

HALF YEARLY REVIEWED FINANCIAL STATEMENTS DECEMBER 31, 2017



ALI ASGHAR TEXTILE MILLS LTD.



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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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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	Mr. Ahmed Ali	Chairman
	Mr. Muhammad Afzal	Member
	Mr. Muhammad Zubair	Member

CFO & Company Secretary	Mr. Muhammad Suleman
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Auditor	M/s. Mushtaq & Co. Chartered Accountants
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Banker	Habib Bank Limited Habib Metropolitan Bank Limited Bank Al-Habib Ltd National Bank of Pakistan
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Shares Registrar	C. & K. Management Associates (Pvt) Ltd 404- Trade Tower, Abdullah Haroon Road Metropole Hotel, Karachi-75530 Phone: 35687839, 3568593
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Registered Office	Plot No. 6, Sector No. 25, Korangi Industrial Area, Karachi. 74900
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Website	www.aatml.com.pk
Mills	Plot 6, Sector No. 25 Korangi Industrial Area Karachi 74900

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DIRECTOR REPORT

The directors are pleased to the present accounts for the period ended July to December 2017. By the grace of Almighty Allah the company has earned a profit of Rs.1.6 million after taxes versus loss after tax of Rs.5.78 million in same period last year. This turnaround has been due the implementation of the logistics and warehousing plan approved by the shareholders in the AGM held on 29th October 2016.

In order to augment marketing efforts for enhancing client base AATML has hired additional employees which shows the confidence of the management in the success of it's business plan.

A small quantity of cotton yarn has been bought to explore viability of commercial trading and value addition in yarn. Management is hopeful that this can lead to a proper trading department generating revenue for the company in the near future

The directors are also pleased to inform the shareholders that due to untiring efforts of the management and the company's return to profitability, improvement in Debt/Equity and Current ratios, the auditors have removed the **qualification** on accounts on use of "going concern basis" assumption for preparation of accounts.

This vote of confidence by the auditors reflects the positive future of the company.


Since the principal line of business and majority of revenue is been generated from rental of company owned assets, management thought it to be prudent to show this as topline revenue and not as "other income". A special EOGM is also been planned in March 2018 to make certain changes in memorandum of articles and association to reflect this change.

Regarding auditor emphasis of matter, it is important to point out that accumulated loss of Rs.223.39 million is fully covered by the revaluation surplus of Rs. 259.63 million. Current Ratio is 0.94 and as stated in detail in notes to account 1.1, 1.2, 1.3 there is no danger of company not been able to discharge its obligations.

Due to concerns of SECP regarding suspension of business been fully addressed, management is very confident the SECP will rule in favour of Revision application filed in August 2016. Regarding observations of auditors a to c, they have been addressed in detail in the director report of last year annual accounts

I would like to thank all the employees/financial institutions and customers for all their support.

By order of the Board


NADEEM ELLAHI SHAIKH
CHIEF EXECUTIVE

KARACHI

DATED 26th February 2018

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MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

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

Branch Office: 20-B, Block-G, Gulberg-III, Lahore. Tel: 35884926 Fax: 35843360

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AUDITORS' REVIEW REPORT TO THE MEMBERS ON CONDENSED INTERIM FINANCIAL INFORMATION

INTRODUCTION

We have reviewed the accompanying condensed interim balance sheet of Ali Asghar Textile Mills Limited as at 31st December, 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "interim financial information"), for the half year then ended. Management is responsible for preparation and presentation of this interim financial reporting in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended 31st December, 2017 and 2016 in the condensed interim profit and loss account have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standards on Review Engagements 2410, "Review of interim financial information performed by the independent Auditors of the Entity". A review of interim financial information consists of making inquiries, primarily of the persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BASIS OF CONCLUSION

The following observations come to our knowledge during our review of interim financial statement:

- The company has not carried out a revaluation of property, plant and equipment on 31st December, 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.
- We are unable to verify the quality claim of Rs.7.362 million. Further, the company has filed a claim against the supplier of raw cotton for the price difference of Rs.14 million for non-supply of raw cotton. The supplier denied the claim.
- The company has not accounted for the finance cost on long term loan from Bank of Punjab Rs.5.034 million. Had the company accounted for the finance cost, the profit for the period would have been decreased.

CONCLUSION

Based on our review, nothing has come to our attention, except for the matters referred in above paragraphs (a) to (c), which may causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

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Emphasis of Matter

The company has ceased the production since September 2011. During the half year period company have incurred profits from its leasing of warehouses Rupees 1.653 million (31st December, 2016: Loss of Rupees 5.787 million) & has accumulated losses of Rupees 223.395 million (31st December, 2016: Rupees 219.542 million). The company's current liabilities exceeded its current assets by Rupees 2.327 million (June 30, 2017 Rupees 9.589 million). These conditions along with adverse key financial ratios, shows Company's inability to comply with loan agreements and pay debts on due dates. 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.

Karachi: **26 FEB 2018**
Dated: _____



MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner
Mushtaq Ahmed Vohra
FCA

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ALI ASGHAR TEXTILE MILLS LIMITED CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2017

	Un-Audited 31-Dec-17 Rupees	Audited 30-Jun-17 Rupees
Assets		
Non Current Assets		
Property plant & equipment	367,583,876	369,586,361
Capital Work in Progress	5,374,310	-
Long term Investment	14,630	14,630
Long term Deposits	2,449,169	2,336,169
Long Term Loans	1,428,760	2,038,577
	<u>376,850,745</u>	<u>373,975,737</u>
Current Assets		
Inventories	2,921,269	941,269
Loans and advances	6,561,499	5,288,055
Trade deposits and short term prepayments	1,611,230	1,611,230
Other Receivables	21,362,358	21,362,359
Tax refunds and due from govt.	3,034,707	2,210,872
Cash and bank balances	738,563	968,854
	<u>36,229,626</u>	<u>32,382,639</u>
Total Assets	<u><u>413,080,371</u></u>	<u><u>406,358,376</u></u>
Equity and Liabilities		
Share capital and reserves		
Authorised share capital	250,000,000	250,000,000
Issued and paid up capital	222,133,470	222,133,470
Interest free directors & others loan	56,035,028	-
Unappropriated loss	(223,395,962)	(225,522,657)
	54,772,536	(3,389,187)
Surplus on revaluation of PPE	258,658,800	259,132,296
Non-Current liabilities		
Long term financing	58,508,315	58,508,315
Long term loan from directors and others	-	46,515,789
Long term deposits	833,850	833,850
Deferred liabilities	1,749,515	2,785,015
	<u>61,091,680</u>	<u>108,642,969</u>
Current liabilities		
Trade and other payables	16,157,287	20,531,169
Accrued interest	4,930,250	4,930,250
Book overdraft	8,917,370	7,858,431
Current portion of non current liabilities	8,552,448	8,652,448
	<u>38,557,355</u>	<u>41,972,298</u>
Contingencies and commitments		
Total equity and Liabilities	<u><u>413,080,371</u></u>	<u><u>406,358,376</u></u>

NADEEM E. SHAIKH
Chief Executive

ABDULLAH MOOSA
Director

M. SULEMAN
Chief Finance Officer

