

REPORT AND ACCOUNTS
FOR THE HALF YEAR ENDED
DECEMBER 31, 2011

AL-ABID SILK MILLS LIMITED

REGISTERED OFFICE
A-39, S.I.T.E., Manghopir Road, Karachi.

AL-ABID SILK MILLS LIMITED

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AL-ABID SILK MILLS LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors is pleased to present the condensed interim financial statements for the half year ended December 31, 2011.

Textile sector performance has worsened and unfortunately encountering multifaceted problems due to numerous domestic and global factors during the period. Law and order situations, increase in markup rate on ERF, prevailing energy crises coupled with significant increase in gas tariff and cessation of the scheme of Draw Back of Local Taxes and Levies by the Government partly contributed towards this deteriorated situation. On the other hand, still prevailing recessionary tendencies in Europe and US markets also worked negatively, thus significantly reducing the demand of home textile products from Pakistan.

Financial performance of the company has also been affected adversely due to aforesaid and also because of depressed market conditions. During the period under review, company registered sales of Rs. 4.45 billion as compared to PKR 5.14 billion in the corresponding period of last financial year. On the contrary, net profit of the company turned into loss of PKR 145.15 million as compared to the net profit of PKR 41.28 million registered in the corresponding period of last financial year.

FUTURE OUTLOOK

Since international buyers are reluctant to carry inventories of textile value added products due to readjustment of pricing because of substantial drop and steady trend of cotton prices as well as slow consumer demand, the aforesaid situation is more or less likely to continue for ensuing months as well. However, we foresee by July-2012 onward, the overall conditions to improve, as fresh inquiries from our existing and new international customers are being received and expected to materialize by the end of June-2012.

Towards the end, your Directors appreciate the services rendered by its workers, staff and executives of the Company and look forward to their continued hard work with full dedication. We also acknowledge with thanks the cooperation extended by our banks and financial institutions towards achieving the results. At the same time we thank our well wishers and our valued shareholders for their reposing confidence in us.

With profound regards,

February 28, 2012

For and on behalf of the
Board of Directors

(NASEEM A. SATTAR)
Chairman & Chief Executive

AL-ABID SILK MILLS LIMITED

Report on Review of Condensed Interim Financial Information to the Members of Al Abid Silk Mills Limited

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Al Abid Silk Mills Limited** ("the Company") as at December 31, 2011 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof of the six months period then ended (here-in-after referred to as "the condensed interim financial information"). Management is responsible for the preparation and presentation of this 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.

Scope of Review

We conducted our review in accordance with International Standards 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan relating to interim financial reporting.

The figures for the quarter ended December 31, 2011 and December 31, 2010 in the condensed interim profit and loss account have not been reviewed and we do not express a conclusion on them.

Karachi
February 28, 2012

Munif Ziauddin Junaidy & Co.
Chartered Accountants
(**Mohammad Moin Khan**)

AL-ABID SILK

CONDENSED INTERIM BALANCE SHEET

	December 31, 2011 Rupees (Un Audited)	June 30, 2011 Rupees (Audited)
EQUITY & LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised capital		
20,000,000 Ordinary Shares of Rs. 10/- each	<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid-up capital	134,095,500	134,095,500
Reserves		
Capital reserve	<u>372,834,000</u>	372,834,000
Unappropriated profit	<u>615,908,811</u>	761,057,832
	<u>988,742,811</u>	1,133,891,832
Shareholder's equity		
	1,122,838,311	1,267,987,332
Surplus on revaluation of fixed assets	514,699,488	514,699,488
LIABILITIES		
NON- CURRENT LIABILITIES		
Loan from director - unsecured	<u>110,000,000</u>	50,000,000
Long term loan from banks	16,561,322	27,488,521
Liabilities against assets subject to finance lease	51,482,053	42,108,142
Retirement benefits	<u>58,797,187</u>	57,156,177
	236,840,562	176,752,840
CURRENT LIABILITIES AND PROVISIONS		
Trade and other payables	<u>2,701,547,722</u>	3,638,014,135
Accrued markup	113,458,877	81,848,565
Current maturity of long term loans - and Lease Liability	50,056,374	43,215,321
Short term finances	<u>3,744,509,009</u>	3,373,595,170
	6,609,571,982	7,136,673,191
CONTINGENCIES AND COMMITMENTS		
	-	-
	<u>8,483,950,343</u>	<u>9,096,112,851</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial information.

Naseem A. Sattar
Chairman & CEO

MILLS LIMITED

AS AT DECEMBER 31, 2011

	December 31, 2011 Rupees (Un Audited)	June 30, 2011 Rupees (Audited)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	2,064,441,139	2,053,145,834
Long term security deposit	1,946,645	1,946,645
CURRENT ASSETS		
Stores and spares	148,178,770	161,040,428
Stock in trade	5,655,589,202	6,104,611,202
Trade debts	147,464,952	313,196,248
Loans and advances	19,829,076	16,979,095
Trade deposits and prepayments	45,347,198	22,966,451
Other receivables	313,240,739	317,038,844
Tax refunds due from government	63,826,672	67,722,615
Cash and bank balances	24,085,950	37,465,489
	6,417,562,559	7,041,020,372
	<u>8,483,950,343</u>	<u>9,096,112,851</u>

Azim Ahmed
Director

AL-ABID SILK MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Unaudited) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2011

	SIX MONTHS PERIOD ENDED		THREE MONTHS PERIOD ENDED	
	Jul-Dec 11 Rupees	Jul-Dec 10 Rupees	Oct-Dec 11 Rupees	Oct-Dec 10 Rupees
Sales and services	4,452,699,093	5,143,795,771	1,713,071,442	2,403,757,031
Cost of sales	3,942,839,910	4,518,067,899	1,577,343,637	2,096,313,097
Gross profit	509,859,183	625,727,872	135,727,805	307,443,934
Operating expenses				
Distribution cost	141,990,221	151,032,352	52,252,815	62,419,922
Administrative expenses	146,550,332	132,056,726	67,351,129	66,695,446
Other operating expenses	-	6,899,347	(3,379,912)	3,184,587
	288,540,553	289,988,425	116,224,032	132,299,955
	221,318,630	335,739,447	19,503,773	175,143,979
Other income	4,814,982	2,790,271	2,673,662	768,127
Profit from operations	226,133,612	338,529,718	22,177,435	175,912,106
Finance cost	325,276,512	244,895,727	167,190,571	132,692,716
(Loss) / Profit before taxation	(99,142,900)	93,633,991	(145,013,136)	43,219,390
Taxation - current	46,006,121	52,350,379	17,909,873	24,116,844
(Loss) / Profit after taxation	(145,149,021)	41,283,612	(162,923,009)	19,102,546
Other comprehensive income	-	-	-	-
Total Comprehensive (Loss) / income for the period	(145,149,021)	41,283,612	(162,923,009)	19,102,546
(Loss) / Earning per share - basic and diluted 7	(10.82)	4.32	(12.15)	1.95

The annexed notes 1 to 12 form an integral part of these condensed interim financial information.

Naseem A. Sattar
Chairman & CEO

Azim Ahmed
Director

AL-ABID SILK MILLS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (Unaudited)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2011

	Jul-Dec 11 Rupees	Jul-Dec 10 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(99,142,900)	93,633,991
Adjustments for:		
Depreciation	79,889,234	82,896,142
Provision for gratuity	8,565,514	7,786,830
Gain on disposal of property, plant and equipment	(3,950,488)	(1,607,102)
	84,504,260	89,075,870
(Increase) / decrease in current assets:		
Stores and spares	12,861,658	(3,690,215)
Stock in trade	449,022,000	(96,354,818)
Trade debtors	165,731,296	65,454,590
Loan and advances	(2,849,981)	3,605,021
Trade deposits and prepayments	(22,380,747)	(22,776,247)
Other receivables	3,798,105	(86,706,742)
Tax refunds due from government	6,293,790	(7,235,111)
	612,476,121	(147,703,522)
Increase / (decrease) in current liabilities:		
Trade and other payable	(936,466,413)	(42,638,448)
Accrued mark-up	31,610,312	13,224,449
Short term finance	370,913,839	64,667,762
	(533,942,262)	35,253,763
Cash generated from operations	63,895,219	70,260,102
Taxes paid	(48,403,969)	(52,515,719)
Staff gratuity paid	(6,924,504)	(2,482,576)
Net cash generated from operations	8,566,746	15,261,807
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(94,737,658)	(32,789,383)
Proceeds from disposal of fixed assets	7,503,608	2,097,000
Net cash used in investing activities	(87,234,050)	(30,692,383)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from obligation under finance lease	29,179,000	1,456,000
Proceeds of loan from director	60,000,000	-
Repayment of loan from director	-	(98,861,281)
Proceeds from issue of ordinary share capital	-	134,095,500
Payments of obligation under finance lease	(12,964,036)	(18,799,752)
Payment of long term loans	(10,927,199)	(24,567,847)
Net cash inflow/outflow from financing activities	65,287,765	(6,677,380)
Net decrease in cash and cash equivalents	(13,379,539)	(22,107,956)
Cash and cash equivalents at the beginning of the period	37,465,489	63,686,944
Cash and cash equivalents at the end of the period	24,085,950	41,578,988

The annexed notes 1 to 12 form an integral part of these condensed interim financial information.

Naseem A. Sattar
Chairman & CEO

Azim Ahmed
Director

AL-ABID SILK MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2011

	Share Capital	Capital Reserve	Unappropriated Profit	Total
	Rupees			
Balance as at June 30, 2010 (Audited)	95,782,500	257,895,000	702,423,220	1,056,100,720
Total comprehensive income for the six months period ended December 31, 2010	-	-	41,283,612	41,283,612
Transactions with owners				
Issue of Capital - Right Shares	19,156,500	114,939,000	-	134,095,500
Bonus shares issued during the period in the ratio of 01 share for every 05 shares held	19,156,500	-	(19,156,500)	-
Balance as at December 31, 2010 (Unaudited)	134,095,500	372,834,000	724,550,332	1,231,479,832
Total comprehensive income for the six months period ended June 30, 2011	-	-	36,507,500	36,507,500
Balance as at June 30, 2011 (Audited)	134,095,500	372,834,000	761,057,832	1,267,987,332
Total comprehensive loss for the six months period ended December 31, 2011	-	-	(145,149,021)	(145,149,021)
Balance as at December 31, 2011 (Unaudited)	134,095,500	372,834,000	615,908,811	1,122,838,311

The annexed notes 1 to 12 form an integral part of these condensed interim financial information.

Naseem A. Sattar
Chairman & CEO

Azim Ahmed
Director

AL-ABID SILK MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Unaudited) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2011

1 LEGAL STATUS AND OPERATIONS

Al-Abid Silk Mills Limited (the Company) was incorporated as a private limited company in the year 1968, later on it was converted into public limited company as on December 24, 1987 under Companies Ordinance, 1984. Currently, the shares of the Company are listed on Karachi and Lahore Stock Exchanges. The registered office is located at A-39, S.I.T.E., Manghopir Road, Karachi. The Company is principally engaged in manufacturing and processing of various kinds of fabrics and export of printed and dyed cloth, bed sets and other textile made-ups. The manufacturing facilities of the Company are located at Karachi.

2 BASIS OF PREPARATION

2.1 The condensed interim financial information of the Company for the six months period ended December 31, 2011 is unaudited and being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984 (the Ordinance) and the listing regulations of the Karachi and Lahore stock exchanges and has been prepared in accordance with the requirements of the International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) and provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP) under the Ordinance. Wherever the requirements of IAS 34 differ from the requirements of the Ordinance or directives issued by the SECP, the Ordinance and the said directives have been followed.

2.2 The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2011.

2.3 These condensed interim financial information are presented in Pak Rupees, which is the functional currency of the Company. All the financial information presented in Pak Rupee has been rounded off to the nearest rupee.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 The principal accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the consistent with those applied in the preparation of the financial statements for the year ended June 30, 2011.

3.2 The following standards, amendments and interpretations of approved accounting standards, effective for accounting period beginning as mentioned there against are either not relevant to the Company's current operation or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

IAS 1 (Amendment), 'Presentation of financial statements'	January 1, 2011
IAS 24 (Revised), 'Related party transactions'	January 1, 2011
IAS 28 (Amendment), 'Investments in associates'	July 1, 2010
IAS 34 (Amendment), 'Interim Financial reporting'	January 1, 2011
IFRS 1 (Amendment), 'First-time adoption of International Financial Reporting Standards'	January 1, 2011
IFRS 7 (Amendment), 'Financial instruments: Disclosures'	January 1, 2011
IFRIC 13 (Amendment), 'Customer loyalty programmes'	January 1, 2011
IFRIC 14 (Amendment), 'Prepayments of a minimum funding requirement'	January 1, 2011

AL-ABID SILK MILLS LIMITED

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

- 4.1 The estimates / judgments and associated assumptions used in the preparation of the condensed interim financial information are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.
- 4.2 In the preparation of these condensed interim financial information, the significant judgment made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to annual audited financial statements of the Company for the year ended June 30, 2011.

5 CONTINGENCIES AND COMMITMENTS

5.1 Contingencies:

There is no significant change in contingencies from the preceding annual published financial statements of the Company for the year ended June 30, 2011.

		December 31,2011	June 30,2011
		Rupees	Rupees
		(Unaudited)	(Audited)
5.2	Commitments:		
	Commitments under LCs for raw materials and spares parts	<u>14,379,297</u>	<u>44,588,906</u>
6	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	2,047,641,139	2,053,145,834
	Capital work-in-progress	6.3 <u>16,800,000</u>	-
		<u>2,064,441,139</u>	<u>2,053,145,834</u>
		Jul-Dec 11	Jul-Dec 10
		Rupees	Rupees
		(Unaudited)	(Unaudited)
6.1	The fixed capital expenditures during the period as follows:		
	Owned assets:		
	Building on lease hold land	7,737,519	48,092,772
	Plant, machinery and equipments	34,810,388	4,870,351
	Furniture & fixture	19,272,165	4,391,086
	Office equipment	2,084,711	-
	Electric, gas and other installations	4,429,410	113,743
	Vehicles	9,603,464	9,763,915
		<u>77,937,657</u>	<u>67,231,867</u>
6.2	The disposals during the period as follows:		
	Owned assets:		
	Plant, machinery and equipments	8,342,459	-
	Vehicles	4,618,000	2,837,400
		<u>12,960,459</u>	<u>2,837,400</u>
6.3	Capital work-in-progress		
	Plant, machinery and equipments	<u>16,800,000</u>	-

AL-ABID SILK MILLS LIMITED

	SIX MONTHS PERIOD ENDED		THREE MONTHS PERIOD ENDED	
	Jul-Dec 11	Jul-Dec 10	Oct-Dec 11	Oct-Dec 10
7 EARNINGS PER SHARE - BASIC & DILUTED				
Total comprehensive (loss) / income for the period	Rupees <u>(145,149,021)</u>	<u>41,283,612</u>	<u>(162,923,009)</u>	<u>19,102,546</u>
Weighted average number of shares	Number <u>13,409,550</u>	<u>9,551,605</u>	<u>13,409,550</u>	<u>9,820,764</u>
Basic and diluted (loss) / earning per share	Rupees <u>(10.82)</u>	<u>4.32</u>	<u>(12.15)</u>	<u>1.95</u>

8 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, other related companies and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these condensed interim financial information are as follows:

	Jul-Dec 11 Rupees (Unaudited)	Jul-Dec 10 Rupees (Unaudited)
<u>Al-Abid Exports (Private) Limited (Associated Company)</u>		
Processing services rendered	<u>2,128,314</u>	<u>-</u>
Rent expense	<u>13,968,000</u>	<u>13,968,000</u>

Al-Abid Silk Mills Limited

Key management personnel - Remuneration & Benefits	<u>7,950,000</u>	<u>7,950,000</u>
	December 31,2011 Rupees (Unaudited)	June 30,2011 Rupees (Audited)

Al-Abid Exports (Private) Limited (Associated Company)

Outstanding balance - payable	<u>(199,686)</u>	<u>(2,328,000)</u>
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The outstanding balance as at the balance sheet date is secured and the settlement terms are against the payments/receipts through normal banking channels for the transactions during the period.

9 OPERATING SEGMENT

This condensed interim financial information have been prepared on the basis of a single reportable segment.

The company does not hold non current assets in any foreign country. Revenues from external customers attributed to foreign countries in aggregate are material.

The Company has earned revenues from five (2010: five) customers aggregating Rs. 3,241 million (2010: Rs. 4,334 million) during the period which constituted 74% (2010: 87%).

10 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2011.

AL-ABID SILK MILLS LIMITED

11 DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorized for issue in the Board of Directors' meeting held on February 28, 2012.

12 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified into following heads which were previously reported under the head of 'Research and development' since there was a requirement of Ministry of Textile against the research and development support. As the said support ceased to exist consequently all expenses of Research and development have been reclassified in their respective heads as follows:

Nature of Item	Reclassification from	Reclassification to	Jul-Dec 10	Oct-Dec 10
			-----Rupees-----	
Expense	Research and development	Cost of Sales	98,125,594	56,873,613
Expense	Research and development	Distribution Cost	70,514,754	26,606,283
Expense	Research and development	Administrative Expenses	14,914,176	6,362,140

Naseem A. Sattar
Chairman & CEO

Aziz Ahmed
Director

AL-ABID SILK MILLS LIMITED

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