

REPORT AND ACCOUNTS  
FOR THE HALF YEAR ENDED  
DECEMBER 31, 2015

**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

<b>BOARD OF DIRECTORS</b>	Mr. S.M. Jawed Azam Mr. Naseem A. Sattar Mr. Azim Ahmed Mr. Qamar Mashkoo 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.)
<b>SECRETARY</b>	Mr. Nasim Ahmed	
<b>AUDIT COMMITTEE</b>	Mr. Qamar Mashkoo Mr. Muhammad Sajid Hafeez Mr. S.M. Jawed Azam	Chairman Member Member
<b>HUMAN RESOURCE AND REMUNERATION COMMITTEE</b>	Mr. Muhammad Sajid Hafeez Mr. Naseem A. Sattar Mr. Qamar Mashkoo	Chairman Member Member
<b>AUDITORS</b>	Muniff Ziauddin & Co., Chartered Accountants	
<b>REGISTRAR</b>	(b) Jwaffs Registrar Services (Pvt) Ltd. 505, 5th Floor, Kashif Centre, Near Hotel Mehran, Main Shahrah-e-Faisal, Karachi.	
<b>BANKERS</b>	Allied Bank Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited JS Bank Limited Meezan Bank Limited National Bank of Pakistan Orix Leasing Pakistan Ltd. 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	
<b>REGISTERED OFFICE</b>	A-39, S.I.T.E., Manghopir Road, Karachi.	
<b>MILLS</b>	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 presents the condensed interim financial statements of the company for the half year ended December 31, 2015.

During the half year ended the company did not do any processing business as the plant is undergoing extensive maintenance, hence there was no sales recorded during the half year ended December 31, 2015 as against Rs. 168.38 million during the corresponding period of last financial year. The Cost of Sales amounting to Rs. 182.87 million comprises of only depreciation charged during the stipulated period. Hence, the gross loss for the period stands at Rs. 182.87 million as compared to the previous year's Rs. 243.72 million. Accordingly the net loss for the period ended stood at Rs. 205.52 million as compared to the previous year's net loss of Rs. 287.30 million.

### FUTURE OUTLOOK:

As informed earlier that the Company is in actively negotiation with the customers who have large-scale retail stores in the international and local market, in the meantime fresh inquiries from our international customers are being received and expected to materialize by the end of the year.

Meanwhile, the company is still carrying out the maintenance process of the plant so that the same could be run efficiently in the future.

In the end, your Directors are pleased to appreciate for the services rendered by the workers, staff and executives of the company and look forward for their continued hard work with full dedication. We also thank all our well wishers and valued shareholders.

Thanks to all of you.

For and on behalf of the  
Board of Directors

February 29, 2016

**(NASEEM A. SATTAR)**  
Chief Executive Officer

# AL-ABID SILK MILLS LIMITED

## AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

### Introduction

We have reviewed the accompanying condensed interim balance sheet of Al-Abid Silk Mills Limited (the Company) as at December 31, 2015 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as "the condensed interim financial information") of the six months period then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to draw a conclusion on this condensed interim financial information based on our review.

The figures of the condensed interim profit and loss account for the quarters ended December 31, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015.

### Scope of Review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Basis of Adverse Conclusion

(i) During the period ended December 31, 2015, the Company sustained after tax loss of Rs. 205.518 million and its accumulated loss stood at Rs. 6,346.215 million which has eroded its equity to an adverse balance of Rs. 5,839.285 million before surplus on revaluation of fixed assets of Rs. 3,082.569 million and, as of that date Company's current liabilities exceeded its current assets by Rs. 6,055.769 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 condensed interim financial information have been prepared on a going concern basis however, in our opinion, management's use of the going concern assumption in the condensed interim financial information is inappropriate.

# AL-ABID SILK MILLS LIMITED

- (ii) As mentioned in note 1.1 to the condensed interim financial information, the restructuring of financial facilities is under process with various banks and financial institutions. However, as disclosed in the same note, all lenders have gone into litigation for repayment of liabilities and sale of the company's hypothecated/mortgaged properties.
- (iii) We have not received direct bank confirmations from the banks and financial institutions for short term loans amounting to Rs. 5,034.787 million. Moreover, we have not received direct confirmation from trade and other creditors and various leasing companies amounting to Rs. 1,069.73 million and Rs. 39.63 million respectively.
- (iv) The Company has not recorded markup on finances obtained from banks amounting to Rs. 265.137 million on the plea of restructuring negotiation/litigation with the respective banks. Had the provision of mark-up been made in the financial statements, the loss for the current period would have been higher by Rs. 265.137 million and accumulated loss and mark-up payable would have been higher by Rs. 265.137 and shareholders' equity would have been lower by the same amount.
- (v) The interest free loan from director amounting to Rs. 475.619 million is being shown at historical cost in contravention with the requirements of IAS-39 which require the same to be recorded at fair value or amortised cost as appropriate with an impact on income through profit and loss account.
- (vi) The Company has not carried out actuarial valuation, as required by International Accounting Standards-19 Employee Benefits, in respect of staff retirement benefits payable to employees.
- (vii) The recoverable amount of surplus on revaluation of fixed assets as shown in note 5 of the financial statements is dependent upon continued operation of the company.

## **Adverse Conclusion**

Our review indicates that, because of the matters as described in the preceding paragraphs, this condensed interim financial information does not present fairly, in all material respects, the financial position of the company as at December 31, 2015, 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.

Karachi

February 29, 2016

MUNIFFZIAUDDIN & CO.

**(SOHAIL SALEEM)**  
Chartered Accountants

# AL-ABID SILK

## CONDENSED INTERIM BALANCE SHEET

Note	December 2015 (Un-Audited)	June 2015 (Rupees) Restated	June 2014 Restated
<b>EQUITY &amp; LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital			
20,000,000 Ordinary Shares of Rs. 10/- each	200,000,000	200,000,000	200,000,000
Issued, subscribed and paid-up capital	134,095,500	134,095,500	134,095,500
<b>Reserves</b>			
Capital reserve	372,834,000	372,834,000	372,834,000
Accumulated loss	(6,346,214,690)	(6,233,862,482)	(5,897,634,145)
	(5,973,380,690)	(5,861,028,482)	(5,524,800,145)
<b>Shareholder's equity</b>	<b>(5,839,285,190)</b>	<b>(5,726,932,962)</b>	<b>(5,390,704,645)</b>
Surplus on revaluation of fixed assets	5 3,082,569,069	3,174,437,762	3,374,755,993
<b>LIABILITIES</b>			
<b>NON- CURRENT LIABILITIES</b>			
Loan from director - unsecured	6 475,618,754	466,018,754	445,768,754
Long term loan from banks	-	-	-
Liabilities against assets subject to finance lease	-	-	-
Deferred Taxation	7 406,024,114	404,503,865	399,993,045
Retirement benefits	7,432,450	14,265,760	22,384,770
	889,075,318	884,788,379	868,146,569
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
Trade and other payables	1,069,729,506	1,060,408,168	1,014,878,695
Accrued markup	240,815,938	240,815,938	240,815,938
Current maturity of long term loans - and Lease Liability	67,118,820	67,118,820	73,072,920
Short term finances	5,034,787,523	5,034,787,523	5,034,787,523
	6,412,451,787	6,403,130,449	6,363,555,076
<b>CONTINGENCIES AND COMMITMENTS</b>	8		
	<b>4,544,810,984</b>	<b>4,735,423,608</b>	<b>5,215,752,993</b>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

Chief Executive Officer

# MILLS LIMITED

AS AT DECEMBER 31, 2015

Note	December 2015	June 2015	June 2014	
	(Un-Audited)	(Rupees) Restated	Restated	
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	9	4,186,181,819	4,374,712,766	4,801,771,325
Long term security deposit		1,946,645	1,946,645	1,946,645
<b>CURRENT ASSETS</b>				
Stores and spares		81,492,512	81,492,512	89,886,713
Stock in trade		18,189,966	18,189,966	30,997,375
Trade debts		6,777,482	8,142,154	33,643,479
Loans and advances		9,271,498	9,330,612	12,392,083
Trade deposits and prepayments		6,311,810	6,311,810	7,811,810
Other receivables		165,167,887	165,167,887	170,493,463
Tax refunds due from government		59,857,870	59,817,553	58,471,592
Cash and bank balances		9,613,495	10,311,703	8,338,508
		<b>356,682,520</b>	358,764,197	412,035,023
<hr/>				
		<b>4,544,810,984</b>	4,735,423,608	5,215,752,993

Director



# AL-ABID SILK MILLS LIMITED

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Unaudited) FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Note	SIX MONTHS PERIOD ENDED		THREE MONTHS PERIOD ENDED	
		Jul-Dec 2015 Rupees	Jul-Dec 2014 Rupees	Oct-Dec 2015 Rupees	Oct-Dec 2014 Rupees
Sales and services	10	-	168,382,540	-	82,003,135
Cost of sales		182,869,331	412,105,511	91,434,664	192,908,545
<b>Gross loss</b>		<b>(182,869,331)</b>	<b>(243,722,971)</b>	<b>(91,434,664)</b>	<b>(110,905,410)</b>
<b>Operating expenses</b>					
Distribution cost		-	6,038,124	-	3,328,161
Administrative expenses		20,342,415	34,934,426	12,814,494	14,943,558
		20,342,415	40,972,550	12,814,494	18,271,719
		<b>(203,211,746)</b>	<b>(284,695,521)</b>	<b>(104,249,158)</b>	<b>(129,177,129)</b>
Other income	11	532,783	2,613,347	-	-
<b>Loss from operations</b>		<b>(202,678,963)</b>	<b>(282,082,174)</b>	<b>(104,249,158)</b>	<b>(129,177,129)</b>
Finance cost	12	21,689	107,694	18,004	94,867
<b>Loss before taxation</b>		<b>(202,700,652)</b>	<b>(282,189,868)</b>	<b>(104,267,162)</b>	<b>(129,271,996)</b>
Taxation - net	13	2,817,471	5,110,250	2,497,456	5,110,250
<b>Loss after taxation</b>		<b>(205,518,123)</b>	<b>(287,300,118)</b>	<b>(106,764,618)</b>	<b>(134,382,246)</b>
<b>Loss per share - basic and diluted</b>	14	<b>(15.33)</b>	<b>(21.43)</b>	<b>(7.96)</b>	<b>(10.02)</b>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Director

# AL-ABID SILK MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Unaudited) FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	SIX MONTHS PERIOD ENDED		THREE MONTHS PERIOD ENDED	
	Jul-Dec 15 Rupees	Jul-Dec 14 Rupees Restated	Oct-Dec 2015 Rupees	Oct-Dec 2014 Rupees Restated
Loss after taxation	(205,518,123)	(287,300,118)	(106,764,618)	(134,382,246)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation- net of tax	93,165,915	100,462,096	47,272,858	50,230,949
Total comprehensive Loss	<u>(112,352,208)</u>	<u>(186,838,022)</u>	<u>(59,491,760)</u>	<u>(84,151,297)</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

# AL-ABID SILK MILLS LIMITED

## CONDENSED INTERIM CASH FLOW STATEMENT (Unaudited) FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Jul-Dec 2015 Rupees	Jul-Dec 2014 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(202,700,652)	(282,189,868)
<b>Adjustments for:</b>		
Depreciation	188,063,730	209,572,732
Provision for gratuity	164,000	40,000
Gain on disposal of property, plant and equipment	(532,783)	(2,613,347)
	187,694,947	206,999,385
<b>(Decrease) / Increase in current assets:</b>		
Stores and spares	-	1,456,354
Stock in trade	-	(1,981,937)
Trade debtors	1,364,672	(1,163,665)
Loan and advances	59,114	1,771,755
Trade deposits and prepayments	-	509,144
Other receivables	-	2,943,888
Tax refunds due from government	-	(159,347)
	1,423,786	3,376,192
<b>Increase / (Decrease) in current liabilities:</b>		
Trade and other payable	9,321,338	56,686,278
	9,321,338	56,686,278
Cash used in generated from operations	(4,260,581)	(15,128,013)
Taxes paid	(40,317)	(585,987)
Staff gratuity paid	(6,997,310)	(90,000)
Net cash outflow from operations	(11,298,208)	(15,804,000)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of fixed assets	1,000,000	7,713,600
Net cash generated from investing activities	1,000,000	7,713,600
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds of loan from directors	9,600,000	11,700,000
Payments of obligation under finance lease	-	(2,850,588)
Net cash inflow from financing activities	9,600,000	8,849,412
<b>Net (decrease) / increase in cash and cash equivalents</b>	(698,208)	759,012
<b>Cash and cash equivalents at the beginning of the period</b>	10,311,703	8,338,508
<b>Cash and cash equivalents at the end of the period</b>	9,613,495	9,097,520

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

# AL-ABID SILK MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited) FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Share Capital	Capital Reserve	Accumulated Loss	Total
	Rupees			
<b>Balance as at June 30, 2014 restated</b>	134,095,500	372,834,000	(5,897,634,145)	(5,390,704,645)
Loss after tax for the six months ended December 31, 2014	-	-	(287,300,118)	(287,300,118)
Correction due to change in tax rate	-	-	(1,817,673)	(1,817,673)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	101,976,788	101,976,788
<b>Balance as at December 31, 2014 restated</b>	<b>134,095,500</b>	<b>372,834,000</b>	<b>(6,084,775,148)</b>	<b>(5,577,845,648)</b>
<b>Balance as at June 30, 2015 restated</b>	<b>134,095,500</b>	<b>372,834,000</b>	<b>(6,233,862,482)</b>	<b>(5,726,932,982)</b>
Loss after tax for the six months ended December 31, 2015	-	-	(205,518,123)	(205,518,123)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	93,165,915	93,165,915
<b>Balance as at December 31, 2015</b>	<b>134,095,500</b>	<b>372,834,000</b>	<b>(6,346,214,690)</b>	<b>(5,839,285,190)</b>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

# AL-ABID SILK MILLS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (Unaudited) FOR THE HALF YEAR ENDED DECEMBER 31, 2015

### 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 (Pakistan Stock Exchange Limited with effect from January 11, 2016). 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.

### 1.1 GOING CONCERN ASSUMPTIONS

As a result of constant losses, the company's equity is in negative by Rs. 5.84 billion while the reported current liabilities (since partly under litigation) have exceeded to current assets of the company by Rs. 6.06 billion. However, the company has undertaken various steps in order to turn around the company. The brief update on these steps is given below:

#### (i) Recapturing foreign market

The Company has recently been in correspondence with major foreign buyers to restart business with them and due to the Company's past performance and global image strength, these prospective buyers are willing to restart business with the Company. The management of the Company expects that within next financial year the Company will be able to start exporting again. The export business will add to the production and will help in eliminating losses being incurred in local production.

#### (ii) Capturing local market share

The Company was engaged in export business for last several years and was dealing with the international customers of good repute. There was nominal business in the local market merely for selling of rejected and leftover goods under the range of 5%. The Company has started local fabric processing business in order to cover maximum possible fixed costs but still production volume is not upto the mark level. Since the management has fully concentrated its attention for getting maximum business, it seems that the company may succeed to achieve optimum level of production by the end of the next financial year.

#### (iii) Reduction in fixed costs

Reluctantly, the management has to retrench most of their men power strength considering current level of business. Furthermore, various steps have also been taken for resource conservations, effective utilization of natural resources and raw materials which are being successfully implemented. Accordingly, partial outcomes of these steps have been arrived at whereas its full impact will be screened during the finalization of upcoming quarterly and yearly financial statements.

#### (iv) Rescheduling of credit facilities with the banks

The management has already requested all of the banks and DFIs collectively and individually, to reschedule its credit facilities for a longer period coupled with fresh additional working capital facility. Most unfortunately, banks' response time is quite slow due to following up their internal procedures and systems. Meanwhile, the banks and DFI have already filed civil recovery suits in Honorable High Court and Banking Court for recovery of their lent fund. The Company has already filed leave to defend in the court against all such legal suits. The management is confident and believes that in ultimate analysis an amicably out of the court settlement will be reached and approval of rescheduling with other banks including fresh financing which is essential requirement for resumption of export business will be finalized. Furthermore, the company has not accrued the markup of Rs. 265.137 million as matter is under negotiations with the banks and DFIs.

In view of 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.

# AL-ABID SILK MILLS LIMITED

## 2 BASIS OF PREPARATION

- 2.1 This condensed interim financial information of the company for the half year ended December 31, 2015 is unaudited and has been prepared in accordance with the requirements of the International Accounting standard 34- 'Interim Financial Reporting' and provisions of and directives issued under the companies ordinance 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. The figures for the half year ended December 31 2015 have, however, been subjected to limited scope review by the auditors as required by the Code Of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30,2015.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2015.

There are certain new International Financial Reporting Standards (standards) , amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2015. These considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in this condensed interim financial information.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

- 4.1 The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.
- 4.2 In preparing this condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited annual financial statements for the year ended June 30, 2015.

## 5 SURPLUS ON REVALUATION OF FIXED ASSETS

	December 31, 2015 Rupees (Unaudited)	June 30, 2015 Rupees (Audited)
Balance at beginning of the period / year	3,433,882,161	3,738,290,484
Less: Incremental depreciation on revalued assets for the year -	<u>(137,008,699)</u>	<u>(304,408,323)</u>
	<u>3,296,873,462</u>	<u>3,433,882,161</u>
Less: related deferred tax of:		
- balance at beginning of the year	259,444,399	363,534,491
- incremental depreciation for the period / year	(43,842,784)	(100,454,747)
- effect of change in tax rate	(1,297,222)	(3,635,345)
	<u>214,304,393</u>	<u>259,444,399</u>
Balance at end of the period / year	<u>3,082,569,069</u>	<u>3,174,437,762</u>

- 5.1 The Company has updated the revaluation of Leasehold lands, Buildings on Leasehold lands, Plant, Machinery & equipments, Furniture & Fixture, Office equipment, Electric, gas & Other Installation and Leased Plant, Machinery & equipments on June 30, 2012. The valuation has been determined by the independent valuer M/s. Anjum Adil & Associates on the basis of prevailing market rates which has resulted an increase in revaluation reserve by Rs. 3,807,350,502. The earlier valuation of Leasehold lands was carried out by the same independent valuer on August 31, 2010 and August 31, 2007 on the basis of prevailing market rates at that time.

# AL-ABID SILK MILLS LIMITED

The appraisal surplus arisen on this revaluation was credited to "Surplus on Revaluation Account" to comply with the requirements of Section 235 of the Companies Ordinance 1984. However, previously the effect of change in tax rate relating to deferred tax on revaluation surplus was not recorded as per requirements of IAS 12. This amount as a correction of error has been disclosed in this interim financial information.

As previously stated as at June 30, 2014	3,369,922,225
Effect of change in tax rate 2014	<u>4,833,768</u>
After restatement as at June 30, 2014	<u>3,374,755,993</u>

As previously stated as at June 30, 2015	3,165,968,649
Effect of change in tax rate 2014	<u>4,833,768</u>
Effect of change in tax rate 2015	<u>3,635,345</u>
After restatement as at June 30, 2015	<u>3,174,437,762</u>

	December 31, 2015 Rupees (Unaudited)	June 30, 2015 Rupees (Audited) Restated
<b>6 LOAN FROM DIRECTOR - Unsecured</b>		
Balance at beginning of the period / year	466,018,754	445,768,754
Received during the period / year	9,600,000	20,250,000
	<u>475,618,754</u>	<u>466,018,754</u>
<b>6.1</b> The above is interest free loan from director of the company.		
<b>7 DEFERRED TAXATION</b>		
Accelerated tax depreciation allowance	958,943,125	1,037,635,598
Liabilities against assets subject to finance lease	20,165,408	22,578,396
Provisions for retirement benefits	(354,496)	(365,574)
Tax credit of Unused tax losses	<u>(572,729,923)</u>	<u>(655,344,555)</u>
	<u>406,024,114</u>	<u>404,503,865</u>
<b>8 CONTINGENCIES AND COMMITMENTS</b>		
<b>8.1 Contingencies:</b>		
Bank guarantee	<u>79,834,000</u>	<u>79,834,000</u>
<b>8.1.1</b> The bank guarantees have been issued in favour of various government agencies.		
<b>8.1.2</b> 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 favour of the Company will be successfully defended in the Honorable High Court.		

# AL-ABID SILK MILLS LIMITED

- 8.1.3 JS Bank Limited has filed suit No.B-42/2013 & B-76/2013 against the company for recovery of outstanding loan amounting to Rs. 335,105,083/-.
- 8.1.4 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/-.
- 8.1.5 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/-.
- 8.1.6 Pak-Oman Investment Co. Ltd has filed suit No. 202 of 2013 against the company for recovery of outstanding loan amounting to of Rs. 46,031,519/-.
- 8.1.7 Meezan Bank Ltd. Suit No. B-58 of 2013 against the company for recovery of outstanding loan amounting to Rs. 546,667,987/-.
- 8.1.8 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/-.
- 8.1.9 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/- . The leave to defend the banking suit has been allowed and the matter will now
- 8.1.10 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/-.
- 8.1.11 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/-.
- 8.1.12 Allied Bank Ltd. has filed suit No. B-49 of 2014 against the Company for recovery of outstanding loan amounting to Rs. 76,788,194/-.
- 8.1.13 National Bank of Pakistan has filed suit no. B-66 of 2014 against the Company for recovery of outstanding loan amounting to Rs. 963,313,878/-.
- 8.1.14 Orix Leasing has filed suit no 36/2015 against the Company for recovery of outstanding loan amounting to Rs. 19,481,004/-.
- 8.1.15 Standard Chartered Bank (Pakistan) Ltd has filed suit no 04/2015 against the Company for recovery of outstanding loan amounting to Rs. 42,550,043/-.
- 8.1.16 Pak Kuwait Investment Company has filed suit no 16/2015 against the Company for recovery of outstanding loan amounting to Rs. 26,811,180/-.
- 8.1.17 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/-.

The outcome of above cases as referred in note 16.1.3 to 16.1.17 cannot be predicted and the management is vigorously contesting the case, however major amount has already been provided in financial statements.

- 8.1.18 Various suppliers have filed the suits against the company and the outcome of the cases cannot be predicted but management is vigorously contesting the case.
- 8.1.19 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.

## 8.2 Commitments:

There are no commitments as at period end (June 2015 : Nil).

	December 31, 2015 Rupees (Unaudited)	June 30, 2015 Rupees (Audited)
<b>9 PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets	4,169,381,819	4,357,912,766
Capital work-in-progress	16,800,000	16,800,000
	<b>4,186,181,819</b>	<b>4,374,712,766</b>
	Jul-Dec 2015 Rupees (Unaudited)	Jul-Dec 2014 Rupees (Unaudited)
9.1 The disposals during the period as follows:		
<b>Owned assets:</b>		
Vehicles	1,475,000	12,761,701
<b>10 SALES AND SERVICES</b>		
<b>Services</b>		
Cloth Processing - Printing and dyeing	-	168,382,540



# AL-ABID SILK MILLS LIMITED

## 11 OTHER INCOME

<b>Income from non-financial assets/liabilities</b>	<b>532,783</b>	<b>2,613,347</b>
Gain on disposal of property, plant and equipment	<u>                    </u>	<u>                    </u>

## 12 FINANCE COST

The company has not accrued markup of Rs. 265.137 million for the period as the matter is under negotiations with the banks for restructuring.

	<b>Jul-Dec 2015</b>	<b>Jul-Dec 2014</b>
	<b>Rupees</b>	<b>Rupees</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>13 TAXATION</b>		
Deferred	<u>2,817,471</u>	<u>5,110,250</u>

## 14 EARNINGS / (LOSS) PER SHARE - BASIC & DILUTED

### 14.1 Basic earnings / (loss) per share

	SIX MONTH PERIOD ENDED		THREE MONTHS PERIOD ENDED	
	Jul-Dec 2015	Jul-Dec 2014	Oct-Dec 2015	Oct-Dec 2014
Loss after taxation	Rupees (205,518,123)	(287,300,118)	(106,764,618)	(134,382,246)
Weighted average number of shares	Number 13,409,550	13,409,550	13,409,550	13,409,550
Basic loss per share	Rupees (15.33)	(21.43)	(7.96)	(10.02)

### 14.2 Diluted earnings per share

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

## 15 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:

	<b>Jul-Dec 2015</b>	<b>Jul-Dec 2014</b>
	<b>Rupees</b>	<b>Rupees</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b><u>Al-Abid Silk Mills Limited</u></b>		
Key management personnel - Remuneration & Benefits	<u>-</u>	<u>875,000</u>
	<b>December 31, 2015</b>	<b>June 30, 2015</b>
	<b>Rupees</b>	<b>Rupees</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b><u>Al-Abid Exports (Private) Limited (Associated Company)</u></b>		
Outstanding balance - payable	<u>(19,974,226)</u>	<u>(19,974,226)</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.

## 16 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, 2015.

## 17 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were approved and authorized for issue in the Board of Directors' meeting held on February 29, 2016.

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director