ISO-9002 CERTIFIED

established since 1988

Ashfaq Textile Mills Ltd.

28TH ANNUAL REPORT 2016

شروع اللہ کے نام سے جو بڑا مہربان اور نہایت رحم والا ہے

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Ashfaq Ahmad
(Chief Executive / Managining Director)

Mr. Nadeem Ashfaq
(Executive Director)

Mr. Waseem Ashfaq
(Executive Director)

Mr. Amjad Aslam
(Non-Executive Director)

Mrs. Shazia Amjad
(Non-Executive Director)

Mrs. Nazia Irfan
(Non-Executive Director)

Mirza Muhammad Idrees
(Non-Executive Director)

Khwaja Muhammad Ilyas
(Independent, Non-Executive Director)

COMPANY SECRETARY

Mr. Waseem Ashfaq

CHIEF FINANCIAL OFFICER (CFO)

Mr. Mohammad Anwar Jawed

AUDITORS

M/s Avais Hyder Liaqat Nauman.
Chartered Accountants

BANKERS

United Bank Limited.

AUDIT COMMITTEE

Kh. Muhammad Ilyas (Chairman)
Mrs. Shazia Amjad (Member)
Mr. Mohammad Idrees (Member)

HUMAN RESOURSE AND REMUNERATION COMMITTEE

Mr. Amjad Aslam (Chairman)
Mrs. Nazia Irfan (Member)
Kh. Muhammad Ilyas (Member)

SHARE REGISTRAR

M/s FD Registrar Services (SMC-PVT) Ltd.
1705, 17th Floor, Saima Trade Tower A,
I.I. Chundrigar Road, Karachi.

MAILING ADDRESS

8-A/1, Officers Colony, Susan Road,
Faisalabad.

REGISTERED OFFICE

17 K.M. Main Faisalabad, Jaranwala
Road, Faisalabad.

CONTACT DETAILS

Phones: 92 (41) 2435101-04

Fax: 92 (41) 2435105

E-mail

info@ashfaqtextile.com

Web-Site

www.ashfaqtextile.com

ASHFAQ TEXTILE MILLS LIMITED.

NOTICE OF MEETING

28th Annual General Meeting of ASHFAQ TEXTILE MILLS LIMITED, will be held at the Registered Office of the Company, 17 K.M. Jaranwala Road, Faisalabad on Monday, 31st October, 2016 at 09:00 a.m. to transect the following business:-

Ordinary Business:

1. To confirm minutes of the last Meeting.
2. To receive, consider and adopt audited financial statements of the company for the year ended on 30th June 2016 together with the Directors and Auditors reports thereon.
3. To appoint auditors for the year ending June 30, 2017 and to fix their remuneration.
4. To transact any other ordinary business with the permission of the Chair.

By Order of the Board

Faisalabad: September 30, 2016.

Ashfaq Ahmad
Chief Executive

NOTES:

1. The share transfer books of the Company shell remain closed from 24th October, 2016 to 31st October, 2016 (both days inclusive) and no transfer will be accepted during this period.
2. Share transfer received at the Companies Registrars office, M/s FD Registrar Services (SMC-PVT) Ltd., Office # 1705, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi before the close of business on 23rd October 2016 will be treated in time.
3. 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 Companies registered office not less than 48 hours before the time of meeting.
4. Shareholders are requested to notify the change in their address if any, immediately.
5. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1, dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. Attending of Meeting in Person:

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original computerized National Identity Card (CNIC) / original passport at the time of attending the meeting.

ii) In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature of the nominee shall be produced at the time of meeting.

B. Appointment of Proxies:

i) In case of individuals, the Account and sub-account holders and/or the person whose securities are in group account and their registration detail are uploaded as per the regulations, shall submit the proxy form as per the following requirement.

ii) The proxy form shall be witnessed by two members whose names, address and CNIC numbers shall be mentioned on the form.

iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv) The proxy shall produce his/her original CNIC/original passport at the time of the meeting.

v) In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted and affixed its common seal (unless it has been provided earlier) along with proxy form to the company.

vi) Members who have not yet submitted copy of their computerized National Identity Card (CNIC) to the company are requested to send at the earliest.

BRIEF HISTORY OF THE COMPANY

Ashfaq Textile Mills Limited was incorporated on January 14, 1988 as a Private Limited Company under the Companies Ordinance 1984 and subsequently converted into a Public Limited Company. Its Shares are quoted on the Pakistan Stock Exchange Limited Karachi. The Company is ISO – 9002 certified. The Mills is located at 17– K.M. Jaranwala Road, Faisalabad. The Company is engaged in the Manufacturing and Sale of Textile goods. Ashfaq Textile Mills Limited is a Weaving unit having 234 Sulzer Shuttleless Machines in operation.

At present the average production capacity of the plant is 29.700 Million Sq. Meters on 60 picks per annum three shifts per day. The Company has produced 26.627 Million Sq. Meters on 60 picks on the basis of 350 days three shifts per day.

VISION

To play a meaningful role in the economy of Pakistan by accepting the challenge of barrier free trade as a dynamic force.

MISSION

To serve the customers by providing quality and high standard products and to expand the sales of the Company through quality control measures and good Governance. To serve hard for boosting Exports of the country to earn more foreign exchange for tremendous growth of the economy.

DIRECTORS' REPORT

We are pleased to present our 28th Annual Report and Audited Accounts for the year ended June 30, 2016.

Highlights	2016 Rupees in Million	2015 Rupees in Million	Variance %
Sales	299,055	384,336	(22.19)
Gross Profit	32,645	38,386	(14.96)
Profit Before Tax	3,120	5,646	(44.74)
Profit After Tax	3,120	5,646	(44.74)
EPS	0.09	0.16	(43.75)

Your Company earned a net profit of Rs.3.120 Million in comparison to Rs. 5.646 Million during the same period last year. The consistent drop in profit is primarily due to Global economic slowdown especialy Europe is passing throw low growth phase, as quoted in The Express Tribune. Furthermore, Government's consistent closed eye for the last few years towards country's primary industry is talking its toll with a major drop in orders from International customers.

However, our focus on using our strength of manufacturing to our advantage by converting value added fabrics for big export houses has proved to be a good strategy, which not only allowed us to keep our nose above the water but also make profits.

Keeping in view the current market situation and decline in profits, the management regrets that no recommendation of payment of dividends or bonus shares can be made this year.

Marketing strategy and future prospects

Our consistent policy of diverting towards domestic market is constantly proving to be a good strategy and we feel that we continue with this till the international market picks up and starts paying better prices.

Corporate Social Responsibility

We feel proud to have contributed Rs.600,000/- to Liver Foundation Trust, Faisalabad. This contribution would be spent on needy patients for free charge treatment of Hapatitis C.

Corporate Governance

The statement of compliance with the best practice of Code of Corporate Governance is annexed.

Corporate and Financial Reporting Frame Work

In compliance of the Code of Corporate Governance, we give below statements on Corporate and Financial Reporting frame work:

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

2. Proper books of account 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 Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

5. The system of internal control is sound in design and has been effectively implemented and monitored.

6. There are no significant doubts upon the company's ability to continue as a going concern.

7. There has been no material departure from the best practices of Corporate Governance, as detailed in the Listing Regulations of the Pakistan Stock Exchange.

8. The Board held six meetings during the year. Attendence by each director was as follows;

Sr.No.	Name of Director	No. of Meetings Attended
1	Mr. Ashfaq Ahmad	06
2	Mr. Nadeem Ashfaq	06
3	Mr. Waseem Ashfaq	06
4	Mr. Amjad Aslam	05
5	Mrs. Shazia Amjad	06
6	Mrs. Nazia Irfan	05
7	Muhammad Idrees	05
8	Khawaja Muhammad Ilyas	06

Leave of absence was granted to directors who could not attend one Board meeting.

9. Key operating and financial data for the last six years are annexed.

10. **Audit Committee**

The Board of Directors in compliance to the Code of Corporate Governance has established an Audit Committee. The composition of Audit Committee is as under.

Khwaja Muhammad Ilyas	(Chairman)
Mrs. Shazia Amjad	(Member)
Mirza Muhammad Idrees	(Member)

The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company. The meeting was also attended by the CFO, Head of Internal Audit and External Auditors as and when it was required.

11. **Human Resources and Remuneration Committee.**

The Board has also farmed an Human Resources and Remuneration Committee, which comprises of the following:

Mr. Amjad Aslam	(Chairman)
Mrs. Nazia Irfan	(Member)
Khwaja Muhammad Ilyas	(Member)

The Human Resources and Remuneration Committee met eight times during the year with an average participation of 94% of its members. The committee makes recommendations to the Board for maintaining a sound organizational plan of the company, an effective employee development programme and sound compensation and benefit plans, policies and practices designed to attract and retain high caliber personnel for effective management of business with a view to achieve set objectives.

12. **Safety and Environments**

The Company strictly complies with the standards of the safety rules and regulations. It also follows environmental friendly polices.

13. **Trading in Company's Shares**

Directors, CEO, CFO Company Secretary and minor children have not carried out any transaction of company's shares.

The CEO, Director, CFO and Executives do not hold any interest in the Company other than that disclosed in the pattern of the shareholding.

14. **Auditors**

The present auditors M/S Avais Hyder Liaquat Nauman, Chartered Accountants are due to retire and being eligible offer themselves for re-appointment. The Audit Committee has recommended their re-appointment.

15. **Pattern of Shareholding**

Pattern of share holding of the Company as on June 30, 2016 is annexed.

16. **Acknowledgement**

We also record our sincere thanks and appreciations to the management of our banks M/S United Bank Ltd., who always helped us when needed.

The Directors are pleased to again record their appreciation of the continued hard work and devotion of the staff and workers of the Company.

For and on behalf of Board of Director

---Sd---
(ASHFAQ AHMAD)
Chief Executive Officer

FAISALABAD
DATE: September 30, 2016.

FINANCIAL HIGHLIGHTS

		2016	2015	2014	2013	2012	2011
				(Rupees in Thousand)			
SALES	Rs.	299,055	384,695	518,405	795,248	931,187	1,036.471
GROSS PROFIT	Rs.	32,645	38,386	97,471	125,474	159,285	123.627
NET PROFIT AFTER TAX	Rs.	3,120	5,646	41,587	68,501	68,578	29.730
FIXED ASSTES	Rs.	739,657	726,357	747,629	466,235	439,500	431.288
LONG TERM LIABILITIES (FINANCIAL INSTITUTION)	Rs.	-	-	-	-	-	-
LONG TERM LIABILITIES (DIRECTORS)	Rs.	-	-	-	50,000	139,740	107.000
ACCUMULATED PROFIT / (LOSS)	Rs.	204,513	184,444	164,855	202,746	181,144	102.769
GROSS PROFIT RATIO	%	10.92	9.98	18.80	15.77	17.11	11.93
NET PROFIT RATIO	%	1.04	1.47	8.02	8.61	7.36	2.87
DEBT EQUITY RATIO	%	0:100	0:100	0:100	10:90	15:85	10:90
CURRENT RATIO	%	4.93	9.66	10.55	1.80	1.35	0.95
EARNING PER SHARE	%	0.09	0.16	1.19	2.26	5.60	4.25
BONUS SHARES	%	-	-	-	58.33	-	-
DIVIDEND	Rs.	-	-	-	-	-	-

ASHFAQ TEXTILE MILLS LIMITED

PATERN OF SHAREHOLDING
FORM "34"
SHAREHOLDERS STATISTICS
AS AT JUNE 30, 2016

NUMBER OF SHAREHOLDERS	SHARE HOLDING FROM		TO	TOTAL SHARES HELD
38	1	-	100	878
173	101	-	500	52,368
208	501	-	1000	170,562
58	1001	-	5000	142,587
17	5001	-	10000	130,996
3	10001	-	15000	38,666
6	15001	-	20000	102,665
1	30001	-	35000	33,000
1	45001	-	50000	50,000
1	60001	-	65000	61,000
1	65001	-	70000	70,000
1	130001	-	125000	123,533
1	140001		145000	141,631
1	1945001	-	1950000	1,946,500
1	2010001	-	2015000	2,015,000
2	3465001	-	3470000	6,936,000
1	5020001	-	5025000	5,022,102
1	5025001	-	5030000	5,026,730
1	5745001	-	5750000	5,746,909
1	7170001	-	7175000	7,173,873
517				34,985,000

S.NO.	CATAGORIES OF SHAREHOLDERS	NUMBER OF SHARE HOLDERS	TOTAL SHARES HELD	PERCENTAGE
1	INDIVIDUAL	514	34,976,252	99.97
2	COMPANIES	2	582	0.00
3	FINANCIAL INSTITUTIONS	1	8,166	0.02
		517	34,985,000	100.00

CATEGORIES OF SHARE HOLDING

AS AT JUNE 30, 2016

DIRECTORS AND THEIR SPOUSE:	SHARES HELD	%
Mr. Ashfaq Ahmad	7,173,873	20.5056
Mr. Nadeem Ashfaq	5,022,102	14.3550
Mr. Waseem Ashfaq	5,026,730	14.3682
Mr. Amjad Aslam	70,000	0.2001
Mrs. Shazia Amjad	1,946,500	5.5638
Mrs. Nazia Irfan	2,015,000	5.7596
Muhammad Idrees	5,000	0.0143
Khawaja Muhammad Ilyas	5,000	0.0143
Mrs. Musarat Ashfaq	5,746,909	16.4268
Mrs. Uzma Nadeem	3,468,000	9.9128
Mrs. Memona Waseem	3,468,000	9.9128
SHAREHOLDERS HOLDING 10% OR MORE:		
Mr. Ashfaq Ahmad	7,173,873	20.5056
Mrs. Musarat Ashfaq	5,746,909	16.4268
Mr. Nadeem Ashfaq	5,022,102	14.3550
Mr. Waseem Ashfaq	5,026,730	14.3682
FINANCIAL INSTITUTIONS:		
IDBL (ICP UNIT)	8,166	0.0233
JOINT STOCK COMPANIES:		
Z.S. Investment (Pvt) Limited.	249	0.00
Darsons Securities (Pvt) Ltd.	333	0.00
GENERAL PUBLIC:	1,029,138	2.94
TOTAL	**34,985,000**	**100**

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

This statement is being presented in compliance with the Code of Corporate Governance (the CCG) contained in Listing Regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework whereby a listed Company is managed in compliance with best practices for good Corporate Governance.

The Board has applied the principles contained in the CCG in the following manner:

1. The Company encourages representations of independent non-executive Directors and Directors representing minority interest on the Board of the Company. At present, the Board comprises of;

CATEGORY	NAMES
Independent Director	Khawaja Muhammad Ilyas
Executive Directors	Mr. Ashfaq Ahmad Mr. Nadeem Ashfaq Mr. Waseem Ashfaq
Non-Executive Directors	Mr. Amjad Aslam Mrs. Shazia Amjad Mrs. Nazia Irfan Mr. Muhammad Idrees

   The independent director meets the criteria of independence under clause 5.19.1.(b) of the CCG.

2. The Directors have confirmed that none of them is serving as a Director in more than seven listed Companies, including this Company.

3. All the Directors of the Company are registered tax payers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFI.

4. During the year, no causal vacancy occurred in the Board.

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 Boards 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 these 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 CEO and other executive directors have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, alongwith agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Directors are aware of their duties and responsibilities under the relevant laws and regulations and they are regularly appraised with the amendments in the Corporate and other laws if any. Five out of eight directors are exempt from the requirement of certification under the Directors' Training Program. The remaining Directors will complete their certifications by June 30, 2018.

10. The appointment of Company Secretary, CFO and Head of Internal Audit, including their remuneration and terms and conditions of employment, as recommended by the CEO, was approved by the Board.

11. The Directors' report for the 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 CEO, Directors 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, of whom two are non-executive directors and one is an independent director who is the Chairman of the Committee.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been defined and communicated to the Committee for compliance.

17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members, of whom two are non-executive directors including the Chairman of the committee and one is an independent director.

18. The Board has set-up and effective Internal Audit function with employees, who are considered 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 the Institute of Chartered Accountants of Pakistan.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The related parties transaction and pricing methods have been placed before the audit committee and approved by the board of directors. The transactions were made on terms equivalent to those that prevail in arm's length transaction.

22. The "closed period" prior the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's shares were determined and intimated to directors, employees and the Pakistan Stock Exchange Limited.

23. Material / price sensitive information has been disseminated among all market participants at once through the Pakistan Stock Exchange Limited.

24. We confirm that all other material principles contained in the CCG have been complied with.

On behalf of the Board
(ASHFAQ AHMAD)
Chief Executive Officer

RSM Avais Hyder Liaquat Nauman

478-D, Peoples Colony No. 1
Faisalabad - Pakistan

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REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2016 prepared by the Board of Directors of Ashfaq Textile Mills Limited (the company) to comply with the Listing Regulation No. 5.19.23 of the Pakistan Stock Exchange Limited, 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 of Corporate Governance and report if it does not. 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's 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 also requires the company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the 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.

As per regulation 5.19.7 of the Code, it is mandatory for half of the directors of the company (excluding the directors who are exempted under the Code) to have certification under any director's training program by institutions (local or foreign) that met the criteria specified by SECP. The directors other than those specifically exempt are required to acquire the said certification by June 30, 2018. No director of the company has acquired the said certification to date.

As per regulation 5.19.21 clause (b) of the code, all listed companies shall ensure that internal audit report are provided for the review of external auditors.No such report was provided.

Based on our review, with the exception of the matter described in the preceding paragraphs, 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 practices contained in the Code as applicable to the company for the year ended June 30, 2016.

Dated: 30 SEP 2016
Place: Faisalabad

RSM Avais Hyder Liaquat Nauman
RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

Other Offices at:
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Karachi : 92 (21) 356 55975-6
Islamabad : 92 (51) 211 4096-8
Rawalpindi : 92 (51) 519 3135
Quetta : 92 (81) 282 9809
Peshawar : 92 (91) 527 8310-527 7205
Kabul : 93 (799) 058155

RSM Avais Hyder Liaquat Nauman is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Ashfaq Textile Mills Limited (the company) as at June 30, 2016 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 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) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(b) 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 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

RSM Avais Hyder Liaquat Nauman is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2016 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

RSM Avais Hyder Liaquat Nauman

RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS
Engagement Partner:- Hamid Masood

Dated: 30 SEP 2016
Place: Faisalabad

ASHFAQ TEXTILE MILLS LIMITED
BALANCE SHEET
AS AT JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Authorised capital 100,000,000 ordinary shares of Rs.10/- each		1,000,000,000	1,000,000,000
Issued, subscribed and paid up capital	3	349,850,000	349,850,000
Unappropriated profit		204,512,775	184,444,068
		554,362,775	534,294,068
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	4	338,573,124	353,905,407
NON CURRENT LIABILITIES			
Deferred liability			
Staff retirement gratuity	5	20,357,596	20,539,108
CURRENT LIABILITIES			
Trade and other payables	6	12,712,131	16,057,511
Interest / mark up payable on short term bank borrowings		520,526	2,328
Short term bank borrowings	7	31,000,000	5,000,000
Provision for taxation - income tax		-	-
		44,232,657	21,059,839
CONTINGENCY AND COMMITMENT	8	-	-
		957,526,152	929,798,422

	Note	2016 Rupees	2015 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	9	735,147,422	721,847,193
Long term security deposits	10	4,509,782	4,509,782
		739,657,204	726,356,975
CURRENT ASSETS			
Stores, spares and loose tools	11	21,527,697	30,545,748
Stock in trade	12	14,581,706	14,696,425
Trade debts	13	26,811,028	62,790,339
Loans and advances	14	59,543,134	29,985,700
Prepayments		4,002,343	283,109
Other receivables	15	2,634,941	922,414
Tax refunds due from Government	16	42,985,093	28,512,672
Cash and bank balances	17	45,783,006	35,705,040
		217,868,948	203,441,447
		957,526,152	929,798,422

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

ASHFAQ TEXTILE MILLS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
Sales	18	299,054,810	384,694,564
Cost of sales	19	266,410,281	346,308,388
Gross profit		32,644,529	38,386,176
Distribution cost	20	4,072,536	6,836,466
Administrative expenses	21	23,756,036	24,998,558
Other operating expenses	22	442,547	352,110
Finance cost	23	1,253,353	552,731
		29,524,472	32,739,865
Profit for the year before taxation		3,120,057	5,646,311
Provision for taxation	24	-	-
Profit for the year		3,120,057	5,646,311
Earnings per share - Basic and diluted	25	0.09	0.16

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

ASHFAQ TEXTILE MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
Profit for the year		3,120,057	5,646,311
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Incremental depreciation on revalued assets for the year	4	15,332,283	16,132,824
Remeasurement of staff retirement gratuity		1,616,367	(2,190,384)
		16,948,650	13,942,440
Total comprehensive income for the year		20,068,707	19,588,751

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

ASHFAQ TEXTILE MILLS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	2016 Rupees	2015 Rupees
(a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year before taxation	3,120,057	5,646,311
Adjustments for:		
Depreciation of property, plant and equipment	32,500,350	33,400,312
Provision for staff retirement gratuity	5,992,952	5,779,240
Loss on disposal of property, plant and equipment	-	43,559
Balances written off - net	263,645	-
Finance cost	1,253,353	552,731
Operating cash flows before working capital changes	43,130,357	45,422,153
Changes in working capital		
Decrease / (Increase) in current assets		
Stores, spares and loose tools	9,018,051	(3,647,104)
Stock in trade	114,719	30,630,695
Trade debts	35,979,311	(23,591,457)
Loans and advances	(29,430,869)	(18,605,282)
Deposit and prepayments	(3,719,234)	(60,033)
Other receivables	(1,712,527)	276,087
Tax refunds due from Government	(9,930,222)	1,406,050
(Decrease) / Increase in current liabilities		
Trade and other payables	(3,609,025)	103,041
Cash generated from operating activities	39,840,561	31,934,150
Finance cost paid	(735,155)	(550,403)
Income tax paid	(4,668,764)	(4,542,200)
Staff retirement gratuity paid	(4,558,097)	(2,619,942)
Net cash generated from operating activities	29,878,545	24,221,605
(b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(45,800,579)	(14,316,827)
Proceeds from disposal of operating assets	-	2,150,000
Addition in long term security deposits	-	(5,000)
Net cash (used in) investing activities	(45,800,579)	(12,171,827)

	2016 Rupees	2015 Rupees
(c) CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short term bank borrowings	26,000,000	5,000,000
Net cash generated from financing activities	26,000,000	5,000,000
Net increase in cash and cash equivalents (a+b+c)	10,077,966	17,049,778
Cash and cash equivalents at the beginning of the year	35,705,040	18,655,262
Cash and cash equivalents at the end of the year	45,783,006	35,705,040

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

ASHFAQ TEXTILE MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

	Issued, subscribed and paid up capital	Unappropriated profit	Total
	----------Rupees----------		
Balance as at July 01, 2014	349,850,000	164,855,317	514,705,317
Total comprehensive income for the year			
Profit for the year	-	5,646,311	5,646,311
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Incremental depreciation on revalued assets for the year	-	16,132,824	16,132,824
Remeasurement of defined benefit liability	-	(2,190,384)	(2,190,384)
	-	19,588,751	19,588,751
Balance as at June 30, 2015	349,850,000	184,444,068	534,294,068
Total comprehensive income for the year			
Profit for the year	-	3,120,057	3,120,057
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Incremental depreciation on revalued assets for the year	-	15,332,283	15,332,283
Remeasurement of defined benefit liability	-	1,616,367	1,616,367
	-	20,068,707	20,068,707
Balance as at June 30, 2016	349,850,000	204,512,775	554,362,775

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

ASHFAQ TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1. GENERAL INFORMATION

1.1 Ashfaq Textile Mills Limited (the Company) was incorporated in Pakistan on January 14, 1988 as a private limited company under the Companies Ordinance, 1984 and subsequently converted into a public limited company. The Company is currently listed on Pakistan Stock Exchange Limited (formaly known as Karachi Stock Exchange Limited). The business of the Company is manufacturing and sale of textiles and rendering of sizing and conversion services. The registered office and mills of the Company are located at 17 K.M. Jaranwala Road, Faisalabad in the Province of Punjab.

1.2 The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance), directives issued by the Securities and Exchange Commission of Pakistan (SECP), and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Accounting Standards (IASs) / International Financial Reporting Standards (IFRSs) as notified under the provisions of the Ordinance. Wherever, the requirements of the Ordinance or directives issued by SECP differ with the requirements of these standards, the requirements of the Ordinance or the requirements of the said directives take precedence.

2.2 Application of new and revised International Financial Reporting Standards (IFRSs)

2.2.1 Standards, amendments to standards and interpretations becoming effective in current year

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Company for the periods beginning on or after July 01, 2015 and therefore, have been applied in preparing these financial statements.

- **IFRS 13 Fair Value Measurement**

  The standard replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard and requires certain additional disclosures about fair value measurement. The application of standard has no significant impact on the Company's financial statements.

- **Annual improvements to IFRS's 2010-2012 and 2011-2013**

  The company has applied the amendments to IFRS's included in the annual improvements 2010-2012 cycle and 2011-2013 cycle in the current year.

  The application of amendments has no significant impact on the disclosures or amounts recognized in the company's financial statements.

2.2.2 Standards, amendments to standards and interpretations becoming effective in current year but not relevant.

There are certain amendments to standards that became effective during the year and are mandatory for accounting periods of the Company beginning on or after July 01, 2015 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

2.2.3 Standards, amendments to standards and interpretations becoming effective in future periods

The following standards, amendments to standards and interpretations have been published and are mandatory for the Company's accounting periods beginning on or after their respective effective dates:

- **IFRS 9 Financial Instruments (2014):**

  IFRS 9 contains accounting requirements for financial instruments in the areas of classification and measurement, impairments, hedge accounting, de-recognition:

  All recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at Fair Value Through Other Comprehensive Income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.

  With regard to the measurement of financial liabilities designated as at fair value through profit or loss, standard requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

  In relation to the impairment of financial assets, standard requires an expected credit loss model, as opposed to an incurred

	Note	2016 Rupees	2015 Rupees
9. Property, plant and equipment			
Operating assets	9.1	735,147,422	719,076,243
Capital work in progress	9.3	-	2,770,950
		735,147,422	721,847,193

9.1 Operating assets

	Freehold land	Building on freehold land	Plant and machinery	Factory equipment	Office equipment	Furniture and fixture	Vehicles	Arms and ammunitions	Total
	Rupees								
At July 01, 2014									
Cost / valuation	52,162,500	115,385,675	530,697,500	2,169,018	10,122,546	2,718,025	44,152,078	34,100	757,441,442
Accumulated depreciation	-	-	-	(615,532)	(3,158,137)	(1,394,476)	(11,214,940)	(20,987)	(16,404,072)
Net book value	52,162,500	115,385,675	530,697,500	1,553,486	6,964,409	1,323,549	32,937,138	13,113	741,037,370
Year ended June 30, 2015									
Opening net book value	52,162,500	115,385,675	530,697,500	1,553,486	6,964,409	1,323,549	32,937,138	13,113	741,037,370
Additions	-	-	5,030,000	2,310,000	1,356,579	240,870	4,695,295	-	13,632,744
Disposal:									
Cost	-	-	-	-	-	-	(4,652,888)	-	(4,652,888)
Accumulated depreciation	-	-	-	-	-	-	2,459,329	-	2,459,329
	-	-	-	-	-	-	(2,193,559)	-	(2,193,559)
Depreciation charge	-	(2,884,642)	(26,584,333)	(116,924)	(359,701)	(73,563)	(3,380,493)	(656)	(33,400,312)
Closing net book value	52,162,500	112,501,033	509,143,167	3,746,562	7,961,287	1,490,856	32,058,381	12,457	719,076,243
At July 01, 2015									
Cost / valuation	52,162,500	115,385,675	535,727,500	4,479,018	11,479,125	2,958,895	44,194,485	34,100	766,421,298
Accumulated depreciation	-	(2,884,642)	(26,584,333)	(732,456)	(3,517,838)	(1,468,039)	(12,136,104)	(21,643)	(47,345,055)
Net book value	52,162,500	112,501,033	509,143,167	3,746,562	7,961,287	1,490,856	32,058,381	12,457	719,076,243
Year ended June 30, 2016									
Opening net book value	52,162,500	112,501,033	509,143,167	3,746,562	7,961,287	1,490,856	32,058,381	12,457	719,076,243
Additions	-	19,584,079	28,216,293	225,607	545,550	-	-	-	48,571,529
Depreciation charge	-	(2,853,326)	(25,766,764)	(190,756)	(408,500)	(74,543)	(3,205,838)	(623)	(32,500,350)
Closing net book value	52,162,500	129,231,786	511,592,696	3,781,413	8,098,337	1,416,313	28,852,543	11,834	735,147,422
At June 30, 2016									
Cost / valuation	52,162,500	134,969,754	563,943,793	4,704,625	12,024,675	2,958,895	44,194,485	34,100	814,992,827
Accumulated depreciation	-	(5,737,968)	(52,351,097)	(923,212)	(3,926,338)	(1,542,582)	(15,341,942)	(22,266)	(79,845,405)
Net book value	52,162,500	129,231,786	511,592,696	3,781,413	8,098,337	1,416,313	28,852,543	11,834	735,147,422
Annual rate of depreciation (%)	-	2.5	5	5	5	5	10	5	

	2016 Rupees	2015 Rupees
9.1.1 Depreciation for the year has been allocated as under:		
Cost of goods sold	28,810,846	29,585,899
Administrative expenses	3,689,504	3,814,413
	32,500,350	33,400,312

9.2 Had there been no revaluation, the related figures of freehold land, building on freehold land and plant and machinery at June 30, 2016 and 2015 would have been as follows:

	2016		
	Cost	Accumulated depreciation	Written down value
	----------Rupees----------		
Freehold land	9,659,905	-	9,659,905
Building on freehold land	149,852,099	29,896,788	119,955,311
Plant and machinery	431,553,126	206,754,484	224,798,642
	591,065,130	236,651,272	354,413,858

	2015		
	Cost	Accumulated depreciation	Written down value
	----------Rupees----------		
Freehold land	9,659,905	-	9,659,905
Building on freehold land	130,268,020	27,281,321	102,986,699
Plant and machinery	403,336,833	196,082,144	207,254,689
	543,264,758	223,363,465	319,901,293

9.3 Capital work in progress

	Civil work	Plant and machinery	Total
	----------Rupees----------		
Balance as at July 01, 2014	2,086,867	-	2,086,867
Additions	684,083	-	684,083
Balance as at June 30, 2015	2,770,950	-	2,770,950
Additions	16,813,129	28,216,293	45,029,422
Transferred to operating assets	(19,584,079)	(28,216,293)	(47,800,372)
Balance as at June 30, 2016	-	-	-

	2016 Rupees	2015 Rupees
10. Long term security deposits		
Against utilities	4,467,696	4,467,696
Others	42,086	42,086
	4,509,782	4,509,782
11. Stores, spares and loose tools		
Stores	10,822,141	19,437,975
Spares	10,627,047	11,032,469
Loose tools	78,509	75,304
	21,527,697	30,545,748

11.1 Stores and spares include items that may result in fixed capital expenditure but are not distinguishable.

	2016 Rupees	2015 Rupees
12. Stock in trade		
Raw material	3,025,277	5,045,761
Work in process	7,027,339	2,665,132
Finished goods	4,529,090	6,985,532
	14,581,706	14,696,425
13. Trade debts		
Considered good		
Unsecured		
Local	26,811,028	62,790,339
14. Loans and advances		
Considered good		
Loans		
Executives	10,731,151	11,103,797
Other employees	13,137,932	13,794,145
	23,869,083	24,897,942
Advances		
Suppliers	931,947	282,974
For purchases / expenses	29,458,080	19,655
Income tax	4,668,764	4,542,199
Letters of credit fee margin and expenses	615,260	242,930
	59,543,134	29,985,700

	Note	2016 Rupees	2015 Rupees
15. Other receivables			
Considered good			
Export rebate / duty drawback		211,263	236,100
Insurance claim		2,136,585	448,000
Other		287,093	238,314
		2,634,941	922,414
16. Tax refunds due from Government			
Sales tax		30,421,164	20,490,942
Income tax		12,563,929	8,021,730
		42,985,093	28,512,672
17. Cash and bank balances			
Cash in hand		1,403,168	1,831,906
Cash at banks			
In current accounts		44,379,838	33,873,134
		45,783,006	35,705,040
18. Sales			
Cloth			
Export	18.1	65,407,993	109,324,653
Local	18.2	308,387	3,163,215
		65,716,380	112,487,868
Conversion and sizing income		235,004,224	273,738,045
		300,720,604	386,225,913
Add: Rebates		35,528	444,857
		300,756,132	386,670,770
Less: Commission and claims		1,701,322	1,976,206
		299,054,810	384,694,564

18.1 It includes exchange gain of Rs. 72,023/- (2015: Rs. 251,723/-).

18.2 It represents sale of left over / waste material out of goods manufactured for export.

	Note	2016 Rupees	2015 Rupees
19. Cost of sales			
Cost of goods manufactured	19.1	263,953,839	328,113,082
Finished goods			
Opening stock		6,985,532	25,180,838
Closing stock		(4,529,090)	(6,985,532)
		2,456,442	18,195,306
		266,410,281	346,308,388

	Note	2016 Rupees	2015 Rupees
19.1 Cost of goods manufactured			
Raw material consumed	20.1.1	36,156,378	56,394,229
Sizing cost		47,299,271	62,644,904
Salaries, wages and benefits		75,646,249	77,852,981
Staff retirement benefits		5,153,939	4,987,484
Fuel and power		53,903,636	70,795,557
Stores, spares and loose tools		14,292,537	18,054,194
Packing material		3,117,475	2,478,420
Repairs and maintenance		454,526	1,256,994
Insurance		3,481,189	3,620,926
Depreciation	9.1.1	28,810,846	29,585,899
		268,316,046	327,671,588
Work in process			
Opening stock		2,665,132	3,106,626
Closing stock		(7,027,339)	(2,665,132)
		(4,362,207)	441,494
		263,953,839	328,113,082
20.1.1 Raw material consumed			
Opening stock		5,045,761	17,039,656
Purchases including purchase expenses		34,135,894	44,400,334
		39,181,655	61,439,990
Closing stock		(3,025,277)	(5,045,761)
		36,156,378	56,394,229
20. Distribution cost			
Ocean freight		1,812,773	4,674,371
Clearing and forwarding		2,259,763	2,162,095
		4,072,536	6,836,466
21. Administrative expenses			
Directors' remuneration	26	5,760,000	5,760,000
Salaries and benefits		3,382,500	3,662,371
Staff retirement benefits		839,013	791,756
Electricity and gas		404,593	355,757
Insurance		894,252	926,698
Rent, rates and taxes		182,805	209,651
Vehicles running and maintenance		3,408,250	3,426,399
Travelling and conveyance		1,447,852	2,189,902
Postage, telephone and telex		675,023	662,811
Printing and stationery		250,794	347,403
Auditors' remuneration	21.1	575,000	575,000
Legal and professional		169,533	160,000
Fees and subscriptions		595,342	524,754
Entertainment		729,004	599,105
Newspaper and periodicals		5,357	9,276
Charity and donations	21.2	600,000	650,000
Depreciation	9.1.1	3,689,504	3,814,413
Other		147,214	333,262
		23,756,036	24,998,558

	2016 Rupees	2015 Rupees
21.1 Auditors' remuneration		
Audit fee	500,000	500,000
Sundry services	75,000	75,000
	575,000	575,000

21.2 Ashfaq Ahmad - Chief Executive Officer of the Company is Trustee of the Liver Foundation Trust, Faisalabad. The Company has made payment of donation amounting to Rs.600,000/- (2015: Rs.600,000/-) to Liver Foundation Trust during the year.

	Note	2016 Rupees	2015 Rupees
22. Other operating expenses			
Workers' profit participation fund		178,902	308,551
Loss on disposal of property, plant and equipment		-	43,559
Balances written off - net		263,645	-
		442,547	352,110
23. Finance cost			
Interest / mark up on:			
Short term bank borrowings		1,066,676	126,449
Workers' profit participation fund		6,165	91,595
Bank charges and commission		180,512	334,687
		1,253,353	552,731
24. Provision for taxation			
Current			
For the year		-	-
Deferred	24.1	-	-
		-	-

24.1 Deferred taxation

There are no temporary differences as the income of the Company is chargeable to tax under final tax regime. Hence no provision for deferred taxation has been made.

24.2 The relationship between tax expense and accounting profit

The relationship between tax expense and accounting profit has not been presented in these financial statements as no provision for current taxation has been made due to tax credit available under the law.

		2016	2015
25. Earnings per share - Basic and diluted			
Profit for the year	(Rupees)	3,120,057	5,646,311
Weighted average number of ordinary shares outstanding during the year	(Number)	34,985,000	34,985,000
Earnings per share - Basic and diluted	(Rupees)	0.09	0.16

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

26. REMUNERATION TO CHIEF EXECUTIVE OFFICER , DIRECTORS AND EXECUTIVES

	2016			2015		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executive
	Rupees					
Remuneration	1,440,000	2,400,000	3,912,516	1,440,000	2,400,000	2,199,630
House rent allowance	648,000	1,080,000	1,760,544	648,000	1,080,000	989,784
Conveyance allowance	72,000	120,000	195,420	72,000	120,000	109,866
	2,160,000	3,600,000	5,868,480	2,160,000	3,600,000	3,299,280
Number of persons	1	2	8	1	2	6

26.1 The Chief Executive Officer and Directors are entitled to reimbursement of telephone bills. The monetary value of these benefits is Rs. 110,620 /- (2015: Rs. 119,390 /-). The Directors have waived off their meeting fee.

27. TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of associated undertakings, directors and key management personnel. Remuneration to Chief Executive Officer, Directors and Executives is disclosed in Note 26. The Company has not carried out any other significant transaction with the related parties.

28. PLANT CAPACITY AND ACTUAL PRODUCTION

	2016	2015
Weaving		
Number of looms installed	235	235
Number of looms worked	235	235
Standard cloth production (Sq. meters)	29,700,000	29,700,000
Actual production (Sq. meters)	26,627,020	29,140,948
Sizing		
Warping machines	3	3
Sizing machines	1	1
Standard production (Kgs.)	4,150,000	4,150,000
Actual production (Kgs.)	2,116,438	2,055,262

28.1 Reasons for short fall:

- It is difficult to determine precisely the production / rated capacity in textile weaving since it fluctuates widely depending on various factors such as speed, width and construction of cloth etc.
- The actual production is planned to meet the market demand.

29. NUMBER OF EMPLOYEES

	2016	2015
Total number of employees as at June 30,	475	580
Average number of employees for the year	480	576

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company finances its operations through the mix of equity, debt and working capital management with a view to maintain an appropriate mix between various sources of finance to minimise risk. The overall risk management is carried out by the finance department under the oversight of Board of Directors in line with the policies approved by the Board.

	2016 Rupees	2015 Rupees
30.1 FINANCIAL INSTRUMENTS BY CATEGORY		
Financial assets at amortized cost:		
Deposits	4,509,782	4,509,782
Trade debts	26,811,028	62,790,339
Loans	23,869,083	24,897,942
Cash and bank balances	45,783,006	35,705,040
	100,972,899	127,903,103
Financial liabilities at amortized cost:		
Trade and other payables	12,533,229	15,748,960
Interest / markup payable	520,526	2,328
Short term bank borrowings	31,000,000	5,000,000
	44,053,755	20,751,288

30.2 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company's activities expose it to a variety of financial risks (credit risk, liquidity risk and market risk). Risks measured and managed by the Company are explained below:

30.2.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The Company is exposed to concentration of credit risk towards a customer which represent 43.79% (2015 : 56.22%) of total trade debts. The maximum exposure to credit risk at the reporting date is as follows:

	2016 Rupees	2015 Rupees
Deposits	4,509,782	4,509,782
Trade debts	26,811,028	62,790,339
Loans	23,869,083	24,897,942
Bank balances	44,379,838	33,873,134
	99,569,731	126,071,197

Due to the Company's long standing relations with counter parties and after giving due consideration to their financial standing, the management do not expect non performance by these counter parties on their obligations towards the Company.

For trade debts, credit quality of the customer is assessed, taking into consideration its financial position and previous dealings. Individual credit limits are set. The management regularly monitor and review customers credit exposure. The majority of customers of the Company are situated at Pakistan and USA.

The aging of trade debts as at balance sheet date is as under:

Not past due	26,669,190	53,520,422
Past due - within one year	141,838	9,269,917
	26,811,028	62,790,339

30.2.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

i) Interest rate risk

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

Majority of interest rate risk arises short term borrowings from banks. The Company is not providing markup on long term and short term borrowings as referred in Note 30.1. The interest rate profile of the Company's other interest bearing financial instruments is presented in relevant notes to the financial statements.

Sensitivity analysis

Sensitivity to interest rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

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 a change in interest rates at the reporting date would not effect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

Had interest rate been increased / decreased by 1% at the reporting date with all other variables held constant, loss for the year and negative equity would have been higher / lower by Rs.310,000 (2015: Rs. 50,000). The impact of variation in interest rate has been considered only of borrowings in respect of which mark up has been provided in these financial statements.

ii) Currency 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. Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The Company is exposed to currency risk on foreign debtors. At the balance sheet date, the Company is not exposed to any currency risk.

iii) Equity price risk

Trading and investing in quoted equity securities give rise to equity price risk. At the balance sheet date, the Company is not exposed to equity price risk.

30.3 Fair values of financial instruments

The carrying values of all the financial assets and financial liabilities reported in the financial statements approximate their fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

30.2.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to manage liquidity is to maintain sufficient level of liquidity of the Company on the basis of expected cash flows, requirements of holding highly liquid assets and maintaining adequate reserve borrowing facilities to cover liquidity risk. This includes maintenance of balance sheet liquidity ratios through working capital management. Following are the contractual maturities of financial liabilities including interest payments as at June 30, 2016 and 2015;

	2016			
	Carrying amount	Contractual cash flows	Six months or less	Two to five years
	----------Rupees----------			
Financial liabilities:				
Trade and other payables	12,533,229	12,532,439	12,533,229	-
Interest / markup payable	520,526	520,526	520,526	-
Short term bank borrowings	31,000,000	31,000,000	31,000,000	-
	44,053,755	**44,052,965**	**44,053,755**	

	2015			
	Carrying amount	Contractual cash flows	Six months or less	Two to five years
	----------Rupees----------			
Financial liabilities:				
Trade and other payables	15,748,960	15,748,960	15,748,960	-
Interest / markup payable	2,328	2,328	2,328	-
Short term bank borrowings	5,000,000	5,000,000	5,000,000	-
	20,751,288	**20,751,288**	**20,751,288**	

The Company will manage the liquidity risk from its own source through equity and working capital management. As at the balance sheet date, the Company has liquid assets of Rs. 147.53 (2015: Rs. 157.92 million) and unavailed short term borrowing facilities of Rs. 19.00 million (2015 : Rs. 45.00 million) (Refer Note 7).

30.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or obtain long term financing from directors / financial institutions.

The Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view the future investment requirements and expectation of the shareholders. At the balance sheet date, the Company is not exposed to capital risk.

31. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue on 30 SEP 2016 by the Board of Directors of the Company.

32. Figures have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE OFFICER

DIRECTOR

PROXY FORM

The Corporate Secretary
ASHFAQ TEXTILE MILLS LTD.
8-A/1, Officer Colony,
Susan Road, Madina Town,
Faisalabad.

I/We _____ of _____ being

member(s) of ASHFAQ TEXTILE MILLS LIMITED., and holder of _____

Ordinary Shares as per Share Register Folio # _____ (In case of Central Depository System

Account Holder A/C # _____ Participant I.D. # _____) hereby

appoint _____ of _____ who is member of the

company as Register Folio # _____ or failing him/her _____

of _____who is member of the company as per Register Folio # _____

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the company to be held

on Monday, October 31, 2016 at 09.00 a.m. at any adjournment thereof.

Signd this _____ day of _____2016.

Affix Rs. 5/- Revenue Stamp

Signature

_____

(Signature appended above should agree with the specimen signature registered with the Company.

NOTES:

1. The proxy form, duly completed and signed, must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.

2. No person shall act as proxy unless he / she himself / herself is a member of the Company, except that, a corporation may appoint any person as a proxy who is not a member.

3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a membe with the Company all such instruments of proxy shall be rendered invalid.

4. In case of proxy for an individual CDC shareholder, attested copies of NIC or the passport, account and participant's I. D. number of the beneficial owner alongwith the proxy is required to be furnished with the proxy form.

3. In case of corporate entity, the Board of Directors' resolution/power of attorny with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form of the Company.

ڈائریکٹرز رپوٹ

ڈائریکٹرز 30 جون 2016 کو ختم ہونے والے سال کے اٹھائیسویں سالانہ آڈیٹڈ مالیاتی اسٹیٹمنٹ بمعہ آڈیٹرز رپورٹ بخوشی پیش کرتے ہیں۔
اس سال کے مالیاتی نتائج درج ذیل ہیں۔

تفصیل	سالانہ اختتام 30 جون 2016، روپے ملین میں	سالانہ اختتام 30 جون، 2015 روپے ملین میں	فرق
فروخت (Sales)	299.055	384.336	(22.19)
کل نفع (Gross Profit)	32.645	38.386	(14.96)
سال کے لیے قبل از ٹیکس منافع	3.120	5.646	(44.74)
سال کے لیے بعد از ٹیکس منافع	3.120	5.646	(44.74)
آمدنی فی شیئر (EPS)	0.09	0.16	(43.75)

آپ کی کمپنی نے اس سال خالص منافع 3.120 ملین کمایا ہے۔ سابقہ سال خالص منافع 5.646 ملین تھا۔ منافع میں بتدریج کمی دنیا بھر کی معاشی حالت تنزلی کی طرف ہے۔ خاص کر یورپ میں شرح نمو بہت کم ہو رہی ہے۔ ہماری حکومت نے بھی اس سلسلے میں بہت سالوں سے اپنی آنکھوں کو بند کیا ہوا ہے۔ اور ہمارے ایکسپورٹ کے خریدار روز بروز کم ہو رہے ہیں۔ آپ کی کمپنی نے اب اس بات پر توجہ دی ہے کہ اپنی پیداواری صلاحیت کو بڑے ایکسپورٹ ہاؤسسز کے لیے فیبرک بنائے۔ اس سے ہماری ناک ڈوبنے سے بچ گئی ہے۔ نقصان نہیں ہوا مگر منافع بھی خاصا کم ہو گیا ہے۔
مارکیٹ کے موجودہ حالات کو دیکھتے ہوئے کمپنی کی انتظامیہ تجویز کرتی ہے کہ اس سال ڈیوڈنڈ یا بونس شیئرز نہ دے سکے گی۔

مارکیٹ کے حالات اور مستقبل کے خدوخال

ہماری پالیسی جو کہ ملکی مارکیٹ کی طرف مرکوز ہے بہتر ہے۔ اور ہم سمجھتے ہیں کہ جب تک انٹرنیشنل مارکیٹ بہتر نہیں اور صحیح دام نہیں ملتے۔ یہی بہتر رہے گا۔

کمپنی کی سماجی ذمے داری

آپ کو یہ جان کر خوشی ہوگی کہ ہم نے ان حالات کے باوجود لیور فاؤنڈیشن ٹرسٹ، فیصل آباد کو -/600,000 روپے برائے غریب اور نادار ہیپاٹائٹس کے مریضوں کے لیے چندہ دیا۔

کارپوریٹ گورننس

ہم کارپوریٹ گورننس کی تفصیل جس پر پوری طرح عمل کیا گیا ہے، ہمراہ ہے۔

کارپوریٹ اور فائنینشل رپورٹنگ کا فریم ورک

کوڈ آف کارپوریٹ گورننس پر عمل کرتے ہوئے ہم کارپوریٹ اور فائنینشل رپورٹنگ کا فریم ورک درج کر رہے ہیں۔

۱۔ کمپنی کی مینجمنٹ فائنینشل اسٹیٹمنٹس اور کمپنی کے جملہ معاملات کاروبار کے نتائج، نقدی بہاؤ اور لین دین میں تبدیلی شفاف اور درست پیش کرتی ہے

۲۔ کمپنی کے حسابات کا اندراج کمپنی آرڈیننس کے مطابق کیا جاتا ہے۔

۳۔ مالی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے لاگو کیا گیا ہے۔ اکاؤنٹنگ یا اندازے معقول اور دانشمندانہ فیصلے پر مبنی ہے

۴۔ مالی گوشواروں کو بین الاقوامی اکاؤنٹنگ سٹینڈرڈز کے مطابق رکھا گیا ہے۔

۵۔ اندرونی کنٹرول کا نظام مضبوط ہے اور اس کی مؤثر طریقے سے نگرانی اور عملدرآمد کیا گیا ہے۔

۶۔ کاروبار جاری رکھنے کے لیے کمپنی کی صلاحیت پر کوئی قابلِ ذکر شکوک وشبہات نہیں ہیں۔

۷۔ پاکستان کے اسٹاک ایکسچینج کے اصولوں کے مطابق کارپوریٹ گورننس کے بہترین طریقوں میں سے کوئی مادی تجاوز نہیں ہوا۔

۸۔ مینجمنٹ بورڈ کا چھے دفعہ اجلاس ہوا جس میں مندرجہ ذیل حاضری رہی۔

نمبر شمار	ڈائریکٹران کے نام	حاضری کی تفصیل
1	اشفاق احمد صاحب	06
2	ندیم اشفاق صاحب	06
3	وسیم اشفاق صاحب	06
4	امجد اسلم صاحب	05
5	شازیہ امجد صاحبہ	06
6	مسز نازیہ عرفان صاحبہ	05
7	محمد ادریس صاحب	05
8	خواجہ محمد الیاس صاحب	06

جن ڈائریکٹرز نے غیر حاضری کے لیے درخواست دی اُن کی درخواست کو منظور کیا گیا۔

۹۔ پچھلے چھے سالوں کی کارکردگی کی تفصیل لف ہے۔

۱۰۔ آڈٹ کمیٹی

بورڈ آف ڈائریکٹرز نے کوڈ آف کارپوریٹ گورننس پر عمل کرتے ہوئے آڈٹ کمیٹی کی تشکیل کی ہوئی ہے۔ جس کی تفصیل درج ذیل ہے۔

خواجہ محمد الیاس	چیئرمین
مسز شازیہ امجد	ممبر
مرزا محمد ادریس	ممبر

آڈٹ کمیٹی کی میٹنگ ہر کوارٹر سے پہلے ہوتی ہے۔ اور حساب کتاب کی چھان بین کر کے عبوری اور سالانہ حساب کتاب کی منظوری دیتی ہے۔ میٹنگ میں سی۔ایف۔او، انٹرنل آڈیٹرز کے سنئیر اور ایکسٹرنل آڈیٹر بھی شریک ہوتے ہیں۔

۱۱۔ انسانی وسائل اور معاوضہ کمیٹی

انسانی وسائل اور معاوضہ کمیٹی بورڈ آف ڈائریکٹر کی طرف سے منظور شدہ قواعد وضوابط کے مطابق چلتی ہے۔ مندرجہ ذیل اس کے ممبران ہیں۔

امجد اسلم صاحب	چیئرمین
مسز نازیہ عرفان صاحبہ	ممبر
خواجہ محمد الیاس صاحب	ممبر

اس کمیٹی کے سال میں آٹھ اجلاس ہوئے جس میں حاضری 94 فیصدی رہی۔ اس کمیٹی نے بورڈ کو اپنی سفارشات پیش کیں کہ کس طرح کمپنی کو ایک مضبوط ادارے کے طور پر چلایا جائے۔ ملازموں کی فلاح و بہبود کے متعلق بھی بہت سے پلان اور پالیسیوں پر عملدرآمد کے لیے سفارشات کیں تا کہ ادارہ اپنے اہداف حاصل کر سکے۔

۱۲۔ حفاظتی اقدام اور ماحولیاتی آلودگی سے بچاؤ

ادارہ اس بات پر سختی سے عمل کرتا ہے کہ حفاظتی اقدامات پر پوری طرح عمل کیا جائے جو کہ قانون کے مطابق واجب ہیں اور ماحول کو صاف ستھرا رکھنے کے لیے ہر ممکن اقدام کیا جاتا ہے۔ جس کی وجہ سے ہمارے ادارے کا ماحول صاف ستھرا ہے اور ماحولیاتی ادارے اُس کی تعریف کر چکے ہیں۔

۱۳۔ کمپنی کے حصص کی تجارت

کمپنی کے جملہ ڈائریکٹران بشمول چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری نے کمپنی کے شیئروں کی کوئی تجارت نہیں کی۔
چیف ایگزیکٹو آفیسر، ڈائریکٹرز، چیف فنانشل آفیسر اور ایگزیکٹوز کو ماسوائے اُن شیئروں کے جن کو بتا دیا گیا ہے اور کسی چیز میں دلچسپی نہ ہے۔

۱۴۔ آڈیٹرز

موجودہ آڈیٹرز میسرز اویس حیدر لیاقت نعمان، چارٹرڈ اکاؤنٹنٹس مستعفی ہو رہے ہیں مگر وہ دوبارہ اپائنٹمنٹ کے لیے اپنے آپ کو پیش کر سکتے ہیں۔ آڈٹ کمیٹی نے اُن کی دوبارہ اپائنٹمنٹ کی سفارش کی ہے۔

۱۵۔ حصص کی تفصیل

حصص کی تفصیل جو کہ 30 جون، 2016 کو کمپنی کے حصے دار ہیں اُن کی تفصیل منسلک ہے۔

۱۶۔ اعتراف

ہم یہ بات ریکارڈ پر لانا چاہتے ہیں اور ہم شکریہ کے ساتھ تعریف کرتے ہیں۔ اپنی مینجمنٹ کی، اپنے بینکرز میسرز یونائیٹڈ بینک لمیٹڈ کی جنھوں نے ہر موقع پر ہمارے ساتھ تعاون کیا۔ ڈائریکٹر صاحبان خوشی سے اپنے کاریگروں کی محنت اور دل لگی سے کام کرنے کی تعریف کرتے ہیں۔

بورڈ آف ڈائریکٹران کی طرف سے
اشفاق احمد،
چیف ایگزیکٹو آفیسر

فیصل آباد
ستمبر 30، 2016

فنانشل جھلکیاں

روپے ہزاروں میں

		2016	2015	2014	2013	2012	2011
فروخت	Rs.	299,055	384,695	518,405	795,248	931,187	1,036.471
مجموعی نفع	Rs.	32,645	38,386	97,471	125,474	159,285	123.627
خالص نفع بعد از ٹیکس	Rs.	3,120	5,646	41,587	68,501	68,578	29.730
اثاثہ جات	Rs.	739,657	726,357	747,629	466,235	439,500	431.288
طویل مدتی ذمے داری (مالیاتی ادارہ)	Rs.	-	-	-	-	-	-
طویل مدتی ذمہ داری (ڈائریکٹرز)	Rs.	-	-	-	50,000	139.740	107.000
مجموعی نفع (نقصان)	Rs.	204,513	184,444	164,855	202,746	181,144	102.769
نفع کا شرح کا تناسب	%	10.92	9.98	18.80	15.77	17.11	11.93
خالص نفع کا تناسب	%	1.04	1.47	8.02	8.61	7.36	2.87
لین دین کا تناسب	%	0.100	0.100	0.100	10.90	15.85	10.90
موجودہ تناسب	%	4.93	9.66	10.55	1.80	1.35	0.95
آمدنی فی شیئر	%	0.09	0.16	1.19	2.26	5.60	4.25
بونس شیئر	%	-	-	-	58.33	-	-
ڈیوڈنڈ	Rs.	-	-	-	-	-	-