

**REPORT AND ACCOUNTS
FOR THE HALF YEAR ENDED
DECEMBER 31, 2019**

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

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. S.M. Jawed Azam Mr. Naseem A. Sattar Mr. Azim Ahmed Mr. Qamar Mashkoor Mr. Muhammad Sajid Hafeez Mst. Adia Naseem Mrs. Sadaf Nadeem Syed Raza Abbas Jaffari	Chairman 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	Shahbaz Ahmed Khan	
SECRETARY	Mr. Nasim Ahmed	
AUDIT COMMITTEE	Mr. Qamar Mashkoor 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 Mashkoor	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-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.	
E-MAIL	mail@alabid.com	

AL-ABID SILK MILLS LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS

We are pleased to present condensed interim financial statements of the company for the half year ended 31ST December, 2019.

You may be aware that the government is keen to promote textile industry to increase exports and create maximum number of employment which textile industry being a labour intensive industry can well provide, naturally with conducive circumstances. Elements increasing cost of production can always be a hindrance and we need to maximize efforts from all sides to eliminate the same. We are also making all efforts to settle pending issues and get into production soonest possible.

Future outlook:

In the past, we discussed Master Settlement Agreement which was signed quite some time back. However, we are pleased to inform you that now it has been materialized and following banks have been fully settled by us subsequent to the period ended December 31, 2019 and their liabilities according to the settlements have become 'Nil',

Habib Bank Ltd
United Bank Ltd
Meezan Bank Ltd
Allied Bank Ltd
Habib Metropolitan Bank Ltd
Summit Bank Ltd

In accordance with the resolution passed in Extra Ordinary General Meeting, under Section-183 of Companies Act on 10-08-2018, for settlement with banks, we had to dispose off certain surplus land and building as well as some outdated machines. We disposed off the factory building at A-51/B & A-39 to LIBERTY Mills Ltd. From these premises, we are shifting the latest equipment, plant & machinery to the largest premises just opposite to our Plot A-39 which is the latest building constructed by the company with all amenities, i.e. own power generation (4-Mega Watt), Effluent Water Treatment Plant (one million gallons per day capacity) and being a larger premises, it is accommodating the plant & machinery which is being shifted. The shifting process of huge plant & machinery is going on. It is time consuming but once we succeed in our endeavour, will have the most efficient production unit with all amenities.

Faysal Bank has arranged the consent decree and settlement with Faysal Bank is also on its way and we expect that within a fortnight, Faysal Bank will also be completely settled.

After settling the above banks, only few banks remain, with whom our negotiations are going on, i.e. National Bank of Pakistan, Bank of Punjab, Pair Investment Company Ltd & J-S Bank Ltd.

As soon as we are through with shifting process of plant and machinery and re-settlement with few remaining banks as mentioned above, will make all efforts to get into production soonest.

We are thankful to our banks, stakeholders, shareholders who are still showing full confidence in the company and we hope once the company is in production, our workers and staff will again enthusiastically put their efforts to achieve efficient and quality production as always. Thanks to all of you.

For and on behalf of the
Board of Directors



(NASEEM A. SATTAR)
Chief Executive Officer

February 26, 2020

العابد سلک ملز لمیٹڈ حصص داران کیلئے ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز 31 دسمبر 2019 کو ختم ہونے والی ششماہی کیلئے کمپنی کے عبوری مالی حلیات پیش کر رہے ہیں۔

آپ جانتے ہو گئے کہ حکومت برآمدات پر آٹا اور زیادہ سے زیادہ روڈ گارڈ پر آٹا کیلئے ٹیکسٹائل کی صنعت کو فروغ دینے کی خواہش ہے کیونکہ ٹیکسٹائل کی صنعت ایک ایسی صنعت ہے جو ضرور کو قدرتی طور پر سازگار حالات کے ساتھ بہتر طریقہ سے سہولیات مہیا کر سکتی ہے۔ پیداواری لاگت میں اضافے والے عناصر پیشہ کاروں کو ثابت ہو سکتے ہیں اور انہیں اس کے خاتمے کے لئے ہر طرح سے کوششوں کو زیادہ سے زیادہ کرنے کی ضرورت ہوتی ہے۔ ہم زراعت اور موٹر گاڑی اور جہاز جلد پیداواری صلاحیت برحمانے کی بھی پوری کوشش کر رہے ہیں۔

مشغلیں کا نظریہ:

ماہی میں، ہم نے اس سال تمام معاہدے پر چارہ خیال کیا جس پر کچھ عرصہ پہلے دھنکا ہونے لگے۔ تاہم ہمیں آپ کو یہ بتانے کو فخری ہے کہ اب اس کو بھی مکمل رے دی گئی ہے اور 31 دسمبر 2019 کو ختم ہونے والی مدت کے بعد ہمارے ذریعہ مندرجہ ذیل شیڈول کا مکمل طور پر تصفیہ کیا گیا ہے اور تصفیہ کے مطابق ان کی ذمہ داریاں "مغز" ہو گئی ہیں۔

حبیب بینک لمیٹڈ

یو این پی بینک لمیٹڈ

میرزا بینک لمیٹڈ

الائیڈ بینک لمیٹڈ

حبیب بینر پلسٹن بینک لمیٹڈ

سٹ بینک لمیٹڈ

بیکوں کے ساتھ تصفیہ کیلئے مورچہ 10-08-2018 کلینز ایکٹ کے سیکشن 183 مورچہ 10-08-2018 کے تحت اضافی عام جنرل بینک میں منظور کی گئی قرارداد کے مطابق ہمیں کچھ حاصل زمین اور عمارت کے ساتھ ساتھ کچھ پرانی مشینوں کے معاملات کو بھی نفاذ کیا گیا ہے۔ ہم نے ٹیکسٹائل ڈیپارٹمنٹ سے لبرٹی ٹول لیٹ کے معاملات کو بھی نفاذ کیا۔ ان سب سے اپنے پلاٹ A-39 کے پائل سائے بڑی جگہ میں ہم جدید ترین ساز و سامان، پلانٹ اور مشینیں منتقل کر رہے ہیں۔ یہ کمپنی کی طرف سے تعمیر کردہ نئی عمارت ہے جس میں تمام سہولیات موجود ہیں یعنی اپنا پارک جڑی (4 میگا واٹ)، وائرڈ ٹینٹ پلانٹ (ایک دن میں ایک ٹینٹ کی تنجاش) اور ایک بڑی جگہ ہونے کی وجہ سے ان پلانٹ اور مشینوں کو ایڈجسٹ کر رہے ہیں۔ منتقل کیا جا رہا ہے۔ بڑے پلانٹ اور مشینوں کی منتقلی کا مکمل جاری ہے۔ یہ وقت طلب ہے لیکن ایک بار جب ہم اپنی کوشش میں کامیاب ہو جائیں تو تمام سہولیات کے ساتھ ایک موثر پیداواری یونٹ حاصل ہوگا۔

فیصل بینک نے ریمانڈ کی خاطر ہی ہے اور فیصل بینک کے ساتھ تصفیہ بھی جاری ہے اور ہم توقع کرتے ہیں کہ ایک دو ہفتے میں فیصل بینک کے ساتھ معاملات مکمل طور پر طے ہو جائیں گے۔

ذکوہ بیکوں کے ساتھ معاملات طے کرنے کے بعد صرف چند بیک یعنی فیصل بینک آف پاکستان، بینک آف پنجاب، پارٹنرسٹف کمپنی لمیٹڈ اور بے ایس بینک لمیٹڈ باقی رہ جائیں گے جن کے ساتھ ہماری بات چیت جاری ہے۔

جیسے ہی ہمارا پلانٹ اور مشینوں کی منتقلی کا مکمل پورا ہو جائے گا جیسا کہ اوپر بیان کیا گیا ہے تو دیگر بیکوں کے ساتھ دوبارہ تصفیہ کریں گے اور جلد ہی پروڈکشن میں آنے کی پوری کوشش کریں گے۔

ہم اپنے بیکوں، اسٹیٹ بینک ہولڈرز، بینر ہولڈرز کے شرکاء میں جواب بھی کمپنی پر مکمل اعتماد ظاہر کر رہے ہیں اور ہم امید کرتے ہیں کہ ایک بار کمپنی کے پیداواری عمل کے بعد ہمارے دور کار اور اسٹاف ہمیں کی طرح بار بار جوش و خروش سے موثر اور معیاری پیداوار حاصل کرنے کیلئے اٹھک کوششیں کرے گا۔

آپ تمام حضرات کا شکریہ

بورڈ آف ڈائریکٹرز کی جانب سے

Harun Rashid

(نیم اے۔ سٹار)

چیف ایگزیکٹو آفیسر

مورخہ: 26 فروری 2020ء

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, 2019, and the related condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flow together with the notes to the interim financial statements for the six-months 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 the condensed interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

The figures for the quarters ended December 31, 2019 and December 31, 2018 in the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income have not been reviewed and we do not express a conclusion on them.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Statements 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.

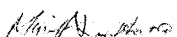
Basis of Adverse Conclusion

- (i) During the period ended December 31, 2019, the company has sustained loss of Rs. 57.42 million and the accumulated loss stood at Rs. 6,726 million which has eroded its equity to an adverse balance of Rs. 4,877 and, as of that date Company's current liabilities exceeded its current assets by Rs. 6,584 million and further during the period no production and sales were made by the company. 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 interim financial statements have been prepared on a going concern basis however, in our opinion, management's use of the going concern assumption in the interim financial statements is inappropriate.
- (ii) We have not received direct bank confirmations from the banks and financial institutions for short term loans amounting to Rs. 4,936 million and for bank balances of Rs. 141 million as mentioned in the financial statements. The Company has not recorded markup on these finances which amounts to Rs. 257.4 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. 924 million.

Adverse Conclusion

Our review indicates that, because of the matters as described in the preceding paragraphs, these interim financial statements do not present fairly, in all material respects, the financial position of the company as at December 31, 2019, 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.

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



Muniff Ziauddin & Co.
Chartered Accountants
Karachi:


AL-ABID SILK
CONDENSED INTERIM STATEMENT OF
AS AT

		December 2019 (Unaudited)	June 2019 (Audited) Restated
Note	-----	(Rupees)-----	-----
EQUITY & LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
		200,000,000	200,000,000
		20,000,000 Ordinary Shares of Rs. 10/- each	
		Issued, subscribed and paid-up capital	134,095,500
		Reserves	134,095,500
		Capital reserve	372,834,000
		Revaluation Surplus on Property Plant & Equipment	372,834,000
	5	1,341,421,911	1,373,792,567
		Accumulated loss	(6,725,970,604)
		(6,725,970,604)	(6,700,917,272)
		(5,011,714,693)	(4,954,290,705)
		Total equity	(4,877,619,193)
		(4,877,619,193)	(4,820,195,205)
LIABILITIES			
NON- CURRENT LIABILITIES			
		Deferred Taxation	-
	6	-	-
CURRENT LIABILITIES AND PROVISIONS			
		Loan from director - unsecured	521,018,754
	7	6,991,602	521,018,754
		Retirement benefits	6,991,602
		Security deposit	24,500,000
		Trade and other payables	30,000,000
		Unclaimed dividend	927,612,869
		Advance from I.B.L	108,310
	8	366,063,944	366,063,944
		Accrued markup	238,514,564
		Short term finances	4,935,773,701
		Provision for taxation	4,976,112,476
		30,125	360,334
		7,017,752,429	7,066,782,853
	9	7,017,752,429	7,066,782,853
		CONTINGENCIES AND COMMITMENTS	-
		2,140,133,236	2,246,587,649

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


 Chief Executive Officer


 Director


 Chief Financial Officer

MILLS LIMITED

FINANCIAL POSITION DECEMBER 31, 2019

	December 2019 (Unaudited)	June 2019 (Audited)
	Note	(Rupees)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	10	1,703,443,027
Long term security deposit		3,601,049
CURRENT ASSETS		
Stores and spares		41,619,372
Stock in trade		10,004,479
Trade debts		1,484,497
Loans and advances		5,017,778
Trade deposits and prepayments		8,144,398
Other receivables		164,541,974
Tax refunds due from government		60,313,565
Cash and bank balances		141,963,097
		433,089,160
		474,161,173
		<u>2,140,133,236</u>
		<u>2,246,587,649</u>


Chief Executive Officer


Director


Chief Financial Officer

AL-ABID SILK MILLS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT (Unaudited) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	HALF YEAR ENDED		THREE MONTHS ENDED	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
	Note	Rupees	Rupees	Rupees
Sales and manufacturing		-	-	-
Cost of sales		52,419,601	66,051,811	25,512,747
		<u>(52,419,601)</u>	<u>(66,051,811)</u>	<u>(25,512,747)</u>
Gross loss				<u>(30,731,209)</u>
Operating expenses				
Administrative expenses #DIV/0!		14,855,378	22,089,202	8,121,412
		<u>(67,274,979)</u>	<u>(88,141,013)</u>	<u>(33,634,159)</u>
Other income		9,883,957	36,174,657	5,248,119
		<u>(57,391,022)</u>	<u>(51,966,356)</u>	<u>(28,386,040)</u>
Loss from operations				<u>(10,009,903)</u>
Finance cost		2,841	7,749	1,412
		<u>(57,393,863)</u>	<u>(51,974,105)</u>	<u>(28,387,452)</u>
Loss before taxation				<u>(10,013,337)</u>
Taxation-net		(30,125)	-	(30,125)
		<u>(57,423,988)</u>	<u>(51,974,105)</u>	<u>(28,417,577)</u>
Loss after taxation				<u>(10,013,337)</u>
Loss per share - basic and diluted	11	(4.28)	(3.88)	(2.12)
		<u>(4.28)</u>	<u>(3.88)</u>	<u>(2.12)</u>

The annexed notes form an integral part of these 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 HALF YEAR ENDED DECEMBER 31, 2019

	HALF YEAR ENDED		THREE MONTHS ENDED	
	Dec 31, 2019 Rupees	Dec 31, 2018 Rupees	Dec 31, 2019 Rupees	Dec 31, 2018 Rupees
Loss after taxation	(57,423,988)	(51,974,105)	(28,417,577)	(10,013,337)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	<u>(57,423,988)</u>	<u>(51,974,105)</u>	<u>(28,417,577)</u>	<u>(10,013,337)</u>

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



Chief Executive Officer



Director



Chief Financial Officer


AL-ABID SILK MILLS LIMITED


CONDENSED INTERIM STATEMENT OF CASH FLOW (Unaudited) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Half year ended	
	Dec 31, 2019	Dec 31, 2018
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(57,393,863)	(51,974,105)
Adjustments for:		
Depreciation	50,828,874	60,010,247
Gain on disposal of property, plant and equipment	(350,642)	112,552
Provision for obsolete items	3,783,580	3,783,580
Provision for obsolete stock	909,499	909,499
Provision for doubtful debts	94,521	94,521
Gain on reversal of financial liability	(1,578,423)	(8,537,965)
	53,687,409	56,372,433
Decrease / (Increase) in current assets:		
Trade debtors	-	1,150,207
Loan and advances	5,816	-
Trade deposits and prepayments	(150,300)	-
Other receivables	30,816,101	-
Tax refunds due from government	(1,022,196)	6,038,410
	29,649,421	7,188,617
(Decrease) / Increase in current liabilities:		
Trade and other payable	(1,283,017)	(5,429,906)
Security deposit	(5,500,000)	-
Accrued mark-up	-	(2,301,374)
Repayment of short term finance	(40,338,775)	(121,482,014)
	(47,121,792)	(129,213,294)
Cash used in from operations	(21,178,825)	(117,626,349)
Taxes paid	(975,934)	(399,051)
Staff gratuity paid	-	(17,333)
Net cash outflow from operations	(22,154,759)	(118,042,733)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of fixed assets	14,904,167	13,498,335
Scrap sales	2,008,333	-
Long term security deposit	-	(200,000)
Net cash inflow from investing activities	16,912,500	13,298,335
CASH FLOW FROM FINANCING ACTIVITIES		
Loan from director	-	2,500,000
Net cash inflow from financing activities	-	2,500,000
Net decrease in cash and cash equivalents	(5,242,260)	(102,244,398)
Cash and cash equivalents at the beginning of the period	147,205,357	217,632,686
Cash and cash equivalents at the end of the period	141,963,097	115,388,288

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


Chief Executive Officer


Director


Chief Financial Officer

AL-ABID SILK MILLS LIMITED


CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Share Capital	Capital Reserve	Accumulated Loss	Revaluation Surplus on Property Plant & Equipment	Total
	Rupees				
Balance as at July 01, 2018	134,095,500	372,834,000	(6,642,427,149)	1,441,258,732	(4,694,238,916)
Correction of error	-	-	(37,526,998)	37,526,998	-
Balance as at July 01, 2018 (restated)	134,095,500	372,834,000	(6,679,954,147)	1,478,785,730	(4,694,238,916)
Loss after tax for the half year ended December 31, 2018	-	-	(51,974,105)	-	(51,974,105)
-Transfer from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	41,552,026	(41,552,026)	-
Balance as at December 31, 2018	134,095,500	372,834,000	(6,690,376,226)	1,437,233,704	(4,746,213,021)
Balance as at July 01, 2019	134,095,500	372,834,000	(6,663,390,274)	1,336,265,569	(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	(6,700,917,272)	1,373,792,567	(4,820,195,205)
Loss after tax for the six months 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	(6,725,970,604)	1,341,421,911	(4,877,619,193)

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


Chief Executive Officer


Director


Chief Financial Officer

AL-ABID SILK MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (Unaudited) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

1. THE COMPANY AND ITS 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-39, S.I.T.E., Manghopir Road, Karachi. The Company was 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-39, S.I.T.E., Manghopir Road, Karachi.
A-51/B, S.I.T.E., Manghopir Road, Karachi.
A-34/A, S.I.T.E., Manghopir Road, Karachi.
A-29/B, S.I.T.E., Manghopir Road, Karachi.
D-14/C-1, S.I.T.E., Karachi.

PURPOSE

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

1.1 GOING CONCERN ASSUMPTIONS

The Company has curtailed off the manufacturing activities for quite some time, as a result of constant losses and the accumulated loss of the company has reached to Rs. 6.725 billion and Company's equity is in negative by Rs. 4.877 billion while the reported current liabilities (since partly under litigation) have exceeded to current assets of the company by Rs. 6.584 billion. These conditions indicate the existence of a material uncertainty that may cast significant doubt on Company's ability to continue as going concern. 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. 257.4 million as matter was under litigation. In addition to the settlements with the financial institutions as disclosed in the financial statements for the year ended June 30, 2019, othersurplus land and buildings were sold subsequently in January 2020 in pursuant to the resolution of EOGM dated August 10, 2018 and the sale proceeds from the same were used to settle the liabilities, in full and final, of certain banks namely Habib Bank Limited, United Bank Ltd, Meezan Bank Ltd, Allied Bank Ltd, Habib Metropolitan Bank Ltd and Summit Bank Ltd, as per master settlement agreement. 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 bank/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.

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Considering the above, the management of the company is confident to turn it around and to continue as a going concern. Accordingly, these 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 These interim Financial Statements of the Company for the six months ended December 31, 2019 has been prepared in accordance with requirements of the International Accounting Standard 34 – Interim Financial Reporting and provisions of and directives issued under the Company Act, 2017. In case where requirements differ, the provisions of or directives issued under the Company Act, 2017 have been followed. The interim financial statements do not include all the information required for the full financial statements and therefore should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2019.
- 2.2 These interim financial statements are presented in Pak Rupees which is also the Company's functional currency and figures presented in these interim financial statements has been rounded off to the nearest rupees.
- 2.3 These interim financial statements are un-audited and all relevant compliance with Companies Act, 2017 has been made accordingly. The comparative interim statement of financial position presented has been extracted from annual financial statements for the year ended June 30, 2019; the comparative interim statement of profit or loss, interim statement of other comprehensive income, interim statement of cash flows and interim statement of changes in equity of the Company have been extracted from the interim financial statements for the six months ended December 31, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these interim financial statements and the significant judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2019. Certain new IFRSs and amendments to existing IFRSs are effective for the periods beginning on or after July, 01 2019, which do not have any impact on the Company's financial reporting and therefore have not been detailed in these interim financial statements.

In 2018, the company routed a reversal of surplus on revaluation of Rs. 1,470 million (gross of tax) through statement of other comprehensive income directly in equity. This included reversal against various class of assets beyond their book values, had there been no revaluation, in contravention to the requirements of para 40 of IAS 16. The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

	June 30, 2019	Increase/(Decrease)	June 30, 2019
Balance sheet(Extract)		Restated	(Restated)
Revaluation surplus on Property, plant and equipment	1,336,265,569	37,526,998	1,373,792,567
Accumulated loss	(6,663,390,274)	(37,526,998)	(6,700,917,272)

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	Book value as at 30 June 2018	Book value as at 30 June 2018	
	As there had been no revaluation	As there had been revaluation	Difference
	Amount Rs.		
Furniture and fixture	24,758,669	4,282,289	20,476,380
office equipment	7,536,351	768,531	6,767,820
Electric Gas and other installations	32,397,668	6,786,941	25,610,727
	<u>64,692,688</u>	<u>11,837,761</u>	<u>52,854,927</u>

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, 2019.

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	December 31, 2019 Rupees	June 30, 2019 Rupees
5 Revaluation Surplus on Property Plant & Equipment		
Balance at beginning of the period / year - net	1,373,792,567	1,441,258,732
Adjustment due to correction of error	-	37,526,998
Balance at beginning of the period / year - net (restated)	1,373,792,567	1,478,785,730
Less: Transferred to unappropriated profit on account of Incremental depreciation for the period / year - net of tax	(32,370,656)	(99,835,750)
Adjustment due to change in tax rate	-	(5,157,413)
Balance at end of the period / year - net	1,341,421,911	1,373,792,567
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 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 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:		
Accelerated tax depreciation allowance	199,962,474	218,923,370
Provision for obsolete item	(9,875,143)	(8,777,904)
Provision for obsolete stock	(2,373,791)	(2,110,037)
Provision for doubtful debt	(246,699)	(219,288)
Liabilities against assets subject to finance lease	-	(11,492,787)
Provision for retirement benefits	-	2,027,565
Tax credit of unused tax losses	(362,021,434)	(344,790,518)
	(174,554,593)	(146,439,599)
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	518,518,754
Received during the year	-	2,500,000
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		
Balance at beginning	366,063,944	366,063,944
During the year	-	-
	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 CONTINGENCIES AND COMMITMENTS		
9.1 Contingencies		
Bank guarantee	1,512,000	31,088,000
9.1.1 The bank guarantees have been issued in favor of Excise, Sales tax and others.		
9.1.2 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.		
9.1.3 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.		
9.1.4 Al-Abid Silk Mills Limited (Company) has filed suit No. B-42/2013 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/-.		
9.1.5 United Bank Ltd has filed suit No. B-93 of 2012 against the company for recovery of outstanding loan amounting to Rs. 606,855,202/- . A settlement agreement has been reached at Rs.138,387,750/- and subsequently, the liability has been settled off with the financial institution and paid full and final during the month of January, 2020.		
9.1.6 Habib Bank Limited has filed suit No. B-96 of 2012 against the company for recovery of outstanding loan amounting to Rs. 812,482,558/- . A settlement agreement has been reached at Rs.275,006,750/- and subsequently, the liability has been settled off with the financial institution and paid full and final during the month of January, 2020.		

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- 9.1.7 Meezan Bank Ltd. Suit No. B-58 of 2013 against the company for recovery of outstanding loan amounting to Rs. 546,667,987/-. To settle this, a master settlement agreement has been entered into and subsequently, the liability has been settled off with the financial institution and paid full and final during the month of January, 2020.
- 9.1.8 Faysal Bank Ltd has filed suit no. B-80 of 2013 against the company for recovery of outstanding loan amounting to Rs. 763,724,270/-. A settlement agreement has been reached at Rs.232,000,000/-.
- 9.1.9 Summit Bank Ltd. has filed Suit No. B-84 of 2013 against the Company for recovery of outstanding loan amounting to Rs. 433,796,294/-. To settle this, a master settlement agreement has been entered into and subsequently, the liability has been settled off with the financial institution and paid full and final during the month of January, 2020.
- 9.1.10 Bank of Punjab has filed suit No. B-95 of 2013 against the Company for recovery of outstanding loan amounting to Rs. 434,399,948/-.
- 9.1.11 PAIR Investment Co.Ltd. has filed suit No. B-111 of 2013 against the Company for recovery of outstanding loan amounting to Rs. 171,460,949/-.
- 9.1.12 Allied Bank Ltd. has filed suit No. 26 of 2017 against the Company for recovery of outstanding loan amounting to Rs. 77,676,831/-. To settle this, a master settlement agreement has been entered into and subsequently, the liability has been settled off with the financial institution and paid full and final during the month of January, 2020.
- 9.1.13 National Bank of Pakistan has filed suit No. B-26 of 2017 against the Company for recovery of outstanding loan amounting to Rs.948,140,145/-.
- 9.1.14 Habib Metropolitan Bank Limited has filed suit no B-38/2015 against the Company for recovery of outstanding loan amounting to Rs. 773,496,075/-. A settlement agreement has been reached at Rs.195.729 million and subsequently, the liability has been settled off with the financial institution and paid full and final during the month of January, 2020.
- The amount mentioned on above note 9.1.4 to 9.1.14 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 note 9.1.4 to 9.1.14 cannot be predicted and the management is vigorously contesting the case, however major amount has already been provided in financial statements.
- 9.1.15 Various suppliers and other financial institutions have filed the suits against the company and the outcome of the cases cannot be predicted but management is vigorously contesting the case.
- 9.1.16 Various ex-workers filed suits 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.
- 9.2 Commitments:
There are no commitments as at period end. (June 2019: Nil).

	Note	December 31, 2019 Rupees (Un-Audited)	June 30, 2019 Rupees (Audited)
10 PROPERTY, PLANT AND EQUIPMENT			
Operating Fixed Assets	10.1	1,686,643,027	1,752,025,427
Capital Work in Progress - DDFC Boiler		16,800,000	16,800,000
		<u>1,703,443,027</u>	<u>1,768,825,427</u>
10.1 Operating Fixed Assets			
Opening written down value		1,752,025,427	1,925,348,701
Additions		-	-
Deletions		(17,325,000)	(61,880,000)
Surplus/(impairment) during the period/year		2,771,476	6,850,696
Depreciation		<u>(50,828,876)</u>	<u>(118,293,970)</u>
		<u>1,686,643,027</u>	<u>1,752,025,427</u>

	Dec 31, 2019 Rupees (Un-Audited)	Dec 31, 2018 Rupees (Un-Audited)	Dec 31, 2019 Rupees (Un-Audited)	Dec 31, 2018 Rupees (Un-Audited)
11 LOSS PER SHARE - BASIC AND DILUTED				
11.1 LOSS PER SHARE				
Loss after taxation	Rupees	(57,423,988)	(51,974,105)	(28,417,577)
Weighted average number of	Number	13,409,550	13,409,550	13,409,550
Basic loss per share	Rupees	<u>(4.28)</u>	<u>(3.88)</u>	<u>(2.12)</u>
				<u>(0.75)</u>

11.2 Diluted earnings per share
There is no dilution effect on the basic loss per share of the company.

12 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.

13 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 six month period ended December 31, 2019 i.e. Mr. Naseem A. Sattar Rs. 5,250,000 and Mr. Azim Ahmed Rs. 2,700,000. (2018: Mr. Naseem A. Sattar Rs. 5,250,000) and (Mr. Azim Ahmed Rs. 2,700,000).

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14 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, 2019 the Company has no financial instruments that falls into any of the above category.

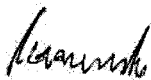
15 DATE OF AUTHORISATION FOR ISSUE

These interim financial statements were approved and authorized for issue in the Board of Directors' meeting held on February 26, 2020.

16 GENERAL

16.1 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.

16.2 Figures for the quarters ended December 31, 2018 and December 31, 2017, as reported on this interim financial statements have not been subject to limited scope review by the external auditors.



Chief Executive Officer



Director



Chief Financial Officer