

Annual Report 2017



ALI ASGHAR TEXTILE MILLS LTD.



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COMPANY INFORMATION

Board of Directors

Mr. Nadeem Ellahi Shaikh	(Chief Executive)
Mr. Abdullah Moosa	(Non-Executive Director & Chairman)
Mr. Ahmed Ali	(Non-Executive Director)
Mr. Muhammad Suleman	(Non-Executive Director)
Mr. Muhammad Afzal	(Non-Executive Director)
Mr. Sultan Mehmood	(Non-Executive Director)
Mr. Muhammad Zubair	(Independent Director)

Audit Committee	Mr. Muhammad Zubair	Chairman
	Mr. Sultan Mehmood	Member
	Mr. Muhammad Afzal	Member

Human Resources & Remuneration (HR&R) Committee	Ahmed Ali	Chairman
	Mr. Muhammad Afzal	Member
	Mr. Muhammad Zubair	Member

CFO & Company Secretary Mr. Muhammad Suleman

Auditor M/s. Mushtaq & Co. Chartered Accountants

Banker Habib Bank Limited
Habib Metropolitan Bank Limited
Bank Al-Habib Ltd
National Bank of Pakistan

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

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

Website www.aatml.com.pk
Mills Plot 6, Sector No. 25 Korangi Industrial Area Karachi
74900

Vision Statement

To strive through excellence through Commitment, Integrity, Honesty and Team Work

Mission Statement

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

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DIRECTOR REPORT

The Directors are pleased to present the 51st annual report to the shareholders.

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

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

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

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

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

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

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

- b. SECP hastily passed order last year authorizing the CRO to submit a winding up petition was temporary suspended by SECP, as a review petition was filed with SECP. In view of the approval of the business plan by 94% of the shareholders, the consequent increase in business activities and rise in income from company owned assets the company lawyer is very confident that SECP will reverse its original order.
- c. Sending and receiving third party confirmation (in this case, balance conformation from First Dawood Investment Bank and Bank of Punjab) is one of the procedures applied by auditors to verify the balance pending. The management has not only disclosed each material fact about these liabilities under note number 193, 19.5, 24.1, 24.2 but also provided all documents relating to First Dawood Investment Bank Limited and Bank of Punjab liability which could help them verify such balances through other alternate audit procedures but the auditor still choose to qualify these liabilities because they couldn't satisfy themselves on the basis of their judgment.
- d. The Auditor's point about certain carrying revaluation of the Property Plant and Equipment is due to the on going process of machinery and equipment disposal. Hence, during this process, the revaluation might not have a meaningful refection of company's assets.
- e. As the management has disclosed in the note number 14.1 and 14.2 of the financial statements, the management believes that the inflow of economic benefit from such assets is probable and could be measured reliably as at June 30, 2017 as this is the amount of claim pending before UK cotton exchange under international cotton rules and all the relating documents for verification has been provided to the auditors, but the amount still remain unverified in the matter of auditor's judgment.
- f. The management believes that the liability should not be recorded more than the probable outflow of economic benefit and in this case, as stated in note number 24.1, the management and the legal advisor firmly believes that the outflow won't be more than what already recorded in the books of the company and basing that, the management is of opinion that the markup of Bank of Punjab along with its pending liability is correctly recorded and properly disclosed in the financial statements.
- g. Due to the sad demise of one of our directors **Mr. Munawar Hussain, Mr. Ahmed Ali** was co-opted as a director in his place.

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

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Future outlook

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

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

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

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

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

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

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

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

S.No.	Name of Director	Number of meeting attended
1.	Mr. Nadeem Ellahi Shaikh	4
2.	Mr. Abdullah Moosa	4
3.	Mr. Ahmed Ali	1
4.	Mr. Muhammad Suleman	4
5.	Mr. Muhammad Afzal	1
6.	Mr. Sultan Mehmood	1
7.	Mr. Mohammad Zubair	1
8.	Mr. Munawar Hussain	3

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

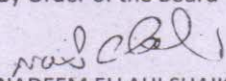
The pattern of holding of the shares as on June 30, 2017 is annexed.

Retiring Auditors M/s. Mushtaq & Co. Chartered Accountants retire and being eligible offers themselves for re-appointment for the financial year ending June 30, 2018.

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

Karachi

By Order of the Board


NADEEM ELLAHI SHAIKH.
Chief Executive

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

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

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

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

Director, Chief Executive Officer

Nadeem Ellahi	18,293,275	41%
Marium Humayun	40,940	0.0922%
Raja Gazanfar Ali	1,000	0.0023%
Muhammad Suleman	1,000	0.0023%
Abdullah Moosa	1,000	0.0023%
Sultan Mehmood	1,000	0.0023%
Muhammad Azad Khan	1,000	0.0023%

Associated Company, Undertaking and related parties

NIT & ICP (investment Companies)	4,800	0.0108%
Banks Development Financial Institutions, Joint stock, non Banking Financial and other Institutions	171,499	0.3860%
Insurance Company		
Modarabas and Mutual Funds		
Shareholding 10% - Naveed Ellahi	19,973,331	45%
General Public		
Local	5,937,849	13.3655%
Foreign		
Others		

44,426,694

100%

**ALI ASGHAR TEXTILE MILLS LIMITED
STATEMENT OF COMPLIANCE
WITH THE CODE OF CORPORATE GOVERNANCE
YEAR ENDED JUNE 30, 2017**

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

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

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

At present the Board includes following:

Category	Names
Independent Director	Mr. Muhammad Zubair
Executive Director	Mr. Nadeem Ellahi Sheikh
Non-Executive Director	Mr. Ahmed Ali
	Mr. Muhammad Suleman
	Mr. Muhammad Afzal
	Mr. Sultan Mehmood
	Mr. Abdullah Moosa

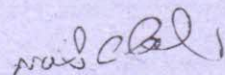
The independent directors meet the criteria of independence under clause i(b) of the CCG.

2. The Directors have confirmed that none of them are serving as a director in more than seven listed companies, including this Company.
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBF. No director of the board is a member of stock exchange in Pakistan.
4. During the year, no casual vacancies occurred.
5. The Company has prepared a code of conduct and ensures that appropriate steps have been taken to disseminate it through the company along with its supporting policies and procedure.

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6. The Board has developed a vision and mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board.
8. The meetings of the Board were presided by the Chairman. The Board met at least once in every quarter. Written notices of the Board Meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The board arranged in house orientation courses for its directors during the year to appraise them of their duties and responsibilities and to brief them regarding amendments in the companies ordinance/corporate laws.
10. No new appointments of Chief Financial Officer, Company Secretary and Head of Internal Audit, has been made during the year while any change(if any) in their remuneration and terms of conditions of employment is approved by the Board.
11. The Directors' Report for this period has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
13. The Directors, CEO and executive do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises three members, all of them are non-executive directors.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed a Human Resource and Remuneration Committee. It comprises three members, two of which are non-executive Directors.
18. The Board has setup an effective internal audit function manned by suitable qualified and experienced personnel who are conversant with the policies and procedures of the Company. They are involved in the internal audit function on full time basis.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period' prior to the announcement of interim / final results and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/Price sensitive information has been disseminated among all the market participants at once through stock exchange.
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintenance proper record including basis for inclusion or exclusion of names of person from the said list.
24. We confirm that all other material principles contained in the Code have been complied with.

**Nadeem Ellahi**

Chief Executive

Karachi

Date: 13.9.2017

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MUSHTAQ & CO.**CHARTERED ACCOUNTANTS**

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

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

Email Address: mushtaq_vohra@hotmail.com

**REVIEW REPORT TO THE MEMBERS***On the Statement of Compliance with Best Practices of the Code of Corporate Governance*

We have reviewed the enclosed statement of compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Ali Asghar Textile Limited** (the Company) for the year ended June 30, 2017 to comply with the Code contained in regulation No. 5.19 of the Rule book of Pakistan Stock Exchange Limited.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

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

The Code requires the Company to place before the Audit Committee and upon recommendation of audit committee, places before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the statement of compliance does not appropriately reflect the status of the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

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

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

Karachi: **07 OCT 2017**

Date: _____

Mushtaq Ahmed Vohra
MUSHTAQ & COMPANY
 Chartered Accountants
 Designated Partner:
 Mushtaq Ahmed Vohra
 Chartered Accountant FCA

Notice of 51st Annual General Meeting

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

ORDINARY BUSINESS

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

By the order of Board



Muhammad Suleman
Company Secretary

Dated: October 07, 2017

Notes:

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

1. Participation in the annual general meeting:

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

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

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

As per SRO 787(I)/2014 of SECP, each TRE Holder/Shareholder who desire to receive soft copy of accounts is requested to update his/her email address with the share registrar and opt for the soft copy of financial results of The Company, so all the results and material information could be transferred in more quicker and better way and any change of address of TRE Certificate holder should be immediately notified to the company's share registrars, C&K Management Associates

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(PVT) Limited, Address: 404- Trade Tower, Abdullah Haroon Road Near, Metropole Hotel, Karachi-75530, Phone: 35687839, 3568593

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

A. For attending the meeting:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original computerized national identity card (CNIC) or original passport at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

B. For appointing proxies:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form accordingly.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport
- iv) The proxy shall produce his/her original CNIC or original passport at the time of meeting.
- v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted along with proxy form to the company.

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

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 – Fax: 32639843
 Branch Office: 501-B, 5th Floor, City Towers, Main Boulevard, Lahore. Tel: 35788626
 Email Address: mushtaq_vohra@hotmail.com



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Ali Asghar Textile Mills Limited** as at June 30, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by the management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verifications, we report that:

- a) The company has suspended its textile operations since September 2011 and entered into lease agreements to lease out warehouses to different companies and hired new employees, as approved in AGM, dated: 29th October, 2016. The Company is generating profits from the lease of warehouses.
 The Company incurred a loss for the year ended June 30, 2017 of Rupees 12.271 million (June 30, 2016 Re-stated: Loss Rupees 13.846 million) and as of that date, reported accumulated losses of Rupees 225.522 million (June 30, 2016 Re-Styled: Rupees 214.257 million). The company's current liabilities exceeded its current assets by Rupees 9.589 million (June 30, 2016: Rupees 9.036 million) as of that date. These conditions along with adverse key financial ratios, shows Company's inability to comply with loan agreements and pay debts on due dates, discontinuance of operation and retirement of key employees indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Furthermore the SECP has issued order no. CSD/ARN/15/2015 dated: June 06, 2016 under section 309 for winding up of the company against which review application dated: August 05, 2016 has been filed by the company. We believe that these circumstances give rise to significant uncertainty as to the ability of the company to continue operations as going concern in the foreseeable future and therefore, the company may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements have been prepared on going concern basis, but in our judgment, management's use of going concern assumption in these financial statements is inappropriate.
- b) Balance with the First Dawood Investment Bank Ltd amounting to Rs.47.6 million, stated in note 19.3 and with Bank of Punjab amounting to Rs. 18.77 million stated in note 19.5 remains unconfirmed. Confirmation was sent. We were also unable to satisfy ourselves as to the correctness of the reported balances by performing other alternate auditing procedures.
- c) The company has not carried out a revaluation of property, plant and equipment on June 30, 2017 under International Accounting Standard (IAS) 16 "Property, Plant and Equipment". In the absence of revaluation figures, it is not possible to perform impairment test as suggested in the International Accounting Standards (IAS) 36 "Impairment of assets". Hence impact of the same on assets, revaluation surplus and on profit and loss account of the company cannot presently be determined.

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Email Address: mushtaq_yohra@hotmail.com



- d) We are unable to verify the quality claim booked by the company against raw cotton purchase (note 14.1) amounting to Rs. 7,362,358. Further, the company has filed a claim against the supplier of raw cotton for the price difference of Rs. 14,000,000 for non-supply of raw cotton (note 14.2) and has gone to arbitration as supplier denied admitting the claim.
- e) The company has not accounted for the finance cost approximate to Rs. 4.284 million (2016: Rs. 2.266 million) on outstanding balances in respect of long term loan from Bank of Punjab. Had the company accounted for the finance cost, the loss for the year would have been increased by Rs. 4.284 million and consequently accrued mark-up would also have been increased by Rs. 4.284 million.
- f) Except for the paragraph (a) to (e) and its effects on financial statements, in our opinion, proper books of accounts have been kept by the company as required by the Companies ordinance, 1984;
- g) in our opinion;
- i. Except for the paragraph (a) to (e) and its effects on financial statements, the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied.
 - ii. the expenditure incurred during the year was for the purpose of the company's business; and
 - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- h) In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the inappropriate going concern assumption and other matters discussed in paragraph (a) to (e), the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof do not conform with approved accounting standards as applicable in Pakistan, and do not give the information required by the Companies Ordinance, 1984, in the manner so required and respectively do not give a true and fair view of the state of the company's affairs as at June 30, 2017 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and
- i) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Karachi. **07 OCT 2017**
 Dated: _____


MUSHTAQ & COMPANY
 Chartered Accountants
 Engagement Partner:
 Mushtaq Yohra,
 Karachi
 Chartered Accountants

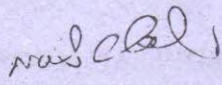
ALI ASGHAR TEXTILE MILLS LIMITED

BALANCE SHEET

AS AT JUNE 30, 2017

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

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


NADEEM E. SHAIKH
CHIEF EXECUTIVE


ABDULLAH MOOSA
DIRECTOR

