

AL-ABID
SILK MILLS LIMITED

47th ANNUAL REPORT
2015

AL-ABID SILK MILLS LIMITED

47th ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2015

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AL-ABID SILK MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. S.M. Jawed Azam	Chairman
	Mr. Naseem A. Sattar	Chief Executive Officer
	Mr. Azim Ahmed	Executive Director
	Mr. Qamar Mashkoo	Independent Non-Executive Director
	Mr. Muhammad Sajid Hafeez	Independent Non-Executive Director
	Mst. Adia Naseem	Non-Executive Director
	Mrs. Sadaf Nadeem	Non-Executive Director
Syed Raza Abbas Jaffari	Nominee Director (N.I.T.)	

SECRETARY Mr. Nasim Ahmed

AUDIT COMMITTEE	Mr. Qamar Mashkoo	Chairman
	Mr. Muhammad Sajid Hafeez	Member
	Mr. S.M. Jawed Azam	Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE	Mr. Muhammad Sajid Hafeez	Chairman
	Mr. Naseem A. Sattar	Member
	Mr. Qamar Mashkoo	Member

AUDITORS Muniff Ziauddin & Co.,
Chartered Accountants

REGISTRARS

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

(b) Jwaffs Registrar Services (Pvt) Ltd.
505, 5th Floor, Kashif Centre,
Near Hotel Mehran,
Main Shahrah-e-Faisal, Karachi.

BANKERS

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

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

MILLS

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

AL-ABID SILK MILLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 47th 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 Friday, October 30, 2015 at 06:00 p.m. to transact the following business:

1. To confirm the Minutes of the last Annual General Meeting of the Company held on 27th October, 2014.
2. To receive, consider and adopt the annual audited accounts of the Company together with the Directors' and Auditors' Report thereon for the year ended June 30, 2015.
3. To appoint statutory Auditors for the year 2015-2016 and fix their remuneration. The present auditors M/s. Muniff Ziauddin & Company, Chartered Accountants, have offered themselves for re-appointment as Auditors of the Company.
4. To consider any other business with the permission of the Chair.

BY ORDER OF THE BOARD

Karachi: October 09, 2015

(NASIM AHMED)
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 21, 2015 to October 30, 2015 (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 address.
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.

AL-ABID SILK MILLS LIMITED

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 requirement.
- 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/her 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

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors presents the 47th Annual Report and the Audited Financial Statement of the Company for the year ended June 30, 2015.

Textile sector plays vital role in the Pakistan's economy. It is at present facing multiple challenges both internally and externally. Ever increasing production cost, and deteriorating Law and order conditions are causing a major hurdle in growth. High energy cost and prolonged power shortage further aggravated the hurdles.

During the year under review, the company registered total sales of Rs. 246.639 million as against Rs. 489.196 million registered during the corresponding period of last financial year. Accordingly the company incurred loss of Rs.332.593 million as against the loss of Rs.344.744 million during the last financial year. The loss caused due to significantly low turnover and underutilization of the capacity. The company has been in difficult situation from the start of the financial year under consideration, mainly due to shortage of working capital.

RESCHEDULING OF CREDIT FACILITIES WITH BANKS:

As informed earlier the management has already requested all of the banks and DFIs collectively and individually, to reschedule its credit facilities for a longer period coupled with fresh additional working capital facility. Most unfortunately, banks' response time is quite slow due to following up their internal procedures and systems. However, various banks and DFI have already filed civil recovery suits in Honorable High Court and Banking Court for recovery of their lent fund, although we have paid over 6 billion Rupees in last 12 years, The management is confident and believes that in ultimate analysis an amicably out of the court settlement will be reached.

FUTURE OUTLOOK:

We are pleased to inform that some of our old customers with huge buying muscles are prepared to re-start export business with us due to our past performance of high standard of quality as well as products. We are very much in negotiation with those customers at present and hope to resume normal business.

DIVIDEND

Considering the current state of affairs, the cash flow of the company does not allow any dividend payout. Therefore, the Board of Directors does not recommend dividend for the year ended June 30, 2015.

AL-ABID SILK MILLS LIMITED

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 Financial Reporting 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.

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

During the year four meetings of the Board of Directors were held. The attendance of the Directors at board meetings were as follows:

Name of Director	Meeting Eligibility	Meeting Attended
Mr. S.M. Jawed Azam	4	4
Mr. Naseem A. Sattar	4	4
Mr. Azim Ahmed	4	2
Mr. Qamar Mashkooor	4	4
Mr. Muhammad Sajid Hafeez	4	4
Syed Raza Abbas Jafferri	4	2
Mst. Adia Naseem	4	2
Mrs. Sadaf Nadeem	4	1

AL-ABID SILK MILLS LIMITED

AUDIT COMMITTEE:

Size and Composition:

For the financial year ended June 30, 2015, the audit committee comprised the following three directors, all are Non-Executive Directors:

1.	Mr. Qamar Mashkooor	Chairman
2.	Mr. S.M.Jawed Azam	Member
3.	Mr. Muhammad Sajid Hafeez	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 controls are maintained.

Quarterly reviews are also conducted between internal audit management and senior management of the 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 whatever form) and physical property. Documentation and information provided are subject to the appropriate levels of security and confidentiality.

AUDITORS:

M/s Muniff Ziauddin & Co., Chartered Accountants have retired and being eligible offered themselves for reappointment. 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 M/s. Muniff Ziauddin & Co., Chartered Accountants for the year ending June 30, 2016.

PATTERN OF SHAREHOLDING:

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

LOSS PER SHARE:

Based on the net loss for the current year, the basic loss per share is Rs. 40.01 (2014: Rs.42.35)

AL-ABID SILK MILLS LIMITED

ACKNOWLEDGMENT

In 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, creditors and financial institutions. At the same time we thank all our well wishers and valued shareholders for their reposing confidence in us.

Thanking to all of you.

For and on behalf of the Board of Directors

October 09, 2015

(NASEEM A. SATTAR)
Chief Executive

AL-ABID SILK MILLS LIMITED

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE For the year ended June 30, 2015.

This statement is being presented to comply with the Code of Corporate Governance (the CCG) contained in the listing regulation of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good 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 CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At presents the board includes:

Category	Name
Independent Directors	Mr. Qamar Mashkoo
	Mr. Muhammad Sajid Hafeez
Executive Directors	Mr. Naseem A. Sattar
	Mr. Azim Ahmed
Non-Executive Directors	Mr. S.M. Jawed Azam
	Syed Raza Abbas Jaffari (Nominee N.I.T)
	Mst. Adia Naseem
	Mrs. Sadaf Nadeem

The independent directors meets the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs personally and none of them being a member of a stock exchange, has been declared as a defaulter by that stock exchange. However the company has defaulted in payment of loan/markup of various banks.
4. No casual vacancy has occurred during the period under review.
5. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

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6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
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 the CEO, other executive and non-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 a director elected by the board for this purpose and the board met at least 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. Two Executive Directors and one Non-Executive Director are exempted from Directors' Training Program. Apart from that, board will also arrange training programs for its directors.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG 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 CCG.
15. The board has formed an Audit Committee. It comprises three members and all of them are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is non-executive director.
18. The board has set up an effective internal audit function.

AL-ABID SILK MILLS LIMITED

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses 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 ICAP.
20. 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.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board of Directors

Karachi: October 09, 2015

Naseem A. Sattar
Chief Executive Officer

AL-ABID SILK MILLS LIMITED

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **AL-ABID SILK MILLS LIMITED (the Company)** for the year ended June 30, 2015, to comply with the Code contained in regulation No. 5.19 of the Rule Book of Karachi Stock Exchange Limited and Regulation No.35 of Chapter (XI) of listing regulations of Lahore Stock Exchange Limited where the company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's 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 are not required to consider whether the Board of Director's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of 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 as applicable to the Company for the year ended June 30, 2015.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the note reference where these are stated in the Statement of Compliance:

Note reference	Description
----------------	-------------

- | | |
|---|---|
| 9 | The Board has not made arrangements to carry out orientation courses on the Code of Corporate Governance for its directors. Furthermore, the directors (excluding exempted directors) have not acquired the mandatory certification of directors training program from the Institute specified by the SECP. |
|---|---|

Karachi: October 09, 2015

MUNIFF ZIAUDDIN & CO.
CHARTERED ACCOUNTS
(Sohail Saleem)

AL-ABID SILK MILLS LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Al-Abid Silk Mills Limited** as at June 30, 2015 and the related profit and loss account, statement of comprehensive income, 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 except for the matter described in paragraph (iii), (v) and (vi) below we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes 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.

Except for the matters described in paragraphs (iii) to (vi) below, 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 estimates 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:

- (i) during the year ended June 30, 2015 the company sustained after tax loss of Rs. 537 million (2014: 568 million) and its accumulated loss stood at Rs. 6,225 million which has eroded its equity to an adverse balance of Rs. 5,718 million before surplus on revaluation of fixed assets of Rs. 3,166 million and, as of that date Company's current liabilities exceeded its current assets by Rs. 6,044 million. These events indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements have been prepared on a going concern basis but, in our opinion, management's use of the going concern assumption in the financial statements is inappropriate.
- (ii) as mentioned in note 1.1 (iii) to the financial statements, the restructuring of financial facilities is under process with various banks and financial institutions. However, as disclosed in the same note, all lenders have gone into litigation for repayment of liabilities and sale of the company's hypothecated/mortgaged properties.
- (iii) we have not received direct bank confirmations from the banks and financial institutions for short term loans amounting to Rs. 5,035 million as mentioned in note 15 and for bank balances of Rs. 10 million as mentioned in note 25 to the financial statements. Moreover, we have also not received direct confirmations from trade and other creditors amounting to Rs. 1,028 million and various leasing companies amounting to Rs. 67 million.
- (iv) as mentioned in note 1.1 (iii) to the financial statements, the Company has not recorded markup on finances obtained from banks amounting to Rs. 663 million on the plea of restructuring negotiation/litigation with the respective banks. Had the provision of mark-up been made in the financial statements, the loss for the year would have been higher by Rs. 663 million and accumulated loss and mark-up payable would have been higher by Rs. 663 million and shareholders' equity would have been lower by the same amount.

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- (v) the interest free long term loan from director amounting to Rs. 466 million (2014: Rs. 446 million) is being shown at historical cost in contravention with the requirements of IAS-39 which require the same to be recorded at fair value or amortised cost as appropriate with an impact on income through profit and loss account, the amount of which has not been determined by the company.
- (vi) the Company has not carried out actuarial valuation, as required by International Accounting Standard – 19 Employee Benefits, in respect of staff retirement benefits payable to employees.
- (vii) the recoverable amount of surplus on revaluation of fixed assets as shown in note 6 of the financial statements is dependent upon continued operation of the company.
- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
- 1 except for the effects of the matters referred to in paragraphs (i) to (vii) 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 account and are further in accordance with accounting policies consistently applied;
 - 2 the expenditure incurred during the year was for the purpose of the Company's business; and
 - 3 the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) Due to the significance of the matters referred to in paragraphs (i) to (vii) above, 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, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof do not conform with approved accounting standards as application in Pakistan and, do not give the information required by the Companies Ordinance, 1984, in the manner so required and do not give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the loss, its changes in equity and cash flows for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Karachi: October 09, 2015

MUNIFF ZIAUDDIN & CO.
CHARTERED ACCOUNTS
(Sohail Saleem)

AL-ABID SILK MILLS LIMITED

BALANCE SHEET AS AT

		June 2015	June 2014
Note	-----	(Rupees)	-----
EQUITY & LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital		200,000,000	200,000,000
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	5	134,095,500	134,095,500
Reserves			
Capital reserve		372,834,000	372,834,000
Accumulated Loss		(6,225,393,369)	(5,892,800,377)
		<u>(5,852,559,369)</u>	<u>(5,519,966,377)</u>
Shareholder's equity		<u>(5,718,463,869)</u>	<u>(5,385,870,877)</u>
Surplus on revaluation of fixed assets	6	3,165,968,649	3,369,922,225
LIABILITIES			
NON- CURRENT LIABILITIES			
Loan from director - unsecured	7	466,018,754	445,768,754
Long term loan from banks	8	-	-
Liabilities against assets subject to finance lease	9	-	-
Deferred Taxation	10	404,503,865	399,993,045
Retirement benefits	11	14,265,760	22,384,770
		<u>884,788,379</u>	<u>868,146,569</u>
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	12	1,060,408,168	1,014,878,695
Accrued markup	13	240,815,938	240,815,938
Current maturity of long term loans			
- and Lease Liability	14	67,118,820	73,072,920
Short term finances	15	5,034,787,523	5,034,787,523
		<u>6,403,130,449</u>	<u>6,363,555,076</u>
CONTINGENCIES AND COMMITMENTS	16	-	-
		<u>4,735,423,608</u>	<u>5,215,752,993</u>

The annexed notes 1 to 40 form an integral part of these financial statements.

Naseem A. Sattar
Chief Executive Officer

AL-ABID SILK MILLS LIMITED

JUNE 30, 2015

		June 2015	June 2014
	Note	----- (Rupees) -----	-----
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	17	4,374,712,766	4,801,771,325
Long term security deposit		1,946,645	1,946,645
CURRENT ASSETS			
Stores and spares	18	81,492,512	89,886,713
Stock in trade	19	18,189,966	30,997,375
Trade debts	20	8,142,154	33,643,479
Loans and advances	21	9,330,612	12,392,083
Trade deposits and prepayments	22	6,311,810	7,811,810
Other receivables	23	165,167,887	170,493,463
Tax refunds due from government	24	59,817,553	58,471,592
Cash and bank balances	25	10,311,703	8,338,508
		358,764,197	412,035,023
		4,735,423,608	5,215,752,993

Qamar Mashkoor
Director

AL-ABID SILK MILLS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
Sales and services	26	246,638,730	489,195,884
Cost of sales	27	719,997,631	1,020,101,610
Gross loss		(473,358,901)	(530,905,726)
Operating expenses			
Distribution cost	28	6,982,815	17,064,839
Administrative expenses	29	60,768,690	107,026,689
		67,751,505	124,091,528
		(541,110,406)	(654,997,254)
Other income	30	9,347,609	4,125,778
Loss from operations		(531,762,797)	(650,871,476)
Finance cost	31	272,951	162,672
Loss before taxation		(532,035,748)	(651,034,148)
Taxation - net	32	4,510,820	(83,098,210)
Loss after taxation		(536,546,568)	(567,935,938)
Loss per share - basic and diluted	33	(40.01)	(42.35)

The annexed notes 1 to 40 form an integral part of these financial statements.

Naseem A. Sattar
Chief Executive Officer

Qamar Mashkoor
Director

AL-ABID SILK MILLS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2015

	2015 Rupees	2014 Rupees
Loss after taxation	(536,546,568)	(567,935,938)
Items that will never be classified to profit or loss		
Remeasurements of defined benefit liability	-	(90,064)
Recognition tax	-	30,622
Total other comprehensive income	-	(59,442)
Total Comprehensive Loss for the period	<u>(536,546,568)</u>	<u>(567,995,380)</u>
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	203,953,576	223,251,827
Total Comprehensive Loss	<u>(332,592,992)</u>	<u>(344,743,553)</u>

The annexed notes 1 to 40 form an integral part of these financial statements.

Naseem A. Sattar
Chief Executive Officer

Qamar Mashkooor
Director

AL-ABID SILK MILLS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2015

	2015 Rupees	2014 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(532,035,748)	(651,034,148)
Adjustments for:		
Depreciation	418,841,695	467,265,988
Provision for gratuity	110,000	13,444,623
(Gain) / Loss on disposal of property, plant and equipment	(9,283,173)	(3,538,108)
	409,668,522	477,172,503
Decrease in current assets:		
Stores and spares	8,394,201	5,952,588
Stock in trade	12,807,409	75,863,899
Trade debtors	25,501,325	24,992,341
Loan and advances	3,061,471	3,752,512
Trade deposits and prepayments	1,500,000	-
Other receivables	5,325,576	21,886,966
Tax refunds due from government	138,680	10,604,367
	56,728,662	143,052,673
Increase / (Decrease) in current liabilities:		
Trade and other payable	45,529,473	(56,999,848)
Short term finance	-	(31,026,632)
	45,529,473	(88,026,480)
Cash used in generated from operations	(20,109,091)	(118,835,452)
Taxes paid	(1,484,641)	(2,626,081)
Staff gratuity paid	(8,229,010)	(13,309,839)
Net cash outflow from operations	(29,822,742)	(134,771,372)
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	-	(12,150,736)
Proceeds from disposal of fixed assets	17,500,037	8,580,929
Net cash (used in) / generated from investing activities	17,500,037	(3,569,807)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds of loan from directors	20,250,000	140,312,887
Payments of obligation under finance lease	(5,954,100)	(3,505,950)
Net cash inflow from financing activities	14,295,900	136,806,937
Net (decrease) / increase in cash and cash equivalents	1,973,195	(1,534,242)
Cash and cash equivalents at the beginning of the year	8,338,508	9,872,750
Cash and cash equivalents at the end of the year	10,311,703	8,338,508

The annexed notes 1 to 40 form an integral part of these financial statements.

Naseem A. Sattar
Chief Executive Officer

Qamar Mashkoor
Director

AL-ABID SILK MILLS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2015

	Share Capital	Capital Reserve	Accumulated Loss	Total
	----- Rupees -----			
Balance as at June 30, 2013 - as restated	134,095,500	372,834,000	(5,549,079,853)	(5,042,150,353)
Loss for the year ended June 30, 2014	-	-	(567,995,380)	(567,995,380)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	223,251,827	223,251,827
Transfer from surplus on revaluation due to disposal of fixed assets	-	-	1,023,029	1,023,029
Balance as at June 30, 2014	134,095,500	372,834,000	(5,892,800,377)	(5,385,870,877)
Loss for the year ended June 30, 2015	-	-	(536,546,568)	(536,546,568)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	203,953,576	203,953,576
Transfer from surplus on revaluation due to disposal of fixed assets	-	-	-	-
Balance as at June 30, 2015	134,095,500	372,834,000	(6,225,393,369)	(5,718,463,869)

The annexed notes 1 to 40 form an integral part of these financial statements.

Naseem A. Sattar
Chief Executive Officer

Qamar Mashkooor
Director

AL-ABID SILK MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

1 LEGAL STATUS AND OPERATIONS

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

1.1 GOING CONCERN ASSUMPTIONS

As a result of constant losses, the company's equity is in negative by Rs. 5.72 billion while the reported current liabilities (since partly under litigation) have exceeded to current assets of the company by Rs. 6.04 billion. However, the company has undertaken various steps in order to turn around the company. The brief update on these steps is given below:

Recapturing foreign market

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

(i) Capturing local market share

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

(ii) Reduction in fixed costs

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

(iii) Rescheduling of credit facilities with the banks

The management has already requested all of the banks and DFIs collectively and individually, to reschedule its credit facilities for a longer period coupled with fresh additional working capital facility. Most unfortunately, banks' response time is quite slow due to following up their internal procedures and systems. Meanwhile, the banks and DFI have already filed civil recovery suits in Honorable High Court and Banking Court for recovery of their lent fund. The Company has already filed leave to defend in the court against all such legal suits. The management is confident and believes that in ultimate analysis an amicably out of the court settlement will be reached and approval of rescheduling with other banks including fresh financing which is essential requirement for resumption of export business will be finalized. Furthermore, the company has not accrued the markup of Rs. 663 million as matter is under negotiations with the banks and DFIs.

In view of the above, the management of the company is confident to turn it around and to continue as a going concern. Accordingly, these financial statements do not include any adjustment relating to the realization of its assets and liquidation of any liabilities that might be necessary should the company be unable to continue as a going concern.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance), directives issued by the Securities and Exchange Commission of Pakistan (SECP) and approved accounting

AL-ABID SILK MILLS LIMITED

standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified by the provisions of and directives issued under the Ordinance. Wherever the requirements of the Ordinance or directives issued by the SECP differ from the requirements of the approved accounting standards, the Ordinance and the said directives have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for stores, spares and loose tools and stock-in-trade which are carried at lower of cost and net realizable value, and fixed assets which are carried at revalued amount and certain staff retirement benefits which are carried at present value.

2.3 Functional and presentation currency

These financial statements 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.

2.4 New standards, interpretations and amendments to published approved accounting standards:

2.4.1 Initial application of standards, amendments or an interpretation to existing standards

There are new and amended standards and interpretations that are mandatory for the accounting periods beginning on July 1, 2014 but are considered not to be relevant or do not have any significant effect on the financial statements and are therefore not detailed in these financial statements.

2.4.2 Accounting standards or an interpretations not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards would be effective from the dates mentioned below against the respective standard or interpretation:

IAS 27 - Separate financial statements (Amendments)	effective from accounting period beginning on or after January 1, 2015
IFRS 10 Consolidated financial statements (Amendments)	effective from accounting period beginning on or after January 1, 2015
IFRS 11 - Joint Arrangements	effective from accounting period beginning on or after January 1, 2015
IFRS 12 - Disclosure of interests in other entities (Amendments)	effective from accounting period beginning on or after January 1, 2015
IFRS 13 - Fair value measurement	effective from accounting period beginning on or after January 1, 2015

The above standards, amendments and interpretations are either not relevant to Company's operations or are not expected to have significant impact on the Company's financial

In addition to the above amendments and interpretations, improvements to the following accounting standards have also been issued by IASB. Such improvements are generally effective

Standard or Interpretation	IASB Effective date
IFRS 8 Operating Segments	July 01, 2014
IAS 16 Property, plant and equipment - (Amendment)	July 01, 2014
IAS 24 Intangible Assets - (Amendment)	July 01, 2014
IAS 38 Related Party Disclosure	July 01, 2014
IAS 40 Investment Property	July 01, 2014

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Operating fixed assets

- (i) Operating fixed assets of Leasehold land, Building on Leasehold land, Plant, Machinery & equipments, Furniture & Fixture, Office equipment, Electric, gas & Other Installation and Leased Plant, Machinery & equipments are stated at revalued amount. Vehicle are stated at cost less accumulated depreciation and impairment losses, if any.
- (ii) Residual values and useful lives are reviewed, at each balance sheet date, and adjusted if impact on depreciation is significant.
- (iii) The Company assesses at each balance sheet date whether there is any indication that operating fixed assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in income currently.
- (iv) Depreciation is charged to income on the reducing balance basis. Depreciation is charged at rates stated in note 17.1.
- (v) Depreciation on additions is charged from the month the assets are available for use while in the case of disposals, depreciation is charged one month prior up to the month in which the assets are disposed off.
- (vi) The depreciation method and useful lives of items of fixed assets are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing the depreciation charge for the current and future periods.
- (vii) Normal repairs and maintenance are charged to expenses as and when incurred. Major renewals and replacements are capitalised and are depreciated over the remaining useful life of the related assets.
- (viii) Gains or losses on disposal or retirement of fixed assets are determined as the difference between the sales proceeds and the carrying amount of asset and are included in the profit and loss account.
- (ix) Capital work in progress is stated at cost. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.

3.2 Operating fixed assets held under finance lease and related depreciation

The Company accounts for operating fixed assets held under finance lease by recording the asset and the related liability. Operating fixed assets on finance lease are capitalised at the commencement of the lease term at the lower of the fair value of leased assets and the present value of minimum lease payments, each determined at the inception of the lease. Each lease payment is allocated between its present value and finance cost so as to achieve a constant rate on the finance lease obligation. The finance cost is charged to profit and loss account and is included under finance charges. Depreciation is charged to income applying the reducing balance method at rates stated in note 17.1.

The Company assesses at each balance sheet date whether there is any indication that the leased operating fixed assets may be impaired. If such an indication exists, the carrying amounts of the related assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is charged to income currently.

3.3 Surplus on Revaluation of Fixed Assets

Any revaluation surplus is credited to the surplus on revaluation of fixed assets, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value.

3.4 Stores and Spare Parts

Stores, spare parts and loose tools are stated at the lower of cost and net realizable value. The cost of inventory is based on weighted average cost less provision for obsolescence, if any. Items in transit are stated at cost comprising invoice value plus other charges thereon accumulated up to the balance sheet date.

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3.5 Stock-in-trade

- (i) These are valued at lower of cost and net realizable value.
- (ii) Cost in relation to raw materials in hand, packing materials and other components has been calculated on a weighted average basis and represents invoice values plus other charges paid thereon.
- (iii) Cost in relation to work in process and finished goods represents direct cost of materials, wages and appropriate manufacturing overheads.
- (iv) Raw materials held in custom bonded warehouse and stock-in-transit are valued at cost comprising of invoice value plus other charges accumulated up to the balance sheet date.
- (v) Net realizable value represents the estimated selling price in the ordinary course of business less all estimated costs necessary to completion and to be incurred in marketing, selling and distribution.

3.6 Trade debts and other receivables

Trade and other receivables are carried at cost less provisions for any uncollectible amount. An estimate is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written off.

3.7 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 term deposits, cash and bank balances.

3.8 Revenue Recognition

- (i) Revenue from sale is recognised when significant risk and rewards of ownership are transferred to the buyer.
- (ii) Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable.
- (iii) Income from processing services is recorded when earned.

3.9 Borrowing Cost

Borrowing costs incurred on long term finances directly attributable for the construction/acquisition of qualifying assets are capitalised up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently.

3.10 Foreign Currency Translation

Transactions in foreign currencies are translated into Pak Rupee using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupee at the exchange rates prevailing at the balance sheet date. All arising exchange gains and losses are recognised in the profit and loss account.

3.11 Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events 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 amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the prevailing best estimate.

3.12 Dividend

Dividend is recognised as liability in the period in which it is approved by the shareholders.

3.13 Financial assets and liabilities

Consistent with prior years, 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, amortised cost or cost as the case may be. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provision of the instrument. Financial assets are derecognised when the rights to the cash flows from the financial assets expire or where the Company transfers the financial assets and the transfer qualifies for derecognition. Financial liabilities are derecognised when the obligation specified in the contract is discharged.

3.14 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is set-off and the net amount is reported in the balance sheet if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.15 Interest / Mark-up bearing loans and borrowings

Interest / mark-up bearing loans and borrowings are recorded at the proceeds received. Finance charges are accounted for on accrual basis.

3.16 Impairment

The carrying amount of the Company's assets is reviewed at each balance sheet date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset or group of assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account.

3.17 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.18 Derivative financial instruments and hedging activities

The Company designates derivative financial instruments fair value hedge. Fair value hedge represents hedges of the fair value of recognized assets or liabilities or a firm commitment. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss account, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The carrying value of the hedged item is adjusted accordingly. When a derivative financial instrument is not designated in a qualifying hedge relationship, it is accounted for as held for trading and accordingly is categorized as 'financial asset at fair value through profit or loss'.

3.19 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. As per latest actuarial valuation carried out as at June 30, 2015, the value of scheme's liabilities are Rs. 14.27 million (2014: Rs. 22.40 million). The Projected Unit Credit Method of Valuation was used to generate actuarial values. The annual provision during the year are charged to income currently.

All actuarial gains and losses are recognised in 'other comprehensive income' as they occur. Previously actuarial gains / losses exceeding 10 percent of the higher of the present value of the defined benefit obligation and fair value of plan assets at the beginning of the year, were amortised over the expected average working lives of the employees participating in the plan.

3.20 Taxation

Income tax expense represents the sum of current tax payable, adjustments, if any, to provision for tax made in previous years arising from assessments framed during the year for such years. Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(i) Current and prior year

Provision for current year's taxation is based on taxable income for the year at the current rates of taxation after taking into account tax credits and tax rebates available, if any, and taxes paid under the presumptive tax regime in respect of imports & export and minimum tax.

(ii) Deferred

Deferred tax is provided using the balance sheet liability method on all temporary differences arising from differences between tax bases of assets and liabilities and their carrying amount for financial statements reporting purpose.

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Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit shall be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

3.21 Obligation under finance lease

Total outstanding obligation under the lease arrangement less finance cost attributable to future periods is presented as liability. Finance cost under the lease arrangement is distributed over the lease term so as to produce a constant periodic rate of finance cost on the balance of principal liability outstanding at the end of each period.

3.22 Borrowings

These are recognized initially at fair value, net of transaction costs and are subsequently measured at amortized cost using the effective interest method. Difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months subsequent to the balance sheet date.

3.23 Segment Reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment, however certain information about Company's products as required by the approved accounting standards, are presented in note 39 to these financial statements.

3.24 Related Party Transactions

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The estimates / judgments and associated assumptions used in the preparation of the financial statements 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. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

4.1 Property, Plant and Equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value use in the calculation of depreciation. Further, where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

4.2 Income tax

In making the estimate for income taxes payable by the Company, the management looks at the applicable law and decisions of appellate authorities on certain issues in the past.

4.3 Stores, Spare Parts and Stock in Trade

The Company reviews the net realizable value of stores, spare parts, loose tools and stock in trade to assess any diminution in the respective carrying values. Net realizable value is determined with reference to estimated selling price less estimated expenditures to makes the sales.

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5	SHARE CAPITAL		June 2015 Rupees	June 2014 Rupees			
	June 2015 (Number of shares)	Jun 2014					
	20,000,000	20,000,000	200,000,000	200,000,000			
	Authorised Capital						
			Issued, subscribed and paid up capital				
	8,713,900	8,713,900	87,139,000	87,139,000			
	4,695,650	4,695,650	46,956,500	46,956,500			
	13,409,550	13,409,550	134,095,500	134,095,500			
6	SURPLUS ON REVALUATION OF FIXED ASSETS						
	Balance at beginning of the year		3,369,922,225	3,594,197,081			
	Surplus during the year		-	-			
	Less: Incremental depreciation on revalued assets for the year - net of tax		(203,953,576)	(223,251,827)			
	Less: Revaluation surplus related to disposal assets		-	(1,023,029)			
			3,165,968,649	3,369,922,225			
6.1	<p>During the financial year ended June 30, 2012 the Company revalued its Leasehold land, Building on Leasehold land, Plant, Machinery & equipments, Furniture & Fixture, Office equipment, Electric, gas & Other Installation and Leased Plant, Machinery & equipments on June 30, 2012. The valuation has been determined by the independent valuer M/s. Anjum Adil & Associates on the basis of prevailing market rates which has resulted an increase in revaluation reserve by Rs. 3,807,350,520. The earlier valuation of Leasehold land was carried out by the same independent valuer on August 31, 2010 and August 31, 2007 on the basis of prevailing market rates at that time.</p>						
7	LOAN FROM DIRECTOR - UNSECURED		June 2015 Rupees	June 2014 Rupees			
	Balance at beginning of the year		445,768,754	305,455,867			
	Received during the year		20,250,000	140,312,887			
	Repaid during the year		-	-			
			466,018,754	445,768,754			
7.1	The above is interest free loan from director of the company.						
8	LONG TERM BORROWINGS - SECURED (NON-PARTICIPATORY)						
	Name of Banks	Sale price	Purchase price	Number of installments and date of commencement	Rate of mark-up per annum	June 2015 Rupees	June 2014 Rupees
	Pak Oman Investment Company I	86,871,864	107,417,218	22 equal quarterly September 4, 2006 Grace Period 06 Months	7.0% Per Annum	27,011,025	27,011,025
	Pak Oman Investment Company II	1,091,413	1,638,507	22 equal quarterly September 4, 2006 Grace Period 01 Year	2.0% over 6 months KIBOR	477,496	477,496
						27,488,521	27,488,521
	Less: Transfer to Current maturity				14	27,488,521	27,488,521

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8.1 These borrowings are denominated in Pak Rupees and are secured against exclusive charge over specific Plant & Machineries of the Company. As fully disclosed in note no. 16 the financial institutions have filed suits for the recovery of loan and the company is not accruing the markup as disclosed in note no 1 to the financial statements.

	June 2015 Rupees	June 2014 Rupees
9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Present value of minimum lease payments	39,630,299	45,584,399
Current maturity shown under current liabilities	14 (39,630,299)	(45,584,399)
	<u>-</u>	<u>-</u>
Minimum lease payments		
Not later than one year	39,630,299	45,584,399
Later than one year and not later than 5 years	-	-
	<u>39,630,299</u>	<u>45,584,399</u>
Finance charges not yet due	-	-
Present value of finance lease liabilities	<u>39,630,299</u>	<u>45,584,399</u>
Present value of finance lease liabilities		
Not later than one year	39,630,299	45,584,399
Later than one year and not later than 5 years	-	-
	<u>39,630,299</u>	<u>45,584,399</u>

9.1 Payments under leases included financial charges at the rates ranging between 8% to 16.30% per annum. However, the company is not accruing the markup due to the reason as disclosed in note 1 to the financial statements. Leases carry purchase options at the end of the lease period. There are no financial restrictions in the lease agreements. As fully disclosed in note No. 16 various financial institutions have filed suit for the recovery of these loan.

10 DEFERRED TAXATION

Debit/(credit) balances arising from:

Accelerated tax depreciation allowance	1,037,635,598	1,175,056,469
Liabilities against assets subject to finance lease	22,578,396	34,051,001
Provision for retirement benefits	(365,574)	(346,030)
Gratuity recognised in equity	-	(30,622)
Tax credit of unused tax losses	(655,344,555)	(808,737,773)
	<u>404,503,865</u>	<u>399,993,045</u>

10.1 During the year the company's major revenue has been from local sales and services instead of exports and its income is now covered under NTR. Hence, the estimate related to the deferred tax has been remeasured during the year to incorporate the effect of unused tax losses, retirement benefits, leased assets and accelerated tax depreciation allowance.

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	June 2015 Rupees	June 2014 Rupees
11 RETIREMENT BENEFITS	14,265,760	22,384,770
11.1 The amount recognized in the Balance Sheet		
Present value of Defined Benefit Obligation	(7,011,209)	1,107,801
Payables to outgoing members	-	21,276,969
Liability at the end of the year	<u>(7,011,209)</u>	<u>22,384,770</u>
11.2 Movement in net liability recognized in the Balance Sheet		
Liability at beginning of the year	22,384,770	22,159,922
Charge for the year	110,000	13,444,623
Remeasurement on obligation	-	90,064
Benefits paid during the year	(8,229,010)	(13,309,839)
Liability at end of the year	<u>14,265,760</u>	<u>22,384,770</u>
11.3 Charge for the period / year		
Current service cost	110,000	75,620
Gains and losses arising on plan settlement	-	12,736,356
Interest cost on defined benefit obligation	-	632,647
Other comprehensive income	-	90,064
	<u>110,000</u>	<u>13,534,687</u>
11.4 Movement in present value of Defined Benefit Obligation		
Obligation at the beginning of the year	1,107,801	22,159,922
Current service cost	110,000	75,620
Interest cost	-	632,647
Benefits due but not paid (payables)	-	(21,276,969)
Benefit paid	(8,229,010)	(13,309,839)
Gain and losses arising on plan settlement	-	12,736,356
Remeasurements:		
Experience adjustment	-	90,064
Obligation at the end of the year	<u>(7,011,209)</u>	<u>1,107,801</u>
11.5 Principal actuarial assumptions used the valuation:		
Discount rate (per annum)	13%	13%
Future salary increase (per annum)	12%	12%
Remaining Retirement age (years)	8 Yrs	8 Yrs
Mortality Rates	SLIC 2001-2005	SLIC 2001-2005
Withdrawal Rates	Age Based	Age Based
Retirement Assumption	60 years	60 years
11.6 Year end sensitivity analysis (- 100/+ 100 bps) on defined benefit obligation		
Discount Rate + 100 bps	1,030,204	1,030,204
Discount Rate - 100 bps	1,193,418	1,193,418
Salary increase + 100 bps	1,193,418	1,193,418
Salary increase - 100 bps	1,028,877	1,028,877
12 TRADE AND OTHER PAYABLES		
Trade creditors	700,521,564	694,392,773
Other creditors	327,803,613	239,177,231
Accrued liabilities	10,894,471	49,225,933
Workers' profit participation fund	16,695,060	16,695,060
Advance from customers	785,717	4,958,833
Unclaimed dividend	108,310	108,310
Other liabilities	3,599,433	10,320,555
	<u>1,060,408,168</u>	<u>1,014,878,695</u>

AL-ABID SILK MILLS LIMITED

	June 2015 Rupees	Jun 2014 Rupees
13 ACCRUED MARKUP		
Export refinance loan & US Dollar loan	122,852,442	122,852,442
Liabilities against assets subject to finance lease	3,437,436	3,437,436
Long term loan	170,807	170,807
Short term loan	114,355,253	114,355,253
	240,815,938	240,815,938
14 CURRENT MATURITY OF LONG-TERM LOANS AND LEASE LIABILITY		
Long term Loans - Pak Oman Investment Company I & II	27,488,521	27,488,521
Liabilities against assets subject to finance lease	39,630,299	45,584,399
	67,118,820	73,072,920
15 SHORT TERM FINANCES		
From banks and financial institutions - Secured	5,034,787,523	5,034,787,523
15.1 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, A-29/B, D-14/C-1 and A-34/A with building and machinery installed thereon and charge on book debts and receivables of the company. As fully disclosed in note No. 16 various banks have filed suit for the recovery of these loans:		
16 CONTINGENCIES AND COMMITMENTS		
16.1 Contingencies		
Bank guarantee	79,834,000	79,834,000
16.1.1 The bank guarantees have been issued in favor of various government agencies.		
16.1.2 The Sales Tax department has filed an appeal in the Honorable High Court of Sindh on 23rd August, 2000 against the Order of the learned Appellate Tribunal Customs and Sales Tax for recovery of Additional Tax and Surcharge amounting to Rs. 3.449 million for the year 1992-93. No provision for this amount has been made in these accounts as the management of the Company is of the view that the decision of the Learned Appellate Tribunal Customs and Sales Tax given in favor of the Company will be successfully defended in the Honorable High Court.		
16.1.3 JS Bank Limited has filed suit No.B-42/2013 & B-76/2013 against the company for recovery of outstanding loan amounting to Rs. 335,105,083/-.		
16.1.4 United Bank Ltd has filed suit No. B-93 of 2012 against the company for recovery of outstanding loan amounting to Rs. 606,855,202/-.		
16.1.5 Habib Bank Limited has filed suit No. B-96 of 2012 against the company for recovery of outstanding loan amounting to Rs. 812,482,558/-.		
16.1.6 Pak-Oman Investment Co. Ltd has filed suit No. 202 of 2013 against the company for recovery of outstanding loan amounting to of Rs. 46,031,519/-.		
16.1.7 Meezan Bank Ltd. Suit No. B-58 of 2013 against the company for recovery of outstanding loan amounting to Rs. 546,667,987/-.		
16.1.8 Faysal Bank Ltd has filed suit no. B-80 of 2013 against the company for recovery of outstanding loan amounting to Rs. 763,724,270/-.		
16.1.9 Summit Bank Ltd. has filed Suit No. B-84 of 2013 against the Company for recovery of outstanding loan amounting to Rs. 433,796,294/-.		
16.1.10 Bank of Punjab has filed suit No. B-95 of 2013 against the Company for recovery of outstanding loan amounting to Rs. 434,399,948/-.		
16.1.11 Pair Investment Co. Ltd has filed suit No. B-111 of 2013 against the Company for recovery of outstanding loan amounting to Rs. 171,460,949/-.		
16.1.12 Allied Bank Ltd. has filed suit No. B-49 of 2014 against the Company for recovery of outstanding loan amounting to Rs. 76,788,194/-.		
16.1.13 National Bank of Pakistan has filed suit no. B-66 of 2014 against the Company for recovery of outstanding loan amounting to Rs. 963,313,878/-.		

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16.1.14 Orix Leasing has filed suit no 36/2015 against the Company for recovery of outstanding loan amounting to Rs. 19,481,004/-.

16.1.15 Standard Chartered Bank (Pakistan) Ltd has filed suit no 04/2015 against the Company for recovery of outstanding loan amounting to Rs. 42,550,043/-.

16.1.16 Pak Kuwait Investment Company has filed suit no 16/2015 against the Company for recovery of outstanding loan amounting to Rs. 26,811,180/-.

The outcome of above cases as referred in note 16.1.3 to 16.1.16 cannot be predicted and the management is vigorously contesting the case, however major amount has already been provided in financial statements.

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

16.1.18 Various ex-workers filed suits for payment of their legal dues before the Authority under the Payment of Wages Act, West Division, Karachi. The company believes that there may not be any financial implications.

16.2 Commitments:

There are no commitments as at year end. (2014: Nil).

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17 PROPERTY, PLANT AND EQUIPMENT

Operating Fixed Assets
Capital Work in Progress - DDFC Boiler

17.1 Operating Fixed Assets

	June 2015 Rupees	June 2014 Rupees
Note		
17.1	4,357,912,766	4,784,971,325
	16,800,000	16,800,000
	4,374,712,766	4,801,771,325

Particulars	Year 2015							Total
	Lease hold Land 10%	Building on Lease hold land 10%	Plant, Machinery & equipments 10%	Furniture & Fixture 10%	Office equipment 10%	Electric, gas & Other Installations 10%	Vehicles 20%	
Rate	Rupees							
Owned Assets								
Value / Cost as on Jul 01, 2014	606,379,400	1,076,211,650	3,529,756,658	135,011,047	42,060,400	198,654,563	31,123,988	5,619,197,706
Addition during the period	-	-	-	-	-	-	-	-
Deletion during the period	-	-	-	-	-	-	(22,392,846)	(22,392,846)
Transfer during the period	-	-	-	-	-	-	32,247,637	32,247,637
Cost as on June 30, 2015	606,379,400	1,076,211,650	3,529,756,658	135,011,047	42,060,400	198,654,563	40,978,779	5,629,052,497
Depreciation as on Jul 01, 2014	-	204,480,214	669,653,398	25,652,097	7,989,976	37,190,117	19,605,712	964,571,514
Charge for the period	-	87,130,621	286,010,327	10,935,895	3,407,044	16,146,446	3,205,842	406,836,175
Deletion during the period	-	-	-	-	-	-	(14,175,982)	(14,175,982)
Transfer during the period	-	-	-	-	-	-	21,957,707	21,957,707
Depreciation as on June 30, 2015	-	291,610,835	955,663,725	36,587,992	11,397,020	53,336,563	30,593,279	1,379,189,414
WDV as on June 30, 2015	606,379,400	784,600,815	2,574,092,933	98,423,055	30,663,380	145,318,000	10,385,500	4,249,863,083
Leased Assets								
Value / Cost as on Jul 01, 2014	-	-	148,216,300	-	-	-	32,247,637	180,463,937
Addition during the period	-	-	-	-	-	-	-	-
Deletion during the period	-	-	-	-	-	-	-	-
Transfer during the period	-	-	-	-	-	-	(32,247,637)	(32,247,637)
Cost as on June 30, 2015	-	-	148,216,300	-	-	-	-	148,216,300
Depreciation as on Jul 01, 2014	-	-	28,161,097	-	-	-	21,957,707	50,118,804
Charge for the period	-	-	12,005,520	-	-	-	-	12,005,520
Deletion during the period	-	-	-	-	-	-	-	-
Transfer during the period	-	-	-	-	-	-	(21,957,707)	(21,957,707)
Depreciation as on June 30, 2015	-	-	40,166,617	-	-	-	-	40,166,617
WDV as on June 30, 2015	-	-	108,049,683	-	-	-	-	108,049,683
Total WDV as on June 30, 2015	606,379,400	784,600,815	2,682,142,616	98,423,055	30,663,380	145,318,000	10,385,500	4,357,912,766

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Particulars	Year 2014							Total
	Lease hold Land	Building on Leasehold land	Plant, Machinery & equipments	Furniture & Fixture	Office equipment	Electric, gas & Other Installation	Vehicles	
Rate	10%							20%
Owned Assets	Rupees							
Value / Cost as on Jul 01, 2013	606,379,400	1,076,211,650	3,526,393,177	135,011,047	42,060,400	193,704,563	36,191,838	5,615,952,075
Addition during the period	-	-	5,680,736	-	-	4,950,000	1,520,000	12,150,736
Deletion during the period	-	-	(2,317,255)	-	-	-	(9,423,850)	(11,741,105)
Transfer during the period	-	-	-	-	-	-	2,836,000	2,836,000
Cost as on June 30, 2014	606,379,400	1,076,211,650	3,529,756,658	135,011,047	42,060,400	198,654,563	31,123,988	5,619,197,706
Depreciation as on Jul 01, 2013	-	107,621,165	352,235,330	13,501,104	4,204,373	19,370,456	21,800,161	518,732,589
Charge for the period	-	96,859,049	317,649,793	12,150,993	3,785,603	17,819,661	3,088,940	451,354,039
Deletion during the period	-	-	(231,725)	-	-	-	(6,466,559)	(6,698,284)
Transfer during the period	-	-	-	-	-	-	1,183,170	1,183,170
Depreciation as on June 30, 2014	-	204,480,214	669,653,398	25,652,097	7,989,976	37,190,117	19,605,712	964,571,514
WDV as on June 30, 2014	606,379,400	871,731,436	2,860,103,260	109,358,950	34,070,424	161,464,446	11,518,276	4,654,626,192
Leased Assets	Rupees							
Value / Cost as on Jul 01, 2013	-	-	148,216,300	-	-	-	35,083,637	183,299,937
Addition during the period	-	-	-	-	-	-	-	-
Deletion during the period	-	-	-	-	-	-	-	-
Transfer during the period	-	-	-	-	-	-	(2,836,000)	(2,836,000)
Cost as on June 30, 2014	-	-	148,216,300	-	-	-	32,247,637	180,463,937
Depreciation as on Jul 01, 2013	-	-	14,821,630	-	-	-	20,568,395	35,390,025
Charge for the period	-	-	13,339,467	-	-	-	2,572,482	15,911,949
Deletion during the period	-	-	-	-	-	-	-	-
Transfer during the period	-	-	-	-	-	-	(1,183,170)	(1,183,170)
Depreciation as on June 30, 2014	-	-	28,161,097	-	-	-	21,957,707	50,118,804
WDV as on June 30, 2014	-	-	120,055,203	-	-	-	10,289,930	130,345,133
Total WDV as on June 30, 2014	606,379,400	871,731,436	2,980,158,463	109,358,950	34,070,424	161,464,446	21,808,206	4,784,971,325

June 2015	June 2014
Rupees	Rupees
406,440,563	451,475,239
12,401,132	15,790,749
418,841,695	467,265,988

Note
27.2
29

17.2 Allocation of Depreciation
Manufacturing overheads
Admin expenses

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17.3 Had there been no revaluation, related figures of property, plant and equipments would have been as follow:

	Jun 2015	Jun 2014
	Rupees	Rupees
Owned Assets:		
Lease hold Land	45,500,514	45,500,514
Building on Leasehold land	150,152,466	166,836,074
Plant, Machinery & equipments	716,452,465	796,058,291
Furniture & Fixture	33,962,505	3,773,116
Office equipment	10,337,932	11,486,589
Electric, gas & Other Installation	44,441,243	49,379,161
Leased Assets:		
Plant, Machinery & equipments	45,878,128	50,975,698
	1,046,725,253	1,124,009,443

17.4 Disposal of Fixed Assets

Particulars	Cost	Accumulated Depreciation	Written down value	Sales Proceeds	Gain / (Loss)	Mode of Disposal	Description
	Rupees						
Vehicles							
HONDA CIVIC ATE-614	1,755,880	1,096,606	659,274	1,400,000	740,726	Negotiation	Shahid Murtaza
SUZUKI ALTO AUV-473	687,280	320,731	366,549	630,000	263,451	Negotiation	Saif
SUZUKI MEHRAN AUW-045	517,600	274,673	242,927	420,000	177,073	Negotiation	Saif
HONDA CITY AMA-798	935,000	452,956	482,044	675,000	192,956	Negotiation	Khawaja M. Afaq
TOYOTA COROLLA AFM-470	1,199,000	1,093,217	105,783	690,000	584,217	Negotiation	Zafar Bhatti
SUZUKI MEHRAN AQJ-497	377,991	288,592	89,399	331,000	241,601	Negotiation	Khawaja M. Afaq
SUZUKI CULTUS AFM-013	569,800	518,543	51,257	411,000	359,743	Negotiation	Khawaja M. Afaq
SUZUKI CULTUS ASM-544	765,050	516,970	248,080	306,012	57,932	Negotiation	Naseem Ahmed
TOYOTA ALTIS AVK-687	1,945,600	999,260	946,340	1,945,600	999,260	Negotiation	Orix Leasing
TOYOTA ALTIS AVG-177	1,945,600	999,260	946,340	1,945,600	999,260	Negotiation	Orix Leasing
HONDA CIVIC AVU-697	2,062,900	1,006,695	1,056,205	2,062,900	1,006,695	Negotiation	Orix Leasing
HONDA CIVIC ATC-137	1,755,880	1,195,497	560,383	1,145,000	584,617	Negotiation	Salman Saleem Pasha
SUZUKI MEHRAN AUU-656	517,600	310,891	206,709	350,000	143,291	Negotiation	Tufail
SUZUKI MEHRAN AVD-346	536,285	301,521	234,764	400,575	165,811	Negotiation	Rizwan Ilyas
SUZUKI MEHRAN AXK-893	577,000	273,575	303,425	317,350	13,925	Negotiation	Muhammad Imran
SUZUKI HI-ROOF CS-0757	397,400	317,705	79,695	220,000	140,305	Negotiation	Tufail
HONDA CITY AUC-021	1,475,000	961,044	513,956	1,100,000	586,044	Negotiation	Malik Jawed
SUZUKI CULTUS AHC-554	592,500	533,961	58,539	425,000	366,461	Negotiation	Malik Jawed
SUZUKI CULTUS AHK-673	592,500	531,752	60,748	425,000	364,252	Negotiation	Malik Jawed
SUZUKI CULTUS ASD-753	762,550	557,793	204,757	550,000	345,243	Negotiation	Malik Jawed
SUZUKI CULTUS ATE-714	805,450	548,852	256,598	575,000	318,402	Negotiation	Malik Jawed
SUZUKI ALTO ATG-679	626,680	427,034	199,646	450,000	250,354	Negotiation	Malik Jawed
SUZUKI MEHRAN ATD-317	477,200	327,889	149,311	350,000	200,689	Negotiation	Malik Jawed
SUZUKI MEHRAN AUP-981	515,100	320,965	194,135	375,000	180,865	Negotiation	Malik Jawed
	22,392,846	14,175,982	8,216,864	17,500,037	9,283,173		

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18	STORES AND SPARES	Note	June 2015 Rupees	June 2014 Rupees
	Stores		1,092,718	5,865,488
	Spares		<u>80,399,794</u>	<u>84,021,225</u>
			<u>81,492,512</u>	<u>89,886,713</u>
	Stores and spares do not include any major spare parts which may be categorized under the Property, Plant and Equipment.			
19	STOCK IN TRADE			
	Raw materials			
	In hand		18,189,966	23,618,879
	Bonded warehouse		-	-
			<u>18,189,966</u>	<u>23,618,879</u>
	Work-in-process		-	7,378,496
			<u>18,189,966</u>	<u>30,997,375</u>
20	TRADE DEBTS			
	Considered good			
	Unsecured		<u>8,142,154</u>	<u>33,643,479</u>
21	LOANS AND ADVANCES			
	Advances-considered good			
	Loans to staff and workers		854,250	939,316
	Advances to suppliers, contractors and others - unsecured		<u>8,476,362</u>	<u>11,452,767</u>
			<u>9,330,612</u>	<u>12,392,083</u>
22	TRADE DEPOSITS AND PREPAYMENTS			
	Trade deposits - unsecured and considered good		<u>6,311,810</u>	<u>7,811,810</u>
23	OTHER RECEIVABLES			
	Duty drawback		160,842,723	166,168,299
	Research and development support		<u>4,325,164</u>	<u>4,325,164</u>
			<u>165,167,887</u>	<u>170,493,463</u>
24	TAX REFUNDS DUE FROM GOVERNMENT			
	Sales tax		50,322,517	50,461,197
	Income tax		<u>9,495,036</u>	<u>8,010,395</u>
			<u>59,817,553</u>	<u>58,471,592</u>
25	CASH AND BANK BALANCES			
	Cash in hand		18,705	54,301
	Cash at Banks			
	- Current account		<u>6,164,300</u>	<u>4,450,151</u>
	- Term deposit		<u>4,128,698</u>	<u>3,834,056</u>
			<u>10,292,998</u>	<u>8,284,207</u>
			<u>10,311,703</u>	<u>8,338,508</u>
26	SALES AND SERVICES			
	Sales			
	Export sales		-	24,870,432
	Local sales		<u>3,265,184</u>	<u>13,965,470</u>
			<u>3,265,184</u>	<u>38,835,902</u>
	Services			
	Cloth Processing - Printing and dyeing		<u>243,373,546</u>	<u>450,359,982</u>
			<u>246,638,730</u>	<u>489,195,884</u>

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	June 2015	June 2014
Note	Rupees	Rupees
27 COST OF SALES		
Cost of materials consumed	27.1 114,719,469	165,334,680
Salaries and wages	62,549,290	124,435,938
Manufacturing overhead	27.2 535,350,376	669,886,967
	<u>712,619,135</u>	<u>959,657,585</u>
Work - in- process		
Opening stock	7,378,496	50,658,612
Closing stock	-	(7,378,496)
	<u>7,378,496</u>	<u>43,280,116</u>
Cost of goods manufactured	<u>719,997,631</u>	<u>1,002,937,701</u>
Finished goods		
Opening stock	-	17,399,680
Closing stock	-	-
	<u>-</u>	<u>17,399,680</u>
	<u>719,997,631</u>	<u>1,020,337,381</u>
Less : Duty drawback	-	235,771
	<u>719,997,631</u>	<u>1,020,101,610</u>
27.1 Cost of Materials Consumed		
Dyes and chemicals	101,211,031	142,334,685
Production stores and packing material	8,863,359	9,527,313
Grey cloth	-	453,919
Flock materials	4,645,079	13,018,763
	<u>114,719,469</u>	<u>165,334,680</u>
27.2 Manufacturing Overhead		
Repairs and maintenance	17,127,954	43,709,790
Rent, rates and taxes	1,053,583	1,220,137
Heat, light and power	90,429,167	140,438,595
Water consumption charges	17,728,925	26,324,885
Service charges	1,138,528	2,123,134
Checking, mending and rolling charges	733,460	1,620,712
Coolie, cartage and freight	698,196	2,974,475
Depreciation	17 406,440,563	451,475,239
	<u>535,350,376</u>	<u>669,886,967</u>
28 DISTRIBUTION COST		
Salaries and benefits	-	5,457,314
Packing and forwarding	3,508,242	6,679,888
Commission and brokerage	3,474,573	3,163,499
Samples, lab testings and other charges	-	199,020
Traveling	-	1,192,106
Postage, courier and stamps	-	19,840
Entertainment	-	290,615
Export development tax	-	62,557
	<u>6,982,815</u>	<u>17,064,839</u>

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		June 2015 Rupees	June 2014 Rupees
29	ADMINISTRATIVE EXPENSES		
	Directors' remuneration	1,750,000	8,350,000
	Salaries and benefits	20,832,533	32,336,383
	Staff welfare	1,632,341	5,350,719
	Heat, light and power	10,047,685	15,604,288
	Car maintenance	1,002,183	4,620,590
	Conveyance	82,620	69,459
	Entertainment	728,108	784,798
	Printing and stationery	974,746	1,208,581
	Communication	1,638,797	2,501,124
	Legal and professional	7,947,157	16,980,965
	Auditors' remuneration	576,750	765,000
	Advertisement	84,970	145,978
	Subscription and fees	668,201	1,031,257
	Insurance premium	-	209,556
	Service contracts	-	200,002
	Repairs and maintenance	112,144	889,310
	Miscellaneous	289,323	187,930
	Depreciation	12,401,132	15,790,749
		<u>60,768,690</u>	<u>107,026,689</u>
29.1	Auditors' remuneration		
	Audit fee	400,000	600,000
	Fee for half yearly review	135,000	135,000
	Out of pocket expenses	41,750	30,000
		<u>576,750</u>	<u>765,000</u>
30	OTHER INCOME		
	Income from financial assets / liabilities		
	Profit on PLS deposits	-	17,670
	Income from non-financial assets / liabilities		
	Sales of scrap	64,436	570,000
	Gain on disposal of property, plant and equipment	9,283,173	3,538,108
		<u>9,347,609</u>	<u>4,125,778</u>
31	FINANCE COST		
	Bank charges, mark-up and commission	272,951	162,672
		<u>272,951</u>	<u>162,672</u>
32	TAXATION		
	Current	-	254,899
	Deferred Tax	4,510,820	(83,353,109)
		<u>4,510,820</u>	<u>(83,098,210)</u>
32.1	Provision for income tax represents final tax on export sales under section 169 and minimum tax on local sales under section 113 of income tax ordinance 2001. It is impractical to prepare the tax charge reconciliation for the year as income is subject to minimum tax.		
32.2	Deferred tax accounting apply to the Company because its income is covered under NTR due to local sales and services.		

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		June 2015 Rupees	June 2014 Rupees
33	EARNINGS PER SHARE - BASIC & DILUTED		
33.1	Basic earnings per share		
	Loss after taxation	Rupees <u>(536,546,568)</u>	<u>(567,935,938)</u>
	Weighted average number of shares	Number <u>13,409,550</u>	<u>13,409,550</u>
	Basic loss per share	Rupees <u>(40.01)</u>	<u>(42.35)</u>

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

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:

	June 2015 Rupees	June 2014 Rupees
<u>Al-Abid Exports (Private) Limited (Associated Company)</u>		
Processing services rendered & Goods Sold	-	<u>1,979,341</u>
Outstanding balance - payable	<u>(19,974,226)</u>	<u>(19,974,226)</u>

The outstanding balance as at the balance sheet date is secured and the settlement terms are against the payments/receipts through normal banking channels for the transactions during the period.

35 REMUNERATION OF DIRECTORS & EXECUTIVES

	CHIEF EXECUTIVE		DIRECTOR		EXECUTIVES	
	2015	2014	2015	2014	2015	2014
	----- Rupees -----					
Basic	1,060,606	4,242,424	-	818,182	2,429,091	7,383,768
House rent	477,273	1,909,091	-	368,182	1,093,091	3,322,725
Other allowances and perquisites	212,121	848,485	-	163,636	485,818	1,540,707
	<u>1,750,000</u>	<u>7,000,000</u>	<u>-</u>	<u>1,350,000</u>	<u>4,008,000</u>	<u>12,247,200</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>3</u>	<u>8</u>

35.1 The Chief Executive and Directors have been provided with free use of the company maintained cars, residential telephones for business and personal use and foreign air traveling 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.34,000 (2014: Rs.42,000).

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- 35.3** In view for bad financial condition of the company directors have decided not to claim their some part of remuneration for the year ended June 30, 2015 i.e. Mr. Naseem A. Sattar from September 2014 to June 2015 Rs. 8,750,000 and Mr. Azim Ahmed from July 2014 to June 2015 Rs. 5,400,000. (2014: Mr. Naseem A. Sattar from March 2014 to June 2014 Rs. 3,500,000) and (Mr. Azim Ahmed from October 2013 to June 2014 Rs. 4,050,000).
- 35.4** Outstanding salaries payable to Chief Executive and Director was Rs. Nil and 1,800,000 (2014: Rs. 3,500,000 and 1,800,000) respectively at the end of the year.

36 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issues new shares and other measures commensurating to the circumstances. The Board of Directors also monitors the level of dividends to ordinary shareholders.

37 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by a treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign currency risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

37.1 Market risk

a) Foreign currency risk

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arise on financial instruments that are denominated in a currency other than the functional currency in which they are measured.

The Company's exposure to foreign currency risk at the reporting date is as follows:

	2015		2014	
	Rupees	US Dollar	Rupees	US Dollar
Trade debts	-	-	-	-
Short term borrowing	-	-	-	-
Accrued Mark Up on borrowing	-	-	-	-
Net exposure	-	-	-	-

The following significant exchange rates have been applied:

	Average Rate		Reporting date rate	
	2015	2014	2015	2014
Rs. against 1 US Dollar	101.00	102.53	102.50	98.75 / 98.35

------(Rupees)-----

Sensitivity Analysis

10% strengthening / weakening of Pak rupees against the following currencies at the reporting date would have increased / (decreased) profit before tax for the year by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

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Effect on profit before tax	June 2015 Rupees	June 2014 Rupees
US Dollar	-	-

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises from long-term and short-term borrowings. Borrowings issued at variable interest rates expose the Company to cash flow interest rate risk and borrowings issued at fixed interest rates gives rise to fair value interest rate risk. Significant interest rate risk exposures are primarily managed by a suitable mix of borrowings at fixed and variable interest rates.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments is as follows:

	June 2015 Rupees	June 2014 Rupees
Financial assets		
Term Deposit Receipts	<u>4,128,698</u>	<u>3,834,056</u>
Financial liabilities		
Long term Loans	27,488,521	27,488,521
Liabilities against assets subject to finance lease	39,630,299	45,584,399
Short term finances	5,034,787,523	5,034,787,523
	<u>5,101,906,343</u>	<u>5,107,860,443</u>

Sensitivity analysis

A change of 1% in interest rates at the reporting date would have increased/ decreased profit before tax for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	June 2015 Rupees	June 2014 Rupees
Effect on Profit before tax	<u>51,048,834</u>	<u>51,251,267</u>

37.2 Credit risk

Credit risk represents the risk of loss that would be recognized at the reporting date if counter parties failed to perform as contracted. The carrying amount of financial assets represents the maximum credit exposure and the detail are as follows:

	June 2015 Rupees	June 2014 Rupees
Loans and receivables		
Long term security deposit	1,946,645	1,946,645
Trade debts	8,142,154	33,643,479
Loans and advances	9,330,612	12,392,083
Trade deposits and prepayments	6,311,810	7,811,810
Other receivables	165,167,887	170,493,463
Tax refunds due from government	59,817,553	58,471,592
Cash and bank balances	10,311,703	8,338,508
	<u>261,028,364</u>	<u>293,097,580</u>

The maximum exposure to credit risk for trade debts on geographic basis as at the reporting date is as follows:

AL-ABID SILK MILLS LIMITED

	June 2015 Rupees	June 2014 Rupees
Pakistan	8,142,154	33,643,479
	8,142,154	33,643,479

The ageing of trade debts at the reporting date is as follows:

Not past due	-	8,560,502
Past due 0-60 days	5,480,557	20,514,311
Past due 61 and above	2,661,597	4,568,666
	8,142,154	33,643,479

Based on past experience, the Company believes that no impairment is necessary against amounts past due by 61 days and above.

Company's banks balances can be assessed with reference to the following credit ratings of the banks assessed by reputable credit agencies as of June 30, 2015:

	<u>Short-term</u>	<u>Short-term</u>
Local banks	A1 to A1+	AAA to AA-

37.3 Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Following are the carrying amount and maturities of the Company's financial liabilities.

	2015			
	Carrying Amount	Contractual Cash Flows	Less Than 01 Year	More Than 01 Year
	-----Rupees-----			
Long term loan from banks	27,488,521	27,488,521	27,488,521	-
Liabilities against assets -subject to finance lease	39,630,299	39,630,299	39,630,299	-
Trade and other payables	1,060,408,168	1,060,408,168	1,060,408,168	-
Accrued markup	240,815,938	240,815,938	240,815,938	-
Short term finances	5,034,787,523	5,034,787,523	5,034,787,523	-
	6,403,130,449	6,403,130,449	6,403,130,449	-
	2014			
	Carrying Amount	Contractual Cash Flows	Less Than 01 Year	More Than 01 Year
	-----Rupees-----			
Long term loan from banks	27,488,521	27,488,521	27,488,521	-
Liabilities against assets -subject to finance lease	45,584,399	45,584,399	45,584,399	-
Trade and other payables	1,014,878,695	1,014,878,695	1,014,878,695	-
Accrued markup	240,815,938	240,815,938	240,815,938	-
Short term finances	5,034,787,523	5,034,787,523	5,034,787,523	-
	6,363,555,076	6,363,555,076	6,363,555,076	-

AL-ABID SILK MILLS LIMITED

	June 2015 Number	June 2014 Number
38 NUMBER OF EMPLOYEES		
Number of employees at the end of the year	15	371
Number of average employees during the year	67	569

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 DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorized for issue in the Board of Directors' meeting held on October 09, 2015

Naseem A. Sattar
Chief Executive Officer

Qamar Mashkoor
Director

AL-ABID SILK MILLS LIMITED

AL-ABID SILK MILLS LTD Key Operating and Financial Data

Profit and Loss	2015	2014	2013	2012	2011	2010
	-----Rupees in million-----					
Sales and services	247	489	2,757	7,556	10,482	10,827
Gross (loss) / profit	(473)	(531)	(1,719)	(3,389)	1,340	1,320
(Loss) / Profit from Operations	(532)	(651)	(1,674)	(3,974)	733	663
Profit before taxation	(532)	(651)	(1,810)	(4,655)	185	209
Profit after taxation	(537)	(568)	(1,833)	(4,733)	78	99
Balance Sheet						
Property, plant and equipment	4,375	4,802	5,262	5,804	2,053	2,199
Long term security deposit	1.95	1.95	1.95	1.95	1.95	1.95
Net current assets	(6,044)	(5,952)	(5,884)	(4,703)	(96)	(334)
Total assets employed	(1,668)	(1,148)	(620)	1,103	1,959	1,867
Represented by:						
Share Capital	134	134	134	134	134	96
Reserves	(5,853)	(5,520)	(5,176)	(3,599)	1,134	960
Shareholders" equity	(5,718)	(5,386)	(5,042)	(3,465)	1,268	1,056
Surplus on revaluation -of fixed assets	3,166	3,370	3,594	4,322	515	555
Long term Financing	871	446	322	193	120	206
Deferred liabilities	14	422	506	53	57	50
Total capital employed	(1,668)	(1,148)	(620)	1,103	1,959	1,867
Cash Flow Statement						
Operating activities	(30)	(135)	(211)	27	3	309
Investing activities	18	(4)	37	(99)	(58)	(148)
Financing activities	14	137	139	80	28	(133)
Cash & cash equivalents -at beginning of the year	8	10	45	37	64	36
Cash & cash equivalents -at end of the year	10	8	10	45	37	64
Dividend (%age)	-	-	-	-	-	7.5%
Debt-equity ratio						
Debt	0.04	0.05	0.09	0.06	0.06	0.11
Equity	0.96	0.95	0.91	0.94	0.94	0.89

AL-ABID SILK MILLS LIMITED

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2015

NUMBER OF SHARE HOLDERS	SHARE HOLDERS		TOTAL SHARES	
492	1	--	100	17,231
134	101	--	500	28,167
26	501	--	1,000	20,535
26	1,001	--	100,000	280,277
11	100,001	--	1,000,000	2,923,630
2	1,000,001	--	3,000,000	2,624,548
1	3,000,001	--	8,000,000	7,515,162
692	TOTAL		13,409,550	

CATEGORIES OF SHARE HOLDERS	NO. OF SHARE HOLDERS	SHARES HELD	PERCENTAGE
1. INDIVIDUALS	678		
HOLDING MORE THAN 10%		1,479,361	11.032%
HOLDING LESS THAN 10%		1,153,901	8.605%
2. FINANCIAL INSTITUTIONS	6		
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST		1,145,187	8.540%
NATIONAL BANK OF PAKISTAN		584,313	4.357%
THE BANK OF PUNJAB		243,841	1.818%
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND		104,696	0.781%
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEE BENEVOLENT FUND TRUST		3,674	0.027%
EXCEL SECURITIES (PRIVATE) LIMITED		500	0.004%
3. INSURANCE COMPANY	1		
STATE LIFE INSURANCE CORPORATION OF PAKISTAN		236,994	1.767%
4. HOLDING OF DIRECTORS	7		
MR. NASEEM A. SATTAR		7,515,162	56.043%
MR. AZIM AHMED		479,818	3.578%
MST. ADIA NASEEM		328,322	2.448%
MRS. SADAF NADEEM		132,281	0.986%
S.M. JAWED AZAM		500	0.004%
MR. QAMAR MASHKOOB		500	0.004%
MR. MUHAMMAD SAJID HAFEEZ		500	0.004%
TOTAL	692	13,409,550	100.000%

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 30th October, 2015 and at any adjournment thereof.

Singed this _____ day of _____ 2015

Revenue
Stamp

(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.