 3. Bank Al Habib Limited (Conventional) 4. United Bank Limited (Conventional) 5. National Bank of Pakistan (Conventional) 6. Faysal Bank Limited (Conventional) 7. MCB Limited (Conventional) 8. Meezan Bank Limited (Islamic) 9. J S Bank (Conventional) 10. Samba Bank Limited (Conventional) 11. Habib Bank Limited (Conventional)
v) Bank balances as at June 30, 2019.	Rupees
Placed under interest arrangement	56,609,649
Placed under Shariah permissible arrangement	1,147,102
vi) Interest income on bank deposits for the year	
Placed under interest arrangement	7,560,306
Placed under Shariah permissible arrangement	5,996
vii) Unrealized loss on short term investments	
Placed under Shariah permissible arrangement	(2,571,486)
viii) All sources of other income	Disclosed in note 25
ix) Exchange gain	Earned from actual foreign currency re-translation

Disclosures other than above are not applicable to the Company.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Taken as a whole, the company is exposed to market risk comprising interest rate risk, currency risk and other price/equity risk, credit risk and liquidity risk. The company's principal financial liabilities comprise long term borrowings, short term borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finance for company's operations. The company has various financial assets such as deposits, trade debts, prepayments and other receivables and cash and bank balances, which are directly related to its operations. The company's finance departments oversees the management of these risks and provide assurance to the company's senior management that the company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with company policies and risk appetite. No changes were made in the objectives, policies, procedures and assumptions during the year ended June 30, 2019. The policies for managing each of these risks are summarized below:

34.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk, and other price risk, such as equity risk. Financial instruments susceptible to /affected by market risk include loans, borrowings and deposits. The sensitivity analysis in the following sections relate to the position as at June 30, 2019 and 2018.

34.1.1 Interest rate risk:

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

The Company has no significant long term interest bearing financial assets. The Company's interest rate risk arises from long term financing. Borrowings obtained at variable rates exposes the Company to cash flow interest rate risk. Borrowings obtained at fixed rate exposes the company to fair value interest rate risk.

	2019 Rupees	2018 Rupees
Fixed rate instruments		
Financial liabilities		
Short term borrowings	415,046,998	415,046,998
Financial assets		
Security deposits with SNGPL	12,258,028	12,258,028
Floating rate instruments		
Financial assets		
Bank balances-deposit account	57,756,751	46,090,094

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, change in interest rate at the balance sheet date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 577,567/- (2018: Rupees 460,909/-) higher / lower. The analysis is prepared assuming the amounts of bank balances outstanding at the balance sheet date were outstanding for the whole year.

34.1.2 Currency risk / Foreign Exchange risk:

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

Financial assets include Rs. 273,864/- (2018: Rs. 205,220/-) which were subject to currency risk.

At June 30, 2019, had the currency been weakened/strengthened by 5% against the foreign currency with all other variables held constant, profit for the year and equity would have been Rs. 13,693/- (2018 : Rs. 10,261/-) higher / lower, mainly as a result of foreign exchange gains / losses on translation of foreign currency denominated trade debts and foreign currency bank accounts.

34.1.3 Other price risk / Equity Price risk:

Other price risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investments in securities. As at balance sheet date, the Company is not exposed to equity price risk as the Company do not have any investments in equity market.

34.2 Credit risk and concentration of credit risk:

Credit risk is the risk representing accounting loss that would be recognized at the reporting date if one party to a financial instrument will fail to discharge an obligation or its failure to perform duties under the contract as contracted. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company is mainly exposed to credit risk on trade debts amounting to Rs. 72,622 million (2018: Rs. 45,030 million). Company seeks to minimize the credit risk exposure through having exposure only to customers and suppliers considered credit worthy and also by obtaining advance against sales from customers. The carrying values of financial assets which are neither past due nor impaired are as under:

	2019 Rupees	2018 Rupees
FINANCIAL ASSETS		
Long term deposits	15,038,156	15,038,156
Trade debts	72,622,128	45,030,153
Advances, deposits and other receivable	397,616	263,073
Cash and bank balances	141,701,947	120,898,354
	<u>229,759,847</u>	<u>181,229,736</u>

Credit quality of financial assets

The credit quality of the company's financial assets have been assessed below by reference to external credit ratings of counterparties determined by The Pakistan Credit Rating Agency Limited (PACRA) and JCR-VIS Credit Rating Company Limited (JCR-VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit rating determined based on their historical information for any defaults in meeting obligations.

	Rating			2019	2018
	Short term	Long term	Agency	Rupees	Rupees
Bank balances					
Al-Baraka Bank Limited	A1	A	PACRA	1,155,485	75,359
Dubai Islamic Bank Limited	A-1	AA-	JCR-VIS	14,668	14,401
Faysal Bank Limited	A1+	AA	PACRA	666	666
Habib Bank Limited	A-1+	AAA	JCR-VIS	67,226	3,799,656
JS Bank Limited	A1+	AA-	PACRA	5,762,914	12,043,230
MCB Bank Limited	A1+	AAA	PACRA	10,981	10,981
Meezan Bank Limited	A-1+	AA	JCR-VIS	10,847	10,484
National Bank of Pakistan	A-1+	AAA	JCR-VIS	57,279	89,460
Samba Bank Limited	A-1	AA	JCR-VIS	851	851
Summit Bank Limited	A-1	A-	JCR-VIS	30,271	26,048,870
United Bank Limited	A-1+	AAA	JCR-VIS	134,113,263	78,518,453
				<u>141,224,452</u>	<u>120,812,421</u>
Short term investment					
NAFA Government Securities Liquid Fund		AAA(f)	PACRA	11,077,414	12,059,710
JS Investments (JS Islamic Fund)		AA-(f)	PACRA	6,280,227	7,869,417
				<u>17,357,641</u>	<u>19,929,127</u>

34.3 Liquidity risk

Liquidity risk reflects the company's inability in raising funds to meet commitments. The Company's production remained below its installed normal capacity. Working capital of the Company is positive as at the balance sheet date. The Company's Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer. As a result of these efforts, the working capital improved over the last year. Management also foresees that the working capital position will become more favorable in the period to come due to increased revenues from the continuous operation of plant and increase in demand and price of the yarn.

The table below summaries the maturity profiles of company's financial liabilities as on June 30, 2019 and 2018 based on contractual undiscounted payments date and present market interest rates.

	Within 1 year	More than 1 year and up to 5 years	Total
----- (Rupees) -----			
June 30, 2019			
Trade and other payables	43,883,869	-	43,883,869
Accrued mark up	194,161,422	-	194,161,422
Short term borrowings	417,590,707	-	417,590,707
	<u>655,635,998</u>	<u>-</u>	<u>655,635,998</u>
June 30, 2018			
Trade and other payables	43,243,450	-	43,243,450
Accrued mark up	194,161,422	-	194,161,422
Short term borrowings	417,590,707	-	417,590,707
	<u>654,995,579</u>	<u>-</u>	<u>654,995,579</u>

34.4 Fair value of financial instruments:

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction. The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

34.5 Capital risk Management:

The Company's objectives when managing capital are to ensure the Company's ability not only to continue as a going concern but also to meet its requirements for expansion and enhancement of its business, maximize return of shareholders and optimize benefits for other stakeholders to maintain an optimal capital structure and to reduce the cost of capital.

35. CORRESPONDING FIGURES

35.1 Previous year figures have been rearranged and reclassified wherever necessary for the purpose of comparison. However no reclassification made in the corresponding figures.

35.2 Figures in these financial statements have been rounded off to the nearest Rupee.

36. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on October,05,2019 by the Board of Directors of the Company.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

PATTERN OF SHAREHOLDING
Consolidated (CDC & Non-CDC)
As at June 30, 2019

Number of shareholders	Shareholding		Shares held
	From	To	
117	1	100	10,325
1670	101	500	791,621
71	501	1000	68,654
89	1001	5000	241,400
26	5001	10000	212,200
5	10001	15000	61,700
2	15001	20000	39,500
5	20001	25000	116,500
1	25001	30000	27,000
2	30001	35000	66,500
1	35001	40000	40,000
1	40001	45000	41,500
1	50001	55000	55,000
2	60001	65000	125,400
1	80001	85000	82,700
1	90001	95000	90,500
1	100001	105000	102,500
1	125001	130000	126,800
1	220001	225000	223,000
2	245001	250000	500,000
1	345001	350000	346,500
1	830001	835000	832,300
1	865001	870000	869,150
1	995001	1000000	997,050
2	1515001	1520000	3,033,800
1	2085001	2090000	2,087,100
1	3985001	3990000	3,988,300
2,008			15,177,000

ASIM TEXTILE MILLS LIMITED
DETAIL CATEGORIES OF SHAREHOLDERS
AS ON 30-06-2019

CATEGORIES OF SHAREHOLDERS		TOTAL SHARES	%
5.1 Directors/Chief Executive Officer and their spouse and minor Children			
1	M. Zahid Anwar	3,988,300	26.28
2	Mrs. Rukhsana Begum	2,087,100	13.75
3	Mr. Imran Zahid	1,516,900	9.99
4	Mr. Zeeshan Zahid	1,516,900	9.99
5	Ch. Ghulam Murtaza Buttar	500	0.00
6	Mr. Muhammad Zulqarnain	500	0.00
7	Mr. Ali Raza Zafar	500	0.00
TOTAL:		9,110,700	60.03
5.2 Associated Companies, Undertakings and related parties			
TOTAL:		0	0.00
5.3 NIT and ICP			
1	INVESTMENT CORP.OF PAKISTAN	23,500	0.15
TOTAL:		23,500	0.15
5.4 Banks, DFIs, NBFIs			
1	SAUDI PAX IND. & AGRI. INV. CO. (PVT.) LTD.	12,700	0.08
2	THE BANK OF PUNJAB, TREASURY DIVISION	9,000	0.06
3	NATIONAL BANK OF PAKISTAN	642	0.00
4	NATIONAL BANK OF PAKISTAN	121	0.00
5	FAYSAL BANK LIMITED	8,500	0.05
6	THE BANK OF PUNJAB	400	0.00
7	NATIONAL BANK OF PAKISTAN - TRUSTEE WING	126,800	0.84
TOTAL:		158,163	1.04
5.5 Insurance Companies			
TOTAL:		0	0.00
5.6 Modarabas and Mutual Funds			
1	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	832,300	5.48
TOTAL:		832,300	5.48
5.7 Shareholding 5% or more			
1	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	832,300	5.48
TOTAL:		832,300	5.48
5.8 General Public			
1,996	a- Local	5,050,836	33.28

ASIM TEXTILE MILLS LIMITED
DETAIL CATEGORIES OF SHAREHOLDERS
AS ON 30-06-2019

CATEGORIES OF SHAREHOLDERS		TOTAL SHARES	%
b- Foreign		5,050,836	33.28
TOTAL:			
Others - Joint Stock Companies			
1	MAPLE LEAF CAPITAL LIMITED	1	0.00
2	NH HOLDINGS (PVT) LTD	1,001	0.01
TOTAL:			
3 Others - Trust			
TOTAL:		0	0.00
9 Others			
1	INKAGA CONSULTANTS (PVT.) LTD.	500	0.00
TOTAL:		500	0.00
Grand Total:		15,177,000	100.00

* Shareholders having 5% or above shares exist in other categories therefore not included in total.

Shareholders' Information

As at June 30, 2019

Categories of Shareholders	Shares held	Percentage
Director, Chief Executive and their spouse and minor children	-	0.00%
Associated Companies, undertakings and related parties	-	0.00%
NIT and ICP	23,500	0.15%
Banks, Development Finance Institutions Non-Banking Financial Institutions	158,163	1.04%
Insurance Companies	-	0.00%
Modaraba and Mutual Funds	832,300	5.48%
Shareholders holding 5% and above	832,300	5.48%
General Public :		
a. Local	14,161,536	93.31%
b. Foreign	-	0.00%
Others :		
Joint Stock Companies	1,001	0.01%
Trusts	-	0.00%
Others	500	0.00%
	15,177,000	100.00%

ASIM TEXTILE MILLS LTD
ANNUAL GENERAL MEETING

FORM F PROXY

IMPORTANT

This Form of Proxy, in order to be effective, must be deposited duly completed at the Company's Registered Office **JK House, 32-W, Susan Road, Madina Town, Faisalabad**, not less than 48 hours before the time of holding the meeting.

A proxy must be a member of the Company. Signature should agree with the specimen registered with the company.

Please quote registered folio number

I/We _____

of _____

being a member of the Asim Textile Mills Limited _____ and holder

of _____ ordinary shares, hereby appoint

_____ of _____

Who is also a member of the company as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at registered office of the Company, **JK House, 32-W, Susan Road, Madina Town, Faisalabad**, on 28.10.2019 at 9.30 am or at any adjournment thereof.

as witness my/our hand this _____ day of _____ 2019

signed by the said _____ in the presence of

Date: _____ (Member's Signature)

Place _____ (Witness's Signature)

Affix Rs.5/-
revenue stamp which must
be cancelled either by
signature over it or by some
other means

