

**REPORT AND ACCOUNTS
FOR THE NINE MONTHS ENDED
MARCH 31, 2012**

AL-ABID SILK MILLS LIMITED

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

AL-ABID SILK MILLS LIMITED

CONTENTS

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

AL-ABID SILK MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Naseem A. Sattar	Chairman & Chief Executive
	Mr. Azim Ahmed	Director
	Mrs. Zarina Naseem	Director
	Mst. Adia Naseem	Director
	Mrs. Sadaf Nadeem	Director
	Mrs. Reena Azim	Director
	Mrs. Asra Amir	Director

Syed Raza Abbas Jaffari Nominee Director (N.I.T.)

SECRETARY Mr. Muhammad Kashif

AUDIT COMMITTEE	Mr. Naseem A. Sattar	Chairman
	Mrs. Zarina Naseem	Member
	Mst. Adia Naseem	Member

AUDITORS Muniff Ziauddin Junaidy & Co.
Chartered Accountants

REGISTRARS

(a) Adam Patel & Company
34/2-F, Block-5, Clifton, Karachi.

(b) Gangjees Associates (For C.D.C. Purpose)
516, Clifton Centre, Khayaban-e-Roomi,
Kehkashan, Block-5, Clifton, Karachi.

BANKERS

Allied Bank Limited
Bank Islami Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Pak Oman Investment Company Limited
Pak Kuwait Investment Company (Private) Limited
PAIR Investment Company Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
The Bank of Punjab
United Bank Limited

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

MILLS

A-39,
A-51 / B,
A-34 / A,
D-14 / C-1,
A-29 / B,
S.I.T.E., Karachi.

AL-ABID SILK MILLS LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors is pleased to present the condensed interim financial statements for the nine months period ended March 31, 2012.

Textile industry of Pakistan particularly home textile segment is undergoing through extremely distressed situation in the history and constantly facing difficulties. The main reasons deteriorating the industry are continued poor law and order conditions, uncertain political situation, double digit inflation, lack of conducive government policies, gas shortages in spite of mounting gas tariff and impending problem with KESC over supply of power. Besides, slow consumer demand of our products in the international markets owing to Euro crises in Europe and recessionary tendencies still prevailing in US market have further aggravated the depressed situation. Comparatively, lower input cost of competing countries and their government's support also shifted export business to Bangladesh & Turkey from Pakistan.

During the period under the review, the total turnover of the company amounted to Rs. 6.01 billion as against Rs. 7.46 billion when compared with the corresponding period of last financial year. The company registered losses of Rs. 765.48 million as against net profit of Rs. 52.60 million earned during the corresponding period of last financial year. Substantial drop in the turnover of the company was due to considerable idle capacity and fewer export orders which mostly led to the huge losses.

FUTURE OUTLOOK

Instantly there appear to be no signs of improvement in the economic situation in the foreseeable future as international buyers continue deferring and canceling orders / shipments even on running contracts resulting huge and expensive inventories being piled up. Considering the entire gloomy scenario, we anticipate difficulties ahead.

Towards the end, your Directors appreciate the services rendered by its workers, staff and executives of the Company and look forward to their continued hard work with full dedication. We also acknowledge with thanks the cooperation extended by our banks and financial institutions. At the same time we thank all our well wishers and valued shareholders for their reposing confidence in us.

With profound regards,

April 27, 2012

For and on behalf of the
Board of Directors

(NASEEM A. SATTAR)
Chairman & Chief Executive

AL-ABID SILK

CONDENSED INTERIM BALANCE SHEET

	March 2012 Rupees (Un Audited)	June 2011 Rupees (Audited)
CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2012		
EQUITY & LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised capital 20,000,000 Ordinary Shares of Rs. 10/- each	200,000,000	200,000,000
Issued, subscribed and paid-up capital	134,095,500	134,095,500
Reserves		
Capital reserve	372,834,000	372,834,000
Unappropriated profit	(4,426,142)	761,057,832
	368,407,858	1,133,891,832
Shareholder's equity	502,503,358	1,267,987,332
Surplus on revaluation of fixed assets	514,699,488	514,699,488
LIABILITIES		
NON- CURRENT LIABILITIES		
Loan from director - unsecured	150,000,000	50,000,000
Long term loan from banks	10,995,403	27,488,521
Liabilities against assets subject to finance lease	43,868,360	42,108,142
Retirement benefits	57,850,894	57,156,177
	262,714,657	176,752,840
CURRENT LIABILITIES AND PROVISIONS		
Trade and other payables	3,159,677,678	3,638,014,135
Accrued markup	126,950,803	81,848,565
Current maturity of long term loans - and Lease Liability	51,927,016	43,215,321
Short term finances	3,697,300,982	3,373,595,170
	7,035,856,479	7,136,673,191
CONTINGENCIES AND COMMITMENTS		
	-	-
	8,315,773,982	9,096,112,851

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

Naseem A. Sattar
Chairman & CEO

MILLS LIMITED

AS AT MARCH 31, 2012

	March 2012 Rupees (Un Audited)	June 2011 Rupees (Audited)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	2,031,006,473	2,053,145,834
Long term security deposit	1,946,645	1,946,645
CURRENT ASSETS		
Stores and spares	151,726,494	161,040,428
Stock in trade	5,567,662,197	6,104,611,202
Trade debts	114,898,434	313,196,248
Loans and advances	22,531,334	16,979,095
Trade deposits and prepayments	34,019,919	22,966,451
Other receivables	298,842,381	317,038,844
Tax refunds due from government	56,132,941	67,722,615
Cash and bank balances	37,007,164	37,465,489
	6,282,820,864	7,041,020,372
	8,315,773,982	9,096,112,851

Azim Ahmed
Director

AL-ABID SILK MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Unaudited) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012

	NINE MONTHS PERIOD ENDED		THREE MONTHS PERIOD ENDED	
	Jul-Mar 12 Rupees	Jul-Mar 11 Rupees	Jan-Mar 12 Rupees	Jan-Mar 11 Rupees
Sales and services	6,011,538,577	7,462,556,251	1,558,839,484	2,318,760,480
Cost of sales	5,787,811,762	6,495,606,481	1,844,971,852	1,977,538,582
Gross profit / (loss)	223,726,815	966,949,770	(286,132,368)	341,221,898
Operating expenses				
Distribution cost	233,063,360	229,527,282	91,073,139	78,494,930
Administrative expenses	217,772,796	199,863,381	71,222,464	67,806,655
Other operating expenses	-	9,448,979	-	2,549,632
	450,836,156	438,839,643	162,295,603	148,851,218
	(227,109,341)	528,110,128	(448,427,971)	192,370,681
Other income	4,830,715	3,269,976	15,733	479,705
(Loss) / Profit from operations	(222,278,626)	531,380,104	(448,412,238)	192,850,386
Finance cost	482,492,882	403,143,965	157,216,370	158,248,238
(Loss) / Profit before taxation	(704,771,508)	128,236,139	(605,628,608)	34,602,148
Taxation - current	60,712,466	75,630,086	14,706,345	23,279,707
(Loss) / Profit after taxation	(765,483,974)	52,606,053	(620,334,953)	11,322,441
Other comprehensive income	-	-	-	-
Total Comprehensive (Loss) / income for the period	(765,483,974)	52,606,053	(620,334,953)	11,322,441
(Loss) / Earnings per share - basic and diluted	(57.08)	4.86	(46.26)	0.84

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

Naseem A. Sattar
Chairman & CEO

Azim Ahmed
Director

AL-ABID SILK MILLS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (Unaudited)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012

	Jul-Mar 12 Rupees	Jul-Mar 11 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(704,771,508)	128,236,139
Adjustments for:		
Depreciation	120,883,165	125,376,580
Provision for gratuity	12,848,271	11,680,245
Gain on disposal of property, plant and equipment	(3,544,834)	(1,748,969)
	130,186,602	135,307,856
Increase / (decrease) in current assets:		
Stores and spares	9,313,934	(5,140,247)
Stock in trade	536,949,005	(394,228,245)
Trade debts	198,297,814	957,393
Loan and advances	(5,552,239)	4,285,154
Trade deposits and prepayments	(11,053,468)	(15,016,288)
Other receivables	18,196,463	(110,958,536)
Tax refunds due from government	13,255,204	(6,497,914)
	759,406,713	(526,598,683)
(Decrease) / Increase in current liabilities:		
Trade and other payable	(478,336,457)	(161,622,559)
Accrued mark-up	45,102,238	9,701,310
Short term finance	323,705,811	497,363,035
	(109,528,408)	345,441,786
Cash generated from operations	75,293,399	82,387,098
Taxes paid	(62,377,996)	(75,978,006)
Staff gratuity paid	(12,153,554)	(5,960,353)
Net cash used in / generated from operations	761,849	448,739
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(105,607,750)	(46,163,546)
Proceeds from disposal of fixed assets	10,408,780	3,057,000
Net cash used in investing activities	(95,198,970)	(43,106,546)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from obligation under finance lease	29,179,000	9,517,000
Proceeds of loan from director	100,000,000	50,000,000
Repayment of loan from director	-	(98,861,281)
Proceeds from issue of ordinary share capital	-	134,095,500
Payments of obligation under finance lease	(18,707,086)	(25,336,119)
Payment of long term loans	(16,493,118)	(30,065,553)
Net cash inflow from financing activities	93,978,796	39,349,547
Net decrease in cash and cash equivalents	(458,325)	(3,308,260)
Cash and cash equivalents at the beginning of the period	37,465,489	63,686,944
Cash and cash equivalents at the end of the period	37,007,164	60,378,684

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

Naseem A. Sattar
Chairman & CEO

Azim Ahmed
Director

AL-ABID SILK MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012

	Share Capital	Capital Reserve	Unappropriated Profit	Total
	Rupees			
Balance as at June 30, 2010 (Audited)	95,782,500	257,895,000	702,423,220	1,056,100,720
Total comprehensive income for the nine months period ended March 31, 2011	-	-	52,606,053	52,606,053
Transactions with owners				
Issue of Capital - Right Shares	19,156,500	114,939,000	-	134,095,500
Bonus shares issued during the period in the ratio of 01 share for every 05 shares held	19,156,500	-	(19,156,500)	-
Balance as at March 31, 2011 (Unaudited)	134,095,500	372,834,000	735,872,772	1,242,802,272
Total comprehensive income for the three months period ended June 30, 2011	-	-	25,185,059	25,185,059
Balance as at June 30, 2011 (Audited)	134,095,500	372,834,000	761,057,832	1,267,987,332
Total comprehensive loss for the nine months period ended March 31, 2012	-	-	(765,483,974)	(765,483,974)
Balance as at March 31, 2012 (Unaudited)	134,095,500	372,834,000	(4,426,142)	502,503,358

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

Naseem A. Sattar
Chairman & CEO

Aziz Ahmed
Director

AL-ABID SILK MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Unaudited) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012

1 LEGAL STATUS AND OPERATIONS

Al-Abid Silk Mills Limited (the Company) was incorporated as a private limited company in the year 1968, later on it was converted into public limited company as on December 24, 1987 under Companies Ordinance, 1984. Currently, the shares of the Company are listed on Karachi and Lahore Stock Exchanges. The registered office is located at A-39, S.I.T.E., Manghopir Road, Karachi. The Company is principally engaged in manufacturing and processing of various kinds of fabrics and export of printed and dyed cloth, bed sets and other textile made-ups. The manufacturing facilities of the Company are located at Karachi.

2 BASIS OF PREPARATION

2.1 The condensed interim financial information of the Company for the nine months period ended March 31, 2012 is unaudited and being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984 (the Ordinance) and the listing regulations of the Karachi and Lahore stock exchanges and has been prepared in accordance with the requirements of the International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) and provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP) under the Ordinance. Wherever the requirements of IAS 34 differ from the requirements of the Ordinance or directives issued by the SECP, the Ordinance and the said directives have been followed.

2.2 The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2011.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 The principal accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the consistent with those applied in the preparation of the financial statements for the year ended June 30, 2011.

3.2 The following standards, amendments and interpretations of approved accounting standards, effective for accounting period beginning as mentioned there against are either not relevant to the Company's current operation or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

IAS 1 (Amendment), 'Presentation of financial statements'	January 1, 2011
IAS 24 (Revised), 'Related party transactions'	January 1, 2011
IAS 28 (Amendment), 'Investments in associates'	July 1, 2010
IAS 34 (Amendment), 'Interim Financial reporting'	January 1, 2011
IFRS 1 (Amendment), 'First-time adoption of International Financial Reporting Standards'	January 1, 2011
IFRS 7 (Amendment), 'Financial instruments: Disclosures'	January 1, 2011
IFRIC 13 (Amendment), 'Customer loyalty programmes'	January 1, 2011
IFRIC 14 (Amendment), 'Prepayments of a minimum funding requirement'	January 1, 2011

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.

AL-ABID SILK MILLS LIMITED

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, 2011.

5 CONTINGENCIES AND COMMITMENTS

5.1 Contingencies:

There is no significant change in contingencies from the preceding annual published financial statements of the Company for the year ended June 30, 2011.

		March 31, 2012 Rupees (Unaudited)	June 30, 2011 Rupees (Audited)
5.2	Commitments:		
	Commitments under LCs for raw materials and spares parts	<u>37,246,572</u>	<u>44,588,906</u>
6	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	2,014,206,473	2,053,145,834
	Capital work-in-progress	6.3 <u>16,800,000</u>	<u>-</u>
		<u>2,031,006,473</u>	<u>2,053,145,834</u>
		Jul-Mar 12 Rupees (Unaudited)	Jul-Mar 11 Rupees (Unaudited)
6.1	The fixed capital expenditures during the period as follows:		
	Owned assets:		
	Building on lease hold land	11,271,434	49,264,605
	Plant, machinery and equipments	36,477,995	5,927,697
	Furniture & fixture	23,016,508	6,143,456
	Office equipment	2,161,961	160,000
	Electric, gas and other installations	6,065,062	1,176,373
	Vehicles	9,814,789	9,872,900
		<u>88,807,749</u>	<u>72,545,031</u>
	Leased assets:		
	Plant, machinery and equipments	-	5,870,000
	Vehicles	-	3,647,000
		<u>-</u>	<u>9,517,000</u>
		<u>88,807,749</u>	<u>82,062,031</u>
6.2	The disposals during the period as follows:		
	Owned assets:		
	Plant, machinery and equipments	14,642,584	-
	Vehicles	3,476,405	3,797,400
		<u>18,118,989</u>	<u>3,797,400</u>
		Jul-Mar 12 Rupees (Unaudited)	Jul-Mar 11 Rupees (Unaudited)
6.3	Capital work-in-progress		
	Plant, machinery and equipments	<u>16,800,000</u>	<u>-</u>

AL-ABID SILK MILLS LIMITED

7	EARNINGS PER SHARE - BASIC & DILUTED	NINE MONTHS PERIOD ENDED		THREE MONTHS PERIOD ENDED		
		Jul-Mar 12	Jul-Mar 11	Jan-Mar 12	Jan-Mar 11	
	Total comprehensive (loss) / income for the period	Rupees	(765,483,974)	52,606,053	(620,334,953)	11,322,441
	Weighted average number of shares	Number	13,409,550	10,818,813	13,409,550	13,409,550
	Basic and diluted (loss) / earnings per share	Rupees	(57.08)	4.86	(46.26)	0.84

8 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, other related companies and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these condensed interim financial information are as follows:

	Jul-Mar 12 Rupees (Unaudited)	Jul-Mar 11 Rupees (Unaudited)
<u>Al-Abid Exports (Private) Limited (Associated Company)</u>		
Processing services rendered	3,057,993	3,793,133
Rent expense	20,952,000	20,952,000

Al-Abid Silk Mills Limited

Key management personnel - Remuneration & Benefits	11,925,000	11,925,000
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March 31, 2012 Rupees (Unaudited)	June 30, 2011 Rupees (Audited)
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Al-Abid Exports (Private) Limited (Associated Company)

Outstanding balance - payable	(2,113,578)	(2,328,000)
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The outstanding balance as at the balance sheet date is secured and the settlement terms are against the payments/receipts through normal banking channels for the transactions during the period.

9 OPERATING SEGMENT

This condensed interim financial information have been prepared on the basis of a single reportable segment.

The company does not hold non current assets in any foreign country. Revenues from external customers attributed to foreign countries in aggregate are material.

The Company has earned revenues from five (2011: five) customers aggregating Rs. 4,066 million (2011: Rs. 6,214 million) during the period which constituted 72% (2011: 86%).

10 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2011.

AL-ABID SILK MILLS LIMITED

11 DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorized for issue in the Board of Directors' meeting held on April 27, 2012.

12 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified into following heads which were previously reported under the head of 'Research and development' since there was a requirement of Ministry of Textile against the research and development support. As the said support ceased to exist consequently all expenses of Research and development have been reclassified in their respective heads as follows:

Nature of Item	Reclassification from	Reclassification to	Jul-Mar 11	Jan-Mar 11
			-----Rupees-----	
Expense	Research and development	Cost of Sales	135,426,464	37,300,870
Expense	Research and development	Distribution Cost	120,340,957	49,826,203
Expense	Research and development	Administrative Expenses	22,634,153	7,719,977

Naseem A. Sattar
Chairman & CEO

Azim Ahmed
Director

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