

REPORT AND ACCOUNTS
FOR THE SIX MONTHS ENDED
DECEMBER 31, 2020

AL-ABID SILK MILLS LIMITED

REGISTERED OFFICE
A-34/A, S.I.T.E., Manghopir Road, Karachi.

AL-ABID SILK MILLS LIMITED

CONTENTS

Company Information	2
Directors' Report (English)	3
Directors' Report (Urdu)	4
Report on Review of Interim Financial Position.....	5
Condensed Interim Statement of Financial Position	7
Condensed Interim Statement of Profit or Loss Account	9
Condensed Interim Statement of Other Comprehensive Income	10
Condensed Interim Statement of Cash Flow	11
Condensed Interim Statement of Changes in Equity	12
Notes to the Condensed Interim Financial Statements	13

AL-ABID SILK MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Naseem A. Sattar Mr. Azim Ahmed Mr. Qamar Mashkoo Mr. Muhammad Sajid Hafeez Mst. Adia Naseem Mrs. Sadaf Nadeem Syed Raza Abbas Jaffari	Chief Executive Officer Executive Director Independent Non-Executive Director Independent Non-Executive Director Non-Executive Director Non-Executive Director Nominee Director (N.I.T.)
CHIEF FINANCIAL OFFICER	Mr. Shahbaz Ahmed Khan	
SECRETARY	Mr. Nasim Ahmed	
AUDIT COMMITTEE	Mr. Qamar Mashkoo Mr. Muhammad Sajid Hafeez Mr. S.M. Jawed Azam	Chairman Member Member
HUMAN RESOURCE AND REMUNERATION COMMITTEE	Mr. Muhammad Sajid Hafeez Mr. Naseem A. Sattar Mr. Qamar Mashkoo	Chairman Member Member
AUDITORS	Muniff Ziauddin & Co., Chartered Accountants	
REGISTRARS	Jwaffs Registrar Services (Pvt) Ltd. Room # 407-408, 4th Floor, Al-Ameera Centre, Shahrah-e-Iraq, Saddar, 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 PAIR Investment Company Limited Standard Chartered Bank (Pakistan) Limited Summit Bank Limited The Bank of Punjab United Bank Limited	
REGISTERED OFFICE	A-34/A, S.I.T.E., Manghopir Road, Karachi.	
MILLS	A-34 / A, A-29 / B, S.I.T.E., Karachi.	
E-MAIL	mail@alabid.com	

AL-ABID SILK MILLS LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors present the condensed interim financial statements of the company for the Half Year ended December 31, 2020.

As you are aware that corona virus pandemic situation is still affected the overall economy of our country, situation still not under control.

Future outlook:

During the period ended on December 31, 2020 we have settled Faysal Bank Ltd and paid their liabilities in full and final. With JS Bank Ltd our negotiations for settlement is under process and we hope that soon we will finalize the matter. With the rest of banks and DFI namely National Bank of Pakistan, The Bank of Punjab and PAIR Investment Company (Pvt) Ltd, our negotiations for restructuring and rehabilitation are going on and we expect that soon we will be reached on a positive solution.

Shifting process of plant and machinery and equipment from the premises of A-39 & A-51/B to A-34/A & A-29/B is completed. The erection and commissioning process of the machinery and equipment is under process and we are trying to complete the work soonest to go into production.

We are thankful to our banks, shareholders and staff who are still with us and showing full confidence in the company.

Thanks to all of you.

For and on behalf of the
Board of Directors



(NASEEM A. SATTAR)
Chief Executive Officer

February 24, 2021

العابد سلک ملز لمیٹڈ

حصص داران کیلئے ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز 31 دسمبر 2020ء کو ختم ہونے والی ششماہی کیلئے کمپنی کے مجموعی مالیاتی حسابات پیش کر رہے ہیں۔

جیسا کہ آپ جانتے ہیں کہ کوویڈ-19 کی وبا کی صورتحال نے ابھی بھی ہمارے ملک کی معیشت کو مجموعی طور پر متاثر کیا ہوا ہے اور صورت حال ابھی بھی قابو میں نہیں ہے۔

مستقبل کا نظریہ:

31 دسمبر 2020ء کو ختم ہونے والی مدت کے دوران فیصل بینک لمیٹڈ کے ساتھ مکمل اور حتمی تصفیہ طے پا گیا ہے اور ہم نے ان کے بقایا جات ادا کر دیے ہیں۔ بے ایس بینک لمیٹڈ کے ساتھ تصفیہ کے لئے ہماری بات چیت جاری ہے اور ہم امید کرتے ہیں کہ جلد ہی اس معاملے کو حتمی شکل دے دی جائے گی۔ بقیہ بینکوں اور DFI جن کے نام نیشنل بینک آف پاکستان، دی بینک آف پنجاب اور PAIR انویسٹمنٹ کمپنی (پرائیویٹ) لمیٹڈ کے ساتھ تنظیم نو اور بحالی کیلئے ہمارے مذاکرات جاری ہیں اور ہم توقع کرتے ہیں کہ جلد ہی ہم کسی مثبت نتیجے پر پہنچ جائیں گے۔

پلاٹ نمبر A-39 اور A-51/B سے پلاٹ نمبر A-34/A اور A-29/B میں پلانٹ، مشینری اور ساز و سامان کی منتقلی کا عمل مکمل ہو چکا ہے۔ مشینری اور ساز و سامان کی تخصیص اور کھٹنگ کا عمل جاری ہے اور ہم کوشش کر رہے ہیں کہ پیداوار میں واپس آنے کیلئے کام کو جلد سے جلد مکمل کر لیں۔

ہم اپنے بینکوں، شیئرز، ہولڈرز اور اسٹاف کے شکر گزار ہیں جو ابھی ہمارے ساتھ ہیں اور کمپنی پر پورے اعتماد کا اظہار کر رہے ہیں۔

آپ سب کا بہت بہت شکریہ۔

بورڈ آف ڈائریکٹرز کی جانب سے

کراچی: مورخہ 24 فروری 2021ء

تیم اسے ستار
چیف ایگزیکٹو آفیسر

AL-ABID SILK MILLS LIMITED

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF AL-ABID SILK MILLS LIMITED REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Al-Abid Silk Mills Limited as at **December 31, 2020** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements 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.

Basis of Adverse Conclusion

(i) As explained on note 1.1, the Company has curtailed off the manufacturing activities for quite some time, As a result of constant losses, the accumulated loss of the company has reached to Rs. 3.451 billion and Company's equity is in negative by Rs. 1.664 billion while the reported current liabilities have exceeded to current assets of the company by Rs. 2.680 billion. These events indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. These financial statements have been prepared on a going concern basis however; the business revival plan is not disclosed in the financial statements.

(ii) We have not received direct bank confirmations from the banks and financial institutions for short term loans amounting to Rs. 1.397 billion and for bank balances of Rs. 91.973 million as mentioned in the financial statements. The Company has not recorded mark-up on these finances which amounts to Rs. 57.185 million on the plea of restructuring negotiation/litigation with the respective banks. Moreover, we have also not received direct confirmations from trade and other creditors amounting to Rs 477.669 million.

AL-ABID SILK MILLS LIMITED

(iii) The Company has not complied with the requirements of IAS 19 - Employee Benefits as the related liabilities were not revalued during the period.

(iv) The Company has not complied with the requirements of IAS 36 – Impairment in relation to the plant, machinery and equipment and capital work in progress as the company did not conduct impairment testing on such assets during the year and these are not written down to their recoverable amount or value in use.

(v) The company has not complied with the requirements of IAS 2 – Inventories in relation to Stores & Spares and Stock in trade held by the company as these are not written down to their net realizable value.

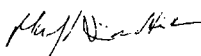
Adverse Conclusion

Our review indicates that, because of the matters as described in the preceding paragraphs, this condensed interim financial statements do not present fairly, in all material respects, the financial position of the company as at December 31, 2020, and of its financial performance and its cash flows for the six months period then ended in accordance with the approved accounting standards as applicable in Pakistan relating to interim financial reporting.

Other matters

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended December 31, 2020.

The engagement partner on the review resulting in this independent auditor's report is Muhammad Moin Khan.



**Chartered Accountants
Karachi**

AL-ABID SILK

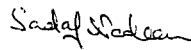
CONDENSED INTERIM STATEMENT OF AS AT

	December 31, 2020 (Unaudited)	June 30, 2020 (Audited)
EQUITY & LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital		
20,000,000 Ordinary Shares of Rs. 10/- each	200,000,000	200,000,000
Issued, subscribed and paid-up capital	134,095,500	134,095,500
Capital reserves		
Other reserves	372,834,000	372,834,000
Revaluation Surplus on property plant & equipment	5 1,280,344,335	1,297,497,056
Revenue reserves		
Accumulated loss	(3,451,998,436)	(4,131,831,283)
Total equity	(1,664,724,601)	(2,327,404,727)
LIABILITIES		
NON- CURRENT LIABILITIES		
Deferred Taxation	6 -	-
CURRENT LIABILITIES		
Loan from director - unsecured	7 521,018,754	521,018,754
Retirement benefits	6,991,602	6,991,602
Security deposit	-	16,400,000
Trade and other payables	762,988,041	763,265,695
Unclaimed dividend	108,310	108,310
Advance from I.B.L	8 366,063,944	366,063,944
Accrued markup	60,622,829	96,809,130
Short term finances	9 1,397,310,685	2,144,455,606
Provision for taxation	487,931	390,459
CONTINGENCIES AND COMMITMENTS	10 3,115,592,096	3,915,503,500
	1,450,867,494	1,588,098,774

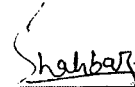
The annexed notes form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director

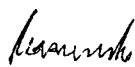


Chief Financial Officer

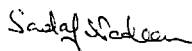
MILLS LIMITED

FINANCIAL POSITION (UNAUDITED)
DECEMBER 31, 2020

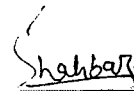
		December 31, 2020 (Unaudited)	June 30, 2020 (Audited)
	Note	(Rupees)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	1,012,197,251	1,206,193,888
Long term security deposit		3,240,949	3,290,949
CURRENT ASSETS			
Stores and spares		33,541,999	37,835,793
Stock in trade		3,856,323	9,094,981
Trade debts		1,295,456	1,389,977
Loans and advances		5,224,094	9,050,619
Trade deposits and prepayments		8,144,398	8,144,398
Other receivables	12	229,483,057	150,495,162
Tax refunds due from government		61,910,123	60,250,342
Cash and bank balances		91,973,844	102,352,665
		435,429,294	378,613,937
		<u>1,450,867,494</u>	<u>1,588,098,774</u>



Chief Executive Officer



Director



Chief Financial Officer

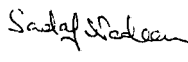
AL-ABID SILK MILLS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT (Unaudited) FOR THE SIX MONTHS ENDED DECEMBER 31, 2020

	Note	Six month ended		Quarter ended	
		December 31, 2020 Rupees	December 31, 2019 Rupees	December 31, 2020 Rupees	December 31, 2019 Rupees
Sales and manufacturing		-	-	-	-
Cost of sales		57,149,829	52,419,601	36,252,290	25,512,747
Gross loss		(57,149,829)	(52,419,601)	(36,252,290)	(25,512,747)
Operating expenses					
Administrative expenses		25,470,209	14,855,378	6,627,949	8,121,412
		(62,620,038)	(67,274,979)	(42,880,239)	(33,634,159)
Other income	13	745,404,869	9,883,957	5,326,816	5,248,119
Profit/(Loss) from operations		662,784,831	(57,391,022)	(37,553,423)	(28,386,040)
Finance cost		7,233	2,841	1,583	1,412
Profit / (Loss) before taxation		662,777,598	(57,393,863)	(37,555,006)	(28,387,452)
Taxation-net		(97,472)	(30,125)	(97,472)	(30,125)
Profit / (Loss) after taxation		662,680,126	(57,423,988)	(37,652,478)	(28,417,577)
Earnings / (Loss) per share - basic and diluted	14	49.42	(4.28)	(2.81)	(2.12)

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


Chief Executive Officer


Director

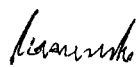

Chief Financial Officer

AL-ABID SILK MILLS LIMITED

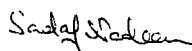
CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (Unaudited) FOR THE SIX MONTHS ENDED DECEMBER 31, 2020

	Six months ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	Rupees	Rupees	Rupees	Rupees
Profit/(Loss) after taxation	662,680,126	(57,423,988)	(37,652,478)	(28,417,577)
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss) for the period	662,680,126	(57,423,988)	(37,652,478)	(28,417,577)

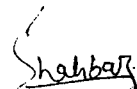
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Chief Executive Officer



Director



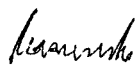
Chief Financial Officer

AL-ABID SILK MILLS LIMITED

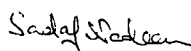
CONDENSED INTERIM STATEMENT OF CASH FLOW (Unaudited) FOR THE SIX MONTHS ENDED DECEMBER 31, 2020

	Six month period ended	
	December 31, 2020 Rupees	December 31, 2019 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	662,777,598	(57,393,863)
Adjustments for:		
Depreciation	35,610,941	50,828,874
Gain on disposal of property, plant and equipment	(185,876,790)	(350,642)
Provision for slow moving obsolete stores and spares	3,756,261	3,783,580
Provision for obsolete stock	668,989	909,499
Impairment of trade debts	94,521	94,521
Gain on reversal of financial liability	(551,331,222)	(1,578,423)
CASH FLOW FROM OPERATING ACTIVITIES - BEFORE WORKING CAPITAL CHANGES	(697,077,300)	53,687,409
WORKING CAPITAL CHANGES		
Decrease / (Increase) in current assets:		
Loan and advances	3,826,525	5,816
Trade deposits and prepayments	-	(150,300)
Other receivables	(78,987,895)	30,816,101
Tax refunds due from government	(1,659,781)	(1,022,196)
	(76,821,151)	29,649,421
(Decrease) / Increase in current liabilities:		
Trade and other payable	(277,654)	(1,283,017)
Repayment of Short term finance	-	(40,338,775)
Security deposit	(16,400,000)	(5,500,000)
Accrued mark-up	(36,186,301)	-
	(52,863,956)	(47,121,792)
Cash used on operations	(163,984,809)	(21,178,825)
Taxes paid	(1,390,909)	(975,934)
Net cash used on operating activities	(165,375,718)	(22,154,759)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of fixed assets	344,262,486	14,904,167
Proceeds from sale of scrap	6,498,112	2,008,333
Long term security deposit	50,000	-
Net cash generated from investing activities	350,810,598	16,912,500
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of short term finance	(195,813,699)	-
Net cash generated from financing activities	(195,813,699)	-
Net decrease in cash and cash equivalents	(10,378,820)	(5,242,260)
Cash and cash equivalents at the beginning of the period	102,352,665	147,205,357
Cash and cash equivalents at the end of the period	91,973,844	141,963,097

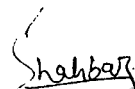
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Chief Executive Officer



Director



Chief Financial Officer

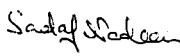
AL-ABID SILK MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited) FOR THE SIX MONTHS ENDED DECEMBER 31, 2020

Issued, subscribed and paid-up capital	Capital reserves		Revenue reserve	Total	
	Other reserve	Revaluation Surplus on property plant & equipment	Accumulated Loss		
Rupees					
Balance as at July 01, 2019	134,095,500	372,834,000	1,336,265,569	(6,663,390,274)	(4,820,195,205)
Correction of error	-	-	37,526,998	(37,526,998)	-
Balance as at July 01, 2019 (restated)	134,095,500	372,834,000	1,373,792,567	(6,700,917,272)	(4,820,195,205)
Comprehensive loss for the period	-	-	-	(57,423,988)	(57,423,988)
Loss after tax for the period ended December 31, 2019	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period ended December 31, 2019	-	-	-	(57,423,988)	(57,423,988)
-Transfer from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	(32,370,656)	32,370,656	-
Balance as at December 31, 2019	134,095,500	372,834,000	1,341,421,911	(6,725,970,604)	(4,877,619,193)
Balance as at July 01, 2020	134,095,500	372,834,000	1,297,497,056	(4,131,831,283)	(2,327,404,727)
Comprehensive income for the period	-	-	-	662,680,126	662,680,126
Profit after tax for the period ended December 31, 2020	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period ended December 31, 2020	-	-	-	662,680,126	662,680,126
-Transfer from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	(17,152,721)	17,152,721	-
Balance as at December 31, 2020	134,095,500	372,834,000	1,280,344,335	(3,451,998,436)	(1,664,724,601)

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


Chief Executive Officer


Director


Chief Financial Officer

AL-ABID SILK MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Unaudited) FOR THE SIX MONTHS ENDED DECEMBER 31, 2020

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 repealed Companies Ordinance, 1984 (now Companies act, 2017). Currently, the shares of the Company are listed on Pakistan Stock Exchange Limited. The registered office is located at A-34/A, 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.

Geographical location and addresses of major business units including mills / plants of the Company are as under:

KARACHI

A-34/A, S.I.T.E., Manghopir Road, Karachi.
A-29/B, S.I.T.E., Manghopir Road, Karachi.

PURPOSE

The registered office with manufacturing facilities
The factory premises with manufacturing facilities

1.1 GOING CONCERN ASSUMPTIONS

The Company has curtailed off the manufacturing activities for quite some time, As a result of constant losses, the accumulated loss of the company has reached to Rs. 3.451 billion and Company's equity is in negative by Rs. 1.664 billion while the reported current liabilities (since partly under litigation) have exceeded to current assets of the company by Rs. 2.680 billion. These conditions indicate the existence of a material uncertainty that may cast significant doubt on Company's its liabilities in the normal course of business. However, the management of the company believes that the company will remain a going concern in the foreseeable future.

The banks and DFI filed civil recovery suits in Honorable High Court and Banking Court for recovery of their lent fund. The Company filed leave to defend in the court against all such legal suits. Furthermore, the company did not accrue the markup of Rs. 61.73 million as matter was under litigation. During the period, the company has settled the liability of Faysal Bank Limited and paid full and final. Settlement with JS Bank is under process according to Supreme Court Order/Direction, in this regard the company has deposited the surety amount to Nazir Sindh High Court Karachi against recovery suit No.B-76/2013. Previously, the company has already settled and paid in full and final with certain banks namely Habib Bank Limited, United Bank Limited, Allied Bank Limited, Habib Metropolitan Bank, Meezan Bank, Summit Bank, furthermore the management has already requested rest of the banks and DFI collectively and individually, to reschedule their credit facilities for a longer period coupled with fresh additional working capital facility in order to resume the operation of the company, and the discussion with the banks/DFI are continuing.

During the year ended June 30, 2016, International Brand Limited (IBL) submitted proposal to the bank for restructuring and acquire shareholding in the Company. Pending this proposal IBL entered into contract dated June 15th, 2015 for manufacturing of their goods in the Company. For this purpose in pursuit to have the plant in full running condition to manufacture their contract goods as per their specification, IBL incurred initial mobilizing expenses under their supervision for repair and maintenance which was to be adjusted against generation of manufacturing of contract goods only. However, Manufacturing of contract goods was not started by IBL. Further, on February 10th, 2017 IBL has given the notice of termination of this contract and pursuant to their termination notice IBL has vacated the premises without undertaking the manufacturing of any contract goods.

Considering the above, the management of the company is confident to turn it around and to continue as a going concern. Accordingly, these interim financial statements do not include any adjustment relating to the realization of its assets and liquidation of any liabilities that might be necessary should the company be unable to continue as a going concern.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements for the six months ended December 31, 2020 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

AL-ABID SILK MILLS LIMITED

- International Accounting Standard (IAS) 34, interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements do not include all the information and disclosures required in an annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2020.

2.3 New standards, amendments to approved accounting standards and new interpretations

2.3.1 Amendments to approved accounting standards which are effective during the year ending June 30, 2021

There are certain amendments to approved accounting standards which are mandatory for accounting periods beginning on or after July 1, 2020 but are considered not to be relevant or have any significant effect on the Company's financial reporting.

2.3.2 New standards and amendments to approved accounting standards that are effective for the Company's accounting periods beginning on or after July 1, 2021

There is a new standard and certain amendments to approved accounting standards that will be mandatory for accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or expected to have any significant effect on the Company's financial reporting.

2.4 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the financial statements for the year ended June 30, 2020.

3 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements in conformity with the approved accounting and reporting standards as applicable in Pakistan for interim reporting requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on the historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are same as those applied to financial statements as at and for the year ended June 30, 2020.

4 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the represented financial statements as at and for the year ended June 30, 2020

AL-ABID SILK MILLS LIMITED

	Dec 2020 Rupees (Unaudited)	June 2020 Rupees (Audited)
5 Revaluation Surplus on Property Plant & Equipment		
Balance at beginning of the year - net	1,297,497,056	1,373,792,567
Adjustment due to correction of error	-	-
Balance at beginning of the year - net (restated)	1,297,497,056	1,373,792,567
Less: Transferred to unappropriated profit on account of Incremental depreciation for the year - net of tax	(17,152,721)	(76,295,511)
Balance at end of the year - net	1,280,344,335	1,297,497,056
5.1 During the year ended June 30, 2018 the Company has revalued its Leasehold land, Building on Leasehold land, Plant, Machinery & equipments, Furniture & Fixture, Office equipment, Electric, gas & Other Installation and Leased Plant, Machinery & equipments. The valuation has been determined by the independent qualified valuer M/s. SIPRA & Company (Pvt) Limited. The assessed values of the fixed assets as determined by the valuer amounts to Rs. 2,232,252,450 as at January 08, 2018, however, the forced sales value of Rs. 1,674,048,087 have been taken to account for the fixed assets for the reason as mentioned in note 1.1. The earlier valuations were carried out by M/s. Anjum Adil and Associates independent qualified valuer on June 30, 2012, August 31, 2010 and August 31, 2007 on the basis of prevailing market rates at that time.		
6 DEFERRED TAXATION		
Debit / (Credit) balances arising from:		
Surplus on revaluation of fixed assets	8,514,841	47,133,728
Accelerated tax depreciation allowance	-	-
Revaluation Surplus	-	-
Provision for slow moving and obsolete stores and spares	(11,900,693)	(10,972,381)
Provision for slow moving and obsolete stock	(1,366,854)	(2,637,546)
Impairment of trade debts	(391,521)	(274,109)
Liabilities against assets subject to finance lease	-	-
Provision for retirement benefits	-	-
Tax credit of unused tax losses	(362,021,434)	(362,021,434)
Prior year tax effect	-	-
	(367,075,661)	(328,771,742)
Deferred tax asset has not been recognized as management is of the view that future earnings to the extent of such asset may not be available.		
7 LOAN FROM DIRECTOR - UNSECURED		
Balance at beginning of the year	521,018,754	521,018,754
Received during the year	-	-
Repaid during the year	-	-
	521,018,754	521,018,754
The above is interest free loan from director(s) of the company, which is payable on demand.		
8 ADVANCE FROM IBL	366,063,944	366,063,944
The comprises of initial mobilizing expenses by International Brands Limited as disclosed on note 1.1 for repair and maintenance to have the plant in full running condition.		
9 SHORT TERM FINANCES		
From banks and financial institutions - Secured	2,144,455,606	4,976,112,476
Less: Settlement during the period	8.1 (747,144,921)	(2,826,588,352)
Adjustment against DLTL	9.2 -	(5,098,518)
	1,397,310,685	2,144,455,606
9.1 The facilities consist of various types of short term finances from different banks and non-banking financial institutions. The facilities are secured against hypothecation charge on stocks, mortgage on factory property of Plot No. A-34/A and A-29/B with Land, building and machinery installed thereon and charge on book debts and receivables of the company. As fully disclosed in note No. 10 various banks have filed suit for the recovery of these loans, previously and during the period, the company has settled off most of the banks as mentioned in note 1.1. The management is amicably pursuing rest of the banks and D.F.I for rescheduling or settlement as disclosed in note 1.1 & 10.1.		
9.2 This represents an adjustment against the financial facilities of Bank of Punjab being amount of DLTL received by them.		
	Dec 2020 Rupees (Unaudited)	June 2020 Rupees (Audited)
10 CONTINGENCIES AND COMMITMENTS		
10.1 Contingencies		
Bank guarantee	1,512,000	1,512,000
The bank guarantees have been issued in favor of excise, sales tax and others.		

AL-ABID SILK MILLS LIMITED

S.NO.	WRT PETITION	FORUM	ISSUE INVOLVED	STATUS
1		Sindh High Court	The Sales Tax department has filed an appeal in the Honorable High Court of Sindh on 23rd August, 2000 against the Order of the learned Appellate Tribunal Customs and Sales Tax for recovery of Additional Tax and Surcharge amounting to Rs. 3,449 million for the year 1992-93. No provision for this amount has been made in these accounts as the management of the Company is of the view that the decision of the Learned Appellate Tribunal Customs and Sales Tax given in favor of the Company will be successfully defended in the Honorable High Court.	Pending
2	Application No. 95 & 96 of 2016	Sindh High Court	The Spl. Sales Tax Reference Application No. 95 & 96 of 2016 filed by the company against order passed by the Sindh Revenue Board Appellate Tribunal order related to period ending June 30, 2014 and June 30, 2015 are pending before Honorable High Court of Sindh at Karachi. Further, The Sindh Revenue Board has also filed Spl. Sales Tax Reference Application No. 119 of 2016 against order passed by the Sindh Revenue Board Appellate Tribunal order related to period ending June 30, 2014 and June 30, 2015 is pending before Honorable High Court of Sindh at Karachi.	Pending
3	Suit No. B-42/2013	Sindh High Court	Al-Abid Silk Mills Limited (company) has filed the suit for damages against the JS Bank Limited and JS Bank Limited has filed suit # B-76/2013 against the company for recovery of outstanding loan amounting to Rs. 335,105,083/- Settlement with JS Bank Ltd is under process according to Supreme Court of Pakistan directions. The company deposit the sumy amount to Nazir Sindh High Court in the Suit.	Pending
4	Suit No. B-95 of 2013	Sindh High Court	Bank of Punjab has filed suit against the Company for recovery of outstanding loan amounting to Rs. 434,399,948/-.	Pending
5	Suit No. B-111 of 2013	Sindh High Court	PAIR Investment Co. Ltd. has filed the suit against the Company for recovery of outstanding loan amounting to Rs. 171,460,949/-.	Pending
6	Suit No. B-26 of 2017	Sindh High Court	National Bank of Pakistan has filed the suit against the Company for recovery of outstanding loan amounting to Rs. 948,140,145/-.	Pending
7	Suit No. 1586/2013	Sindh High Court	The company has filed suit interalia for cancellation of cheques, and damages against Jawaid Arshad Textile.	Pending
8	Suit No. 540/2014	Sindh High Court	Javed Arshad has filed the suit against the company for recovery of Rs. 21.32 million.	Pending
9	Suit No. 1209/2014	Sindh High Court	Ranyal Textile has filed the suit against the company for recovery of Rs. 40.94 million.	Pending
10	Suit No. 1245/2015	Sindh High Court	Shahtaj Textile has filed the suit against the company for recovery of Rs. 112.64 million.	Pending
11	Suit No. 1833/2015	Sindh High Court	Maksons Textile has filed the suit against the company for recovery of Rs. 56.38 million.	Pending
12	Suit No. 358/2015	Sindh High Court	BASF has filed the suit against the company for recovery of Rs. 33.68 million.	Pending
13	Suit No. 2442/2015	Sindh High Court	ICI Pakistan has filed the suit against the company for recovery of Rs. 26.57 million.	Pending
14	H.C.A 519/2018	Sindh High Court	The company has filed an High Court Appeal against Shahtaj Textile limited, an ad-interim injunctive order of the Learned Single Judge wherein the company was refrained from creating any third party interest on their properties.	Pending
15	JCM No. 34/2014	Sindh High Court	One of the supplier of the company has filed a winding up petition, on the ground that the company owes a sum of Rs. 40.94 million to Ranyal Textile. Such claim is denied by the company.	Pending
16	JCM No. 25/2015	Sindh High Court	PAIR Investment Company Limited has filed a winding up petition, on the ground that the company owes a sum of Rs. 201.925 million to Pair Investment. Such claim is denied by the company.	Pending

AL-ABID SILK MILLS LIMITED

S.NO.	WRIT PETITION	FORUM	ISSUE INVOLVED	STATUS
17	Suit No. 604/2018	Sindh High Court	ACME (Supplier) has filed suit for recovery of Rs. 48,822,642/- before the High Court of Sindh at Karachi. An application for rejection of plaint has been filed in the matter on the grounds that the claim of this supplier is time barred. Besides this, issues have yet to be framed in the case therefore it is premature to comment on the outcome. The management is vigorously contesting the case.	Pending
18	JCM No. 10/2015	Sindh High Court	Achroma Textile Chemicals Pakistan (creditor) has filed a winding up petition at High Court of Sindh at Karachi. The winding up petition has been filed on the grounds that Al-Abid owes Achroma Textile Chemical Pakistan (formerly BASF Pakistan) a sum of Rs. 33,683,561/-. Such claim is denied by Al-Abid. The petition is yet to be heard. Therefore, it is premature to comment on the outcome. The management is vigorously contesting the case.	Pending
19	JCM No. 35/2014	Sindh High Court	JS Bank Limited had filed a winding up petition at High Court of Sindh at Karachi, on the grounds that Al-Abid owes to the JS Bank Limited Rs. 370,930,165/-. The management is vigorously contesting the case.	Pending

The amount mentioned on above cases 3-11 except settled Banks, are claimed amounts by the Banks, actual amounts to be determined by the Banking Court.

The outcome of above cases as referred in cases 3-11 except settled banks cannot be predicted and the management is vigorously contesting the case, however major amount has already been provided in financial statements.

There are various ex-workers filed suits pending for payment of their legal dues before the Authority under the Payment of Wages Act, West Division, Karachi. The company believes that there may not be any financial implications.

10.2 Commitments

There are no commitments as at period ended (June 30, 2020 Nil)

	Dec 2020 Rupees (Unaudited)	June 2020 Rupees (Audited)
11 PROPERTY, PLANT AND EQUIPMENT		
Operating Fixed Assets	995,397,251	1,189,393,888
Capital Work in Progress - DDFC Boiler	16,800,000	16,800,000
	<u>1,012,197,251</u>	<u>1,206,193,888</u>
11.1 Operating Fixed Assets		
Opening written down value	1,189,393,888	1,752,025,427
Additions	-	-
Deletions	192,003,125	(504,262,042)
Surplus/(impairment) during the period/year	33,617,429	36,384,234
Depreciation	<u>(35,616,941)</u>	<u>(94,753,731)</u>
	<u>995,397,251</u>	<u>1,189,393,888</u>

11.2 Details of property, plant and equipment sold are given below:

DESCRIPTION	COST	ACCUMULATED DEPRECIATION	BOOK VALUE	SALE AMOUNT	GAIN/LOSS	MODE OF DISPOSAL	PARTICULARS OF BUYERS	RELATIONS-HP
PAD STEAM DYING RANGE (SAGAI)	19,090,000	4,621,775	14,468,225	17,108,333	2,731,568	Negotiation	ABDUL RAZZAK	Scrap buyers
STEAM AGER STONE	4,200,000	1,221,965	2,978,035	1,181,654	(1,996,181)	Negotiation	MOHAMMAD KHAN	Scrap buyers
OBERMERTIPLE DECK DRYER	2,100,000	510,993	1,589,007	583,333	(1,005,644)	Negotiation	MUHAMMAD ZUBAR	Scrap buyers
LAND, BUILDING & EQUIPMENTS D-14(C)	152,953,125	27,898,348	130,054,777	318,197,940	188,139,855	Negotiation	UNION APPREAL	
COMPREHENSIVE SHIRAZING LINE	5,250,000	1,311,122	3,938,878	1,500,000	(2,438,878)	Negotiation	MUHAMMAD ZUBAR	Scrap buyers
ROTARY PRINTING MACHINE	7,060,000	1,793,050	5,266,950	5,641,216	434,076			
MASTER TRUCK/JU-1374	1,500,000	1,466,784	33,214	50,000	16,780	Negotiation	ALAH DITTA	Scrap buyers
	192,003,125	13,617,429	158,385,696	344,262,486	185,876,790			

11.3 During the year, no assets were disposed-off to Chief Executive, Director, Executive or a Shareholder not less than ten percent of the voting shares of the Company or any related party.

	Dec 2020 Rupees (Unaudited)	June 2020 Rupees (Audited)
12 OTHER RECEIVABLES		
Duty drawback	93,683,626	93,683,626
Receivable from banks	41,974,267	52,486,372
Research and development support	4,325,164	4,325,164
Deposits with Nazir against loan settlement	88,500,000	-
	<u>229,483,057</u>	<u>150,495,162</u>

AL-ABID SILK MILLS LIMITED

12.1 This represents the amount of DLT received by certain banks on the company's behalf in the accounts held by these banks namely United Bank Limited, Standard Chartered Bank Limited, Allied Bank Limited, Habib Bank Limited, Faysal Bank Limited, National Bank of Pakistan and Summit Bank Limited and the same is receivable from the respective banks. One of the banks namely United Bank Limited has refused to pay amount despite of the fact that full and final settlement was amicably reached and clearance certificate as per the honorable Sindh High Court's consent decree was obtained. During the year, the company has filed the suit against the bank for the recovery of this amount.

12.2 This represents amount deposited with Nazir Sindh High Court Karachi for Settlement under process with JS Bank Ltd according to the Supreme Court's order/direction.

	Dec. 2020	Dec. 2019
	Rupees	Rupees
	(Unaudited)	(Audited)
13 OTHER INCOME		
Income from non-financial assets / liabilities		
Gain arising on settlement of loan (secured)	551,331,222	-
Waiver received from other creditors		1,578,423
Sale of scrap	6,498,112	2,008,333
Gain/(Loss) on disposal of property, plant and equipment	185,876,790	350,642
Income from financial assets / liabilities		
Profit on PLS deposit account	1,698,745	5,946,559

	<u>745,404,869</u>	<u>9,883,957</u>
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14 **EARNING / (LOSS) PER SHARE - BASIC AND DILUTED**

14.1 **EARNING / (LOSS) PER SHARE - BASIC**

	Rupees	Rupees
Profit / (Loss) after taxation	862,880,126	(57,423,988)
Weighted average number of shares	13,409,550	13,409,550
Earning / (loss) per share - basic	49.42	(4.28)

14.2 **Diluted earnings per share**
There were no dilutive potential ordinary shares outstanding as at December 31, 2020 and 2019.

15 **RELATED PARTY TRANSACTIONS**

The related parties comprise associated undertakings and key management personnel. The transactions between the Company and the related parties are carried out at arms' length. Amounts due from and to related parties and key management personnel, if any, are shown under receivables and payables. No other significant transactions were made with related parties during the year.

TRANSACTIONS DURING THE PERIOD

Balance	Relationship with the company		
Loan received from director - Azim Ahmed	Executive Director	80,105,867	80,105,867
Loan received from director - Naseem A. Sattar	Chief Executive Officer	460,812,887	460,912,887

16 **KEY MANAGEMENT PERSONNEL - REMUNERATION & BENEFITS**

In view of bad financial condition of the company directors have decided not to claim their whole remuneration for the period ended December 31, 2020 i.e. Mr. Naseem A. Sattar Rs. 5,250,000 and Mr. Azim Ahmed Rs. 2,700,000. (2019: Mr. Naseem A. Sattar Rs. 5,250,000) and (Mr. Azim Ahmed Rs. 2,700,000).

17 **FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of all financial assets and liabilities reflected in these Interim financial statements approximate their fair values.

Fair value hierarchy:

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2020 the Company has no financial instruments that falls into any of the above category.

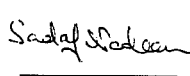
18 **DATE OF AUTHORISATION FOR ISSUE**

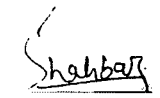
These condensed interim financial statements were approved and authorized for issue in the Board of Directors' meeting held on 24-2-21.

19 **GENERAL**

19.1 Corresponding figures have been reclassified/ re-arranged wherever necessary to facilitate comparison on the presentation on the current period. However, there are no material reclassifications / re-arrangements to report.


Chief Executive Officer


Director


Chief Financial Officer

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Saddar, Karachi.