

REPORT AND ACCOUNTS
FOR THE FIRST QUARTER ENDED
SEPTEMBER 30, 2015

AL-ABID SILK MILLS LIMITED

REGISTERED OFFICE
A-39, S.I.T.E., Manghepir 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.)
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	(a) Adam Patel & Company 34/2-F, Block-5, Clifton, Karachi. (b) Jwaffs Registrar Services (Pvt) Ltd. 505, 5th Floor, Kashif Centre, Near Hotel Mehran, Main Shahrah-e-Faisal, Karachi.	
BANKERS	Allied Bank Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited JS Bank Limited Meezan Bank Limited National Bank of Pakistan 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	
REGISTERED OFFICE	A-39, S.I.T.E., Manghopir Road, Karachi.	
MILLS	A-39, A-51 / B, A-34 / A, D-14 / C-1, A-29 / B, S.I.T.E., Karachi.	

AL-ABID SILK MILLS LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors presents the condensed interim financial statements of the company for the first quarter ended September 30, 2015.

During the quarter under review the company has not done any processing business.

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 mean time fresh inquires from our international customers are being received and expected to materialize by the end of the year. We are carrying out extensive maintenance of the plant so that we can run the plant efficiently .

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.

October 29, 2015

For and on behalf of the
Board of Directors

(NASEEM A. SATTAR)
Chief Executive Officer

AL-ABID SILK

CONDENSED INTERIM BALANCE SHEET

Note	September 2015	June 2015
	(Un-Audited)	(Audited)
EQUITY & LIABILITIES		
SHARE CAPITAL AND RESERVES		
	Authorised capital	
	20,000,000 Ordinary Shares of Rs. 10/- each	
	Issued, subscribed and paid-up capital	
	200,000,000	200,000,000
	134,095,500	134,095,500
Reserves		
	Capital reserve	
	Accumulated loss	
	372,834,000	372,834,000
	(6,278,253,817)	(6,225,393,369)
	(5,905,419,817)	(5,852,559,369)
Shareholder's equity		
	Surplus on revaluation of fixed assets	
5	3,120,075,592	3,165,968,649
LIABILITIES		
NON- CURRENT LIABILITIES		
	Loan from director - unsecured	
	Long term loan from banks	
	Liabilities against assets subject to finance lease	
	Deferred Taxation	
	Retirement benefits	
6	468,318,754	466,018,754
	-	-
	-	-
	404,823,880	404,503,865
	7,341,410	14,265,760
	880,484,044	884,788,379
CURRENT LIABILITIES AND PROVISIONS		
	Trade and other payables	
	Accrued markup	
	Current maturity of long term loans	
	- and Lease Liability	
	Short term finances	
	1,069,197,106	1,060,408,168
	240,815,938	240,815,938
	67,118,820	67,118,820
	5,034,787,523	5,034,787,523
	6,411,919,387	6,403,130,449
CONTINGENCIES AND COMMITMENTS		
7	-	-
	4,641,154,706	4,735,423,608

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

Naseem A. Sattar
Chief Executive Officer

MILLS LIMITED

AS AT SEPTEMBER 30, 2015

		September 2015	June 2015
	Note	(Rupees)	(Rupees)
		(Un-Audited)	(Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	4,280,205,631	4,374,712,766
Long term security deposit		1,946,645	1,946,645
CURRENT ASSETS			
Stores and spares		81,492,512	81,492,512
Stock in trade		18,189,966	18,189,966
Trade debts		8,142,154	8,142,154
Loans and advances		9,330,612	9,330,612
Trade deposits and prepayments		6,311,810	6,311,810
Other receivables		165,167,887	165,167,887
Tax refunds due from government		59,875,752	59,817,553
Cash and bank balances		10,491,737	10,311,703
		359,002,430	358,764,197
		4,641,154,706	4,735,423,608

Qamar Mashkoor
Director

AL-ABID SILK MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Unaudited)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015

	Note	Jul-Sep 2015 Rupees	Jul-Sep 2014 Rupees
Sales and services	9	-	86,379,405
Cost of sales		91,434,667	219,196,966
Gross loss		(91,434,667)	(132,817,561)
Operating expenses			
Distribution cost		-	2,709,963
Administrative expenses		7,527,921	19,990,868
		7,527,921	22,700,831
		(98,962,588)	(155,518,392)
Other income	10	532,783	2,613,347
Loss from operations		(98,429,805)	(152,905,045)
Finance cost		3,685	12,827
Loss before taxation		(98,433,490)	(152,917,872)
Taxation - net	12	320,015	-
Loss after taxation		(98,753,505)	(152,917,872)
Loss per share - basic and diluted	13	(7.36)	(11.40)

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

Naseem A. Sattar
Chief Executive Officer

Gamar Mashkoor
Director

AL-ABID SILK MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015

	Jul-Sep 15 Rupees	Jul-Sep 14 Rupees
Loss after taxation	(98,753,505)	(152,917,872)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	45,893,057	50,231,147
Total Comprehensive Loss	<u>(52,860,448)</u>	<u>(102,686,725)</u>

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

Naseem A. Sattar
Chief Executive Officer

Gamar Mashkoor
Director

**CONDENSED INTERIM CASH FLOW STATEMENT I (Unaudited)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015**

	Jul-Sep 2015	Jul-Sep 2014
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(98,433,490)	(152,917,872)
Adjustments for:		
Depreciation	94,039,918	104,821,233
Provision for gratuity	49,500	20,000
(Gain) / Loss on disposal of property, plant and equipment	(532,783)	(2,613,347)
	93,556,635	102,227,886
(Increase) / decrease in current assets:		
Stores and spares	-	(67,025)
Stock in trade	-	(2,282,855)
Trade debtors	-	(1,295,540)
Loan and advances	-	526,513
Other receivables	-	2,943,888
Tax refunds due from government	(31,690)	15,977
	(31,690)	(159,042)
Increase / (Decrease) in current liabilities:		
Trade and other payable	8,788,938	35,409,905
	8,788,938	35,409,905
Cash used in generated from operations	3,880,393	(15,439,123)
Taxes paid	(26,509)	(33,300)
Staff gratuity paid	(6,973,850)	(90,000)
Net cash outflow from operations	(3,119,966)	(15,562,423)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of fixed assets	1,000,000	7,713,600
Net cash (used in) / generated from investing activities	1,000,000	7,713,600
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds of loan from directors	2,300,000	10,500,000
Payments of obligation under finance lease	-	(2,850,588)
Net cash inflow from financing activities	2,300,000	7,649,412
Net increase (decrease) in cash and cash equivalents	180,034	(199,411)
Cash and cash equivalents at the beginning of the year	10,311,703	8,338,508
Cash and cash equivalents at the end of the period	10,491,737	8,139,097

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

Naseem A. Sattar
Chief Executive Officer

Gamar Mashkoor
Director

AL-ABID SILK MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited) FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015

	Share Capital	Capital Reserve	Accumulated Loss	Total
	Rupees			
Balance as at June 30, 2014	134,095,500	372,834,000	(5,892,800,377)	(5,385,870,877)
Loss for the three months period ended September 30, 2014	-	-	(152,917,872)	(152,917,872)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	50,231,147	50,231,147
Balance as at September 30, 2014	134,095,500	372,834,000	(5,995,487,102)	(5,488,557,602)
Balance as at June 30, 2015	134,095,500	372,834,000	(6,225,393,369)	(5,718,463,869)
Loss for the three months period ended September 30, 2015	-	-	(98,753,505)	(98,753,505)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	45,893,057	45,893,057
Balance as at September 30, 2015	134,095,500	372,834,000	(6,278,253,817)	(5,771,324,317)

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

Naseem A. Sattar
Chief Executive Officer

Qamar Mashkoor
Director

AL-ABID SILK MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (Unaudited) FOR THE THREE MONTHS ENDED SEPTEMBER 30, 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. 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. 5.768 billion while the reported current liabilities (since partly under litigation) have exceeded to current assets of the company by Rs. 6.050 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 half 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. 135.21 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 The condensed interim financial information of the Company for the three months ended September 30, 2015 is unaudited and being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984 (the Ordinance) and the listing regulations of the Karachi and Lahore stock exchanges and has been prepared in accordance with the requirements of the International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) and provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP) under the Ordinance. Wherever the requirements of IAS 34 differ from the requirements of the Ordinance or directives issued by the SECP, the Ordinance and the said directives have been followed.

2.2 The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2015.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

4.1 The estimates / judgments and associated assumptions used in the preparation of the condensed interim financial information are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

4.2 In the preparation of these condensed interim financial information, the significant judgment made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to annual audited financial statements of the Company for the year ended June 30, 2014

5 SURPLUS ON REVALUATION OF FIXED ASSETS

	September 30, 2015	June 30, 2015
	Rupees	Rupees
	(Unaudited)	(Audited)
Balance at beginning of the period / year	3,165,968,649	3,369,922,225
Less: Incremental depreciation on revalued assets for the year -	(45,893,057)	(203,953,576)
	<u>3,120,075,592</u>	<u>3,165,968,649</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.

	September 30, 2015	June 30, 2015
	Rupees	Rupees
	(Unaudited)	(Audited)
Balance at beginning of the period / year	466,018,754	445,768,754
Received during the period / year	2,300,000	20,250,000
	<u>468,318,754</u>	<u>466,018,754</u>

6.1 The above is interest free loan from director of the company.

Bank guarantee

79,834,000

79,834,000

- 7.1.1 The bank guarantees have been issued in favour of various government agencies.
- 7.1.2 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.
- 7.1.3 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/-.
- 7.1.4 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/-.
- 7.1.5 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/-.
- 7.1.6 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/-.
- 7.1.7 Meezan Bank Ltd. Suit No. B-58 of 2013 against the company for recovery of outstanding loan amounting to Rs. 546,667,987/-.
- 7.1.8 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/-.
- 7.1.9 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
- 7.1.10 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/-.
- 7.1.11 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/-.
- 7.1.12 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/-.
- 7.1.13 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/-.
- 7.1.14 Orix Leasing has filed suit no 36/2015 against the Company for recovery of outstanding loan amounting to Rs. 19,481,004/-.
- 7.1.15 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/-.
- 7.1.16 Pak Kuwait Investment Company has filed suit no 16/2015 against the Company for recovery of outstanding loan amounting to Rs. 26,811,180/-.
- The outcome of above cases as referred in note 7.1.3 to 7.1.16 cannot be predicted and the management is vigorously contesting the case, however major amount has already been provided in financial statements.
- 7.1.17 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.
- 7.1.18 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.

7.2 Commitments:

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

AL-ABID SILK MILLS LIMITED

		September 30, 2015	June 30, 2014
		Rupees (Unaudited)	Rupees (Audited)
8	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	4,263,405,631	4,357,912,766
	Capital work-in-progress	16,800,000	16,800,000
		<u>4,280,205,631</u>	<u>4,374,712,766</u>
		Jul-Sep 2015	Jul-Sep 2014
		Rupees (Unaudited)	Rupees (Unaudited)
8.1	The disposals during the period as follows:		
	Owned assets:		
	Vehicles	1,475,000	12,761,791
9	SALES AND SERVICES		
	Services		
	Cloth Processing - Printing and dyeing	-	86,379,405
10	OTHER INCOME		
	Income from non-financial assets/liabilities		
	Gain on disposal of property, plant and equipment	532,783	2,613,347
11	FINANCE COST		
	The company has not accrued markup of Rs. 135.21 million for the period as the matter is under negotiations with the banks for restructuring.		
12	TAXATION		
	Deferred	320,015	-
		<u>320,015</u>	<u>-</u>
13	EARNINGS / (LOSS) PER SHARE - BASIC & DILUTED		
13.1	Basic earnings / (loss) per share	Jul-Sep 2015	Jul-Sep 2014
	Loss after taxation	Rupees <u>(98,753,505)</u>	(152,917,872)
	Weighted average number of shares	Number <u>13,409,550</u>	13,409,550
	Basic loss per share	Rupees <u>(7.36)</u>	(11.40)
13.2	Diluted earnings per share		
	There is no dilution effect on the basic earnings per share of the company.		
14	TRANSACTIONS WITH RELATED PARTIES		
	The related parties comprise associated undertakings, other related companies and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these condensed interim financial information are as follows:		
		Jul-Sep 15	Jul-Sep 14
		Rupees (Unaudited)	Rupees (Unaudited)
	<u>Al-Abid Silk Mills Limited</u>		
	Key management personnel - Remuneration & Benefits	-	2,625,000

September 30, 2015	June 30, 2015
Rupees	Rupees
(Unaudited)	(Audited)

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

Outstanding balance - payable

(19,974,226)

(19,974,226)

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 September 29, 2015.

Naseem A. Sattar
Chief Executive Officer

Qamar Mashkooor
Director