

ASIM TEXTILE MILLS LIMITED
INTERIM CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009

1. THE COMPANY AND ITS OPERATIONS

The Company is limited by shares and incorporated in Pakistan under the Companies Ordinance, 1984. Its shares are listed at Karachi, Islamabad and Lahore stock exchanges. The principal business of the Company is manufacturing and sale of yarn. The Mill is located at Tahsil Jaranwala, District Faisalabad in the Province of Punjab and the registered office of the Company is located at 16-C, peoples Colony, Faisalabad.

2. BASIS OF PREPARATION

These interim condensed financial statements have been prepared in compliance with the International Accounting Standard 34 "Interim Financial Reporting" and section 245 of Companies Ordinance 1984.

3. ACCOUNTING POLICIES

Accounting policies adopted for the preparation of 1st quarter accounts are the same as these applied in the preparation of the preceding annual published financial statements of the Company.

4. CONTINGENCIES AND COMMITMENTS

As disclosed in last annual published financial statements, the company is not repaying the long term loan as it has filed a suit in the Honorable Lahore High Court, Lahore against Faysal Bank Limited for the compensation of loss suffered on acquisition of unremunerative agricultural land and disposal of the same, 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. The amount claimed for the first two counts is Rs.141.831 million (including claims of Central Excise Duty) and for the last count has been left for the Court to determine.

As per Company's lawyer's opinion the case is based on strong legal grounds and is likely to be decided in Company's favour. If so decided the amount of morabaha finances would decrease by the amount decided by the Court. Faysal Bank Limited has also filed a counter suit against the Company for the recovery of Rs. 454.502 million in the Honourable Lahore High Court along with the late payment charges which is pending adjudication.

5. DATE OF AUTHORIZATION

These financial statements were authorized for issue on October 27, 2009 by the board of directors of the company.

6. FIGURES

- Comparative figures have been re-arranged wherever necessary for the purpose of comparison.
- Comparative figures relating to balance sheet are of last annual audited financial statements.
- Figures have been rounded off to the nearest thousand rupees.

CHIEF EXECUTIVE

DIRECTOR