

*Done*

2500  
17/5/10  
AASM

*Teagan*

# **AL-ABID SILK MILLS LIMITED**

**41<sup>st</sup> ANNUAL REPORT  
2009**

# **41<sup>ST</sup> ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2009**

<b>CONTENTS</b>	<b>PAGE NO.</b>
Company Information	2
Notice of Annual General Meeting	3
Report to the Shareholders	5
Statement of Compliance with the Code of Corporate Governance	8
Review Report to the Members on Statement of Compliance with best practices of Code of Corporate Governance	10
Auditors' Report to the Members	11
Balance Sheet	12
Profit & Loss Account	14
Cash Flow Statement	15
Statement of Changes in Equity	16
Notes to the Financial Statement	17
Key Operating and Financial Data	38
Pattern of Shareholding	39
Proxy Form	

# 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. S.M. Jawed Azam

### AUDIT COMMITTEE

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

### AUDITORS

Muniff Ziauddin Junaidy & Company  
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

Askari Bank Limited  
Allied Bank Limited  
Arif Habib Bank Limited  
Bank Islami Pakistan Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
Meezan Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
The Royal Bank of Scotland  
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

## NOTICE OF MEETING

Notice is hereby given that the 41st Annual General Meeting of the Shareholders of the Company will be held at the Auditorium of the Institute of Chartered Accountants of Pakistan, G-31/8, Kehkashan, Clifton, Karachi on Wednesday, October 28, 2009 at 6.00 p.m. to transact the following business:

1. To confirm the Minutes of the 40th General Meeting of the Company held on 28th October, 2008.
2. To receive, consider and adopt the audited accounts of the Company together with the Directors' and Auditors' Reports thereon for the year ended June 30, 2009.
3. To approve payment of Final Cash Dividend at Rs. 0.75 per share i.e. 7.50% of the paid-up capital to the shareholders for the year ended June 30, 2009.
4. To appoint the Auditors for the year 2009-2010 and fix their remuneration. The present auditors M/s. Muniff Ziauddin Junaidy & Company, Chartered Accountants, have offered themselves for re-appointment as Auditors of the Company.
5. To consider any other business with the permission of the Chair.

### SPECIAL BUSINESS:

To approve payment of remuneration and provision of certain facilities to the Chairman & Chief Executive and the Director of the Company.

### STATEMENT UNDER SECTION 160(1)(B) OF THE COMPANIES ORDINANCE, 1984 REGARDING THE SPECIAL BUSINESS:

The Shareholders approval is sought for the payment of remuneration and provision of certain facilities to the Chairman & Chief Executive and the Director of the Company.

For the purpose it is proposed that the following resolution be passed with or without modification by the Shareholders as an Ordinary Resolution.

"RESOLVED THAT the Company hereby approves and authorizes payment of annual remuneration for the period January 2010 to December 2010 to Mr. Naseem A. Sattar - Chairman & Chief Executive, a sum not exceeding Rs. 10,500,000/- and Mr. Azim Ahmed - Director, a sum not exceeding Rs. 5,400,000/-. In addition to above the Company also approves payment of the following perquisites to them:

- i) Company Maintained Car  
Estimated expenses for fuel and repair etc.

Chief Executive Rs. 800,000/- p.a. (approx.)

Director Mr. Azim Ahmed Rs. 600,000/- p.a. (approx.)

- ii) Residential Telephone facilities for personal and official use.

Chief Executive Actual or maximum Rs. 300,000/- p.a.

Director Mr. Azim Ahmed Actual or maximum Rs. 75,000/- p.a.



# AL-ABID SILK MILLS LIMITED

iii) Air Travelling for Self and Dependents once in a year.

Chief Executive	Rs. 1,200,000/- p.a. (approx.)
Director Mr. Azim Ahmed	Rs. 1,000,000/- p.a. (approx.)

BY ORDER OF THE BOARD

**(S. M. JAWED AZAM)**  
Company Secretary

Karachi: October 05, 2009.

## NOTES:

1. The Share Transfer Books of the Company will remain closed from October 22, 2009 to October 28, 2009 (both days inclusive).
2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the time of meeting.
3. Members are requested to promptly notify the Company of any change in their addresses. **CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.**

### A. For Attending the Meeting:

- i) In case of individuals, the account holder or sub-account holder and/or the persons whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or, original passport at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

### B. For Appointing Proxies:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirements.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.



---

# AL-ABID SILK MILLS LIMITED

---

## REPORT TO THE SHARE HOLDERS

The Board of Directors is pleased to present the Forty first Annual Report and the Audited Accounts of the Company for the year ended June 30, 2009.

The current year was worst year as far as recession is concerned. However, with the blessing of Almighty Allah, your company has achieved positive growth and not only maintained the turnover but increased the turnover as compared to preceding year. During the year the sales of the company has increased from Rs 5.52 billion to Rs 9.10 billion over the corresponding year. The net profit has increased from Rs 38.97 million to Rs 44.80 million.

The inflationary trend continued and as a result the desired level of profit correspondingly could not be achieved. The energy cost increased by 36% due to increase in tariff time to time. The Cotton prices also increased by 11%. The average prices of dyes & chemicals also increased by 33%. The average financial cost of the company has increased from 7.87% to 8.49% if compared with the last year. Research and Development Support has been withdrawn since July 1, 2008. However, due to strong US Dollar against Pak Rupee partly compensated the cost.

### FUTURE OUTLOOK

The recent announcement of textile package should certainly provide some relief on the cost of production and financial expenses if no other negative elements come into play. The recovery in the international market may also help. The company is making all efforts to maintain the export sales in spite of various odds.

**DIVIDEND:** We propose a final cash dividend of Rs. 0.75 per share i.e. 7.50% of the paid up capital.

### CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors declare that:

- The financial statements prepared by the management of Al-Abid Silk Mills Limited present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of Al-Abid Silk Mills Limited have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of Financial Statements.
- The Board is responsible for the Company's system of internal control and reviewing its effectiveness. The Board considers that the Company's system of internal control is sound and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Key operating and financial data for last six years in summarized form is also enclosed in the annual report.



# AL-ABID SILK MILLS LIMITED

## NUMBER OF BOARD MEETINGS HELD DURING THE YEAR AND ATTENDANCE OF EACH DIRECTOR

During the year five board meetings were held. Each director has attended meetings as follows:

Name of Director	Meetings Attended
Mr. Naseem A. Sattar	5
Mr. Azim Ahmed	5
Mrs. Zarina Naseem	5
Mst. Adia Naseem	4
Mrs. Sadaf Nadeem	5
Mrs. Reena Azim	5
Mrs. Asra Amir	5
Syed Raza Abbas Jaffari (Nominee Director of NIT)	4
Mr. Mohammad Mudassir Iqbal (Nominee Director of NIT)	2 (Resigned on 18-05-2009)

## AUDIT COMMITTEE

### Size and Composition:

For the financial year ended June 30, 2009, the audit committee comprised the following three directors, two of whom are non-executive directors:

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

**INTERNAL AUDIT FUNCTION:** The Board/Audit Committee is assisted by the Internal Audit Function in maintaining a sound system of internal controls and best practices.

The Internal Audit Function reviews internal controls in all key activities of the company. It acts as a service to the business by assisting with continuous improvement of controls and procedures. Actions are agreed in response to its recommendation and these are followed up to ensure that satisfactory control is maintained.

Quarterly reviews are also conducted between internal audit management and senior management of business and major functions to assess their current control status to identify and address any areas of concern.

The Board is responsible for effectiveness of the company's system of internal control. The internal control systems are designed to meet company's requirement to avoid the risk to which it may be exposed.

There is no restriction placed upon the scope of the internal audit function. The members of the internal audit function are authorized to have full, free and unrestricted access to all departments, their personnel, records and information (in what ever form) and physical property. Documentation and information provided are subject to the appropriate levels of security and confidentiality.

---

# AL-ABID SILK MILLS LIMITED

---

**AUDITORS:** M/s Muniff Ziauddin Junaidy & Co Chartered Accountants have retired. As required by the Code of Corporate Governance and based on the recommendation of the Audit Committee the board of Directors has recommended the appointment of the Muniff Ziauddin Junaidy & Company, Chartered Accountants for the year ending 30th June, 2010.

**PATTERN OF SHAREHOLDING:** The Pattern of Shareholding and additional information regarding pattern of shareholding is attached to the financial statements included in this report.

**EARNING PER SHARE:** Based on the net profit for the current year the basic earning per share is Rs.4.68 (2008 : Rs.4.07)

**ACKNOWLEDGEMENT:** 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 to their continued efforts and dedication. We also acknowledge the cooperation extended by our banks, financial institutions and various government agencies. At the same time we thank for the well wishes of our valued shareholders.

Thanks to all of you.

For and on behalf of the Board of Directors

Karachi: October 05, 2009

**(NASEEM A. SATTAR)**  
Chairman & Chief Executive



# AL-ABID SILK MILLS LIMITED

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE:

This Statement is being presented to comply with the code of corporate governance contained in the Listing Regulation No. 37 (Chapter XI) of the Karachi Stock Exchange (Guarantee) Limited and Chapter XIII of Lahore Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good corporate governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the code in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority on its Board of Directors. At present the Board includes five non-executive directors and one independent director representing institutions shareholders
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.
3. All directors of the company are registered taxpayers.
4. There was no casual vacancy during the year.
5. The company has prepared a Statement of Ethics and Business Practices, which have been signed by the directors and employees of the company.
6. The Board has developed a Vision/mission statement, overall corporate strategy and significant policies of the company.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of CEO and other executive directors, have been taken by the Board.
8. The Meetings of the Board were presided over by the Chairman and, in his absence, by the director elected by the Board for this purpose. The Board at least met once in every quarter. Written Notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. Arrangements are made to carry out an orientation course for directors, who have not attended the course from other forum to apprise them for their duties and responsibilities.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.
11. The directors' report for this year has been prepared in compliance with the requirement of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the code.
15. The Board has formed an audit committee. It comprises of three members, of whom two are non-executive directors and the chairman of this committee is an executive director.
16. The audit committee met at least once in a quarter prior to the approval of interim and final results of the Company as required by the code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has setup an effective internal audit function.

---

## AL-ABID SILK MILLS LIMITED

---

18. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouse and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
19. The Statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the code have been complied with.

For and on behalf of the Board of Directors

**NASEEM A. SATTAR**  
Chairman & CEO

Karachi: October 05, 2009



## **REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the Best Practices contained in the Code of Corporate Governance applicable to the company for the year ended 30th June, 2009 prepared by the Board of Directors of AL-ABID SILK MILLS LIMITED to comply with the Listing Regulation No.37 of the Karachi Stock Exchange(Guarantee) Limited and Listing Regulation No. 40 (Chapter XIII) of Lahore Stock Exchange(Guarantee) Limited where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal audit control covers all controls and effectiveness of such internal controls.

Further, Sub-Regulation (xiii) of Listing Regulations 37 (now 35) notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2009.

Karachi: October 05, 2009

**MUNIFF ZIAUDDIN JUNAIDY & CO.**  
CHARTERED ACCOUNTANTS



## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **AL-ABID SILK MILLS LIMITED** as at June 30, 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimate made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and the statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2009 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that ordinance.

Karachi: October 05, 2009

**MUNIFF ZIAUDDIN JUNAIDY & CO.**  
CHARTERED ACCOUNTANTS  
Audit Engagement Partner: MOHAMMAD MOIN KHAN



# AL-ABID SILK MILLS LIMITED

## BALANCE SHEET AS AT

	Notes	2009 Rupees	2008 Rupees
<b>EQUITY &amp; LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital 20,000,000 Ordinary Shares of Rs. 10/- each		<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid-up capital	3	95,782,500	95,782,500
Reserves			
Capital reserve	4	257,895,000	257,895,000
Unappropriated profit		610,977,152	573,359,832
		868,872,152	831,254,832
		964,654,652	927,037,332
Surplus on revaluation of fixed assets	5	554,724,488	554,724,488
<b>NON- CURRENT LIABILITIES</b>			
Loan from director - unsecured	6	98,861,281	98,861,281
Long term loan from banks	7	85,042,604	183,054,292
Liabilities against assets subject to finance lease	8	48,729,584	105,166,548
Long term murabaha	9	-	-
Deferred liabilities	10	40,966,222	31,668,319
		273,599,691	418,750,440
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
Creditors, accrued charges and other liabilities	11	3,186,391,238	2,570,844,345
Current maturity of long-term loans and finances	12	162,258,011	224,456,301
Short term finances	13	2,590,390,625	2,360,510,974
		5,939,039,874	5,155,811,620
<b>CONTINGENCIES AND COMMITMENTS</b>	14	-	-
		7,732,018,705	7,056,323,880

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

# AL-ABID SILK MILLS LIMITED

**JUNE 30, 2009**

	Notes	2009 Rupees	2008 Rupees
<b>NON-CURRENT ASSETS</b>			
<b>FIXED ASSETS</b>			
Property, plant and equipment	15	2,220,858,795	2,207,683,156
Capital work in progress	16	-	92,093,607
		2,220,858,795	2,299,776,763
<b>LONG TERM DEPOSITS</b>	17	1,886,645	2,139,645
<b>CURRENT ASSETS</b>			
Stores and spares	18	171,757,779	137,101,776
Stock-in-trade	19	4,964,104,442	4,313,862,510
Trade debtors	20	148,790,844	113,020,732
Advances, deposits and prepayments	21	47,537,488	56,654,738
Other receivables	22	80,436,768	96,203,719
Tax refunds due from government	23	60,177,374	26,793,862
Cash and bank balances	24	36,468,570	10,770,135
		5,509,273,265	4,754,407,472
		<u>7,732,018,705</u>	<u>7,056,323,880</u>

**NASEEM A. SATTAR**  
Chairman & CEO

**AZIM AHMED**  
Director



# AL-ABID SILK MILLS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2009

	Notes	2009 Rupees	2008 Rupees Restated
Sales and services	25	9,100,993,517	5,518,170,933
Cost of sales	26	<u>(7,789,027,404)</u>	<u>(4,813,612,283)</u>
<b>Gross Profit</b>		<b>1,311,966,113</b>	<b>704,558,650</b>
Operating expenses			
Administrative	27	<u>198,911,414</u>	<u>152,607,728</u>
Selling and distribution	28	<u>525,750,233</u>	<u>121,726,811</u>
		<u>(724,661,647)</u>	<u>(274,334,539)</u>
<b>Operating profit</b>		<b>587,304,466</b>	<b>430,224,111</b>
Other income	29	<u>871,703</u>	<u>2,703,420</u>
		<b>588,176,169</b>	<b>432,927,531</b>
Financial charges	30	<u>436,777,150</u>	<u>332,809,606</u>
Other charges	31	<u>14,850,745</u>	<u>5,060,629</u>
		<u>(451,627,895)</u>	<u>(337,870,235)</u>
<b>Profit before taxation</b>		<b>136,548,274</b>	<b>95,057,296</b>
Taxation	32	<u>(91,747,266)</u>	<u>(56,086,064)</u>
<b>Profit after taxation</b>		<b>44,801,008</b>	<b>38,971,232</b>
<b>Earnings per share - basic and diluted</b>	33	<b>4.68</b>	<b>4.07</b>

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

**NASEEM A. SATTAR**  
Chairman & CEO

**AZIM AHMED**  
Director

# AL-ABID SILK MILLS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2009

	2009 Rupees	2008 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	136,548,274	95,057,296
<b>Non-cash adjustments:</b>		
Depreciation	177,398,779	174,177,556
Provision for gratuity	12,849,144	10,728,986
Amortisation of deferred cost	-	269,963
Loss / (gain) on disposal of fixed assets	3,330	(1,601,239)
	190,251,253	183,575,266
(Increase) / decrease in current assets		
Stores and spares	(34,656,003)	(13,717,106)
Stock-in-trade	(650,241,932)	(1,162,559,399)
Trade debtors	(35,770,112)	(5,404,290)
Advances, deposits and prepayments	9,117,250	(14,601,385)
Other receivables	15,766,951	35,661,936
Tax refunds due from government	(34,498,067)	8,892,930
	(730,281,913)	(1,151,727,314)
Increase in current liabilities		
Creditors, accrued charges and other liabilities	615,542,444	1,119,125,851
Short term finance	229,879,651	73,732,073
	845,422,095	1,192,857,924
Cash generated from operations	441,939,709	319,763,172
Taxes paid	(90,632,711)	(55,174,416)
Staff gratuity paid	(3,551,241)	(3,665,350)
Net cash generated from operations	347,755,757	260,923,406
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(101,933,141)	(200,061,457)
Proceeds from disposal of fixed assets	3,449,000	1,895,000
Long term deposits and deferred cost	253,000	32,000
Net cash used in investing activities	(98,231,141)	(198,134,457)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from obligation under finance lease	9,475,000	29,834,800
Proceeds of loan from director	-	46,439,581
Proceeds of long term loan	-	87,963,287
Payments of obligation under finance lease	(84,910,621)	(73,903,104)
Payment of long term loans	(129,961,321)	(145,239,098)
Payment of long term morabaha	(11,250,000)	(32,500,000)
Dividends paid	(7,179,239)	(7,178,282)
Net cash outflow from financing activities	(223,826,181)	(94,582,816)
Net increase/ (decrease) in cash & cash equivalents	25,698,435	(31,793,867)
Cash & cash equivalents at the beginning of the year	10,770,135	42,564,002
Cash & cash equivalents at the end of the year	36,468,570	10,770,135

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

**NASEEM A. SATTAR**  
Chairman & CEO

**AZIM AHMED**  
Director



# AL-ABID SILK MILLS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2009

	Share Capital	Share Premium	Unappropriated Profit Rupees	Total	Revaluation Surplus
Balance as at June 30, 2007	85,782,500	257,895,000	541,572,288	885,249,788	390,599,488
Revaluation during the year	-	-	-	-	184,025,000
Final dividend @ Rs. 0.75 Per Share for the year ended June 30, 2007	-	-	(7,183,588)	(7,183,588)	-
Profit after tax for the year ended June 30, 2008	-	-	38,971,232	38,971,232	-
<b>Balance as at June 30, 2008</b>	<b>85,782,500</b>	<b>257,895,000</b>	<b>573,359,932</b>	<b>927,037,432</b>	<b>554,724,488</b>
Final dividend @ Rs. 0.75 Per Share for the year ended June 30, 2008	-	-	(7,183,588)	(7,183,588)	-
Profit after tax for the year ended June 30, 2009	-	-	44,801,008	44,801,008	-
<b>Balance as at June 30, 2009</b>	<b>85,782,500</b>	<b>257,895,000</b>	<b>610,977,432</b>	<b>964,654,652</b>	<b>554,724,488</b>

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

**NASEEM A. SATTAR**  
Chairman & CEO

**AZIM AHMED**  
Director



# AL-ABID SILK MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

### 1. COMPANY AND ITS BUSINESS

The company is domiciled in Pakistan and was incorporated in the year 1968 as a Private Limited Company. It was converted into Public Limited Company on 24th December, 1987 under the Companies Ordinance, 1984. The Company is listed on the Karachi and Lahore Stock Exchanges. The principal activity of the Company is manufacturing and processing of various kinds of fabrics and export of printed and dyed cloth, bed sets and other textile made-ups. The registered office of the company is situated at A-39, S.I.T.E., Manghopir Road, Karachi.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies applied in preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented except otherwise stated.

#### 2.1 Statement of Compliance

These financial statements have been prepared in accordance with the requirements of Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) as notified under the provisions of the Ordinance. Wherever, the requirements of the Ordinance or the directives issued by the SECP differs with the requirements of these standards, the requirements of the Ordinance or the requirements of the said directives have been followed.

#### 2.2 Accounting convention

These accounts have been prepared on the basis of "historical cost" convention except for leasehold land which are stated at revalued amount.

#### 2.3 Accrual basis of accounting

These financial statements, except cash flow statement, have been prepared under the accrual basis of accounting.

#### 2.4 Recent accounting developments

##### **Amendments to published standards and new interpretations in 2008-2009:**

The following amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after July 1, 2008 or later periods:

**IFRS 7, 'Financial instruments: Disclosures'**, notified by SECP through its S.R.O 411(I)/2008 dated April 28, 2008 effective for the annual periods beginning on or after July 1, 2008 introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the company's financial instruments.:

International Financial Reporting Interpretation Committee (IFRIC) Interpretation 14, 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction'. The interpretation provides guidance on assessing the limit in International Accounting Standard (IAS) 19 - 'Employee benefits' on the amount of surplus that can be recognised as an asset. It also explains how the gratuity/defined benefit asset or liability may be affected by a statutory or contractual minimum funding requirement. The unfunded gratuity scheme of the company is not subject to any minimum funding requirements and the requirements of this interpretation have only been applied to assess the surplus arising in the company's books under the funded gratuity scheme.

##### **Standards, amendments to published standards and interpretations effective in 2008-2009 but not relevant:**

There are certain new standards, amendments to published standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2008 but are considered not to be relevant or have any significant effect on the company's operations and are, therefore not disclosed in these financial statements.

##### **Standards, interpretations and amendments to published approved accounting standards that are not yet effective:**

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after July 1, 2009 or later periods:



# AL-ABID SILK MILLS LIMITED

IAS 1 (Revised) 'Presentation of financial statements', (effective from January 1, 2009) was issued in September 2007. The revised standard prohibits the presentation of items of income and expenses (that is, 'non owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statements of comprehensive income) or two statements (the income statement and statement of comprehensive income). Further, where the company restates or reclassifies comparative information, it will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The adoption of this standard will only impact the presentation of the financial statements.

IAS 19 (Amendment), 'Employee benefits' (effective from January 1, 2009).

The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. Adoption of the amendment is not expected to have any effect on the company's financial statements.

The distinction between short term and long term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered. Adoption of this amendment will only impact the presentation of the financial statements.

IAS 37, Provisions, contingent liabilities and contingent assets, requires contingent liabilities to be disclosed and not to be recognised. IAS 19 has been amended to be consistent with IAS 37.

IAS 23 (Amendment) 'Borrowing costs' (effective from January 1, 2009). It requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. On adoption the option of immediately expensing those borrowing costs will be withdrawn. This amendment is not expected to have a significant effect on the company's financial statements.

IAS 36 (Amendment), 'Impairment of assets' (effective from January 1, 2009). As per the new requirements, disclosures equivalent to those for value-in-use calculation should be made where fair value less costs to sell is calculated on the basis of discounted cash flows. Addition of the amendment is not expected to have significant effect on the company's financial statements.

IAS 38 (Amendment), 'Intangible assets' (effective from January 1, 2009). The amendment states that a prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. Adoption of the amendment is not expected to have any significant effect on the company's financial statements.

There are other amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2009 but are considered not to be relevant or do not have any significant effect on the company's operations and are therefore not mentioned in these financial statements.

## 2.5 Estimates

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.



# AL-ABID SILK MILLS LIMITED

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of IASs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

## 2.6 Revaluation reserve

Leasehold lands are stated at revalued amount. Any revaluation increase arising on the revaluation of such lands is credited to the "Surplus on revaluation of fixed assets", except to the extent that it reverses a revaluation decrease for the same asset previously recognized as an expense, in which case the increase is credited to the income statement to the extent of decrease previously charged. On the sale of a revalued land, the attributable revaluation surplus remaining in the land's revaluation reserve is transferred directly to the equity.

## 2.7 Staff retirement benefits

The Company operates an un-funded gratuity scheme covering all employees (excluding managerial staff). Provision is made annually based on management estimates which are adjusted periodically to agree with actuarial estimates. Actuarial gains and losses are recognized on a straight line basis over a period of 4 years. As per latest actuarial valuation carried out as at June 30, 2008, the value of scheme's liabilities was Rs.31.69 million. The Projected Unit Credit Method of Valuation was used to generate actuarial values. The discount rate was taken as 12% and salary increases were assumed to average 11%. The annual provision during the year are charged to income currently.

## 2.8 Provisions

A provision is recognized when the company has an obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation.

## 2.9 Taxation

### Current

Provision for tax on other income is based on taxable income at current rates after taking into account tax credit and rebates, if any. The company falls in the ambit of Final Tax Regime in respect of its export sales/ revenue covered under section 169 of the Income Tax Ordinance, 2001.

### Deferred

Deferred tax is provided using balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and the amounts used for taxation purpose.

## 2.10 Fixed assets

### i) Owned assets

a. Operating fixed assets are stated at cost less accumulated depreciation except leasehold land which is stated at revalued amount.

b. Depreciation is charged on reducing balance method at the rates specified in the schedule of fixed assets (note 15) without considering extra shifts worked. Depreciation is charged from the later of month of purchase or the month of commencement of commercial production, while proportionate depreciation is charged on assets disposed off during the year till the month of disposal.

c. The assets' residual values and estimated useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

d. Minor renewals, replacements, maintenance and repairs are charged to expense. Major renewals and betterments are capitalized. Gain and loss on deleted assets are reflected in the accounts.



# AL-ABID SILK MILLS LIMITED

## ii) Assets subject to finance lease

The Company records assets acquired under finance lease and related liabilities at lower of present value of minimum lease payments under the lease agreement and the fair value of assets. Finance charges are allocated to accounting period in a manner so as to produce a constant periodic rate of charge on the outstanding liability. Depreciation is provided at the rates applicable to operating fixed assets.

## 2.11 Capital work-in-progress

Capital work-in-progress is stated at cost. It consists of expenditure incurred in respect of tangible assets in the course of their construction and installation. Upon construction/ installation the amount is transferred to operating fixed assets in the relevant head and depreciated accordingly.

## 2.12 Deferred costs

Cost of Export Quota purchased are deferred and amortised in equal installment over the period of four years from the year in which these are purchased.

## 2.13 Stores and spares

These are valued at lower of cost and NRV. Cost is calculated using the moving average method except for used stores which are recorded at nil value.

## 2.14 Stock in trade

Stock of raw materials, work-in-process and finished goods are valued at lower of moving average cost and net realizable value. Cost in relation to work-in-process and finished goods represents direct cost of materials, direct wages and an appropriate portion of production overheads.

Items in transit are valued at cost comprising invoice values plus other charges paid thereon.

## 2.15 Trade debts and other receivables

Trade debts are carried at original invoice amounts less an estimate made of doubtful receivables, if any, based on the review of all outstanding amounts at the year end. Bad debts are written off when identified.

## 2.16 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and bank balances.

## 2.17 Financial instruments

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit and loss account for the period in which it arises.

Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset. Financial liabilities are removed from the balance sheet when the obligation is extinguished, discharged, cancelled or expired.

Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the government are not the financial instruments of the Company.

## 2.18 Revenue recognition

Sale of goods and services are recognized on dispatch of goods to customers or on the performance of services.

## 2.19 Foreign currency translations

Foreign currency transactions are translated into Pak rupees at the exchange rates prevailing on the date of transactions. Assets and Liabilities in foreign currencies are translated at rates of exchange prevailing at the balance sheet date. Exchange gain and losses are included in income currently.



# AL-ABID SILK MILLS LIMITED

## 2.20 Borrowing cost

Borrowing cost on loans obtained for acquisition of plant and machinery for the period till commissioning of production is capitalized. All other mark-up, interest and other related charges are taken to profit and loss account currently.

## 2.21 Related party transactions

All related party transactions are made on an arm's length basis using Comparable Uncontrolled Price method.

## 2.22 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated and impairment losses are recognized in the profit and loss account.

## 2.23 Offsetting

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the asset and settle the liability simultaneously.

## 2.24 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

	2009 Rupees	2008 Rupees
<b>3. ISSUED , SUBSCRIBED AND PAID - UP CAPITAL</b>		
Ordinary Shares of Rs. 10/- each		
6,798,250 shares issued for cash	67,982,500	67,982,500
2,780,000 shares Issued as bonus	27,800,000	27,800,000
	95,782,500	95,782,500
<b>4. CAPITAL RESERVE</b>		
Premium on Issue of right shares	257,895,000	257,895,000
<b>5. SURPLUS ON REVALUATION OF FIXED ASSETS</b>		
Opening balance	554,724,488	390,699,488
Revaluation carried out during the year	-	164,025,000
	554,724,488	554,724,488

**5.1** The Company has updated the revaluation of Leasehold land on August 31, 2007. The valuation has been determined by the independent valuer M/s. Anjum Adil & Associates on the basis of prevailing market rates. The earlier valuation was carried out by the same independent valuer on September 15, 2004 on the basis of prevailing market rates at that time. Had the revaluation not been carried out the carrying amount of Leasehold land, as shown in note 15.3, would have been lower by this amount.

**5.2** Except and to the extent actually realised on disposal of the revalued Leasehold land, the surplus on revaluation of fixed assets shall not be applied to set off or reduce any deficit or loss, whether past, current or future, or in any manner applied, adjusted or treated so as to add to the income, profit or surplus of the company, or utilised directly or indirectly by way of dividend or bonus. However, the surplus on revaluation of fixed assets may be applied by the company in setting off or in diminution of any deficit arising from the revaluation of any other fixed asset of the company.



# AL-ABID SILK MILLS LIMITED

		2009 Rupees	2008 Rupees
<b>6. LOAN FROM DIRECTOR - UNSECURED</b>			
Loan from director - unsecured		<u>98,861,281</u>	<u>98,861,281</u>
The above is interest free loan from director of the company.			
<b>7. LONG TERM LOANS FROM BANKS-SECURED</b>			
United Bank Limited Loan 1	7.1	2,222,224	14,999,998
United Bank Limited Loan 2	7.1	14,875,000	52,375,000
Standard Chartered Bank	7.2	45,293,345	100,293,346
Habib Bank Limited	7.3	5,555,560	16,666,670
Askari Bank Limited	7.4	27,144,871	40,717,307
Pak Oman Investment Company 1	7.5	86,871,874	86,871,874
Pak Oman Investment Company 2	7.5	1,091,413	1,091,413
		<u>183,054,287</u>	<u>313,015,608</u>
Less: Current maturity		<u>98,011,683</u>	<u>129,961,316</u>
		<u>85,042,604</u>	<u>183,054,292</u>

**7.1** Loans from United Bank Limited have been secured by hypothecation over specific machineries. They were repayable over a period of 5 years in equal monthly installments. The loans carried mark-up as follows:-

- Loan 1: 6 months KIBOR plus 2.5 % with a floor of 6%
- Loan 2 has been swapped with LTF-EOP through the scheme introduced by the State Bank of Pakistan for Long Term Finance for Export Oriented Projects (LTF-EOP) vide their circular SMED 19 of September 4, 2006. The bank has converted loan into LTF-EOP on October 20, 2006 . The loan carries mark-up of 7% per annum.

**7.2** Long term loan from Standard Chartered Bank has been secured by hypothecation over specific machineries. It carries mark up rate of 6 months KIBOR plus 2% with a floor of 5% and a cap of 14% per annum. The loan is repayable over a period of 6 years in equal monthly installments with one year grace period. The loan has been swapped with LTF-EOP through the scheme introduced by the State Bank of Pakistan for Long Term Finance for Export Oriented Projects (LTF-EOP) vide their circular SMED 19 of September 4, 2006. The bank has converted loan into LTF-EOP on November 1, 2006 . The loan carries mark-up of 7% per annum.

**7.3** Loan from Habib Bank Limited has been secured by hypothecation of specific machines. The loan carries markup rate of 6 months KIBOR plus 2% per annum and is repayable in 9 equal half-yearly installments with a grace period of six months.

**7.4** Loan from Askari Bank Limited has been secured by hypothecation charge over specific machinery. The loan carries mark up at the rate of 6 months KIBOR plus 1.9% per annum. The loan is repayable in 20 equal quarterly installments with a grace period of one year. The loan has been swapped with LTF-EOP through the scheme introduced by the State Bank of Pakistan for Long Term Finance for Export Oriented Projects (LTF-EOP) vide their circular SMED 19 of September 4, 2006. The bank has converted loan into LTF-EOP on November 12, 2006. The loan carries mark-up of 7% per annum.

**7.5** Loans from Pak Oman Investment Co. have been secured by hypothecation over specific machineries. Particulars of this financing is as under:

- Loan 1: It is repayable in five & half years equal quarterly installments including one & half year grace period. The loan has been finance under the LTF-EOP scheme introduced by the State Bank of Pakistan for Long Term Finance for Export Oriented Projects (LTF-EOP) vide their circular SMED 19 of September 4, 2006. The loan carries mark-up of 7% per annum
- Loan 2: It is repayable in five & half years equal quarterly installments including one & half year grace period. The loan carries markup @ 6 months KIBOR plus 2.0 %.



# AL-ABID SILK MILLS LIMITED

		2009 Rupees	2008 Rupees
<b>8. LIABILITIES AGAINST ASSETS SUBJECT TO</b>			
<b>FINANCE LEASE</b>			
Present value of minimum lease payments	8.1	112,975,912	188,411,533
Current maturity shown under current liabilities		(64,246,328)	(83,244,985)
		<b>48,729,584</b>	<b>105,166,548</b>
<b>8.1 Minimum lease payments</b>			
Not later than one year		74,444,661	98,443,514
Later than one year and not later than 5 years		54,856,300	120,529,254
		<b>129,300,961</b>	<b>218,972,768</b>
Finance charges not yet due		(16,325,049)	(30,561,235)
		<b>112,975,912</b>	<b>188,411,533</b>
<b>Present value of finance lease liabilities</b>			
Not later than one year		64,246,328	83,244,985
Later than one year and not later than 5 years		48,729,584	105,166,548
		<b>112,975,912</b>	<b>188,411,533</b>
<b>8.2</b>			
Payments under leases include financial charges at the rates ranging between 6% to 19.20% (2008: 6% to 13.85%) per annum. Leases carry purchase options at the end of the lease period. There are no financial restrictions in the lease agreements.			

		2009 Rupees	2008 Rupees
<b>9. LONG TERM MURABAHA- SECURED</b>			
Faysal Bank Limited - Murabaha 1	9.1	-	5,000,000
Faysal Bank Limited - Murabaha 2	9.2	-	6,250,000
		-	11,250,000
Less: Current maturity		-	(11,250,000)
		<b>-</b>	<b>-</b>
<b>9.1</b>			
Long term murabaha from Faysal Bank Limited has been secured by equitable mortgage over Plot D-14/C-1, S.I.T.E., Karachi together with building, plant and machinery and equipment installed thereon. It carries profit rate of 6 months KIBOR plus 2% and is repayable in 20 equal quarterly installments.			
<b>9.2</b>			
Long term murabaha from Faysal Bank Limited has been secured against equitable mortgage over Plot D-14/C-1, S.I.T.E., Karachi together with building, plant and machinery and equipment installed thereon. It carries profit rate of 6 months KIBOR plus 2.5% and is repayable in 16 equal quarterly installments.			



# AL-ABID SILK MILLS LIMITED

	2009 Rupees	2008 Rupees
<b>10. DEFERRED LIABILITIES</b>		
Staff and workers gratuity	<u>40,966,222</u>	<u>31,668,319</u>

The amounts recognized in the profit and loss account against defined benefit scheme are as follows:

Current service cost	9,389,778	8,383,730
Interest cost	3,459,366	2,345,256
	<u>12,849,144</u>	<u>10,728,986</u>

Movements in the net liability recognized in the balance sheet are as follows:

Opening balance	31,668,319	24,604,683
Charge for the period	12,849,144	10,728,986
Payments during the period	(3,551,241)	(3,665,350)
	<u>40,966,222</u>	<u>31,668,319</u>

The amount recognized in the balance sheet are as follows:

Present value of defined benefit obligations as on June 30,	38,532,324	29,234,421
Actuarial gain	2,433,898	2,433,898
	<u>40,966,222</u>	<u>31,668,319</u>

## 11. CREDITORS, ACCRUED CHARGES AND OTHER LIABILITIES

Trade creditors	1,231,995,522	697,189,150
Other creditors	468,513,964	376,623,129
Accrued liabilities	47,030,354	38,944,952
Workers' profit participation fund (11.1)	19,195,143	15,999,724
Bills payable under letters of credit	1,352,721,882	1,365,315,024
Mark-up accrued on export refinance loan & US \$ loan	40,494,518	40,527,011
Mark-up accrued on lease finance	1,904,463	3,330,867
Mark-up accrued on long term loan	2,321,993	5,180,328
Mark-up accrued on short term loan	7,647,342	-
Advance from customers	13,401,184	20,956,616
Unclaimed dividend	104,231	99,782
Other liabilities	1,060,642	6,677,762
	<u>3,186,391,238</u>	<u>2,570,844,345</u>

### 11.1 Workers' profit participation fund

Opening balance	15,999,724	14,990,873
Interest on W.P.P.F.	630,296	437,097
	<u>16,630,020</u>	<u>15,427,970</u>
Paid during the year	5,004,828	4,434,142
	<u>11,625,192</u>	<u>10,993,828</u>
Provision for the year	7,569,951	5,005,896
	<u>19,195,143</u>	<u>15,999,724</u>

Interest is charged @ 17.02% (2008: 14%) per annum on outstanding balance.

# AL-ABID SILK MILLS LIMITED

		2009 Rupees	2008 Rupees
<b>12. CURRENT MATURITY OF LONG-TERM LOANS AND FINANCES</b>			
Current maturity of:			
Long term Loans	7	98,011,683	129,961,316
Liabilities against assets subject to finance lease	8	64,246,328	83,244,988
Long term Murabaha	9	-	11,250,000
		<b>162,258,011</b>	<b>224,456,301</b>

## 13. SHORT TERM FINANCES FROM BANKS-SECURED

The facilities consist of various types of short term finances from different banks and non-banking financial institutions. The facilities are secured against hypothecation charge on stocks, mortgage on factory property of Plot No.A-51/B and A-34/A with building and machinery installed thereon and charge on book debts and receivables of the company.

The rate of markup on these finances ranges between 4.67% to 16.20% (2008: 7.50% to 15.88%) per annum.

## 14. CONTINGENCIES AND COMMITMENTS

		2009 Rupees	2008 Rupees
<b>Contingencies</b>			
14.1 Bank guarantee		<b>58,817,000</b>	<b>58,817,000</b>

The bank guarantee is issued in favour of Sui Southern Gas Company Limited (SSGCL) for gas connection.

14.2 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 favour of the Company will be successfully defended in the Honorable High Court.

		2009 Rupees	2008 Rupees
<b>Commitments:</b>			
14.3 Commitments under LCs for raw materials		<b>62,616,482</b>	<b>38,205,602</b>



# AL-ABID SILK MILLS LIMITED

## 15. PROPERTY, PLANT & EQUIPMENT

PARTICULARS	COST AND REVALUATION AS AT 01-07-2008	ADDITIONS / (DELETIONS)	REVALUATION SURPLUS	TRANSFER	COST AND REVALUATION AS AT 30-06-2009	ACCUMULATED DEPRECIATION AS AT 01-07-2008	CHARGE FOR THE YEAR (DELETIONS)	TRANSFER	ACCUMULATED DEPRECIATION AS AT 30-06-2009	WRITTEN DOWN VALUE AS AT 30-06-2009	RATE %
Land -( Leasehold)	600,225,002	-	-	-	600,225,002	-	-	-	-	600,225,002	-
Buildings on leasehold land	414,318,083	6,384,866	-	-	420,702,949	209,471,291	20,711,584	-	230,182,875	190,520,074	10
Plant, machinery & Equip.	1,950,724,483	160,670,738 (6,198,780)	-	5,909,557	2,111,105,998	892,678,569	116,553,459 (3,991,434)	1,981,193	1,007,221,787	1,103,884,211	10
Furniture, fixtures and ancillary equipments	83,725,410	4,420,475	-	-	88,145,885	44,671,550	4,146,906	-	48,818,456	39,327,429	10
Office equipments	31,718,334	45,000 (62,500)	-	-	31,700,834	18,055,690	1,365,931 (8,542)	-	19,413,079	12,287,755	10
Electric, gas & Other installations	126,955,582	2,188,266	-	-	129,143,848	59,011,376	6,938,139	-	65,949,515	63,194,333	10
Vehicles	63,838,158	10,842,403 (4,178,313)	-	1,780,228	72,282,476	39,575,007	5,922,628 (2,987,287)	912,725	43,423,073	28,859,403	20
<b>Sub Total</b>	<b>3,271,505,052</b>	<b>184,551,748 (10,439,593)</b>	<b>-</b>	<b>7,689,785</b>	<b>3,453,306,992</b>	<b>1,263,463,483</b>	<b>155,638,647 (6,987,263)</b>	<b>2,893,918</b>	<b>1,415,008,785</b>	<b>2,038,298,207</b>	
Assets under finance lease											
Machinery	195,949,214	-	-	(5,909,557)	190,039,657	46,688,296	14,533,255	(1,981,193)	59,240,358	130,799,299	10
Building	15,000,000	6,500,000	-	-	21,500,000	500,000	1,666,667	-	2,166,667	19,333,333	10
Office Equipment	2,719,000	-	-	-	2,719,000	289,633	242,937	-	532,570	2,186,430	10
Vehicles	24,455,755	2,975,000	-	(1,780,228)	25,650,527	7,957,653	3,621,953	(912,725)	10,666,881	14,983,646	20
Sewing & Cutting Machines	23,243,334	-	-	-	23,243,334	6,290,134	1,695,320	-	7,985,454	15,257,880	10
<b>Sub Total</b>	<b>261,367,303</b>	<b>9,475,000</b>	<b>-</b>	<b>(7,689,785)</b>	<b>263,152,518</b>	<b>61,725,716</b>	<b>21,760,132</b>	<b>(2,893,918)</b>	<b>60,591,930</b>	<b>182,560,588</b>	
<b>2009 Rupees</b>	<b>3,532,872,355</b>	<b>194,026,748 (10,439,593)</b>	<b>-</b>	<b>-</b>	<b>3,716,459,510</b>	<b>1,325,189,199</b>	<b>177,398,779 (6,987,263)</b>	<b>-</b>	<b>1,495,600,715</b>	<b>2,220,858,795</b>	



# AL-ABID SILK MILLS LIMITED

PARTICULARS	COST AND REVALUATION AS AT 01-07-2007	ADDITIONS / (DELETIONS)	REVALUATION SURPLUS	TRANSFER	COST AND REVALUATION AS AT 30-06-2008	ACCUMULATED DEPRECIATION AS AT 01-07-07	CHARGE FOR THE YEAR (DELETIONS)	TRANSFER	ACCUMULATED DEPRECIATION AS AT 30-06-2008	WRITTEN DOWN VAULE AS AT 30-06-2008	RATE %
Land - (Leasehold)	436,200,002	-	164,025,000	-	600,225,002	-	-	-	-	600,225,002	-
Buildings on leasehold land	394,741,902	19,576,181	-	-	414,318,083	188,125,496	21,345,795	-	209,471,291	204,846,792	10
Plant, machinery & Equip. Furniture, fixtures and ancillary equipments	1,920,636,815	33,087,668	-	(3,000,000)	1,950,724,483	777,482,310	115,280,125	(83,866)	892,678,569	1,058,045,914	10
Office equipments	77,294,619	6,430,791	-	-	83,725,410	40,737,182	3,934,367	-	44,671,549	39,053,861	10
	34,371,285	66,049	-	(2,719,000)	31,718,334	16,559,735	1,515,658	(19,703)	18,065,690	13,662,644	10
Electric, gas & Other installations	115,266,907	11,688,675	-	-	126,955,582	52,211,635	6,799,741	-	59,011,376	67,944,206	10
Vehicles	61,058,518	7,137,485 (4,357,845)	-	-	63,838,158	38,923,822	4,715,269 (4,064,084)	-	39,575,007	24,263,151	20
Sub Total	3,039,570,048	77,986,849 (4,357,845)	164,025,000	(5,719,000)	3,271,505,052	1,114,040,180	153,590,955 (4,064,084)	(103,569)	1,263,463,482	2,008,041,570	
Assets under finance lease											
Machinery Building	1,75,035,089	17,914,125 15,000,000	-	3,000,000	195,949,214 15,000,000	31,346,856	15,257,574 500,000	83,866	46,688,296 500,000	149,260,918 14,500,000	10 10
Office Equipment	-	-	-	2,719,000	2,719,000	-	269,930	19,703	289,633	2,429,367	10
Vehicles	15,139,955	9,315,800	-	-	24,455,755	4,878,594	3,079,059	-	7,957,653	16,498,102	20
Sewing & Cutting Machines	15,443,334	7,800,000	-	-	23,243,334	4,810,097	1,480,038	-	6,290,135	16,953,199	10
Sub Total	205,618,378	50,029,925	-	5,719,000	261,367,303	41,035,547	20,586,601	103,569	61,725,717	199,641,586	
2008 Rupees	3,245,188,426	128,016,774 (4,357,845)	164,025,000	-	3,532,872,355	1,155,075,727	174,177,556 (4,064,084)	-	1,325,189,199	2,207,683,156	

15.1 The company has updated the revaluation of land on August 31, 2007 which was previously carried at cost at a value of Rs. 45,500,514. The valuation has been determined by the independent valuer M/s. Anjum Adli & Associates on the basis of prevailing market rates. In addition, the previous revaluation was carried out on September 15, 2004. The current revaluation has resulted in a surplus of Rs. 164,025,000 thus total amount of revaluation surplus in the book is Rs. 554,724,488.



# AL-ABID SILK MILLS LIMITED

	2009 Rupees	2008 Rupees
<b>15.2 Allocation of depreciation.</b>		
Factory overhead	165,353,827	163,697,441
Administrative	12,044,952	10,480,115
	177,398,779	174,177,556

**15.3** Had there been no revaluation, related figures of leasehold land at June 30, 2009 would have been as follows:

Description	Cost	Accumulated Depreciation	Written Down Value
Leasehold land	45,500,514	-	45,500,514
<b>2009 Rupees</b>	<b>45,500,514</b>	-	<b>45,500,514</b>
2008 Rupees	45,500,514	-	45,500,514

**15.4 Disposal of fixed assets:**

Description	Cost Rs.	Accumulated Depreciation Rs.	WDV Rs.	Sale Proceeds Rs.	Gain/(Loss) Rs.	Mode of disposal	Particulars
Vehicles: Suzuki Bolan (Reg No CK-0885)	335,000	313,130	21,870	178,000	156,130	Negotiation	Malik Shoukat CNIC NO. 42201-0795150-1 House No. 9777 Cantt. Bazar
Suzuki Mehran (Reg No. AGB-798)	297,000	195,083	101,917	250,000	148,083	Ins. Claim	E.F.U. General Insurance Ltd.
Suzuki Mehran (Reg No. AQP 124)	399,392	64,236	335,156	383,000	47,844	Ins. Claim	E.F.U. General Insurance Ltd.
Mitsubishi Lifter (Reg No. JX 0817)	196,912	196,416	496	80,000	79,504	Negotiation	Syed Mukhtaj CNIC No. 42000-0104043-3
HONDA CITY (Reg No.ACB-235)	696,799	620,422	76,377	390,000	313,623	Negotiation	Mr. Ali Raza Kazmi CNIC No. 42301-8393890-3 House No.H-264, Phase II D.H.A. Karachi.
HONDA CITY (Reg No.AEB-021)	849,060	617,113	231,947	567,000	335,053	Negotiation	-do-
TOYOTA COROLLA (Reg No. ABV-397)	709,845	647,599	62,246	542,000	479,754	Negotiation	-do-
SUZUKI MEHRAN (Reg No. ACA-850)	294,913	269,052	25,861	166,000	140,139	Negotiation	-do-
SUZUKI MEHRAN (Reg No. AQP 126)	399,392	64,236	335,156	383,000	47,844	Ins. Claim	EFU General Insurance Ltd.
Machinery: Sewing Machine	6,038,780	3,853,448	2,185,332	425,000	(1,760,332)	Negotiation	Fahim Khan. CNIC No. 42401-1577509-5
Generator	160,000	137,986	22,014	80,000	57,986	Negotiation	Syed Mukhtaj CNIC No. 42000-0104043-3
Digital Photocopy Machine	62,500	8,542	53,958	5,000	(48,958)	Negotiation	Oriental Copier Services NTN No. 2575713-4 Room No. 322, Sunny Plaza, Hasrat Mohani Road, Karachi.
<b>Total Rupees</b>	<b>10,439,593</b>	<b>6,987,263</b>	<b>3,452,330</b>	<b>3,449,000</b>	<b>(3,330)</b>		



# AL-ABID SILK MILLS LIMITED

15.5 In accordance with an agreement dated December 08, 2003 with M/s. Al-Abid Exports (Private) Limited (AAEPT) an associated company, certain Stitching machines of the company had been shifted at the premises of AAEPT for the sole purpose of Stitching and quilting products of the Company. The Book value of the aforesaid machines as at 30th June 2009 is Rs. 9,511,985 (30.06.2008 Rs. 10,568,872). The ownership of the machines belong to the Company.

## 16. CAPITAL WORK IN PROGRESS

	2009 Rupees		2008 Rupees	
	Building	Machinery	Building	Machinery
Opening balance	-	92,093,607	20,048,925	-
Activity during the year				
Addition	7,488,268	-	13,523,328	92,093,607
Transferred to operating fixed assets	(7,488,268)	(92,093,607)	(33,572,253)	-
	-	(92,093,607)	(20,048,925)	92,093,607
	-	-	-	92,093,607
	-	-	-	-
			2009 Rupees	2008 Rupees

## 17. LONG TERM DEPOSITS

### Deposits

Security deposits 1,886,645 2,139,645

### Deferred cost Export Quota Purchase

At the beginning of the year 46,601,466 46,601,466

Less: amortisation

At the beginning of the year 46,601,466 46,331,503

During the year - 269,963

46,601,466 46,601,466

1,886,645 2,139,645

## 18. STORES AND SPARES

Stores	16,548,863	16,922,264
Spares	153,208,916	120,179,492
	<u>171,757,779</u>	<u>137,101,778</u>



# AL-ABID SILK MILLS LIMITED

	2009 Rupees	2008 Rupees
<b>19. STOCK-IN-TRADE</b>		
Raw materials	1,640,302,440	1,119,743,616
Work-in-process	2,871,897,482	2,767,623,175
Finished goods	451,904,520	426,495,719
	<b>4,964,104,442</b>	<b>4,313,862,510</b>
<b>20. TRADE DEBTORS</b>		
<b>Considered good</b>		
Secured	146,057,572	109,110,665
Unsecured	2,733,272	3,910,067
	<b>148,790,844</b>	<b>113,020,732</b>
<b>21. ADVANCES, DEPOSITS AND PREPAYMENTS</b>		
Advances-considered good		
To staff and workers	950,044	1,657,050
Against Import expenses	20,452,582	21,357,104
For contract work, supplies and expenses	11,201,933	21,613,254
Deposits	32,604,559	44,627,408
Prepayments	10,405,252	9,664,701
	4,527,677	2,362,629
	<b>47,537,488</b>	<b>56,654,738</b>
<b>22. OTHER RECEIVABLES</b>		
Duty drawback	58,453,017	32,041,577
Research & development support	21,983,751	64,162,142
	<b>80,436,768</b>	<b>96,203,719</b>
<b>23. TAX REFUNDS DUE FROM GOVERNMENT</b>		
Sales tax	54,398,033	19,899,966
Income tax	5,779,341	6,893,896
	<b>60,177,374</b>	<b>26,793,862</b>
<b>24. CASH AND BANK BALANCES</b>		
Cash in hand	502,812	311,832
Cash with banks	35,965,758	10,458,303
	<b>36,468,570</b>	<b>10,770,135</b>



# AL-ABID SILK MILLS LIMITED

	2009 Rupees	2008 Rupees
<b>25 SALES AND SERVICES</b>		
<b>Sales</b>		
Export sales	9,036,174,030	5,434,031,800
Local sales	60,610,762	22,423,420
	<u>9,096,784,792</u>	<u>5,456,455,220</u>
<b>Services</b>		
Cloth Processing - Printing and dyeing	4,208,725	61,715,713
	<u>9,100,993,517</u>	<u>5,518,170,933</u>
<b>26 COST OF SALES</b>		
Cost of materials consumed (26.1)	6,534,932,741	4,612,714,808
Salaries and wages	194,767,899	168,801,819
Factory overheads (26.2)	1,272,207,489	936,631,945
	<u>8,001,908,129</u>	<u>5,718,148,572</u>
Work - in- process		
Opening stock	2,767,623,175	2,016,962,524
Closing stock	(2,871,897,482)	(2,767,623,175)
	<u>(104,274,307)</u>	<u>(750,660,651)</u>
Cost of goods manufactured	7,897,633,822	4,967,487,921
<b>Finished goods</b>		
Opening stock	426,495,719	315,345,234
Closing stock	(451,904,520)	(426,495,719)
	<u>(25,408,801)</u>	<u>(111,150,485)</u>
	7,872,225,021	4,856,337,436
Less : Duty Drawback	83,197,617	42,725,153
	<u>7,789,027,404</u>	<u>4,813,612,283</u>
<b>26.1 Cost of Materials Consumed</b>		
Dyes & chemicals	702,190,726	443,347,192
Production stores and packing material	530,182,420	455,583,974
Grey cloth	5,146,315,099	3,587,017,200
Wadding materials	19,557,423	11,211,717
Flock materials	136,687,073	115,554,725
	<u>6,534,932,741</u>	<u>4,612,714,808</u>
<b>26.2 Factory Overheads</b>		
Insurance premium	29,944,822	23,908,339
Repairs and maintenance	92,582,704	66,570,233
Rent, rates and taxes	27,411,674	21,023,138
Heat, light and power	346,359,668	233,517,820
Water consumption charges	49,272,716	39,626,712
Service charges	403,568,891	290,614,019
Checking, mending and rolling charges	15,332,834	14,053,028
Coolie, cartage and freight	142,380,353	83,621,215
Depreciation (15.2)	165,353,827	163,697,441
	<u>1,272,207,489</u>	<u>936,631,945</u>

# AL-ABID SILK MILLS LIMITED

	2009 Rupees	2008 Rupees
<b>27. ADMINISTRATIVE EXPENSES</b>		
Directors' remuneration	12,448,772	12,448,772
Salaries and benefits	77,693,409	57,748,085
Staff welfare	4,867,018	3,349,281
Electricity	38,484,408	25,946,424
Car maintenance	18,712,219	14,239,843
Conveyance	525,932	262,170
Entertainment	2,259,345	1,531,048
Printing and stationery	6,355,898	5,405,138
Communication	5,196,094	4,075,297
Legal and professional	4,424,150	2,353,757
Auditors' remuneration	(27.1) 455,000	315,000
Advertisement	590,958	693,340
Subscription and fees	3,330,855	2,661,567
Charity and donation	(27.2) -	20,000
Insurance premium	6,464,657	6,693,912
Service contracts	703,459	686,204
Repairs and maintenance	4,006,446	3,372,619
Miscellaneous	347,842	325,156
Depreciation	(15.2) 12,044,952	10,480,115
	<b>198,911,414</b>	<b>152,607,728</b>
	<b>198,911,414</b>	<b>152,607,728</b>
27.1 Audit fees	300,000	200,000
Review fees	120,000	80,000
Out of pocket expenses	35,000	35,000
	<b>455,000</b>	<b>315,000</b>
	<b>455,000</b>	<b>315,000</b>

27.2 None of the directors or their spouse has any interest in donees' fund.

## 28. SELLING AND DISTRIBUTION EXPENSES

Salaries and benefits	12,280,257	10,757,891
Packing and forwarding	96,047,404	78,721,089
Commission and brokerage	545,926	657,503
Amortization of deferred cost	-	269,963
Samples, lab testings and other charges	-	579,526
Postage, courier and stamps	2,760,260	2,341,053
Entertainment	34,823	93,254
Export development tax	22,727,226	13,802,655
Research & development support	(28.1) 391,354,337	14,503,877
	<b>525,750,233</b>	<b>121,726,811</b>
	<b>525,750,233</b>	<b>121,726,811</b>



# AL-ABID SILK MILLS LIMITED

	2009 Rupees	2008 Rupees
<b>28.1 RESEARCH AND DEVELOPMENT SUPPORT</b>		
Support on account of research and development	-	257,599,418
Less: Utilization		
Product development	57,235,350	53,942,981
Skill development & training	19,645,733	9,865,296
Upgradation of information technology	3,257,544	2,962,681
Professional consultancy	27,471,431	18,812,298
Market research	99,167,184	75,374,564
Environment improvement	56,274,551	33,408,603
Resource conservation	14,687,907	10,385,890
Production efficiencies	94,742,028	52,209,950
Participation in exhibitions	18,872,609	15,141,032
	391,354,337	272,103,295
Net expenses	391,354,337	14,503,877

**28.2** The Research and Development Support was provided by Ministry of Textile, Government of Pakistan vide SRO 803(1)/2006 dated August 10, 2006 in order to encourage and regulate the research and development in textile value added sector. This Support has been ceased to exist effective from July 01, 2008.

	2009 Rupees	2008 Rupees
<b>29: OTHER INCOME / (LOSS)</b>		
Sales of scrap	519,528	493,355
Profit on PLS deposits	355,505	608,826
(Loss) / Gain on disposal of fixed assets	(3,330)	1,601,239
	871,703	2,703,420
<b>30. FINANCIAL CHARGES</b>		
Bank charges, mark-up and commission	191,519,754	103,792,219
Mark-up on FATR account	36,011,727	22,347,102
Mark-up on short term running finance	16,509,551	7,477,800
Mark-up on export refinance loans	147,638,088	148,069,000
Lease finance charges	17,997,929	14,963,522
Mark-up on long term loan	19,224,406	27,242,203
Interest on US \$ Loan	7,245,399	8,480,663
Interest on W.P.P.F	630,296	437,097
	436,777,150	332,809,606
<b>31. OTHER CHARGES</b>		
Workers'profit participation fund	7,569,951	5,005,896
Workers' welfare fund	7,280,794	54,733
	14,850,745	5,060,629

# AL-ABID SILK MILLS LIMITED

		2009 Rupees	2008 Rupees
<b>32. TAXATION</b>			
Current	32.1	91,747,266	56,086,064
Deferred	32.2	-	-
		91,747,266	56,086,064

**32.1** The major revenues of the company are taxable under the Final Tax Regime on the basis of turnover and not on the basis of profits. Therefore, tax expense reconciliation is not presented.

**32.2** Deferred tax accounting does not apply to the Company because its income is entirely covered under FTR. The Company do not have a temporary difference which is a fundamental basis on which inter-period tax allocation is done through deferred tax accounting.

		2009 Rupees	2008 Rupees
<b>33. EARNINGS PER SHARE</b>			
<b>33.1 Basic earnings per share</b>			
Profit after tax		44,801,008	38,971,232
Weighted average number of shares		9,578,250	9,578,250
Basic earnings per share		4.68	4.07

**33.2 Diluted earnings per share**

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

**34. TRANSACTIONS WITH RELATED PARTIES**

Al - Abid Exports (Private) Limited is a related party based on common directorship. During the year transactions with the related party and the outstanding balance as at the balance sheet date is:

		2009 Rupees	2008 Rupees
Al-Abid Exports (Pvt) Ltd			
Sales		3,283,043	1,458,367
Confection and packaging availed		134,080,763	119,791,780
Outstanding balance - payable		18,514,548	20,870,122

**34.1** 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 year.



# AL-ABID SILK MILLS LIMITED

## 35. REMUNERATION OF DIRECTORS & EXECUTIVES

	CHIEF EXECUTIVE		DIRECTOR		EXECUTIVES	
	2009	2008	2009	2008	2009	2008
	Rupees					
Basic	5,997,405	5,997,405	2,034,060	2,034,060	21,473,582	16,426,524
House rent	2,698,832	2,698,832	915,324	915,324	9,663,113	7,245,934
Other allowances and perquisites	599,741	599,741	203,410	203,410	4,531,029	3,603,540
	<b>9,295,978</b>	<b>9,295,978</b>	<b>3,152,794</b>	<b>3,152,794</b>	<b>35,667,724</b>	<b>27,275,998</b>
Number of persons	1	1	1	1	27	21

35.1 The Chief Executive and Director have been provided with free use of the company maintained cars, residential telephones for business and personal use and foreign air travelling for self and dependents once in a year. Certain executives have also been provided with free use of Company maintained car.

35.2 Aggregate amount charged in the accounts for Board Meeting fee to non-executive Directors is Rs. 60,000/- (2008: Rs. 62,000).

## 36. CAPITAL RISK MANAGEMENT

The company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide adequate returns to stakeholders through the optimisation of the debt and equity balance.

## 37. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### Financial risk management objectives

The company's finance function provides services to the business and monitors & manages the financial risks relating to the operations of the company. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

#### ( I ) Market risk management

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The company strategy to manage these risks is discussed hereunder:

#### ( a ) Foreign exchange risk management

The company undertake certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arises. Exchange rate exposures are managed by utilising forward foreign exchange contracts.

As at June 30, 2009 the total foreign currency risk exposure was Rs. 283.90M (2008: Rs. 253.3M) of which Rs. 137.80M (2008: Rs. 144.2M) relates to liabilities under documentary credit and Rs. 146.1M (2008: Rs. 109.1M) relates to trade debtors.

#### ( b ) Interest rate risk management

The company is exposed to interest rate risk as funds are borrowed at both fixed and floating interest rates. The risk is managed by the company by maintaining an appropriate mix between fixed and floating rate borrowings.



# AL-ABID SILK MILLS LIMITED

The company's exposure to interest / mark-up rate risk and the effective rates on its financial assets and liabilities as at June 30, 2009 are summarized as follows:

## (i) Financial assets and liabilities

	Interest / Mark - up bearing			Non - Interest / Mark - up bearing			Total
	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	
Financial assets							
Long term deposits and deferred cost	-	-	-	-	1,886,645	1,886,645	1,886,645
Trade debtors	-	-	-	148,790,844	-	148,790,844	148,790,844
Advance and deposits	-	-	-	11,355,296	-	11,355,296	11,355,296
Other receivable	-	-	-	80,436,768	-	80,436,768	80,436,768
Cash and bank balances	-	-	-	36,468,570	-	36,468,570	36,468,570
				<b>277,051,478</b>	<b>1,886,645</b>	<b>278,938,123</b>	<b>278,938,123</b>
Financial liabilities							
Long term loans	98,011,683	85,042,604	183,054,287	-	-	-	183,054,287
Liabilities against assets subject to finance lease	64,246,328	48,729,584	112,975,912	-	-	-	112,975,912
Long term Murabaha	-	-	-	-	-	-	-
Short-term finances	2,590,390,625	-	2,590,390,625	-	-	-	2,590,390,625
Creditors accrued and other liabilities	1,352,721,882	-	1,352,721,882	1,800,968,798	-	1,800,968,798	3,153,690,680
Dividends	-	-	-	104,231	-	104,231	104,231
	<b>4,105,370,518</b>	<b>133,772,188</b>	<b>4,239,142,706</b>	<b>1,801,073,029</b>	<b>-</b>	<b>1,801,073,029</b>	<b>6,040,215,735</b>
<b>Net financial assets/ (liabilities) 2009</b>	<b>(4,105,370,518)</b>	<b>(133,772,188)</b>	<b>(4,239,142,706)</b>	<b>(1,524,021,551)</b>	<b>1,886,645</b>	<b>(1,522,134,906)</b>	<b>(5,761,277,612)</b>
Net financial assets/ (liabilities) 2008	(3,950,262,299)	(288,220,840)	(4,238,503,139)	(937,256,644)	2,139,645	(935,116,999)	(5,173,620,138)

### Effective interest/ mark-up Rates Risk

	2009			2008			Percent
	from		to	from		to	
Assets							
Bank Balances	4.75	-	5.50	4.00	-	4.50	Percent
Liabilities							
Trust receipts	13.76	-	18.20	11.59	-	15.88	Percent
Foreign Currency loan under FE-25	4.67	-	7.88	4.87	-	7.39	Percent
Export refinance	7.50	-	7.50	7.25	-	7.50	Percent
Liabilities against assets subject to finance lease	6.00	-	19.20	6.00	-	13.85	Percent
Long term Loans and Murabaha	7.00	-	18.70	7.00	-	17.19	Percent

**2009**

**2008**

## 38. NUMBER OF EMPLOYEES

The total number of employees at the end of the year

**2,144**

**1,988**

## 39. PLANT CAPACITY AND PRODUCTION

The production capacity of the plant can not be determined as it depends upon the process, the quality of the cloth used for printing and dyeing, which may compose of different kinds of fabrics and texture having different construction and weights.

## 40. NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on October 5, 2009 has proposed a cash dividend in respect of the year ended June 30, 2009 of Rs. 0.75 Per Share (2008: Rs. 0.75 Per Share). The dividend will be approved in the forthcoming Annual General Meeting. The financial statements for the year ended June 30, 2009 do not include the effect of this appropriation, which will be accounted for subsequent to the year-end.



# AL-ABID SILK MILLS LIMITED

## 41. DATE OF AUTHORISATION FOR ISSUE

These accounts were approved and authorized for issue in the Board of Directors' meeting held on October 5, 2009.

## 42 GENERAL

- (a) Figures have been rounded off to the nearest rupee.
- (b) During the year ended June 30, 2008 the Company recorded its sales after netting off the discounting charges on export documents which were discounted by the banks amounting to Rs. 22,557,735. During the year ended June 30, 2009 these discounting charges have been reclassified for the purpose of better presentation in the financial charges. Consequently the comparative figures for the year ended June 30, 2008 have been reclassified accordingly. The effect of the restatement on comparative financial statement is summarized below:

	Effect on June 30, 2008
Increase in sales	22,557,735
(Increase) in financial charges	<u>(22,557,735)</u>
Impact on profit	<u>                    -</u>
Impact on Equity	<u>                    -</u>

**NASEEM A. SATTAR**  
Chairman & CEO

**AZIM AHMED**  
Director

# AL-ABID SILK MILLS LIMITED

## KEY OPERATING AND FINANCIAL DATA

	2009	2008	2007	2006	2005	2004
	----- Rupees in million -----					
Sales	9,101	5,496	4,601	4,454	3,539	2,846
Gross Profit	1,312	682	613	721	531	411
Operating profit	587	408	388	389	211	141
Profit before tax	137	95	85	105	59	42
Tax	(92)	(56)	(47)	(46)	(28)	(24)
Profit after tax	45	39	38	59	31	18
Total Assets	7,732	7,056	5,748	5,395	5,184	3,454
Current Liabilities	5,939	5,156	3,979	3,532	3,220	2,255
	1,793	1,900	1,769	1,863	1,964	1,199
Represented by:						
Share Capital	96	96	96	74	74	74
Reserve	869	831	799	640	580	549
	965	927	895	714	654	623
Surplus on revaluation of fixed assets	555	555	391	391	391	-
Long term loans & leases	232	386	458	736	899	555
Deferred Liability	41	32	25	22	20	21
	1,793	1,900	1,769	1,863	1,964	1,199
Dividend (%age)	7.5%	7.5%	7.5%	7.5%	-	5%
Debt-equity ratio						
Debt	0.13	0.21	0.26	0.40	0.44	0.47
Equity	0.87	0.79	0.74	0.60	0.56	0.53



---

# AL-ABID SILK MILLS LIMITED

---

## PATTERN OF SHAREHOLDING AS AT JUNE 30, 2009

NUMBER OF SHARE HOLDERS	SHAREHOLDING			TOTAL SHARES
	From		To	
649	1	--	100	10,628
77	101	--	500	15,648
49	501	--	1,000	32,060
9	1,001	--	10,000	40,445
8	10,001	--	20,000	123,000
5	80,001	--	100,000	440,703
5	100,001	--	1,000,000	2,820,271
1	2,000,001	--	3,000,000	2,206,687
1	3,000,001	--	3,900,000	3,888,808
<b>804</b>	<b>TOTAL</b>			<b>9,578,250</b>

# AL-ABID SILK MILLS LIMITED

## PATTERN OF SHAREHOLDING AS AT JUNE 30, 2009

Categories of Shareholders	Number of Shareholders	Shares Held	Percentage
<b>Individuals</b>	792		
Holding more than 10%		-	-
Holding less than 10%		654,849	6.837
<b>Joint Stock Companies</b>	1		
Al-Asra Securities (Pvt) Limited		10	0.000
<b>Financial Institutions</b>	3		
NBP Trustee -NI(U)T (Loc) Fund		983,014	10.263
National Bank Of Pakistan (Trustee Deptt.)		954,306	9.963
National Bank Of Pakistan		100	0.001
<b>Insurance Company</b>	1		
State Life Insurance Corporation Of Pakistan		197,495	2.062
<b>Holding Of Directors</b>	7		
Mr. Naseem A. Sattar		3,888,808	40.600
Mrs. Zarina Naseem		2,206,687	23.039
Mr. Azim Ahmed		342,728	3.578
Mst. Adia Naseem		94,516	0.987
Mrs. Sadaf Nadeem		94,487	0.986
Mrs. Reena Azim		80,625	0.842
Mrs. Asra Amir		80,625	0.842
<b>Total</b>	<b>804</b>	<b>9,578,250</b>	<b>100.000</b>

There was no trade carried out by the directors, CEO, CFO, Company Secretary, their spouses or minor children.





—

—

2



# AL-ABID SILK MILLS LIMITED

## PROXY FORM

I/We \_\_\_\_\_

of \_\_\_\_\_

being member of **AL-ABID SILK MILLS LIMITED**, and holding \_\_\_\_\_ Ordinary Shares as per

Share Register Folio No. \_\_\_\_\_

hereby appoint \_\_\_\_\_ Folio No. \_\_\_\_\_

or failing him \_\_\_\_\_ Folio No. \_\_\_\_\_

of \_\_\_\_\_

as my/our proxy in my/our absence to attend and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on 28th October, 2009 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009

(Signature should agree with the specimen signature registered with the Company)

Note: Proxies in order to be effective, must be received by the Company not later than 48 hours before the meeting. A proxy should also be a member of the Company.

