AL-ABID SILK MILLS LIMITED

CONTENTS

Company Information 2

Directors' Report 3

Condensed Interim Balance Sheet 4

Condensed Interim Profit & Loss Account 6

Condensed Interim Statement Of Comprehensive Income 7

Condensed Interim Cash Flow Statement 8

Condensed Interim Statement of Changes in Equity 9

Notes to the Condensed Interim Financial Information 10

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 Mashkoor	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. Muhammad Kashif	
AUDIT COMMITTEE	Mr. Qamar Mashkoor	Chairman
	Mr. Muhammad Sajid Hafeez	Member
	Mr. S.M. Jawed Azam	Member
HUMAN RESOURCE AND REMUNERATION COMMITTE	Mr. Muhammad Sajid Hafeez	Chairman
	Mr. Naseem A. Sattar	Member
	Mr. Qamar Mashkoor	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 Pak Oman Investment Company Limited Pak Kuwait Investment Company (Private) Limited PAIR Investment Company Limited Standard Chartered Bank (Pakistan) Limited Summit Bank Limited The Bank of Punjab United Bank Limited	
REGISTERED OFFICE	A-39, S.I.T.E., Manghopir Road, Karachi.	
MILLS	A-39, A-51 / B, A-34 / A, D-14 / C-1, A-29 / B, S.I.T.E., Karachi.	

AL-ABID SILK MILLS LIMITED

Directors' Report to the Shareholder

The Board of Directors presents the condensed interim financial statements of the company for the quarter ended September 30, 2013.

During the first quarter of the current financial year, overall export of textile sector witnessed growth of around 10%. It is expected that country's export in respect of textile goods may increase even more after getting duty free access to EU countries following GSP Plus status. Unfortunately, the textile sector is not fully geared up to grab the upcoming opportunities owing to persistent energy crisis coupled with rising trend of tariff, unstable law and order situation, uncertain government policies. Apart from that, at this point in time, there is extreme necessity to introduce a constructive textile policy by the government in order to revive value-added sector of the textile industry and for taking full advantage from emerging demands of Pakistani textile products in the global market.

During the period under review, the company registered total sales of Rs. 118.63 million as against Rs. 1.43 billion registered during the corresponding period of last financial year. Accordingly, company's net loss reduced to Rs. 112.59 as against net loss of Rs. 273.82 incurred during the corresponding period of last financial year. The sale of the company significantly reduced as the management had to focus only on local fabric processing due to standstill position of export business. The export business remained very nominal owing to prevailing liquidity crunch as the rescheduling of credit facilities with the banks and availability of fresh working capital line is still pending and under negotiation. Currently, the company is completely reliant on the local processing business and endeavoring to utilize maximum part of production facilities through toll manufacturing. On the other end, company has reduced most of its fixed cost considering current volume of the productions and further trying to bring it down upto the desired level.

FUTURE OUTLOOK:
In order to come out from the persistent financial turmoil, the management is actively negotiating with the different banks for rescheduling its credit facilities for a longer period coupled with obtaining fresh financing to meet the immediate need of working capital requirement. It is expected that company's exports will certainly resume once the fresh working capital financing is obtained from the banks as company is still carrying good repute in the international market. The management of the company is also of the view to maintain reasonable ratio between export and local sales in future in order to compete both in local and international markets.

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

For and on behalf of the
Board of Directors

(NASEEM A. SATTAR)
Chief Executive Officer

October 30, 2013

AL-ABID SILK

CONDENSED INTERIM BALANCE SHEET

	Note	September 2013 Rupees (Un-Audited)	June 2013 Rupees (Audited)
EQUITY & LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
20,000,000 Ordinary Shares of Rs. 10/- each		**200,000,000**	200,000,000
Issued, subscribed and paid-up capital		**134,095,500**	134,095,500
Reserves			
Capital reserve		**372,834,000**	372,834,000
Accumulated loss		**(5,673,114,731)**	(5,560,522,765)
		(5,300,280,731)	(5,187,688,765)
Shareholder's equity		**(5,166,185,231)**	(5,053,593,265)
Surplus on revaluation of fixed assets	**5**	**2,764,636,539**	3,594,197,081
LIABILITIES			
NON- CURRENT LIABILITIES			
Loan from director - unsecured		**349,795,754**	305,455,867
Long term loan from banks		**-**	-
Liabilities against assets subject to finance lease		**11,676,244**	16,612,334
Deferred Taxation	**6**	**1,228,370,642**	483,376,776
Retirement benefits		**35,756,791**	33,602,834
		1,625,599,431	839,047,811
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables		**1,086,399,198**	1,071,878,543
Accrued markup		**245,165,239**	240,815,938
Current maturity of long term loans			
- and Lease Liability		**63,776,676**	59,966,536
Short term finances		**5,036,425,218**	5,065,814,155
		6,431,766,331	6,438,475,172
CONTINGENCIES AND COMMITMENTS	**7**	**-**	-
		5,655,817,070	5,818,126,799

The annexed notes 1 to 16 form an integral part of these financial statements.

Naseem A. Sattar
Chief Executive Officer

MILLS LIMITED

AS AT SEPTEMBER 30, 2013

	Note	September 2013 Rupees (Un-Audited)	June 2013 Rupees (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	**8**	**5,150,423,039**	5,261,929,398
Long term security deposit		**1,946,645**	1,946,645
CURRENT ASSETS			
Stores and spares		**94,928,582**	95,839,301
Stock in trade		**87,559,286**	106,861,274
Trade debts		**38,000,593**	58,635,820
Loans and advances		**14,825,388**	16,144,595
Trade deposits and prepayments		**7,811,810**	7,811,810
Other receivables		**184,539,401**	192,380,429
Tax refunds due from government		**66,322,921**	66,704,777
Cash and bank balances		**9,459,405**	9,872,750
		503,447,386	554,250,756
		5,655,817,070	5,818,126,799

Azim Ahmed
Director

AL-ABID SILK MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2013

	Note	Jul-Sep 13 Rupees	Jul-Sep 12 Rupees
Sales and services		**118,628,272**	1,425,916,603
Cost of sales		**268,692,450**	1,496,829,066
Gross loss		**(150,064,178)**	(70,912,463)
Operating expenses			
Distribution cost		**7,732,031**	38,976,350
Administrative expenses		**33,155,499**	61,993,481
Other operating expenses		**1,245,530**	1,700,000
		42,133,060	102,669,831
		(192,197,238)	(173,582,294)
Other income		**4,074**	2,934,115
Loss from operations		**(192,193,164)**	(170,648,179)
Finance cost		**4,360,968**	182,404,710
Loss before taxation		**(196,554,132)**	(353,052,889)
Taxation - net	10	**604,511**	14,794,163
Loss after taxation		**(197,158,643)**	(367,847,052)
Loss per share - basic and diluted	11	**(8.40)**	(20.42)

The annexed notes 1 to 16 form an integral part of these financial statements.

Naseem A. Sattar
Chief Executive Officer

Azim Ahmed
Director

AL-ABID SILK MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2013

	Jul-Sep 13 Rupees	Jul-Sep 12 Rupees
Loss after taxation	**(197,158,643)**	(367,847,052)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	**84,566,677**	94,029,277
Total Comprehensive Loss	**(112,591,966)**	(273,817,775)

The annexed notes 1 to 16 form an integral part of these financial statements.

Naseem A. Sattar
Chief Executive Officer

Azim Ahmed
Director

AL-ABID SILK MILLS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2013

	Jul-Sep 13 Rupees	Jul-Sep 12 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	**(196,554,132)**	(353,052,889)
Adjustments for:		
Depreciation	**116,705,395**	130,993,946
Provision for gratuity	**2,900,605**	2,900,606
Loss / (Gain) on disposal of property, plant and equipment	**1,245,530**	(2,609,836)
	120,851,530	131,284,716
Decrease / (Increase) in current assets:		
Stores and spares	**910,719**	11,648,023
Stock in trade	**19,301,988**	439,629,629
Trade debtors	**20,635,227**	29,801,162
Loan and advances	**1,319,207**	(10,469,472)
Trade deposits and prepayments	**-**	(22,840,272)
Other receivables	**7,841,028**	(605,317)
Tax refunds due from government	**63,778**	6,351,673
	50,071,947	453,515,426
(Decrease) / Increase current liabilities:		
Trade and other payable	**14,520,655**	(325,805,160)
Accrued mark-up	**4,349,301**	149,004,889
Short term finance	**(29,388,937)**	(34,488,789)
	(10,518,981)	(211,289,060)
Cash (used in) / generated from operations	**(36,149,636)**	20,458,192
Taxes paid	**(286,432)**	(12,080,656)
Staff gratuity paid	**(746,648)**	(4,970,772)
Net cash (outflow) / inflow from operations	**(37,182,716)**	3,406,765
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	**(7,284,566)**	(9,444,546)
Proceeds from disposal of fixed assets	**840,000**	3,479,500
Net cash used in investing activities	**(6,444,566)**	(5,965,045)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds of loan from director	**44,339,887**	**-**
Payments of obligation under finance lease	**(1,125,950)**	(2,707,138)
Net cash inflow / (outflow) from financing activities	**43,213,937**	(2,707,138)
Net (decrease) / increase in cash and cash equivalents	**(413,345)**	(5,265,418)
Cash and cash equivalents at the beginning of the year	**9,872,750**	45,289,052
Cash and cash equivalents at the end of the year	**9,459,405**	40,023,634

The annexed notes 1 to 16 form an integral part of these financial statements.

Naseem A. Sattar
Chief Executive Officer

Azim Ahmed
Director

AL-ABID SILK MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2013

	Share Capital	Capital Reserve	Accumulated Loss	Total
	Rupees			
Balance as at June 30, 2012	**134,095,500**	**372,834,000**	**(3,971,777,236)**	**(3,464,847,736)**
Total comprehensive loss for the three months period ended September 30, 2012			(367,847,052)	(367,847,052)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax			94,029,277	94,029,277
Balance as at September 30, 2012	**134,095,500**	**372,834,000**	**(4,245,595,011)**	**(3,738,665,511)**
Total comprehensive loss for the nine months period ended June 30, 2013	-	-	(1,465,374,610)	(1,465,374,610)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax			150,446,856	150,446,856
Balance as at June 30, 2013	**134,095,500**	**372,834,000**	**(5,560,522,765)**	**(5,053,593,265)**
Total comprehensive loss for the three months ended September 30, 2013			(197,158,643)	(197,158,643)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax			84,566,677	84,566,677
Balance as at September 30, 2013	**134,095,500**	**372,834,000**	**(5,673,114,731)**	**(5,166,185,231)**

The annexed notes 1 to 16 form an integral part of these financial statements.

Naseem A. Sattar
Chief Executive Officer

Azim Ahmed
Director

AL-ABID SILK MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Unaudited)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2013

1 LEGAL STATUS AND OPERATIONS

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

2 BASIS OF PREPARATION

2.1 The condensed interim financial information of the Company for the three months period ended September 30, 2013 is unaudited and being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984 (the Ordinance) and the listing regulations of the Karachi and Lahore stock exchanges and has been prepared in accordance with the requirements of the International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) and provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP) under the Ordinance. Whereever the requirements of IAS 34 differ from the requirements of the Ordinance or directives issued by the SECP, the Ordinance and the said directives have been followed.

2.2 The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2013.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 The principal accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the consistent with those applied in the preparation of the financial statements for the year ended June 30, 2013.

3.2 Deferred Taxation

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognised for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax liabilities are recognised for all the taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to other comprehensive income / equity in which case it is included in other comprehensive income / equity.

3.3 No new accounting standards, amendments to approved accounting standards and interpretations became effective during the period, which were either relevant to the Company or had any significant impact on Company's financial information.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

4.2 In the preparation of these condensed interim financial information, the significant judgment made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to annual audited financial statements of the Company for the year ended June 30, 2013.

AL-ABID SILK MILLS LIMITED

		September 30, 2013 Rupees (Unaudited)	June 30,2013 Rupees (Audited)
5	**SURPLUS ON REVALUATION OF FIXED ASSETS**		
	Balance at beginning of the period / year	**3,594,197,082**	4,322,049,990
	Incremental depreciation on revalued assets for the period / year	**(84,566,677)**	(244,476,133)
	Less: Deferred Tax relating to revaluation surplus	**(744,993,866)**	(483,376,776)
		2,764,636,539	3,594,197,081

5.1 The Company has updated the revaluation of 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. 3,807,350,502. 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.

		September 30, 2013 Rupees (Unaudited)	June 30,2013 Rupees (Audited)
6	**DEFERRED TAXATION**		
	Opening balance	**483,376,776**	**-**
	Relating to surplus on revaluation of fixed assets	**744,993,866**	483,376,776
		1,228,370,642	483,376,776

6.1 As a consequence of having 98% local sales during the period (July 2012 to June 2013: 65% Exports and 35% Local), the company has to account for deferred tax liability in full in respect of Surplus on revaluation of fixed assets which will be settled in the same manner as the said surplus will be realized.

7	**CONTINGENCIES AND COMMITMENTS**		
7.1	**Contingencies:**		
	Bank guarantee		79,834,000
	The bank guarantees have been issued in favor of various government agencies.		
8	**PROPERTY, PLANT AND EQUIPMENT**		
	Operating fixed assets	**5,133,623,041**	5,245,129,398
	Capital work-in-progress	**16,800,000**	16,800,000
		5,150,423,041	5,261,929,398

		Jul-Sep 13 Rupees (Unaudited)	Jul-Sep 12 Rupees (Unaudited)
8.1	The fixed capital expenditures during the period as follows:		
	Owned assets:		
	Plant, machinery and equipments	**4,134,566**	8,645,682
	Office equipment	**-**	100,000
	Electric, gas and other installations	**3,150,000**	698,864
		7,284,566	9,444,546
8.2	The disposals during the period as follows:		
	Owned assets:		
	Plant, machinery and equipments	**2,317,255**	**-**
	Vehicles	**-**	5,299,400
		2,317,255	5,299,400

AL-ABID SILK MILLS LIMITED

9 FINANCE COST

The company has not accrued markup of Rs. 176 million for the period as the matter is under negotiations with the banks for restructuring.

10 TAXATION

Current	**604,511**	14,794,163
Deferred	**-**	-
	604,511	14,794,163

11 EARNINGS PER SHARE - BASIC & DILUTED

11.1 Basic earnings per share

Total comprehensive income for the period	**(112,591,966)**	(273,817,775)
Weighted average number of shares	**13,405,550**	13,409,550
Basic earnings per share	**(8.40)**	(20.42)

11.2 Diluted earnings per share

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

12 TRANSACTIONS WITH RELATED PARTIES

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

	Jul-Sep 13 Rupees (Unaudited)	Jul-Sep 12 Rupees (Unaudited)
Al-Abid Exports (Private) Limited (Associated Company)		
Processing services rendered	**1,224,579**	2,135,325
Rent expense	**-**	6,984,000
Al-Abid Silk Mills Limited		
Key management personnel - Remuneration & Benefits	**3,975,000**	3,975,000

	September 30, 2013 Rupees (Unaudited)	June 30,2013 Rupees (Audited)
Al-Abid Exports (Private) Limited (Associated Company)		
Outstanding balance - payable	**(20,728,988)**	(21,953,567)

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.

13 OPERATING SEGMENT

This condensed interim financial information have been prepared on the basis of a single reportable segment. The company does not hold non current assets in any foreign country. Revenues from external customers attributed to foreign countries in aggregate are material.

The Company has earned revenues from five (2012: five) customers aggregating Rs. 59 million (2012: Rs. 904 million) during the period which constituted 54% (2012: 70%).

14 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2013.

15 DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorized for issue in the Board of Directors' meeting held on October 30, 2013.

16 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation.

Naseem A. Sattar
Chief Executive Officer

Azim Ahmed
Director