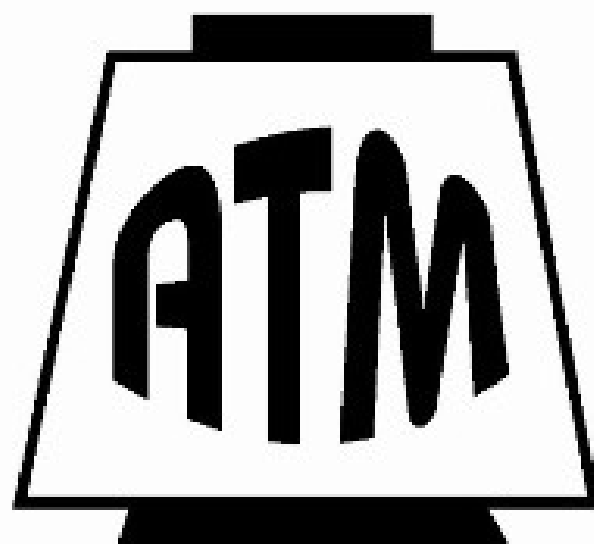


**2nd Quarter &
Half Year Accounts
Period Ended**

**December 31st
2011**

(REVIEWED)



Asim Textile Mills Ltd.



COMPANY INFORMATION

CHIEF EXECUTIVE

MR. ZAHID ANWAR

DIRECTORS:

MRS. RUKHSANA BEGUM
CH. GHULAM MURTAZA BUTTAR
MR. UMER FAROOQ
MR. AFTAB YOUNAS
MR. ALI RAZA ZAFAR
MR. WASEEM ABBAS

AUDIT COMMITTEE:

CHAIRMAN

MR. ZAHID ANWAR

MEMBER

MR. AFTAB YOUNAS

MEMBER

MR. WASEEM ABBAS

COMPANY SECRETARY

MR. KHALID JABBAR

CHIEF FINANCIAL OFFICER

MR. ALLAH DATTAH

AUDITORS

HYDER BHIMJI & COMPANY
CHARTERED ACCOUNTANTS

BANKS:

UNITED BANK LIMITED
AL BARAKA ISLAMIC BANK B.S.C. (E.C.)
NATIONAL BANK OF PAKISTAN
KASB BANK LIMITED
SILK BANK LIMITED

LEGAL ADVISOR

MR. ZIA -UL-HAQ (ADVOCATE)

REGISTERED OFFICE

JK HOUSE, 32-W, SUSAN ROAD,
MADINA TOWN, FAISALABAD

SHARE REGISTRAR OFFICE

NATIONAL BIZ MANAGEMENT (PVT) LTD.
PLOT NO. 2-C, MEZZANINE FLOOR, BADAR
COMMERCIAL AREA, STREET NO. 9,
PHASE-V(Ext.), D. H. A., KARACHI

MILLS

32-KM, SHEIKHUPURA RAOD, FAISALABAD

WEB SITE

www.asimtextile.com

DIRECTORS' REPORT TO THE MEMBERS

Your directors are pleased to present 2nd quarter and half yearly accounts for the period ended December 31, 2011.

The Company has incurred net loss of Rs.7.687 million as compared to net profit of Rs. 61.867 million of corresponding period of last year. The shortfall of energy is major reason of loss incurred during the period, due to energy crises our costs increased and demand for yarn kept low resulting lower prices of yarn.

Auditors have qualified the report that mark up aggregating to Rs. 29.776 million on financial institution's lending as referred in note 5, 6 & 10.1 of the condensed interim financial statements has not been accounted for in the condensed interim financial statements. Due to which current liabilities and accumulated loss are understated by that amount. The finance costs have not been accrued due to litigation with bank.

Earning per share (EPS) for the 2nd quarter is Rs. 0.26 and Rs. (0.51) for half year as compared to (EPS) of Rs. 3.22 for 2nd quarter and Rs. 4.08 for half year in the corresponding period of last year.

There has been no change in the position of on going court cases with the bank, as reported in the director's report of the financial statements for the year ended 30.06.2011.

Transactions with related parties are carried out at arms length. The prices are determined in accordance with comparable uncontrolled price method. The power if purchased from related parties is at WAPDA power tariff.

The management would like to place on record its appreciation for the continuous support of its shareholders, customers and employees and expect to receive same cooperation in future.

for and on behalf of the Board

Faisalabad.
24.02.2012

Zahid Anwar
Chief Executive

INDEPENDENT AUDITORS' 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** ("the Company") as at December 31, 2011 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 (the interim financial information) for the half year then ended. The Company's management is responsible for the preparation and presentation of this interim financial information in accordance with the approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2011 and 2010 have not been separately reviewed as we are required to review the cumulative figures only for the half year ended December 31, 2011.

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 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 management;

- a) the markup aggregating to Rs.29.776 million (December 31, 2010:29.776 million) on financial institution's lending as referred in notes 5, 6 & 10.1 of condensed interim financial information has not been accounted for in condensed interim financial information. Due to which current liabilities and accumulated loss are understated by that amount, however loss for the period do not effect as same is related to prior years.
- b) the current portion of long term financing as referred in note no.5 cannot be ascertained.

Qualified Conclusion

Based on our review, with the exception of matter described in the preceeding 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, 2011 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Matter of Emphasis

Without further qualifying our conclusion, we draw attention to note.1.2 to condensed interim financial information, which indicates that the company has incurred accumulated loss of Rs. 470.988 million that has resulted into negative equity by Rs.319.216 million; and its current liabilities exceeded its current assets by Rs.84.644 million. These conditions, alongwith other matters as set forth in notes 5.1, 6.1, 7.1 and 8 to the condensed interim financial information indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

DATE: February 24, 2012
FAISALABAD

HYDER BHIMJI & CO.
Chartered Accountants
Engagement Partner: Khan Muhammad



CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2011

	Note	DECEMBER 31, 2011 Un-audited (Rupees in thousand)	JUNE 30, 2011 Audited
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	375,167	379,114
Long term deposits		7,784	7,470
		382,951	386,584
CURRENT ASSETS			
Stores and spares		7,638	4,181
Stock in trade		40,625	52,096
Trade debts		-	7,865
Prepayments		1,222	135
Advances		6,293	10,218
Other receivables		6,611	4,786
Short term investments		31,697	30,009
Cash and bank balances		76,483	56,112
		170,569	165,402
		553,520	551,986
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
17,500,000 (June 30, 2011: 17,500,000) ordinary shares of Rs. 10 each		175,000	175,000
Issued, subscribed and paid up capital			
15,177,000 (June 30, 2011: 15,177,000) ordinary shares fully paid in cash		151,770	151,770
Accumulated loss		(470,986)	(466,533)
		(319,216)	(314,763)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
		131,869	135,102
NON CURRENT LIABILITIES			
Long term financing	5	415,047	415,047
Deferred liabilities		70,607	72,426
		485,654	487,473
CURRENT LIABILITIES			
Trade and other payables		58,508	47,469
Interest accrued on long term financing	6	194,161	194,161
Short term borrowing	7	2,544	2,544
		255,213	244,174
CONTINGENCIES AND COMMITMENTS			
	8	-	-
		553,520	551,986

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

DIRECTOR



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2011

		Half Year Ended		Quarter Ended	
		December 31,	December 31,	December 31,	December 31,
	Note	2011	2010	2011	2010
		(Rupees in thousand)		(Rupees in thousand)	
Sales - net		477,009	549,191	258,471	298,141
Cost of sales	9	480,288	473,072	252,148	240,451
Gross (loss)/profit		(3,257)	76,119	6,325	57,690
Operating expenses					
Distribution costs		-	233	-	-
Administrative expenses		5,896	6,172	2,931	3,242
Other expenses		-	4,856	-	3,770
Finance costs	10	30	60	20	33
		5,926	11,321	2,951	7,045
		(9,183)	64,798	3,374	50,845
Other operating income		4,568	719	2,293	217
(Loss)/profit before taxation		(4,615)	65,517	5,667	50,862
Taxation					
Current		(4,816)	(5,499)	(2,631)	(2,988)
Prior year		3	16	3	16
Deferred		1,741	1,833	870	916
		(3,072)	(3,650)	(1,758)	(2,056)
(Loss)/profit after taxation		(7,687)	61,867	3,909	48,806
(Loss)/earnings per share		(0.51)	4.08	0.26	3.22

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

DIRECTOR

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2011**

	Half Year Ended		Quarter Ended	
	December 31, 2011 (Rupees in thousand)	December 31, 2010	December 31, 2011 (Rupees in thousand)	December 31, 2010
(Loss)/profit after taxation	(7,667)	61,867	3,909	48,606
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss)/ income for the period	<u>(7,667)</u>	<u>61,867</u>	<u>3,909</u>	<u>48,606</u>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE**DIRECTOR**



CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2011

	Half year ended December 31, 2011	Half year ended December 31, 2010
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(4,615)	65,517
Adjustments for non cash and other items:		
Depreciation	9,751	9,661
Finance cost	30	60
Workers' profit participation fund	-	3,519
Workers' welfare fund	-	1,337
	9,781	14,577
Operating cash flows before working capital changes	5,166	80,094
Changes in working capital:		
(Increase)/decrease in current assets		
Stores and spares	(3,457)	(657)
Stock in trade	11,471	(101,175)
Trade debts	7,865	2,632
Prepayments	(1,087)	-
Advances	3,925	(3,103)
Other receivables	(1,733)	-
Short term investments	(1,688)	480
Increase/(decrease) in current liabilities		
Trade and other payables	11,040	907
	26,336	(100,916)
Cash generated from/(used in) operations	31,502	(20,822)
Taxes paid	(4,905)	(4,934)
Gratuity paid	(78)	(211)
Finance costs paid	(30)	(60)
	(5,013)	(5,205)
Net cash generated from/(used in) operating activities	26,489	(26,027)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(5,804)	(16,681)
Long term deposits	(314)	-
Net cash used in investing activities	(6,118)	(16,681)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Net increase/(decrease) in cash and cash equivalents	20,371	(42,708)
Cash and cash equivalents at the beginning of the period	56,112	54,557
Cash and cash equivalents at the end of the period	76,483	11,849

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2011

	Share Capital	Accumulated Loss	Total
(Rupees in thousand).....		
Balance as at July 01, 2010	151,770	(512,371)	(360,601)
Incremental depreciation on revalued property, plant and equipment for the period	-	5,237	5,237
Tax effect on incremental depreciation	-	(1,833)	(1,833)
Total comprehensive income for the period	-	61,867	61,867
Balance as at December 31, 2010	<u>151,770</u>	<u>(447,100)</u>	<u>(295,330)</u>
Balance as at July 01, 2011	151,770	(466,533)	(314,763)
Incremental depreciation on revalued property, plant and equipment for the period	-	4,975	4,975
Tax effect on incremental depreciation	-	(1,741)	(1,741)
Total comprehensive loss for the period	-	(7,687)	(7,687)
Balance as at December 31, 2011	<u>151,770</u>	<u>(470,986)</u>	<u>(319,216)</u>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

DIRECTOR

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2011

1. COMPANY AND ITS OPERATIONS

- 1.1 The Company is a public listed company incorporated in Pakistan under the Companies Ordinance, 1954. Its shares are quoted at Karachi, Islamabad and Lahore stock exchanges. 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 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. 470.986 million. Its total liabilities exceed its assets by Rs. 187.347 million and its current liabilities exceeds current assets by Rs. 84.644 million as at the balance sheet date. These factors along with matters described in Note 5, 6, 7 and 8 of the condensed interim financial statements raise doubt about the Company's ability to operate as 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 for improvement in the production, quality and marketing of its products. The management 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 as well as favourable decisions of the litigations with the banks. Therefore, the management considers that the going concern assumption is valid and therefore this financial information has been prepared on going concern basis without considering any adjustment relating to the recoverability of the recorded assets and settlement of liabilities.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

These condensed interim financial statements are un-audited but subject to limited scope review by the auditors. These are required to be presented to the shareholders under section 245 of the Ordinance and have been prepared in condensed form in accordance with the requirements of the International Accounting Standard (IAS) -34 "Interim Financial Reporting" as applicable in Pakistan. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2010 and 2011 have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the half years ended December 31, 2010 and 2011. These condensed interim financial statements do not include all the information and disclosures as required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2011.

3. ACCOUNTING POLICIES

The accounting policies adopted in preparation of these condensed interim financial statements are the same as those applied in the preparation of the preceding annual published financial statements for the year ended June 30, 2011.

	Note	Dec 31, 2011 (Un-audited) (Rupees in thousand)	June 30, 2011 (Audited)
4. PROPERTY PLANT AND EQUIPMENT			
Operating fixed assets - <i>tangible</i>	(4.1)	369,390	379,114
Capital work in progress		<u>5,777</u>	<u>-</u>
		<u>375,167</u>	<u>379,114</u>
4.1 Operating fixed assets - <i>tangible</i>			
Opening balance- (NBV)		379,114	378,870
Additions at cost during the period / year		<u>27</u>	<u>20,217</u>
		379,141	399,087
Depreciation charged for the period / year		<u>(9,751)</u>	<u>(19,973)</u>
Closing balance		<u>369,390</u>	<u>379,114</u>
5. LONG TERM FINANCING			
Loan from banking company- Secured			
Morabaha finance			
Morabaha-I		340,902	340,902
Morabaha-II		<u>74,145</u>	<u>74,145</u>
		<u>415,047</u>	<u>415,047</u>
5.1 The Company is not repaying the morabaha finances as it has filed a case against Faysal Bank Limited in the Honorable Lahore High Court, Lahore. The facts of the litigation are explained in note 8. Accordingly, the current portion of these morabaha finances has not been transferred to current liabilities as the amount of liability and related current portion is dependent on the decision of the case.			
6. INTEREST ACCRUED ON LONG TERM FINANCING			
Accrued markup on secured morabaha finance	(6.1)	<u>194,161</u>	<u>194,161</u>
6.1 The company has ceased the payment of mark up as it has filed a case against Faysal Bank Limited in the Honorable Lahore High Court, Lahore. The facts of the litigation are explained in note 8.			
7. SHORT TERM BORROWING			
Banking company			
Interest free bank overdraft - unsecured	(7.1)	<u>2,544</u>	<u>2,544</u>
7.1 The company has ceased the repaying the overdraft as it has filed a case against Faysal Bank Limited in the Honorable Lahore High Court, Lahore. The facts of the litigation are explained in note 8.			

8. CONTINGENCIES AND COMMITMENTS

The company has instituted a suit in the Honourable 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) and for the last count has been left for the Court to determine. As per Company's legal advisor 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.

The Faysal Bank Limited has filed a counter suit for the recovery of Rs. 454.502 million in the Honourable Lahore High Court along with the late payment charges which is pending adjudication.

	Note	Half Year Ended		Quarter Ended	
		Dec 31, 2011	Dec 31, 2010	Dec 31, 2011	Dec 31, 2010
9. COST OF SALES		(Rupees in thousand)			
Raw material consumed- Cotton	(9.1)	186,337	249,814	90,088	133,819
Raw material consumed- Polyester	(9.2)	195,917	188,500	105,788	102,689
Salaries, wages and benefits		27,785	29,369	14,548	15,833
Stores and spares consumed		6,160	6,686	3,003	3,445
Packing material consumed		7,967	7,943	4,351	3,923
Fuel and power		40,877	46,905	24,462	23,286
Repairs and maintenance		365	1,698	150	1,131
Insurance		1,080	1,008	513	528
Depreciation		9,199	9,348	4,599	4,706
General expenses		204	803	101	163
		<u>475,891</u>	<u>542,072</u>	<u>247,603</u>	<u>289,523</u>
Inventory effect of work in process					
Opening		11,376	4,923	8,434	6,042
Closing		(8,294)	(6,748)	(8,294)	(6,748)
		<u>3,082</u>	<u>(1,825)</u>	<u>140</u>	<u>(706)</u>
Cost of goods manufactured		<u>478,973</u>	<u>540,247</u>	<u>247,743</u>	<u>288,817</u>
Inventory effect of finished goods					
Opening		4,133	21,317	7,243	40,126
Closing		(2,840)	(88,492)	(2,840)	(88,492)
		<u>1,293</u>	<u>(67,175)</u>	<u>4,403</u>	<u>(48,366)</u>
Cost of goods sold		<u>480,266</u>	<u>473,072</u>	<u>252,146</u>	<u>240,451</u>
9.1 Raw material consumed- Cotton					
Opening stock		29,452	7,299	21,828	17,983
Purchases including direct expenses		178,658	279,007	90,033	152,328
		<u>208,110</u>	<u>286,306</u>	<u>111,861</u>	<u>170,311</u>
Closing stock		(21,773)	(36,492)	(21,773)	(36,492)
		<u>186,337</u>	<u>249,814</u>	<u>90,088</u>	<u>133,819</u>



	Note	Half Year Ended		Quarter Ended	
		Dec 31, 2011	Dec 31, 2010	Dec 31, 2011	Dec 31, 2010
9.2 Raw material consumed- Polyester		(Rupees in thousand)			
Opening stock		7,135	3,873	8,177	7,608
Purchases including direct expenses		196,500	191,482	105,329	101,936
		<u>203,635</u>	<u>195,355</u>	<u>113,506</u>	<u>109,544</u>
Closing stock		(7,718)	(6,855)	(7,718)	(6,855)
		<u>195,917</u>	<u>188,500</u>	<u>105,788</u>	<u>102,689</u>

10. FINANCE COSTS

Interest / mark up on long term financing	(10.1)	-	-	-	-
Bank charges and commission		30	60	20	33
		<u>30</u>	<u>60</u>	<u>20</u>	<u>33</u>

10.1 Markup on morabaha finances amounting to Rs. Nil (December 31, 2010: Rs. Nil) accumulated to Rs.29.776 million (December 31, 2010: Rs. 29.776 million) has not been accounted for in these condensed interim financial statements.

11. TRANSACTION WITH RELATED PARTIES

The related parties comprise associated undertakings and other related parties through directorship of close family members of the directors of the Company.

Transactions with related parties undertaken during the period were as follows:-

	Half Year Ended	
	Dec 31, 2011	Dec 31, 2010
	(Rupees in thousand)	
Post employment benefit	968	1,045
Repayment to directors - net	(56)	(66)
Contribution to worker's profit participation fund	-	3,519

There were no transactions with key management personnel except those covered under their terms of employment.

12. DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue on February 24, 2012 by the Board of Directors of the Company.

13. GENERAL

- Figures have been rounded off to the nearest of thousand rupees unless otherwise stated.

CHIEF EXECUTIVE

DIRECTOR