

**ASIM TEXTILE MILLS LIMITED**  
**NOTES TO AND FORMING PART OF THE**  
**INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2009**  
**(Un-Audited)**

**1. 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 Tehsil Jaranwala, District Faisalabad in the Province of Punjab and registered office of the Company is located at 16-C, Peoples Colony, Faisalabad.

**2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES**

**2.1** These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 (the Ordinance). Approved accounting standards comprise of such International Accounting Standards (IASs) as notified under the provisions of the Ordinance. Wherever the requirements of the Ordinance or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Ordinance or the requirements of the said directives take precedence. The disclosures made in these financial statements have, however, been limited based on the requirements of the International accounting Standard 34, "Interim Financial Reporting".

**2.2** These financial statements have been prepared using the same accounting policies as are applied in the preparation of the annual financial statements of the company for the year ended June 30, 2008.

	Un-Audited March 31, 2009	Audited June 30, 2008
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	(Rupees '000')	(Rupees '000')
	-----	-----
Opening balance	402,817	422,996
Add: Additions during the period	269	1,121
	403,086	424,117
Less: Depreciation for the period	(15,184)	(21,300)
Closing balance	<u>387,902</u>	<u>402,817</u>

**3. OPERATING FIXED ASSETS**

**4. CONTINGENCIES AND COMMITMENTS**

The Company 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 Articles and 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 favor, if so decided the amount of morahaba finances would decrease by the amount decided by the Court. Faysal Bank Limited has also filed a counter suit against the Company.

		Quarter Ended		Nine Months Ended	
		March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
		-----	-----	-----	-----
		(Rupees '000')	(Rupees '000')	(Rupees '000')	(Rupees '000')
		-----	-----	-----	-----
<b>5. COST OF SALES</b>					
Raw material consumed- Cotton	<b>5.1</b>	54,995	58,554	179,227	167,908
Raw material consumed- Polyester	<b>5.2</b>	55,743	63,508	197,921	181,968
Salaries, wages and benefits		11,030	10,179	32,627	31,756
Stores and spares consumed		3,027	2,119	8,648	6,270
Packing material consumed		2,636	2,456	8,372	7,032
Fuel and power		17,417	15,358	52,951	45,353
Repairs and maintenance		88	55	331	154
Insurance		564	560	1,305	1,228
Depreciation		4,972	5,217	14,913	15,639
Goods handling charges		-	25	-	79
General expenses		<u>175</u>	<u>98</u>	<u>544</u>	<u>324</u>
		150,647	158,129	496,839	457,711
Inventory effect of work in process					
Opening		3,777	3,253	3,340	3,418
Closing		<u>(3,624)</u>	<u>(3,062)</u>	<u>(3,824)</u>	<u>(3,062)</u>
		(47)	191	(484)	356
Cost of goods manufactured		150,600	158,320	496,355	458,067
Inventory effect of finished goods					
Opening		1,529	32,306	20,859	9,367
Closing		<u>(16,579)</u>	<u>(32,671)</u>	<u>(16,579)</u>	<u>(32,671)</u>
		(15,050)	(365)	4,280	(23,304)
Cost of goods sold		<u>135,550</u>	<u>157,955</u>	<u>500,635</u>	<u>434,763</u>
<b>5.1 RAW MATERIAL CONSUMED- COTTON</b>					
Opening stock		17,370	21,200	58,800	32,484
Purchases including direct expenses		57,450	62,416	140,252	160,486
		74,820	83,616	199,052	192,970
Closing stock		<u>(19,825)</u>	<u>(25,062)</u>	<u>(19,825)</u>	<u>(25,062)</u>
		54,995	58,554	179,227	167,908

**5.2 RAW MATERIAL CONSUMED- POLYESTER**

		Quarter Ended		Nine Months Ended	
		March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
		-----	-----	-----	-----
		(Rupees '000')	(Rupees '000')	(Rupees '000')	(Rupees '000')
		-----	-----	-----	-----
Opening stock		544	4,794	7,792	1,261
Purchases including direct expenses		57,383	64,724	192,313	186,717
		57,927	69,518	200,105	187,978
Closing stock		<u>(2,184)</u>	<u>(6,010)</u>	<u>(2,184)</u>	<u>(6,010)</u>
		55,743	63,508	197,921	181,968

**6. TRANSACTIONS WITH RELATED PARTIES**

During the period Company has purchased electricity from related party (Zeeshan Energy Limited) of Rs.617,328/- (March 31, 2008: Rs. Nil).

**7. DATE OF AUTHORIZATION**

These financial statements were authorized for issue on April 27, 2009 by the Board of Directors of the Company.

**8. GENERAL**

- Previous period's figures have been rearranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made.
- Figures have been rounded off to the nearest of thousand rupees unless otherwise stated.

(CHIEF EXECUTIVE)

(DIRECTOR)