

**ASIM TEXTILE MILLS LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE HALF YEAR ENDED MARCH 31, 2004**

Note 1

Basis of Preparation

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1.1 These accounts have been prepared in accordance with the requirements of the Companies Ordinance, 1984 and International Accounting Standard, IAS 34 " Interim Financial Reporting".

1.2 These financial statements are unaudited and have been reviewed by the auditors as required by the Code of Corporate Governance and are being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984. Figures for the quarters ending March 31, 2004 and March 31, 2003 have not been reviewed by the external auditors.

1.3 Going concern assumption

The Company has incurred net loss of Rs. 9.735 million (2003:Rs.18.032 million) during the half year ended and has accumulated losses of Rs. 479.382 million (2003: Rs. 455.361 million) as at March 31, 2004. Its current liabilities exceed its current assets by Rs. 103.809 million (2003:Rs. 78.153 million) and total liabilities exceed total assets by Rs. 142.268 million (2003: Rs. 132.533 million) as at balance sheet date. These factors alongwith matter described in Note 3 raise doubts about the Company operating a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, the management is making continuous efforts to make improvement in the market for the Company's product and to obtain continuous support from its sponsors, restructure the operations of the Company and curtail its overheads, therefore, any adjustments relating to the recoverability of recorded assets and liabilities have not been incorporated in these accounts.

Note 2

Significant Accounting Policies

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The accounting policies and methods of computation of the interim financial statements are the same as those followed in the preparation of annual financial statements for the preceding financial year ended September 30, 2003.

Note 3

Contingencies and Commitments

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The Company has filed a suit in the Honourable Lahore High Court, Lahore against Faysal Bank Limited for compensation of loss suffered on acquisition of unremunerative agriculture 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 Articles and Memorandum of Association. The amount claimed for the first two counts is Rs. 141.831 million (including claim of Central Excise Duty) and for last count has been left for the court to determine.

As per Company lawyer's opinion the case is based on strong legal grounds and is likely to be decided in Company's favour, if so happened the amount of morabaha finances would decrease by the amount so decided by the court. Faysal Bank Limited has also filed a counter suit against the Company.

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**Notes to the Accounts**

## Note 4

## Cost of Sales

	Quarter ended March 31, 2004 (Unaudited) Rupees (000)	Half Year ended March 31, 2004 (Unaudited) Rupees (000)	Quarter ended March 31, 2003 (Unaudited) Rupees (000)	Half Year ended March 31, 2003 (Unaudited) Rupees (000)
Raw materials consumed (Cotton)	24,706	69,490	33,260	65,905
Raw materials consumed (Polyester)	45,691	89,861	38,607	79,949
Stores and spares consumed	1,325	2,491	1,564	2,422
Packing material consumed	1,376	2,386	1,189	2,447
Salaries, wages and other benefits	6,080	12,310	6,081	11,845
Fuel and power	12,554	25,018	11,703	25,022
Repairs and maintenance	164	430	51	290
Insurance	445	840	403	724
General expenses	147	358	120	274
Goods handling charges	205	431	213	616
Depreciation	5,959	11,918	6,285	12,550
	<u>98,652</u>	<u>215,533</u>	<u>99,476</u>	<u>202,044</u>
Opening work in process	5,302	5,297	3,757	3,373
Closing work in process	(4,985)	(4,985)	(4,403)	(4,403)
	<u>317</u>	<u>312</u>	<u>(646)</u>	<u>(1,030)</u>
Cost of goods manufactured	<u>98,969</u>	<u>215,845</u>	<u>98,830</u>	<u>201,014</u>
Opening finished goods	4,372	6,206	2,831	3,382
Closing finished goods	(1,676)	(1,676)	(8,399)	(8,399)
	<u>2,696</u>	<u>4,530</u>	<u>(5,568)</u>	<u>(5,017)</u>
	<u>101,665</u>	<u>220,375</u>	<u>93,262</u>	<u>195,997</u>
Duty drawback	(74)	(74)	(438)	(1,061)
	<u>101,591</u>	<u>220,301</u>	<u>92,824</u>	<u>194,936</u>

## 4.1 Raw materials consumed (Cotton)

Opening stock	15,254	2,987	4,740	7,619
Purchases	21,643	78,694	29,002	58,768
	<u>36,897</u>	<u>81,681</u>	<u>33,742</u>	<u>66,387</u>
Closing stock	(12,191)	(12,191)	(482)	(482)
	<u>24,706</u>	<u>69,490</u>	<u>33,260</u>	<u>65,905</u>

## 4.2 Raw materials consumed (Polyester)

Opening stock	982	1,013	664	80
Purchases	46,113	90,252	38,010	79,936
	<u>47,095</u>	<u>91,265</u>	<u>38,674</u>	<u>80,016</u>
Closing stock	(1,404)	(1,404)	(67)	(67)
	<u>45,691</u>	<u>89,861</u>	<u>38,607</u>	<u>79,949</u>

## Note 5

## Earnings per Share - Basic

	Quarter ended March 31, 2004 (Unaudited) Rupees (000)	Half Year ended March 31, 2004 (Unaudited) Rupees (000)	Quarter ended March 31, 2003 (Unaudited) Rupees (000)	Half Year ended March 31, 2003 (Unaudited) Rupees (000)
Profit/(loss) after taxation	(5,664)	(9,735)	(6,718)	(18,032)
Weighted average number of ordinary shares	15,177	15,177	15,177	15,177
Earnings per share (Rupees)	<u>(0.37)</u>	<u>(0.64)</u>	<u>(0.44)</u>	<u>(1.19)</u>

## Note 6

## General

6.1 Figures have been rounded off to the nearest thousands of rupee; and

6.2 These interim financial statements are authorized for issue on May 29, 2004 by the Board of Directors of the Company.

6.3 Corresponding figures have been re-arranged wherever necessary to facilitate comparison.

CHIEF EXECUTIVE

DIRECTOR