

# HALF YEARLY REVIEWED FINANCIAL STATEMENTS DECEMBER 31, 2017



## ALI ASGHAR TEXTILE MILLS LTD.



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## **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

#### **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 Mills**

[www.aatml.com.pk](http://www.aatml.com.pk)  
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 29<sup>th</sup> 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 26<sup>th</sup> 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

Email Address: mushtaq\_vohra@hotmail.com



### 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 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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.

# ALI ASGHAR TEXTILE MILLS LTD.

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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  
Email Address: mushtaq\_vohra@hotmail.com



### 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 (31<sup>st</sup> December, 2016: Loss of Rupees 5.787 million) & has accumulated losses of Rupees 223.395 million (31<sup>st</sup> 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

# ALI ASGHAR TEXTILE MILLS LTD.

HALF YEARLY REVIEWED FINANCIAL STATEMENTS  
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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
<b>Assets</b>		
<b>Non Current Assets</b>		
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
	376,850,745	373,975,737
<b>Current Assets</b>		
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
	36,229,626	32,382,639
<b>Total Assets</b>	<b>413,080,371</b>	<b>406,358,376</b>
<b>Equity and Liabilities</b>		
<b>Share capital and reserves</b>		
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
<b>Non-Current liabilities</b>		
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
	61,091,680	108,642,969
<b>Current liabilities</b>		
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
	38,557,355	41,972,298
<b>Contingencies and commitments</b>		
<b>Total equity and Liabilities</b>	<b>413,080,371</b>	<b>406,358,376</b>

NADEEM E. SHAIKH  
Chief Executive

ABDULLAH MOOSA  
Director

M. SULEMAN  
Chief Finance Officer



# ALI ASGHAR TEXTILE MILLS LTD.

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## ALI ASGHAR TEXTILE MILLS LIMITED CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	31-Dec 2017 Rupees	31-Dec 2016 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	1,067,870	(5,197,446)
<b>Adjustments for:</b>		
Depreciation	2,052,936	862,151
Finance cost	17,962	16,883
	2,070,898	879,034
Loss before working capital changes	3,138,768	(4,318,412)
<b>(Increase)/decrease in current assets</b>		
Inventory	(1,980,000)	-
Loan and advances	(1,273,444)	(706,601)
	(3,253,444)	(706,601)
<b>Increase in current liabilities</b>		
Trade and other payables	(4,373,881)	4,756,984
<b>Cash used in operation</b>	(4,488,557)	(268,029)
Finance cost paid	(17,962)	(16,883)
Taxes refund/(paid)	(238,506)	546,038
Staff retirement benefits gratuity paid	(1,035,500)	-
	(1,291,968)	529,155
<b>Net cash used in operating activities</b>	(5,780,525)	261,126
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Long term deposits	(113,000)	-
Fixed capital expenditure	(5,424,761)	(73,900)
<b>Net cash flows from investing activities</b>	(5,537,761)	(73,900)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loans received from directors and sponsors	(46,515,789)	6,144,999
Interest free directors and other loan	56,035,028	-
Loan repaid	(100,000)	-
Loans and advances	609,817	(117,542)
Deposits received	-	-
Bank overdraft	1,058,939	(5,731,543)
<b>Net cash flow from financing activities</b>	11,087,995	295,914
<b>Net increase in Cash and Cash equivalents</b>	(230,291)	483,141
Cash and cash equivalent at the beginning of the period	968,854	341,520
<b>Cash and cash equivalent at the end of the period</b>	<b>738,563</b>	<b>824,661</b>

NADEEM E. SHAIKH  
Chief Executive

ABDULLAH MOOSA  
Director

M. SULEMAN  
Chief Finance Officer

# ALI ASGHAR TEXTILE MILLS LTD.

## ALI ASGHAR TEXTILE MILLS LIMITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Share Capital	Interest free Directors' and others loan	Unappropriated Loss	Total Equity
	Rupees			
Balance as at July 01, 2016 (Audited)	222,133,470	-	(214,257,211)	7,876,259
Total comprehensive loss for the half year ended Dec 31, 2016	-	-	(5,787,873)	(5,787,873)
Transfer from surplus on revaluation-incremental	-	-	502,875	502,875
Balance as at Dec 31, 2016 (Unaudited)	222,133,470	-	(219,542,209)	2,591,261
Total comprehensive loss for the remaining period	-	-	(6,483,323)	(6,483,323)
Transfer from surplus on revaluation - incremental	-	-	502,875	502,875
Balance as at June 30, 2017 (Audited)	222,133,470	-	(225,522,657)	(3,389,187)
Total comprehensive Profit for the half year ended Dec 31, 2017	-	-	1,653,199	1,653,199
Transfer from surplus on revaluation-incremental	-	-	473,496	473,496
Transferred from long term loan	-	56,035,028	-	56,035,028
Balance as at Dec 31, 2017 (Unaudited)	222,133,470	56,035,028	(223,395,962)	54,772,536



NADEEM E. SHAIKH  
Chief Executive



ABDULLAH MOOSA  
Director



M. SULEMAN  
Chief Finance Officer

# ALI ASGHAR TEXTILE MILLS LTD.

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## ALI ASGHAR TEXTILE MILLS LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

### 1 THE COMPANY AND ITS OPERATIONS

- 1.1 Ali Asghar Textile Mills Limited (the Company) was incorporated in Pakistan on February 9, 1967 as a public limited company having its registered office at Uni Towers, I.I. Chundrigar Road, Karachi in the province of Sindh. Its shares are quoted on Karachi Stock Exchange (Quarante) Limited. The principal activity of the Company is to manufacture and sale of yarn. However, in a proposed EOGM to be held in March 2018, the objective clause is proposed to be changed to incorporate logistic hub and warehousing business as a principal activity. The facilities of the Company are located at Korangi Industrial Area, Karachi in the province of Sindh.
- 1.2 The Company has temporarily suspended its textile operation since September, 2011 and has sold a substantial portion of its Property Plant & Equipment. The Company has accumulated losses of Rs. 223.395 million as at Dec 31, 2017 and current liabilities exceeds its current assets by Rs. 2.327 million as at Dec 31, 2017. In the AGM held in October 2016 presented shareholders with a new business plan and detailed cash flows. After approval the management has started hiring new employees and started business activities.
- 1.3 Management assesses the reliability of going concern assumption in preparation of these financial statements and concluded that, it is still in going concern based on following mitigating factors. Accordingly, these financial statements have been prepared on going concern assumption.

#### a Logistic Hub and Warehousing Business

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

#### b Support of Directors and Sponsors

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

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

Effective 30 May 2017, the companies Act 2017 (The Act) has been promulgated, however, the Securities and Exchange Commission of Pakistan (SECP) vide its circular No 23 of 2017 dated October 04, 2017 decided that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Furthermore, the institute of Chartered Accountants of Pakistan also issued clarification vide its circular dated 06 October 2017 which states that the interim financial information of the companies for the periods ending on or before December 31, 2017 shall also be prepared in accordance with the provisions of the repealed Companies Ordinance 1984. Accordingly, these condensed interim financial information have been prepared in accordance with International Accounting Standard-34 'Interim Financial Reporting' and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirements differ the provision of or directive issued under the repealed Companies Ordinance, 1984 have been followed.

Currently, the company is assessing the impact of these requirement on the financial statements. It is expected that it will result in change in accounting treatments and enhanced disclosures in the financial statements which will be incorporated in the subsequent financial statements of the company.

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Finance Reporting Standard (IFRS) (IAS 34 Interim Financial Reporting as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended June 30, 2017.

#### 2.2 Accounting Convention

These financial statements have been prepared under the historical cost convention except for measurement of certain financial assets and financial liabilities at fair value and recognition of employee benefits at present value.

#### 2.3 Functional and presentation currency

These financial information are presented in Pakistan Rupees which is also the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest rupee.

### 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation which have been used in the preparation of this interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2017.

### 4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

Judgments and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended June 30, 2017. The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2017.

### 5 ACQUISITION AND DISPOSAL OF PROPERTY PLANT AND EQUIPMENTS

The cost of additions and disposals to operating fixed assets during the half year ended December 31, 2017 were as follows:

	December 31, 2017 (Un-Audited)		June 30, 2017 (Audited)	
	Additions	Disposals	Additions	Disposals
	(Cost in Rupees)		(Cost in Rupees)	
Office Equipment	50,450	-	54,200	-
	50,450	-	54,200	-

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## ALI ASGHAR TEXTILE MILLS LIMITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2017

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NADEEM E. SHAIKH  
Chief Executive



ABDULLAH MOOSA  
Director



M. SULEMAN  
Chief Finance Officer



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