

## **ASIM TEXTILE MILLS LTD.**

### **DIRECTORS' REPORT TO THE MEMBERS**

Your directors are pleased to present unaudited accounts for the first quarter ended September 30, 2010.

The company earned net profit of Rs. 14.200 million as compared to net profit of Rs. 7.179 million for the corresponding quarter of last year. The reason of increase in profit during the period under review is better sale rates.

Earning per share (EPS) for this quarter is Rs. 0.94 as compared to EPS of Rs. 0.47 for the corresponding quarter of last year.

There has been no change in the status of on going court cases with the bank, as reported in the directors' report of the financial statements for the year ended June 30, 2010.

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.  
29.10.2010**

**Zahid Anwar  
Chief Executive**

**ASIM TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM BALANCE SHEET**  
**AS AT SEPTEMBER 30, 2010**

	<b>UN-AUDITED SEPTEMBER 30, 2010</b>	<b>AUDITED JUNE 30, 2010</b>
<b>EQUITY AND LIABILITIES</b>	<b>(Rupees in thousand)</b>	
<b>SHARE CAPITAL AND RESERVES</b>		
<b>Authorized capital</b>		
17,500,000 (June 30, 2010: 17,500,000) ordinary shares of Rs. 10 each	175,000	175,000
<b>Issued, subscribed and paid up capital</b>		
15,177,000 (June 30, 2010: 15,177,000) ordinary shares fully paid in cash	151,770	151,770
Accumulated loss	(496,469)	(512,371)
	(344,699)	(360,601)
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>	140,209	141,911
<b>NON CURRENT LIABILITIES</b>		
Long term finances	415,047	415,047
Deferred liabilities	75,318	76,396
	490,365	491,443
<b>CURRENT LIABILITIES</b>		
Trade and other payables	37,656	39,314
Interest accrued on long term financing	194,161	194,161
Short term borrowing	2,544	2,544
Provision for taxation	2,458	-
	236,819	236,019
<b>CONTINGENCIES AND COMMITMENTS</b>	-	-
	<b>522,694</b>	<b>508,772</b>
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	374,079	378,870
Security deposits	7,461	7,461
	381,540	386,331
<b>CURRENT ASSETS</b>		
Stores and spares	3,901	3,777
Stock in trade	71,759	37,412
Trade debts	5,406	2,636
Advances	25,204	18,220
Balance with statutory authorities	8,918	5,839
Cash and bank balances	25,966	54,557
	141,154	122,441
	<b>522,694</b>	<b>508,772</b>

The annexed notes from 1 to 6 form an integral part of these condensed interim financial statements

**CHIEF EXECUTIVE**

**DIRECTOR**

**ASIM TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2010**  
**(UN-AUDITED)**

	<b>September 30, 2010</b>	<b>September 30, 2009</b>
	<b>(Rupees in thousand)</b>	
Sales - <i>net</i>	251,050	188,324
Cost of sales	<u>(232,621)</u>	<u>(179,261)</u>
<b>Gross profit</b>	18,429	9,063
<b>Operating expenses</b>		
Selling and distribution	(233)	-
Administrative and general	(2,930)	(2,139)
	<u>(3,163)</u>	<u>(2,139)</u>
<b>Operating profit</b>	15,266	6,924
Other operating income	<u>502</u>	<u>261</u>
	15,768	7,185
Finance cost	<u>(27)</u>	<u>(29)</u>
<b>Profit before taxation</b>	15,741	7,156
Taxation	<u>(1,541)</u>	<u>23</u>
<b>Net profit for the quarter</b>	<u><u>14,200</u></u>	<u><u>7,179</u></u>
<b>Earnings per share - basic and diluted (Rupees per share)</b>	<u><u>0.94</u></u>	<u><u>0.47</u></u>

The annexed notes from 1 to 6 form an integral part of these condensed interim financial statements.

**CHIEF EXECUTIVE**

**DIRECTOR**

**ASIM TEXTILE MILL LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2010.**

	September 30, 2010	September 30, 2009
	(Rupees in thousands)	
<b>Net profit after taxation</b>	14,200	7,179
<b>Other comprehensive income for the quarter</b>		
Incremental depreciation on surplus on revaluation of property , plant and equipment for the quarter -net of tax	1,702	1,792
<b>Total comprehensive income for the quarter -net of tax</b>	<u>15,902</u>	<u>8,971</u>

The annexed notes from 1 to 6 form an integral part of these condensed interim financial statements.

**CHIEF EXECUTIVE**

**DIRECTOR**

**ASIM TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2010**  
**(UN-AUDITED)**

	<b>SEPTEMBER 30, 2010</b>	<b>SEPTEMBER 30, 2009</b>
	<b>(Rupees in thousand)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	15,741	7,156
Adjustments for:		
Depreciation	4,792	4,790
Finance cost	27	29
	4,819	4,819
<b>Profit before working capital changes</b>	20,560	11,975
(Increase)/decrease in current assets		
Stores and spares	(124)	(1,135)
Stock in trade	(34,347)	(6,837)
Trade debts	(2,770)	-
Advances	(6,984)	(3,802)
Balance with statutory authorities	(754)	251
Increase/(decrease) in current liabilities		
Trade and other payables	(1,658)	(5,390)
	(46,637)	(16,913)
<b>Cash used in operations</b>	(26,077)	(4,938)
Finance cost paid	(27)	(29)
Income tax paid	(2,325)	(96)
Gratuity paid	(162)	(205)
	(2,514)	(330)
<b>Net cash used in operating activities</b>	(28,591)	(5,268)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	-	(2,214)
Security deposit	-	-
<b>Net cash used in investing activities</b>	-	(2,214)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	(28,591)	(7,482)
Cash and cash equivalents at the beginning of the quarter	54,557	46,711
Cash and cash equivalents at the end of the quarter	25,966	39,229

The annexed notes from 1 to 6 form an integral part of these condensed interim financial statements.

**CHIEF EXECUTIVE**

**DIRECTOR**

**ASIM TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2010**  
**(UN AUDITED)**

	<b>Share Capital</b>	<b>Accumulated Loss</b>	<b>Total</b>
.....(Rupees in thousand).....			
<b>Balance as at June 30, 2009</b>	151,770	(546,367)	(394,597)
Net profit for the period	-	7,179	7,179
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current period- net of deferred tax	-	1,792	1,792
<b>Balance as at September 30, 2009</b>	<u>151,770</u>	<u>(537,396)</u>	<u>(385,626)</u>
<b>Balance as at June 30, 2010</b>	151,770	(512,371)	(360,601)
Net profit for the period	-	14,200	14,200
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current period- net of deferred tax	-	1,702	1,702
<b>Balance as at September 30, 2010</b>	<u>151,770</u>	<u>(496,469)</u>	<u>(344,699)</u>

The annexed notes from 1 to 6 form an integral part of these condensed interim financial statements.

**CHIEF EXECUTIVE**

**DIRECTOR**

**ASIM TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2010**

**1. THE 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 Tahsil Jaranwala, District Faisalabad in the Province of Punjab and the registered office of the Company is located at JK House, 32-W, Susan Road, Madina Town, Faisalabad.

**2. BASIS OF PREPARATION**

These interim condensed financial statements have been prepared in compliance with the International Accounting Standard 34 "Interim Financial Reporting" and section 245 of Companies Ordinance 1984.

**3. ACCOUNTING POLICIES**

Accounting policies adopted for the preparation of 1st quarter accounts are the same as these applied in the preparation of the preceding annual published financial statements of the Company.

**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 lawyer's opinion 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.

The company has not acknowledged as debt the sales tax liability of Rs.284,250 for the year ended June 30, 2005 to June 30, 2007 as the appeal is pending adjudication before Sales Tax Appellant Tribunal. The management is confident that the case is based on strong legal grounds and expects favourable outcome.

**5. DATE OF AUTHORIZATION**

These financial statements were authorized for issue on October 29, 2010 by the board of directors of the company.

**6. FIGURES**

- Comparative figures have been re-arranged wherever necessary for the purpose of comparison.
- Comparative figures relating to balance sheet are of last annual audited financial statements.
- Figures have been rounded off to the nearest thousand rupees.

**CHIEF EXECUTIVE**

**DIRECTOR**