

Asim Textile Mills Limited

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2010 (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 condensed interim 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, 2009, except adoption of following new standard.

During the year, the Company has adopted (revised) IAS-1 "Presentation of Financial Statements, (the standard)" which became effective from accounting period beginning on or after January 01, 2009. The standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owners changes in equity presented as a single line in the statement of changes in equity. In addition, the Standard introduces the statement of comprehensive income which represents all items of recognized income and expenses, either in one single statement, or in two linked statements. Accordingly the Company has preferred to present two statements; a condensed interim profit and loss account and condensed interim statement of comprehensive income.

Comparative information has been represented so that it also is in conformity with the revised standard. Since the changes in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

	Note	March 31, 2010 (Un-audited)	June 30, 2009 (Audited)
		----- (Rupees '000') -----	
3. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - tangible	(3.1)	383,645	382,839
Capital work in progress		-	7,299
		<u>383,645</u>	<u>390,138</u>
3.1 Operating fixed assets - tangible			
Opening balance - (NBV)		382,839	402,817
Addition at cost during the period / year		15,588	269
		<u>398,427</u>	<u>403,086</u>
Depreciation charged for the period / year		(14,782)	(20,247)
Closing balance		<u>383,645</u>	<u>382,839</u>

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4. 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.

		Nine Months Ended		Quarter Ended	
		March 31,	March 31,	March 31,	March 31,
		2010	2009	2010	2009
		(Rupees '000')			
5. COST OF SALES					
Raw material consumed- Cotton	5.1	196,894	179,227	70,260	54,995
Raw material consumed- Polyester	5.2	218,165	197,921	73,652	55,743
Salaries, wages and benefits		41,770	32,627	13,786	11,030
Stores and spares consumed		10,357	8,648	3,835	3,027
Packing material consumed		8,376	8,372	2,924	2,636
Fuel and power		70,648	52,951	26,511	17,417
Repairs and maintenance		547	331	341	88
Insurance		1,592	1,305	690	564
Depreciation		14,494	14,913	5,057	4,972
General expenses		491	544	150	175
		563,334	496,839	197,206	150,647
Inventory effect of work in process					
Opening		4,660	3,340	4,773	3,777
Closing		(4,479)	(3,824)	(4,479)	(3,824)
		181	(484)	294	(47)
Cost of goods manufactured		563,515	496,355	197,500	150,600
Inventory effect of finished goods					
Opening		12,535	20,859	14,805	1,529
Closing		(31,266)	(16,579)	(31,266)	(16,579)
		(18,731)	4,280	(16,461)	(15,050)
Cost of goods sold		544,784	500,635	181,039	135,550
5.1 RAW MATERIAL CONSUMED- COTTON					
Opening stock		1,523	58,800	51,418	17,370
Purchases including direct expenses		211,833	140,252	35,304	57,450
		213,356	199,052	86,722	74,820
Closing stock		(16,462)	(19,825)	(16,462)	(19,825)
		196,894	179,227	70,260	54,995

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	Nine Months Ended		Quarter Ended	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
	----- (Rupees '000') -----			
5.2 RAW MATERIAL CONSUMED- POLYESTER				
Opening stock	848	7,792	3,802	544
Purchases including direct expenses	219,530	192,313	72,063	57,383
	220,378	200,105	75,865	57,927
Closing stock	(2,213)	(2,184)	(2,213)	(2,184)
	<u>218,165</u>	<u>197,921</u>	<u>73,652</u>	<u>55,743</u>

6. TRANSACTIONS 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:-

	Nine Months Ended	
	March 31, 2010	March 31, 2009
	----- (Rupees '000') -----	
Post employment benefit	1,439	1,517
Repayment to directors - net	(61)	(11)
Contribution to worker's profit participation fund	<u>1,926</u>	<u>581</u>

7. DATE OF AUTHORIZATION

These financial statements were authorized for issue on April 28, 2010 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