

REPORT AND ACCOUNTS
FOR THE FIRST QUARTER ENDED
SEPTEMBER 30, 2012

AL-ABID SILK MILLS LIMITED

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

AL-ABID SILK MILLS LIMITED

CONTENTS

Company Information	2
Directors' Report	3
Condensed Interim Balance Sheet	4
Condensed Interim Profit & Loss Account	6
Condensed Interim Statement Of Comprehensive Income	7
Condensed Interim Cash Flow Statement	8
Condensed Interim Statement of Changes in Equity	9
Notes to the Condensed Interim Financial Information	10

AL-ABID SILK MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Naseem A. Sattar Mr. Azim Ahmed Mr. S.M. Jawed Azam Mst. Adia Naseem Mrs. Sadaf Nadeem Mrs. Reena Azim Mrs. Asra Amir Syed Raza Abbas Jaffari	Chairman & Chief Executive Director Director Director Director Director Director Nominee Director (N.I.T.)
SECRETARY	Mr. Muhammad Kashif	
AUDIT COMMITTEE	Mr. Naseem A. Sattar Mr. S.M. Jawed Azam Mst. Adia Naseem	Chairman Member Member
AUDITORS	Muniff Ziauddin Junaidy & Co. Chartered Accountants	
REGISTRARS	(a) Adam Patel & Company 34/2-F, Block-5, Clifton, Karachi. (b) Jwaffs Registrar Services (Pvt) Ltd. 505, 5th Floor, Kashif Centre, Near Hotel Mehran, Main Shahrah-e-Faisal, Karachi.	
BANKERS	Allied Bank Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited JS Bank Limited Meezan Bank Limited National Bank of Pakistan Pak Oman Investment Company Limited Pak Kuwait Investment Company (Private) Limited PAIR Investment Company Limited Standard Chartered Bank (Pakistan) Limited Summit Bank Limited The Bank of Punjab United Bank Limited	
REGISTERED OFFICE	A-39, S.I.T.E., Manghopir Road, Karachi.	
MILLS	A-39, A-51 / B, A-34 / A, D-14 / C-1, A-29 / B, S.I.T.E., Karachi.	

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 quarter ended September 30, 2012.

The value-added textile sector of the country continues to be under depressed conditions due to multifarious factors. Few of the major challenges which are being encountered to the value-added textile sector of the country includes persistent and prolonged gas shortages, mounting energy cost, worsening law and order condition, unstable political environment etc. On the other end, billions of rupees are stuck-up on account of refund of sales tax and DLTL with different government departments causing liquidity crunch for the exporters and tough competition with the neighboring countries hampering the overall textile exports of the country. International markets of US and European countries have also been passing through global economic meltdown due to slow consumer demand and inflationary trend coupled with the ongoing Eurozone debt crises.

Financial performance of our company has also been negative mainly due to the reasons explained in the preceding paragraph. During the period under review, the company registered sales of Rs 1.43 billion as against the sale of Rs. 2.74 billion in the corresponding period of last year. Accordingly, the company incurred the loss of Rs 273.82 million after accounting for financial cost of Rs. 182.40 million as compared with the profit Rs 17.77 million in the corresponding period of last financial year. The operating expenses of the company has also been reduced from Rs. 172.32 million to Rs. 102.67 million as a consequence of cost reduction measures taken.

Future outlook:

Owing to various challenges and factors as mentioned above coupled with fewer export demands in the international markets, the company has rationalized its concentration and business between local and export markets which may be witnessed during the current quarter. We are confident that after the diversifying into local processing business and the expected finalization of rescheduling of our obligations which would include sizeable reduction in financial cost coupled with the providing of additional working capital by Banks in the ensuing quarters, the company is likely to succeed in achieving optimum level of production capacity which will contribute towards the improvement of company's health.

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, creditors and financial institutions. At the same time we thank all our well wishers and valued shareholders for their reposing confidence in us.

With profound regards,

For and on behalf of the
Board of Directors

(NASEEM A. SATTAR)
Chairman & Chief Executive

October 30, 2012

AL-ABID SILK

CONDENSED INTERIM BALANCE SHEET

	Sep 2012 Rupees (Un-Audited)	June 2012 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	<u>134,095,500</u>	<u>134,095,500</u>
Reserves		
Capital reserve	<u>372,834,000</u>	<u>372,834,000</u>
Unappropriated profit	<u>(4,245,595,011)</u>	<u>(3,971,777,236)</u>
	<u>(3,872,761,011)</u>	<u>(3,598,943,236)</u>
Shareholder's equity	<u>(3,738,665,511)</u>	<u>(3,464,847,736)</u>
Surplus on revaluation of fixed assets	<u>4,228,020,714</u>	<u>4,322,049,990</u>
LIABILITIES		
NON- CURRENT LIABILITIES		
Loan from director - unsecured	<u>150,000,000</u>	<u>150,000,000</u>
Long term loan from banks	<u>-</u>	<u>5,497,697</u>
Liabilities against assets subject to finance lease	<u>30,403,960</u>	<u>37,371,128</u>
Retirement benefits	<u>50,955,520</u>	<u>53,025,686</u>
	<u>231,359,480</u>	<u>245,894,511</u>
CURRENT LIABILITIES AND PROVISIONS		
Trade and other payables	<u>3,456,359,213</u>	<u>3,782,164,373</u>
Accrued markup	<u>400,160,865</u>	<u>251,155,976</u>
Current maturity of long term loans - and Lease Liability	<u>60,087,746</u>	<u>50,330,019</u>
Short term finances	<u>3,717,886,277</u>	<u>3,752,375,066</u>
	<u>7,634,494,101</u>	<u>7,836,025,434</u>
CONTINGENCIES AND COMMITMENTS	<u>-</u>	<u>-</u>
	<u>8,355,208,784</u>	<u>8,939,122,199</u>

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

Naseem A. Sattar
Chairman & CEO

MILLS LIMITED

AS AT SEPTEMBER 30, 2012

	Sep 2012 Rupees <small>(Un-Audited)</small>	June 2012 Rupees <small>(Audited)</small>
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	5,681,560,238	5,803,979,302
Long term security deposit	1,946,645	1,946,645
CURRENT ASSETS		
Stores and spares	136,430,281	148,078,304
Stock in trade	1,988,317,775	2,427,947,404
Trade debts	95,838,909	125,640,071
Loans and advances	31,543,971	21,074,499
Trade deposits and prepayments	38,128,963	15,288,691
Other receivables	271,390,191	270,784,874
Tax refunds due from government	70,028,177	79,093,357
Cash and bank balances	40,023,634	45,289,052
	2,671,701,901	3,133,196,252
	8,355,208,784	8,939,122,199

Azim Ahmed
Director

AL-ABID SILK MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2012

	Note	Jul-Sep-12 Rupees	Jul-Sep-11 Rupees
Sales and services		1,425,916,603	2,739,627,651
Cost of sales		1,496,829,066	2,365,496,273
Gross (loss) / profit		(70,912,463)	374,131,378
Operating expenses			
Distribution cost		38,976,350	89,737,406
Administrative expenses		61,993,481	79,199,203
Other operating expenses		1,700,000	3,379,912
		102,669,831	172,316,521
		(173,582,294)	201,814,857
Other income		2,934,115	2,141,320
(Loss) / Profit from operations		(170,648,179)	203,956,177
Finance cost		182,404,710	158,085,941
(Loss) / Profit before taxation		(353,052,889)	45,870,236
Taxation		14,794,163	28,096,248
(Loss) / Profit after taxation for the period		(367,847,052)	17,773,988
(Loss) / Earnings per share - basic and diluted	7	(20.42)	1.33

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

Naseem A. Sattar
Chairman & CEO

Azim Ahmed
Director

AL-ABID SILK MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2012

	Jul-Sep-12	Jul-Sep-11
	Rupees	Rupees
(Loss) / Profit after taxation for the period	(367,847,052)	17,773,988
Incremental Depreciation on revalued assets for the period	94,029,277	-
Total Comprehensive (Loss) / income for the period	<u>(273,817,775)</u>	<u>17,773,988</u>

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

Naseem A. Sattar
Chairman & CEO

Azim Ahmed
Director

AL-ABID SILK MILLS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2012

	Jul-Sep-12 Rupees	Jul-Sep-11 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(353,052,889)	45,870,236
Adjustments for:		
Depreciation	130,993,946	39,505,801
Provision for gratuity	2,900,606	4,282,757
Gain on disposal of property, plant and equipment	(2,609,836)	(1,675,099)
	131,284,716	42,113,459
(Increase) / decrease in current assets:		
Stores and spares	11,648,023	963,749
Stock in trade	439,629,629	291,085,139
Trade debtors	29,801,162	76,785,015
Loan and advances	(10,469,472)	(20,038,940)
Trade deposits and prepayments	(22,840,272)	(31,826,827)
Other receivables	(605,317)	640,841
Tax refunds due from government	6,351,673	(6,128,968)
	453,515,426	311,480,009
Increase / (decrease) in current liabilities:		
Trade and other payable	(325,805,160)	(347,157,982)
Accrued mark-up	149,004,889	(10,282,905)
Short term finance	(34,488,789)	33,699,614
	(211,289,060)	(323,741,273)
Cash generated from operations	20,458,192	75,722,431
Taxes paid	(12,080,656)	(25,781,458)
Staff gratuity paid	(4,970,772)	(994,069)
Net cash generated from operations	3,406,765	48,946,904
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(9,444,545)	(37,162,241)
Proceeds from disposal of fixed assets	3,479,500	4,008,642
Net cash used in investing activities	(5,965,045)	(33,153,599)
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of obligation under finance lease	(2,707,138)	(5,689,718)
Payment of long term loans	-	(5,497,706)
Net cash outflow from financing activities	(2,707,138)	(11,187,424)
Net (decrease) / increase in cash and cash equivalents	(5,265,418)	4,605,881
Cash and cash equivalents at the beginning of the period	45,289,052	37,465,489
Cash and cash equivalents at the end of the period	40,023,634	42,071,370

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

Naseem A. Sattar
Chairman & CEO

Azim Ahmed
Director

AL-ABID SILK MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited) FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2012

	Share Capital	Capital Reserve	Unappropriated Profit	Total
	Rupees			
Balance as at June 30, 2011 (Audited)	134,095,500	372,834,000	761,057,832	1,267,987,332
Total comprehensive income for the three months period ended September 30, 2011	-	-	17,773,988	17,773,988
Balance as at September 30, 2011 (Un-audited)	134,095,500	372,834,000	778,831,820	1,285,761,320
Total comprehensive loss for the nine months period ended June 30, 2012	-	-	(4,750,609,056)	(4,750,609,056)
Balance as at June 30, 2012 (Audited)	134,095,500	372,834,000	(3,971,777,236)	(3,464,847,736)
Total comprehensive income for the three months period ended September 30, 2012	-	-	(273,817,775)	(273,817,775)
Balance as at September 30, 2012	134,095,500	372,834,000	(4,245,595,011)	(3,738,665,511)

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

Naseem A. Sattar
Chairman & CEO

Azim Ahmed
Director

AL-ABID SILK MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited) FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2012

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 nine months period ended September 30, 2012 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, 2012.

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, 2012.

3.2 No new accounting standards, amendments to approved accounting standards and interpretations became effective during the period, which were either relevant to the Company or had any significant impact on Company's financial information.

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, 2012.

AL-ABID SILK MILLS LIMITED

		September 30, 2012 Rupees (Un-audited)	June 30, 2012 Rupees (Audited)
5	CONTINGENCIES AND COMMITMENTS		
5.1	Contingencies:		
	Bank guarantee	<u>81,348,000</u>	<u>92,694,414</u>
	The bank guarantees have been issued in favor of various government agencies.		
5.2	Commitments:		
	Commitments under LCs for raw materials and spares parts	<u>4,368,084</u>	<u>5,595,120</u>
6	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	5,664,760,238	5,787,179,302
	Capital work-in-progress	<u>16,800,000</u>	<u>16,800,000</u>
		<u>5,681,560,238</u>	<u>5,803,979,302</u>
		Jul-Sep 12 Rupees (Un-audited)	Jul-Sep 11 Rupees (Un-audited)
6.1	The fixed capital expenditures during the period as follows:		
	Owned assets:		
	Building on lease hold land	-	4,947,952
	Plant, machinery and equipments	8,645,682	17,144,847
	Furniture & fixture	-	6,413,191
	Office equipment	100,000	-
	Electric, gas and other installations	698,864	2,050,951
	Vehicles	-	6,605,300
		<u>9,444,546</u>	<u>37,162,241</u>
6.2	The disposals during the period as follows:		
	Owned assets:		
	Plant, machinery and equipments	-	6,377,519
	Vehicles	5,299,400	3,145,000
		<u>5,299,400</u>	<u>9,522,519</u>
7	EARNINGS PER SHARE - BASIC & DILUTED		
7.1	Basic earnings per share		
	Total comprehensive income for the period	<u>(273,817,775)</u>	<u>17,773,988</u>
	Weighted average number of shares	<u>13,405,550</u>	<u>13,409,550</u>
	Basic earnings per share	<u>(20.43)</u>	<u>1.33</u>
7.2	Diluted earnings per share		
	There is no dilution effect on the basic earnings per share of the company.		

AL-ABID SILK MILLS LIMITED

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-Sep 12 Rupees (Un-audited)	Jul-Sep 11 Rupees (Un-audited)
<u>Al-Abid Exports (Private) Limited (Associated Company)</u>		
Processing services rendered and goods sold	<u>2,135,325</u>	<u>197,316</u>
Rent expense	<u>6,984,000</u>	<u>6,984,000</u>
<u>Al-Abid Silk Mills Limited</u>		
Key management personnel - Remuneration & Benefits	<u>3,975,000</u>	<u>3,975,000</u>
	September 30,2012 Rupees (Un-audited)	June 30,2012 Rupees (Audited)
<u>Al-Abid Exports (Private) Limited (Associated Company)</u>		
Outstanding balance - payable	<u>(5,587,290)</u>	<u>(1,511,472)</u>

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 (2011: five) customers aggregating Rs. 904 million (2011: Rs. 2,714 million) during the period which constituted 70% (2011: 80%).

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, 2012.

11 DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorized for issue in the Board of Directors' meeting held on October 30, 2012.

12 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation.

Naseem A. Sattar
Chairman & CEO

Azim Ahmed
Director

