

## ASIM TEXTILE MILLS LIMITED

# Auditor's Report to the Members on Review of Condensed Interim Financial Information

### Introduction

We have reviewed the accompanying condensed interim balance sheet of **Asim Textile Mills Limited** as at **December 31, 2009** and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, and condensed interim statement of changes in equity, together with the notes forming part thereof for the half year then ended. (here-in-after referred to as "condensed interim financial information") Management is responsible for the preparation and presentation of the condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures included in the condensed interim profit and loss account for the quarters ended December 31, 2008 and 2009 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended December 31, 2009.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Basis for Qualified Conclusion

Based on information provided to us by the management;

- a) the mark up aggregating to Rs. 29.777 million (December 31, 2008: Rs. 29.424 million) on financial institutions' lending as referred in Note 5, 6 & 9.1 of the condensed interim financial information has not been accounted for in the condensed interim financial information. Due to which current liabilities, and accumulated loss and loss is understated and profit for the six months is overstated by that amount.
- b) the current portion of long term financing as referred to in note no. 5 can not be ascertained.

### Qualified Conclusion

Based on our review, with the exception of the matter described in the preceding paragraphs, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2009 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### Emphasis of Matter

Without further qualifying our review report, we draw attention to note 1.2 to the condensed interim financial information which describes that the Company has accumulated loss of Rs. 523.724 million. Its total liabilities exceed its total assets by Rs. 226.459 million and its current liabilities exceed its current assets by Rs. 125.428 million as at balance sheet date. These conditions along with the matter stated in Notes 5.4, 6.1 and 7 to the financial information indicate the existence of a material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern. The management of the company however believes that it has sufficient assets and resources to meet its current liabilities including the expectation of continued financial support of its directors through interest free loans. Management expectation including future trends and profitability in regard to this matter are also discussed in the said note to the condensed interim financial information. This condensed interim financial information has however been prepared on a going concern basis on the assumptions stated in the said note.

**ARSHAD RAHEEM & CO**  
Chartered Accountants  
Arshad Raheem  
LAHORE: \_\_\_\_\_