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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:**

CH. GHULAM MURTAZA BUTTAR

MR. ZEESHAN ZAHID

MR. ZULQARNAIN

HUMAN RESOURCES & REMUNERATION COMMITTEE:**CHAIRMAN:****MEMBER:****MEMBER:**

MR. ZULQARNAIN

MR. ALI RAZA ZAFAR

CH. GHULAM MURTAZA BUTTAR

COMPANY SECRETARY:

MR. ALLAH DITTAH

CHIEF FINANCIAL OFFICER:

MR. ABRAR MOHSIN

HEAD OF INTERNAL AUDIT:

MR. NASEEM ABBAS

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 28.10.2017 to transact the following business :-

1. To confirm the minutes of the Annual General Meeting held on 31.10.2016.
2. To receive, consider and adopt the audited accounts of the company for the year ended June 30, 2017 together with the Directors' and Auditor's reports thereon.
3. To appoint auditors for the year ending June 30, 2018 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: 07.10.2017

(Company Secretary)

NOTES :

1. The share transfer books of the company will remain closed from 21.10.2017 to 28.10.2017 (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 along with 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 LTD
DIRECTORS' REPORT TO THE MEMBERS

Your directors feel pleasure in presenting the 28th annual report with audited financial statements of the Company for the year ended June 30, 2017.

OPERATING RESULTS:

	[Rupees in Million]	
	Year ended June 30, 2017	Year ended June 30, 2016
Profit/ (loss) before taxation	39.939	(13.283)
Taxation	10.613	00.004
	-----	-----
Profit / (loss) after taxation	29.326	(13.287)
	=====	=====
Earnings / (loss) per share – basic (Rupee)	<u>1.93</u>	<u>(0.88)</u>

Synopsis of financial year 2017:

- Gross earnings increased to 61.823 million from 7.341 million during last year due to increase in prices of yarn.
- Operational costs decreased by 0.29% (decreased from 25.506 million to 25.432 million during the year under review).
- Sales revenue increases by 11.12% due to increase in price of yarn.

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 and following steps are taken to capture worse market conditions and decrease in sale price by technological advancement and new markets search that will ensure better outcome in coming years.

- 1- Management is optimistic that modernization of plant and machinery will surely result in decrease in production cost.
- 2- Refined quality products and significant decrease in production cost will bring competitive advantage to the company to overcome the adverse influence of existing market conditions.

Your management looks forward optimistically to counter all challenges and is confidently devoted to deliver optimal results in future and will continue to meet our objectives and goals.

COMPLIANCE TO GOOD GOVERNANCE, SOCIAL AND ENVIRONMENTAL REQUIREMENTS

Your Company is a responsible corporate citizen and fully recognizes its responsibility towards community, employees and environment.

The Company has established implemented and maintained systems in compliance with the requirements of international standards and achieved third party certification for the following product/management systems standards:

ISO 9001:2008

Quality Management Systems

HUMAN RESOURCE AND INDUSTRIAL RELATIONS:

Your company has defined documented criteria to recruit and hire people consistent with national and international standards. This is demonstrated at all level beyond any racism, cast, sex or religion and respects human rights, ethics and standards.

The company has also setup procedures, rules and regulations to keep work friendly environment which regulate employment guidance. The operations of the company were carried out keeping in view the dignity, respect, support and protection as per national and international standards set to meet the working environments.

EARNINGS PER SHARE:

The Profit per share for the company for the year ended 30th June, 2017 is Rs. 1.93 per share.

DIVIDEND:

Due to accumulated loss and other circumstances discussed in this report, the board of directors does not recommend dividend for the year ended 30th June, 2017.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

As required by the Code of Corporate Governance and The Companies Ordinance, 1984, your directors are pleased to report as under:

1. The financial statements prepared by the management of your Company present fairly and accurately the state of its affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of accounts of the company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. 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.

5. The system of internal control is sound in design and has been effectively implemented and being monitored continuously. Ongoing review will continue in future for further improvement in controls.
6. The Board is satisfied that there are no significant doubts upon the company's ability to continue as a going concern.
7. There is a material uncertainty about Company's ability to continue as a going concern; however these financial statements have been prepared on going concern assumption for reasons more extensively disclosed in note 1.2 of the financial statements.
8. Key operating and financial data of last six years in summarized form is annexed.
9. There are no outstanding statutory payments on account of taxes, duties, levies and charges as on 30th June, 2017 except for those disclosed in the financial statements.
10. The value of Employees Provident Fund investment as at 30th June, 2017 was Rs. 14,134,001/-.
11. Company has arranged in-house training program for its Directors.
12. There has been no material departure from the best practices of corporate governance as detailed in the listing regulations of the stock exchanges.
13. Statement of compliance with the Best Practice of Corporate Governance is annexed.

BOARD OF DIRECTORS MEETINGS:

During the year six meetings of the Board were held and following were in attendance:

Name of Director	Attendance
Mr. Zahid Anwar (CEO)	5
Mrs. Rukhsana Begum	5
Mr. Imran Zahid	5
Mr. Zeeshan Zahid	5
Ch. Ghulam Murtaza Buttar	6
Mr. Zulqarnan	4
Mr. Ali Raza Zafar	5

AUDIT COMMITTEE MEETING:

During the year five meetings of the committee were held and following were in attendance:

Name of Director	Attendance
Ch. Ghulam Murtaza Buttar	5
Mr. Zeeshan Zahid	4
Mr. Zulqarnain	5

HUMAN RESOURCES & REMUNERATION COMMITTEE:

During the year two meetings of the committee was held and following were in attendance:

Name of Director	Attendance
Mr. Zeeshan Zahid	2
Mr. Ali Raza Zafar	2
Ch. Ghulam Murtaza Buttar	2

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 adverse opinion in their audit report about the Company's ability to continue as a going concern due to accumulated loss of Rs.261.343 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.

AUDITORS:

The present auditors M/s Arshad Raheem & Co. Chartered Accountants retire and being eligible offer themselves for reappointment for the next year. The audit committee has also recommended their name for reappointment.

SUBSEQUENT EVENTS:

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.

RELATED PARTY TRANSACTIONS:

During the year the Company has made advance for purchase of electricity from an associated undertaking, Zeeshan Energy Limited at normal competitive rates. Accordingly electricity is being purchased from associated undertaking. Transactions undertaken with related parties during the financial year have been ratified by the Audit Committee and approved by the Board.

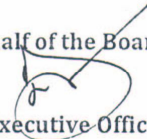
SHAREHOLDING PATTERN:

Pattern of shareholding as on 30th June, 2017 is annexed.

ACKNOWLEDGEMENT:

The Board takes this opportunity to thank the company's valued shareholders and customers and like to place on record its deep appreciation for their continuous support and expect to get the same cooperation in the future. The Board greatly appreciates hard work and dedication of all the employees of the Company.

Dated: October 07, 2017
Faisalabad.

On behalf of the Board

Chief Executive Officer

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2017

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19.24 of listing regulations of Pakistan Stock Exchange Limited for the purpose of establishing a frame work 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 of Corporate Governance in the following manners:

1. The Company encourages the representation of independent non-executive directors and directors representing minority interest on its Board of Directors. At present the board includes:

Category	Names
Independent Directors:	Ch. Ghulam Murtaza Buttar Mr. Zulqarnain Mr. Ali Raza Zafar
Executive Directors:	Mr. Zahid Anwar Mr. Imran Zahid
Non-Executive Directors:	Mrs. Rukhsana Begum Mr. Zeeshan Zahid

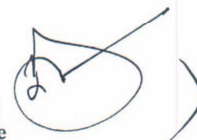
The independent directors meets the criteria of independence under clause 5.19.1.(b) of the Code of Corporate Governance.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the board during the period under consideration.
5. 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.
6. 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.
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 and other executive and non-executive directors, have been taken by the Board/shareholders.
8. 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 and 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. All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The Board had arranged in- house orientation courses of the Code of Corporate Governance for its directors every year to apprise them of their role and responsibilities. In accordance with the criteria on clause 5.19.17 of PSX Rules, four directors of the Company are exempt from the requirement of director's training program.

10. During the year, there was no change in the position of Company Secretary, Chief financial Officer (CFO) and Head of Internal Audit.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives 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 CCG.
15. The Board has formed an audit committee. It comprises of three members, all are non-executive directors and the chairman of the committee is an independent director.
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 as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises three members, all are non-executive directors and the chairman of the committee is independent director.
18. The Board has set-up an effective internal audit function. The audit staff are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program 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 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 the Company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
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 maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

Dated: October 07, 2017
Faisalabad

Zahid Anwar
Chief executive



KEY OPERATING & FINANCIAL DATA FOR LAST SIX YEARS

Particulars	2016	2015	2014	2013	2012	2011
Financial Position						
Paid up capital	151.770	151.770	151.770	151.770	151.770	151.770
Fixed assets	888.166	681.197	676.73	661.393	657.248	630.916
Accumulated depreciation	354.768	329.093	309.769	289.974	271.458	251.802
Current assets	282.636	357.598	358.601	303.484	201.542	165.402
Current liabilities	644.989	649.528	650.398	232.427	242.552	244.174
Income						
Sales	1092.539	1129.414	1,314.143	1,130.026	1,054.932	1,094.821
Other income	4.881	16.494	10.820	6.792	8.676	1.940
Pre tax profit/(loss)	(13.283)	(13.435)	70.475	104.064	36.776	44.574
Taxation charge/(credit)	0.004	4.163	41.828	2.656	7.539	6.049
Statistics & Ratios						
Pre tax profit/(loss) to sales %	(1.22)	(1.19)	5.36	9.21	3.49	4.07
Pre tax profit/(loss) to capital %	(8.75)	(8.85)	46.44	68.57	24.23	29.37
Current ratio	1: 1.44	1: 1.55	1: 1.55	1: 1.30	1: 0.83	1: 0.68
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.)	(0.88)	(1.16)	1.89	6.68	1.93	2.54
Cash dividend%	-	-	-	-	-	-
Break up value per share (Rs.)	(9.89)	(9.63)	(8.83)	(11.15)	(18.27)	(20.74)

ARSHAD RAHEEM & CO
Chartered Accountants

YOUSAF ISLAM HOUSE
39-Link Farid Kot Road,
Near A.G Office, LAHORE.
Tel: (92-42) 37236169-37236170
Fax: (92-42) 37236168
E-mail: arshad.raheem@gmail.com

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

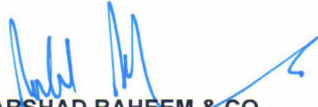
We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Asim Textile Mills Limited (the Company) for the year ended June 30, 2017 to comply with the requirements of Listing Regulations 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, 2017.


ARSHAD RAHEEM & CO
Chartered Accountants
Engagement Partner: Arshad Raheem

LAHORE: 07 OCT 2017

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Asim Textile Mills Limited** ("The Company") 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 purposes 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 repealed 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 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 verification, we report that:

- (a) The Company has accumulated loss stands at Rs. 261.587 million against paid up share capital of Rs. 151.770 million as at June 30, 2017. Its current liabilities exceed its current assets by Rs. 310.072 million as at balance sheet date. This situation would have further worsened had the Company accounted for cost of funds as decided by honourable High Court as stated in Para (b) stated below. These factors indicate existence of material uncertainty which may cast significant doubts about the Company's ability to continue as a going concern and therefore the Company may be unable to discharge its liabilities and realized its assets in normal course of business, for which no adjustment has been incorporated in these financial statements.
- (b) Short term borrowings includes Morahaba Finance obtained from Faisal Bank Limited amounting to Rs. 415.047 millions 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 Bank of Pakistan. Faisal Bank Limited filed a counter suit which has been adjudicated on 04-06-2015 against the Company (Note 18 & 19.1) 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 millions 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.

Contd.....P/2

ARSHAD RAHEEM & Co
Chartered Accountants

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- (c) in our opinion, proper books of account have been kept by the Company as required by the repealed Companies Ordinance, 1984;
- (d) in our opinion:
- (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of account 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;
- (e) in our opinion and to the best of our information and according to the explanations given to us, balance sheet, profits and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the repealed Companies Ordinance, 1984, in the manner so required and because of significance of matters stated in paragraph (a) to (b) above, 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 profit, comprehensive income, its cash flows and changes in equity for the year then ended; and
- (f) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).


ARSHAD RAHEEM & CO
Chartered Accountants
Arshad Raheem

LAHORE: 07 OCT 2017

ASIM TEXTILE MILLS LIMITED
BALANCE SHEET
AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	5	510,216,896	533,398,154
Long term deposits	6	11,418,156	11,046,184
		<u>521,635,052</u>	<u>544,444,338</u>
CURRENT ASSETS			
Stores and spares	7	15,110,740	15,419,603
Stock in trade	8	138,461,667	80,220,273
Trade debts	9	35,175,503	44,343,659
Advances and prepayments	10	5,395,605	44,004,911
Short term investment	11	23,057,146	11,110,653
Balance with statutory authorities	12	34,637,498	24,949,372
Cash and bank balances	13	102,152,147	62,587,922
		<u>353,990,306</u>	<u>282,636,393</u>
		<u>875,625,358</u>	<u>827,080,731</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		<u>(261,343,466)</u>	<u>(301,893,810)</u>
		<u>(109,573,466)</u>	<u>(150,123,810)</u>
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
	14	208,793,666	218,081,253
NON CURRENT LIABILITIES			
Deferred liabilities	15	112,585,816	114,134,554
CURRENT LIABILITIES			
Trade and other payables	16	52,067,213	33,236,605
Accrued mark up	17	194,161,422	194,161,422
Short term borrowings	18	417,590,707	417,590,707
		<u>663,819,342</u>	<u>644,988,734</u>
CONTINGENCIES AND COMMITMENTS			
	19	-	-
		<u>875,625,358</u>	<u>827,080,731</u>

The annexed notes 1 to 38 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

ASIM TEXTILE MILLS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
Sales	20	1,214,020,348	1,092,538,902
Cost of sales	21	1,152,197,274	1,085,197,487
Gross profit		61,823,074	7,341,415
Operating expenses			
Distribution costs	22	-	14,188
Administrative expenses	23	22,436,424	25,446,569
Other operating expenses	24	2,960,035	-
		25,396,459	25,460,757
		36,426,615	(18,119,342)
Other operating income	25	3,548,427	4,881,215
		39,975,042	(13,238,127)
Finance cost	26	36,008	44,910
Profit / (loss) before taxation		39,939,034	(13,283,037)
Taxation	27	10,612,770	3,860
Profit / (loss) for the year		29,326,264	(13,286,897)
Profit / (loss) per share - basic and diluted	28	1.93	(0.88)

The annexed notes 1 to 38 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

ASIM TEXTILE MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
	Rupees	Rupees
Profit / (loss) for the year	29,326,264	(13,286,897)
Other comprehensive income :		
Items that will not be reclassified subsequently to profit or loss		
Unrealized income on changes in fair value of investment	1,936,493	332,904
Total comprehensive income / (loss) for the year	<u>31,262,757</u>	<u>(12,953,993)</u>

The annexed notes 1 to 38 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

ASIM TEXTILE MILLS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		39,939,034	(13,283,037)
Adjustments for non cash and other items:			
Depreciation		26,565,319	25,726,450
Profit on deposit accounts		(3,022,108)	(5,594,972)
Profit on sales of fixed assets		-	(51,531)
Profit on deposit with SNGPL		(431,901)	(413,303)
Balances written off		-	1,274,805
Finance cost		36,008	44,910
Operating cash generated from before changes in working capital		63,086,351	7,703,322
Changes in working capital			
(Increase) / decrease in current assets			
Stores and spares		308,863	(4,292,731)
Stock in trade		(58,241,394)	(13,714,928)
Trade debts		9,168,156	(9,895,448)
Advances and prepayments		38,658,952	(1,078,281)
Tax refunds due from Government		(12,621,058)	(8,826,601)
Increase / (decrease) in current liabilities			
Trade and other payables		18,830,608	(4,262,658)
		(3,895,873)	(42,070,647)
Cash generated from / (used in) operations		59,190,478	(34,367,325)
Finance cost paid		(36,008)	(44,910)
Taxes paid		(9,214,623)	(12,810,082)
Staff retirement gratuity paid		(13,953)	(218,813)
		(9,264,584)	(13,073,805)
Net cash generated from / (used in) operating activities		49,925,894	(47,441,130)
b) CASH FLOWS FROM INVESTING ACTIVITIES			
Addition in property, plant and equipment		(3,384,061)	(80,011,181)
Addition in investment		(10,010,000)	-
Long term deposits		(371,972)	-
Sale proceeds from the disposal of assets		-	124,670
Profit on deposits		3,404,364	6,018,376
Net cash used in operating activities		(10,361,669)	(73,868,135)
Net increase / (decrease) in cash and cash equivalents	(a+b)	39,564,225	(121,309,265)
Cash and cash equivalents at the beginning of the year		62,587,922	183,897,187
Cash and cash equivalents at the end of the year	13	102,152,147	62,587,922

The annexed notes 1 to 38 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

ASIM TEXTILE MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

	Share Capital	Accumulated Loss	Total
	----- Rupees -----		
Balance as at July 01, 2015	151,770,000	(297,860,948)	(146,090,948)
Total comprehensive loss	-	(12,953,993)	(12,953,993)
Loss for the year	-	(13,286,897)	(13,286,897)
Other comprehensive income	-	332,904	332,904
Incremental depreciation on revalued property, plant and equipment for the year	-	12,895,522	12,895,522
Tax effect on incremental depreciation	-	(3,974,391)	(3,974,391)
Balance as at June 30, 2016	151,770,000	(301,893,810)	(150,123,810)
Total comprehensive income	-	31,262,757	31,262,757
Profit for the year	-	29,326,264	29,326,264
Other comprehensive income	-	1,936,493	1,936,493
Incremental depreciation on revalued property, plant and equipment for the year	-	13,235,619	13,235,619
Tax effect on incremental depreciation	-	(3,948,032)	(3,948,032)
Balance as at June 30, 2017	151,770,000	(261,343,466)	(109,573,466)

The annexed notes 1 to 38 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

ASIM TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1. THE COMPANY AND ITS OPERATIONS

1.1 The Company is limited by shares and incorporated in Pakistan under the repealed Companies Ordinance, 1984. 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. 261.343 million (2016: Rs. 301.894 million) as against issued, subscribed and paid up capital of Rs. 151.77 million, thereby having a negative equity of Rs. 109.573 million (2016 Rs.150.124 million); and its current assets have been decreased from its current liabilities by Rs. 309.829 million (2016: Rs.362.352 million) as at June 30, 2017. 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. BASIS OF PREPARATION

2.1 Statement of compliance

During the year, the Companies Act, 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular No. 17 of 2017 dated July 20, 2017 and circular No. 23 of 2017 dated October 04, 2017 communicated its decision that 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. Accordingly, the Company's financial statements for the year ended June 30, 2017 have been prepared in accordance with the requirements of the repealed Companies Ordinance, 1984 and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention except property, plant and equipment referred in note 4.1 are carried at revalued amounts. The company's significant accounting policies are stated in note 4. In these financial statements, except for cash flow statement, all the transactions have been accounted for on accrual basis.

2.3 Functional and presentation currency

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

2.4 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The new standards, amendments to approved accounting standards and interpretations that are mandatory for accounting periods beginning on July 1, 2016 are considered not to be relevant for the Institute's financial statements and hence have not been detailed here.

2.5 Standards, interpretations and amendments to approved accounting standards that are issued but not yet effective

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

	Effective date (annual reporting Periods beginning on or After)
IAS-16 Property, Plant and Equipment (Amendments)	January 01, 2016
IAS-38 Intangible Assets (Amendments)	January 01, 2016
IFRS 12 Disclosure of interests in other entities	January 01, 2015
IFRS 13 Fair value measurement	January 01, 2015

The management anticipate that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan, for the purpose of their applicability in Pakistan:

	IASB Effective date (Accounting Periods beginning on or After)
IFRS 1 First-time adoption of International Financial Reporting standards	July 01, 2009
IFRS 9 Financial instruments	January 01, 2018
IFRS 14 Regulatory Deferral accounts	January 01, 2016
IFRS 15 Revenue from customers	January 01, 2018
IFRS 17 Insurance contracts	January 01, 2021
IFRS 13 Fair value measurement	January 01, 2013

3. 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 statements are as follows:

Useful life of the depreciable assets	(Note : 4.1)
Store and spares	(Note : 4.2)
Provision for doubtful debts	(Note : 4.4)
Taxation	(Note : 4.10)
Contingencies	(Note : 4.13)

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.

4. SUMMARY OF 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.

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	Annual 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 Surplus on revaluation of property, plant and equipment

The surplus arising on revaluation of these assets is credited to the "Surplus on revaluation of property, plant and equipment" account shown below equity in the balance sheet in accordance with the requirements of section 235 of the repealed Companies Ordinance 1984. The Company has adopted the following accounting treatment of depreciation on revalued assets in accordance with the provisions of the above said section:

Depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and

An amount equal to incremental depreciation for the year net of deferred taxation is transferred from "Surplus on Revaluation of Fixed Assets account" to accumulated profits/losses through Statement of Changes in equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

4.9 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.

4.10 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 ever 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.

4.11 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.

4.12 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.

4.13 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).

4.14 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.

4.15 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.

4.16 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 Financial Instruments

Financial assets are long term deposits, long term advances, trade debtors, advances & other receivables and cash and bank balances. These are initially recognized at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred; and the company has transferred substantially all the risks and rewards of ownership.

Financial liabilities are recognized according to the substance of the contractual arrangements entered into. Significant financial liabilities are short term borrowings and trade and other payables. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit and loss account for the period in which it arises.

4.18 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.

4.19 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.

4.20 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.

ASIM TEXTILE MILLS LIMITED

5. PROPERTY, PLANT AND EQUIPMENT

PROPERTY, PLANT AND EQUIPMENT									
PARTICULARS	COST / REVALUED AMOUNTS				DEPRECIATION			BOOK VALUE	
	As at July 01, 2016	Additions/ transfers during the Year	Revaluation surplus	As at June 30, 2017	As at July 01, 2016	Deletion during the year	For the Year	As at June 30, 2017	As at June 30, 2017
Rupees									
Land - freehold	53,508,000	-	-	53,508,000	-	-	-	-	53,508,000
Building on freehold land	151,418,124	-	-	151,418,124	39,975,227	-	5,572,145	45,547,372	105,870,752
Plant and machinery	626,664,853	1,010,000	-	627,674,853	286,125,433	-	17,060,638	303,186,071	324,488,782
Electric installation	29,380,296	2,374,061	-	31,754,357	12,660,624	-	1,816,152	14,476,776	17,277,581
Furniture, fixture and	659,633	-	-	659,633	432,044	-	22,759	454,803	204,830
Office equipment	2,618,122	-	-	2,618,122	1,661,973	-	95,615	1,757,588	860,534
Vehicles	23,561,120	-	-	23,561,120	13,585,446	-	1,995,135	15,580,581	7,980,539
Factory equipment	355,750	-	-	355,750	326,997	-	2,875	329,872	25,878
Rupees: June 2017	888,165,898	3,384,061	-	891,549,959	354,767,744	-	26,565,319	381,333,063	510,216,896

PARTICULARS	COST / REVALUED AMOUNTS				DEPRECIATION			BOOK VALUE		Rate %
	As at July 01, 2015	Additions/ transfers during the Year	Revaluation surplus	As at June 30, 2016	As at July 01, 2015	Deletion during the year	For the Year	As at June 30, 2016	As at June 30, 2016	
----- Rupees -----										
Land - freehold	39,206,400	-	14,301,600	53,508,000	-	-	-	-	53,508,000	-
Building on freehold land	100,136,763	-	51,281,361	151,418,124	34,559,648	-	5,415,579	39,975,227	111,442,897	5%
Plant and machinery	496,414,573	79,963,381	50,286,899	626,664,853	270,097,881	-	16,027,552	286,125,433	340,539,420	5%
Electric installation	18,119,496	47,800	11,213,000	29,380,296	11,014,072	-	1,646,552	12,660,624	16,719,672	10%
Furniture, fixture and	659,633	-	-	659,633	406,756	-	25,288	432,044	227,589	10%
Office equipment	2,742,792	(124,670)	-	2,618,122	1,599,139	(51,531)	114,365	1,661,973	956,149	10%
Vehicles	23,561,120	-	-	23,561,120	11,091,527	-	2,493,919	13,585,446	9,975,674	20%
Factory equipment	355,750	-	-	355,750	323,802	-	3,195	326,997	28,753	10%
----- Rupees: June 2016 -----										
	681,196,527	79,886,511	127,082,860	888,165,898	329,082,825	(51,531)	25,726,450	354,767,744	533,398,154	

ASIM TEXTILE MILLS LIMITED

2017
Rupees

2016
Rupees

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

Cost of sales	24,451,810	23,092,878
Administrative expenses	2,113,509	2,633,572
	<u>26,565,319</u>	<u>25,726,450</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.

2017			
	Cost	Accumulated depreciation	Written down value
	----- (Rupees) -----		
Freehold land	4,062,000	-	4,062,000
Building on freehold land	40,631,000	33,028,150	7,602,850
Plant and machinery	486,587,771	295,200,142	191,387,629
Electric installations	20,077,383	12,324,499	7,752,884
	<u>551,358,154</u>	<u>340,552,791</u>	<u>210,805,363</u>

2016			
	Cost	Accumulated depreciation	Written down value
	----- (Rupees) -----		
Freehold land	4,062,000	-	4,062,000
Building on freehold land	40,631,000	32,628,000	8,003,000
Plant and machinery	485,577,771	285,144,828	200,432,943
Electric installations	17,703,322	11,566,647	6,136,675
	<u>547,974,093</u>	<u>329,339,475</u>	<u>218,634,618</u>

	Note	2017 Rupees	2016 Rupees
6. LONG TERM DEPOSITS			
Security deposits			
- SNGPL	6.1	8,638,028	8,266,056
- FESCO		2,734,078	2,734,078
- WASA		8,550	8,550
- CDC		37,500	37,500
		<u>11,418,156</u>	<u>11,046,184</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 @ 5% p.a.

7. STORES AND SPARES

Stores		7,401,436	6,443,056
Spares		<u>7,709,304</u>	<u>8,976,547</u>
		<u>15,110,740</u>	<u>15,419,603</u>

8. STOCK IN TRADE

Raw material		77,433,153	69,782,107
Work in process		5,302,204	5,150,008
Finished goods		<u>55,726,310</u>	<u>5,288,158</u>
		<u>138,461,667</u>	<u>80,220,273</u>

9. TRADE DEBTS

Considered good

Local - unsecured	9.1	<u>35,175,503</u>	<u>44,343,659</u>
		<u>35,175,503</u>	<u>44,343,659</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		101,000	119,000
- Advances to suppliers	10.1	2,671,464	43,032,650
Letter of credit		935,868	12,203
Prepayments		1,223,829	427,260
Accrued profit		<u>463,444</u>	<u>413,798</u>
		<u>5,395,605</u>	<u>44,004,911</u>

10.1 This includes amount of Rs.Nil (2016: 41,620,289/-) paid to Zeeshan Energy Limited, an associated undertaking on account of purchase of electricity.

11. SHORT TERM INVESTMENT

Available for sale

NAFA Government Securities Liquid Fund	11.1	13,248,887	11,110,653
JS Investments (JS Islamic Fund)	11.2	<u>9,808,259</u>	<u>-</u>
		<u>23,057,146</u>	<u>11,110,653</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 113,057.7511 units (2016: 111,014.7221 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.

	Note	2017 Rupees	2016 Rupees
12. BALANCE WITH STATUTORY AUTHORITIES			
Sales tax		27,922,888	15,301,830
Income tax - <i>net</i>		6,714,610	9,647,542
		<u>34,637,498</u>	<u>24,949,372</u>

13. CASH AND BANK BALANCES

Cash in hand		237,734	148,112
Cash at bank			
In current accounts	13.1	80,446,279	35,582,096
In deposit accounts	13.2	21,468,134	26,857,714
		<u>101,914,413</u>	<u>62,439,810</u>
		<u>102,152,147</u>	<u>62,587,922</u>

13.1 It includes US\$. 1,000/- (2016: US\$.1,000/-) and SAR. 2,461/- (2016: SAR.2,461/-)

13.2 Deposits with commercial banks yield profit at the rate of 3.75% to 5.45% (2016: 3.75% to 6.75%) .

14. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Balance as on July 01,		218,081,253	134,881,714
Surplus on revaluation created during the year		-	92,120,669
		<u>218,081,253</u>	<u>227,002,383</u>
Incremental depreciation on revalued property, plant and equipment for the year		(13,235,619)	(12,895,522)
Related effect of deferred tax liability		3,948,032	3,974,391
		<u>(9,287,587)</u>	<u>(8,921,131)</u>
Balance as on June 30,		<u>208,793,666</u>	<u>218,081,253</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/s 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

		2017	2016
	Note	Rupees	Rupees
15. DEFERRED LIABILITIES			
Deferred taxation	15.1	111,620,223	113,155,008
Staff retirement gratuity	15.2	965,593	979,546
		<u>112,585,816</u>	<u>114,134,554</u>

15.1 DEFERRED TAXATION

Balance as on July 01,	113,155,008	81,230,122
(Adjusted) / provided during the year	(1,534,785)	31,924,886
Balance as on June 30,	<u>111,620,223</u>	<u>113,155,008</u>

This comprise of following:

Deferred tax liability:

Taxable temporary differences relating to operating assets	30,373,552	37,057,453
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Taxable temporary differences relating to surplus on revaluation of property, plant and equipment	81,546,005	85,494,450
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Deferred tax assets:

Deductible temporary differences on tax losses	-	(9,095,000)
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Staff retirement benefits	(299,334)	(301,895)
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	<u>111,620,223</u>	<u>113,155,008</u>
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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,	979,546	1,198,359
Paid during the year	(13,953)	(218,813)
Balance as on June 30,	<u>965,593</u>	<u>979,546</u>

16. TRADE AND OTHER PAYABLES

Trade creditors		22,516,171	17,319,396
Accrued expenses		21,564,666	11,387,422
Advances from customers		4,780,542	3,282,653
Provident fund trust	16.1	646,304	654,221
Due to related parties	16.2	240,393	96,347
Withholding tax payable		125,958	226,757
Sale tax payable		48,226	269,809
Workers' profit participation fund		2,144,953	-
		<u>52,067,213</u>	<u>33,236,605</u>

16.1 This represents amount due to provident fund trust for the month of June - 2017 of which payment was made at July 15, 2017 (July 13, 2016).

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

		2017	2016
	Note	Rupees	Rupees
17. ACCRUED MARK UP			
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 19.1.1.

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 19.1.1.
- 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 19.1.1.
- 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 IAS 39-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**19.1 Contingencies**

19.1.1 The Company has instituted a suit in the Honorable Lahore High Court, Lahore against Faysal Bank Limited claiming damages on account of acquisition of 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 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 Commitments

Under letters of credit (Sight)

- 2,010,000

Asim Textile Mills Limited

		2017	2016
	Note	Rupees	Rupees
20. SALES - NET			
Local:			
Yarn sales		1,199,528,708	1,114,185,444
Waste sales		15,237,592	11,754,160
		1,214,766,300	1,125,939,604
Gross sales		1,214,766,300	1,125,939,604
Less: Sales tax		(10,772)	(32,794,412)
Commission		(735,180)	(606,290)
		(745,952)	(33,400,702)
		<u>1,214,020,348</u>	<u>1,092,538,902</u>

21. COST OF SALES

Raw material consumed	21.1	849,649,133	718,286,299
Stores and spares consumed		26,268,160	25,201,584
Packing material consumed		20,626,856	20,348,184
Salaries, wages and benefits	21.2	128,495,624	121,848,747
Fuel and power		145,936,904	163,097,793
Repairs and maintenance		3,342,681	2,515,772
Insurance		2,733,923	2,955,339
Depreciation	5.1	24,451,810	23,092,878
General expenses		1,282,531	1,329,159
		<u>1,202,787,622</u>	<u>1,078,675,755</u>
Work in process			
Balance as on July 01,		5,150,008	5,293,439
Balance as on June 30,		(5,302,204)	(5,150,008)
		<u>(152,196)</u>	<u>143,431</u>
Cost of goods manufactured		<u>1,202,635,426</u>	<u>1,078,819,186</u>
Finished goods			
Balance as on July 01,		5,288,158	11,666,459
Balance as on June 30,		(55,726,310)	(5,288,158)
		<u>(50,438,152)</u>	<u>6,378,301</u>
		<u>1,152,197,274</u>	<u>1,085,197,487</u>

21.1 RAW MATERIAL CONSUMED

Balance as on July 01,	69,782,107	49,545,447
Purchases	857,300,179	738,522,959
	<u>927,082,286</u>	<u>788,068,406</u>
Balance as on June 30,	(77,433,153)	(69,782,107)
	<u>849,649,133</u>	<u>718,286,299</u>

21.2 This includes a sum of Rs.3,430,402/- (2016: Rs. 3,393,674) in respect of defined contribution plan.

		2017	2016
	Note	Rupees	Rupees
22. DISTRIBUTION COSTS			
Export development surcharge		-	14,188
		-	14,188
23. ADMINISTRATIVE EXPENSES			
Staff salaries and benefits	23.1	12,745,691	10,926,214
Postage and telecommunication		459,725	461,315
Electricity, Fuel and water		245,281	475,859
Printing and stationary		79,416	61,046
Travelling and conveyance		107,066	923,619
Entertainment		292,130	487,131
Fees and subscription		670,394	741,666
Legal and professional		1,935,400	3,622,980
Rates and taxes		122,918	120,099
Vehicle, running and maintenance		2,381,381	2,198,184
Auditors' remuneration	23.2	375,000	320,000
Insurance		556,716	848,859
Advertisement		13,200	10,200
Depreciation	5.1	2,113,509	2,633,572
Others		338,598	1,615,825
		22,436,424	25,446,569
23.1	This includes a sum of Rs.561,751/- (2016: Rs. 438,994) in respect of defined contribution plan.		
23.2 AUDITORS' REMUNERATION			
Statutory audit		300,000	250,000
Half yearly review		50,000	50,000
Out of pocket expenses		25,000	20,000
		375,000	320,000
24. OTHER OPERATING EXPENSES			
Workers' profit participation fund		2,144,953	-
Workers Welfare fund		815,082	-
		2,960,035	-
25. OTHER OPERATING INCOME			
Income from financial assets			
Profit on deposit accounts		3,022,108	5,594,972
Exchange gain on foreign currency translation		174	96,214
Profit on deposit with SNGPL		431,901	413,303
Gain on sales of fixed assets		-	51,531
Other - export rebate received against prior years		94,244	-
Loss from non financial assets			
Balances written off		-	(1,274,805)
		3,548,427	4,881,215

Asim Textile Mills Limited

		2017	2016
	Note	Rupees	Rupees
26. FINANCE COST			
Bank charges		36,008	44,910
		<u>36,008</u>	<u>44,910</u>

27. TAXATION

Current	27.1	12,147,555	3,041,165
Deferred		(1,534,785)	(3,037,305)
		<u>10,612,770</u>	<u>3,860</u>

27.1 The provision for current taxation is based on turnover under Section 113 of the Income Tax Ordinance, 2001 as tax liability on taxable income is low as compared to turnover tax.

27.2 Reconciliation of tax expense and accounting profit / (loss)

Profit / (loss) before taxation	39,939,034	(13,283,037)
Tax at the applicable rate 30% (2016:31%)	11,981,710	(4,250,572)
Net Tax effect of items taxed at different rates	238,812	(571,771)
Impact of change in tax rate		(132,830)
Impact of tax credits	-	7,996,338
Deferred taxation	(1,534,785)	(3,037,305)
	<u>10,685,737</u>	<u>3,860</u>

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

Profit / (loss) for the year	29,326,264	(13,286,897)
Weighted average number of ordinary shares outstanding during the year	15,177,000	15,177,000
Profit / (loss) per share-basic and diluted	2	(0.88)

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

29. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	EXECUTIVES	
	----- (Rupees) -----	
Salary	4,774,667	3,669,737
House rent allowance	1,909,867	1,467,895
Utilities allowance	477,467	366,974
Provident fund	397,730	305,689
Total	<u>7,559,730</u>	<u>5,810,295</u>
Number of persons	<u>6</u>	<u>4</u>

No remuneration has been paid to the Chief Executive and directors during the year, however Chief Executive is provided with free use of Company maintained car. No meeting fee has been paid to any director of the Company for attending the board meetings.

30. 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	2017 Rupees	2016 Rupees
Provident fund trust	Post employment benefit	Company's contribution to provident fund	7,984,306	7,665,336
CEO/directors/members	Related party	Expenses paid on behalf of CEO/directors/members	(144,046)	622,066
Zeeshan Energy Limited	Associate	Purchase of electricity	62,588,805	39,765,333

31. PLANT CAPACITY AND PRODUCTION

Number of spindles installed	23,352	23,352
Number of spindles worked	23,352	22,320
Number of shifts worked per day	3	3
Installed capacity after conversion into 20/s count (Kgs)	11,002,544	10,719,234
Actual production of yarn after conversion into 20/s count (Kgs)	10,303,992	9,624,809

32. EMPLOYEES PROVIDENT FUND TRUST

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

Size of the fund (Rupees)	15,008,929	12,550,480
Cost of investment made (Rupees)	11,606,825	11,303,660
Percentage of investment made (%)	77	90.07
Fair value of investment (Rupees)	14,134,001	11,694,326

32.1 The breakup of fair value of investments is:

	2017		2016	
	Rupees	% of total	Rupees	% of total
NBP FAM Ltd.	4,007,972	28.36	3,448,431	29.49
CDC Trustee UBL Fund	2,556,587	18.09	2,001,000	17.11
Others (Fixed deposit)	6,000,000	42.45	6,000,000	51.31
Bank balances	1,569,442	11.10	244,895	2.09
	14,134,001	100.00	11,694,326	100.00

32.2 The investments out of provident fund have been made in accordance with the provisions of Section 227 of the repealed Companies Ordinance, 1984 and the rules formulated for this purpose.**33. NUMBER OF EMPLOYEES**

The average number of employees for the year ended June 30, 2017 were 557 (2016: 580) and number of employees as at June 30, 2017 were 556 (2016: 581).

34 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

34.1 Financial assets and liabilities

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

	June 30, 2017					
	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
----- (Rupees) -----						
Financial assets						
At fair value through profit and loss						
- Investment (NAFA Government Securities)	13,248,887	-	13,248,887	-	-	-
- Investment (JS Islamic Fund)	9,808,259	-	9,808,259	-	-	-
						13,248,887
						9,808,259
Loans and receivables						
Long term deposits	-	11,418,156	11,418,156	-	-	-
Trade debts	-	-	-	35,175,503	-	35,175,503
Advances and other receivable	463,444	-	463,444	929,073	-	929,073
Cash and bank balances	21,488,134	-	21,488,134	80,684,013	-	80,684,013
	44,988,724	11,418,156	56,406,880	116,788,589	-	116,788,589
						11,418,156
						35,175,503
						1,392,517
						102,152,147
						173,195,469
Financial liabilities						
At amortised cost						
Trade and other payables	-	-	-	44,967,534	-	44,967,534
Interest accrued on long term financing	-	-	-	194,161,422	-	194,161,422
Short term borrowing	415,046,998	-	415,046,998	2,543,709	-	2,543,709
	415,046,998	-	415,046,998	241,672,665	-	241,672,665
						656,719,663
Excess of financial assets over financial liabilities	(370,058,274)	11,418,156	(358,640,118)	(124,884,076)	-	(483,524,194)

34 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

34.1 Financial assets and liabilities

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

	June 30, 2016					
	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
----- (Rupees) -----						
Financial assets						
At fair value through profit and loss						
- Investment (NAFA Government Securities)	11,110,653	-	11,110,653	-	-	-
						11,110,653
Loans and receivables						
Long term deposits	-	8,266,056	8,266,056	-	2,780,128	2,780,128
Trade debts	-	-	-	44,343,659	-	44,343,659
Advances and other receivable	413,798	-	413,798	119,000	-	119,000
Cash and bank balances	26,857,714	-	26,857,714	35,730,208	-	35,730,208
						62,587,922
	38,382,165	8,266,056	46,648,221	80,192,867	2,780,128	82,972,995
						129,621,216
Financial liabilities						
At amortised cost						
Trade and other payables	-	-	-	29,457,386	-	29,457,386
Interest accrued on long term financing	-	-	-	194,161,422	-	194,161,422
Short term borrowing	415,046,998	-	415,046,998	2,543,709	-	2,543,709
	415,046,998	-	415,046,998	226,162,517	-	226,162,517
						641,209,515
Excess of financial assets over financial liabilities	(376,664,833)	8,266,056	(368,398,777)	(145,969,650)	2,780,128	(143,189,522)
						(511,588,299)

35. 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 Index".

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	Following is the nature of relationship of the Company with the banks having Islamic window of operaton: 1. Al Barka 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, 2017	Rupees
Placed under interest arrangement	20,397,261
Placed under Shariah permissible arrangement	1,070,873
vi) Interest income on bank deposits for the year	
Placed under interest arrangement	3,018,773
Placed under Shariah permissible arrangement	3,335
vii) Unrealized gain on short term investments	
Placed under Shariah permissible arrangement	1,936,493
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.

36. 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, 2017. The policies for managing each of these risks are summarized below:

36.1 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, 2017 and 2016.

36.1.1 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.

	2017 Rupees	2016 Rupees
Fixed rate instruments		
Financial liabilities		
Short term borrowings	415,046,998	415,046,998
Financial assets		
Security deposits with SNGPL	8,638,028	8,266,056
Floating rate instruments		
Financial assets		
Bank balances-deposit account	21,468,134	26,857,714

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 214,681/- (2016: Rupees 268,577) higher / lower. The analysis is prepared assuming the amounts of bank balances outstanding at the balance sheet date were outstanding for the whole year.

36.1.2 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. 173,591/- (2016: Rs. 173,417/-) which were subject to currency risk.

At June 30, 2017, 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. 8,680/- (2016 : Rs. 8,670/-) higher / lower, mainly as a result of foreign exchange gains / losses on translation of foreign currency denominated trade debts and foreign currency bank accounts.

36.1.3 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.

36.2 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. 35,173 million (2016: Rs. 44,343 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:

	2017 Rupees	2016 Rupees
FINANCIAL ASSETS		
Long term deposits	11,418,156	11,046,184
Trade debts	35,175,503	44,343,659
Advances, deposits and other receivable	1,392,517	532,798
Cash and bank balances	102,152,147	62,587,922
	<u>150,138,323</u>	<u>118,510,563</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			2017 Rupees	2016 Rupees
	Short term	Long term	Agency		
Bank balances					
Al-Baraka Bank Limited	A1	A	PACRA	1,091,066	26,323
Dubai Islamic Bank Limited	A-1	AA-	JCR-VIS	14,170	-
Faysal Bank Limited	A1+	AA	PACRA	666	666
Habib Bank Limited	A-1+	AAA	JCR-VIS	60,060	7,264,781
JS Bank Limited	A1+	AA-	PACRA	6,855,610	13,093,597
MCB Bank Limited	A1+	AAA	PACRA	10,981	10,981
Meezan Bank Limited	A-1+	AA	JCR-VIS	10,607	19,797
National Bank of Pakistan	A-1+	AAA	JCR-VIS	110,725	36,886
Samba Bank Limited	A-1	AA	JCR-VIS	851	11,481
Summit Bank Limited	A-1	A-	JCR-VIS	10,037,275	-
United Bank Limited	A-1+	AAA	JCR-VIS	83,722,402	41,975,298
				<u>101,914,413</u>	<u>62,439,810</u>
Short term investment					
NAFA Government Securities Liquid Func	AAA(f)		PACRA	13,248,887	11,110,653
JS Investments (JS Islamic Fund)	AA-(f)		PACRA	9,808,259	-
				<u>23,057,146</u>	<u>11,110,653</u>

36.3 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, 2017 and 2016 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, 2017			
Trade and other payables	44,967,534	-	44,967,534
Accrued mark up	194,161,422	-	194,161,422
Short term borrowings	417,590,707	-	417,590,707
	<u>656,719,663</u>	<u>-</u>	<u>656,719,663</u>
June 30, 2016			
Trade and other payables	29,457,386	-	29,457,386
Accrued mark up	194,161,422	-	194,161,422
Short term borrowings	417,590,707	-	417,590,707
	<u>641,209,515</u>	<u>-</u>	<u>641,209,515</u>

36.4 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.

36.5 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.

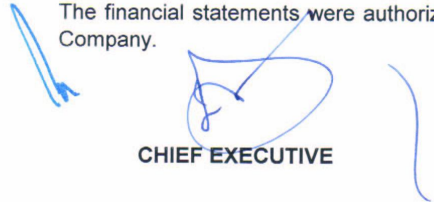
37. CORRESPONDING FIGURES

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

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

38. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on 07 OCT 2017 by the Board of Directors of the Company.



CHIEF EXECUTIVE



DIRECTOR

FORM 34

PATTERN OF SHAREHOLDING

1. CUIIN (Incorporation Number)	0	0	2	2	1	9	1	
2. Name of Company	ASIM TEXTILE MILLS LIMITED							
3. Pattern of holding of the shares held by the shareholders as at	3	0	0	6	2	0	1	7
4. No of Shareholders	Shareholding				Total Shares Held			
122	1				10,297			
1,701	101				807,250			
79	501				76,558			
109	1,001				304,395			
39	5,001				305,200			
13	10,001				177,200			
1	15,001				20,000			
4	20,001				90,000			
1	30,001				33,500			
1	35,001				40,000			
2	40,001				87,000			
2	45,001				99,500			
2	50,001				107,000			
2	60,001				125,400			
1	75,001				76,000			
1	80,001				82,700			
1	90,001				91,000			
1	125,001				126,800			
2	245,001				500,000			
1	865,001				869,150			
1	995,001				997,050			
1	1,040,001				1,041,800			
2	1,515,001				3,033,800			
1	2,085,001				2,087,100			
1	3,985,001				3,988,300			

5. Categories of shareholders	Share Held	Percentage
5.1 Directors, Chief Executive officer, and their spouse and minor children	9,111,700	60.04
5.2 Associated Companies, undertaking and related parties	-	-
5.3 NIT and ICP	1,065,300	7.02
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	158,163	1.04
5.5 Insurance Companies	-	-
5.6 Modarabas and Mutual Funds	14,501	0.10
5.7 Shares holders holding 10%	-	-
5.8 General Public		
a. Local	4,826,836	31.80
b. Foreign	-	-
5.9 Others (to be Specified)	500	0.00

ANNUAL GENERAL MEETING**FORM OF 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 28.10.2017 at 9:30 a.m or at any adjournment thereof.

As witness my/our hand this _____ day of _____ 2017

Signed by the said _____ in the presence of _____

(Member's Signature)

Date:

(Witness's Signature)

Place

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

پراسی فارم (مختار عامہ)

کمپنی ریکارڈ

جے اے ٹیکسٹائل ملز لمیٹڈ

W-32 سوسائ روڈ مدینہ ٹاؤن فیصل آباد

میں / ہم

ساکن

بجائے تہہ دکن جے اے ٹیکسٹائل ملز لمیٹڈ اور حالی عام حصص بمطابق ضمیر رجسٹر فوئیو نمبر
(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر نمبر) پارٹنر شپ آئی ڈی نمبر ()
بذریعہ ہذا

محترم / محترمہ ساکن
جو کمپنی کا ممبر ہے بمطابق ضمیر رجسٹر فوئیو نمبر یا (انکی غیر موجودگی میں محترم / محترمہ
ساکن جو کمپنی کا ہے بمطابق ضمیر رجسٹر فوئیو نمبر کو
مورخہ 28 اکتوبر 2017ء (بروز ہفتہ) کو منعقد ہونے والے کمپنی کے صدر دفتر W-32 سوسائ روڈ مدینہ ٹاؤن فیصل آباد میں انھما کیسویں اجلاس عام میں حق رائے دہی استعمال کرنے،
تقریری اور شرکت کرنے کیلئے اپنا/ہمارا بطور حق نامہ یا پروکسی فارم مقرر کرتا ہوں / کرتے ہیں۔
بطور گواہ میرے دستخط ----- آج بروز ----- تاریخ ----- 2017

دستخط گواہ -----

دستخط گواہ -----

5 روپے کارسیدی

گلٹ چسپاں کریں

نوٹ:

- 1- پر آکیاں تاکہ موہو ہو سکیں کمپنی کا رجسٹر دفتر / صدر دفتر میں یا قاعدہ ہر، دستخط اور گواہی شدہ اجلاس سے کم از کم 48 گھنٹے قبل پہنچ جانی چاہیں۔
- 2- دستخط کمپنی کے ہاں رجسٹر ڈسٹنکٹوں کے مطابق ہونے چاہئیں۔

بعد کے واقعات:

بیلنس شیٹ اور ڈائریکٹر رپورٹ کی تاریخ کے درمیان کوئی غیر معمولی واقعات پیش نہیں آئے جو کہ کمپنی کی مالی ساکھ کو متاثر کرتے ہوں۔

متعلقہ پارٹی لین دین

زیر جائزہ سال کے دوران کمپنی نے موجودہ تقابلی ریش پر بجلی کی خریداری کیلئے متعلقہ پارٹی لین دین کے تحت ذیشان انرجی لمیٹڈ کو پیشگی رقم فراہم کی اور اسی حساب سے بجلی خریدی گئی اس کا روکاری لین دین کی منظوری آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے بھی دی ہے۔

نمونہ حصص داری

30.06.2017 کے مطابق نمونہ حصص داری منسلک ہے۔

اعتراف

بورڈ اس موقع پر اپنے معزز حصص داروں کی مسلسل حمایت اور حوصلہ افزائی کیلئے ان کی شکرگزار ہے اور اسی موقع پر بورڈ اپنے ملازمین کی انتھک محنت اور کام سے لگاؤ کی بھی تحریف کرتا ہے

بورڈ کی جانب سے

چیف ایگزیکٹو آفیسر

تاریخ: 7 اکتوبر 2017

فیصل آباد

انسانی وسائل و مالی کمیٹی

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

نام ڈائریکٹر	تعداد حاضری
جناب ذیشان زاہد	2
جناب علی رضا ظفر	2
چوہدری غلام مرتضیٰ بٹر	2

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، میمورنڈم آف ایسوسی ایشن، آرٹیکل آف ایسوسی ایشن اور سٹیٹ بینک کی جانب سے جاری کردہ سرکلرز کے خلاف کمپنی سے منافع وصول کیا۔ ایسی بنا پر کمپنی نے نقصان کے ازالے کیلئے فیصل بینک کے خلاف لاہور ہائی کورٹ لاہور میں کیس دائر کیا ہوا ہے۔ پہلی دو شریوں 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 کمپنی کے خلاف آیا تاہم کمپنی نے لاہور ہائی کورٹ لاہور ڈویژن بیج میں مختلف وجوہ بشمول کمپنی کا موقف نہ سنا جانا کی بنیاد پر بحوالہ نمبر R.F.A. 1372/2015 کی رو سے کیس دائر کیا ہوا ہے۔ تاہم کمپنی اور اسکی انتظامیہ خود اعتماد ہیں کہ کیس کی بنیاد مضبوط ہے اور اسکا فیصلہ کمپنی کے حق میں آنے کی امید ہے۔

آڈیٹرز کے مشاہدات

آڈیٹرز نے اپنی آڈٹ رپورٹ میں منفی رپورٹ دی ہے کہ کمپنی کی ساکھ Going Concern سے مطابقت نہیں رکھتی جس کی وجہ مجموعی نقصان 261.343 ملین روپے ہے جبکہ ادا شدہ سرمایہ 151.77 ملین روپے ہے اس کے علاوہ فیصل بینک کی جانب سے دائر کردہ کیس جو کہ آڈیٹرز رپورٹ میں بیان کیا گیا ہے اور لاہور ہائی کورٹ لاہور کے کمپنی کے خلاف فیصلے کے باوجود Cost of Fund کی رقم کو مالیاتی تفصیلات میں شامل نہیں کیا گیا کمپنی کی انتظامیہ اس حوالے سے پر امید ہے کہ کمپنی کے چلتے 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 پر امید ہے کہ کیس کا فیصلہ کمپنی کے حق میں کیا جائے گا اسلئے Cost of Fund کی رقم کو شامل نہیں کیا گیا۔

آڈیٹرز

موجودہ آڈیٹرز میسرز ارشد رحیم اینڈ کو چارٹرڈ اکاؤنٹنٹ ریٹائر ہو گئے تاہم دوبارہ تعیناتی کی پیش کش کی گئی جنہیں دوبارہ تعیناتی کیلئے آڈٹ کمیٹی نے بھی تجویز دی

