REPORT AND ACCOUNTS
FOR THE FIRST QUARTER ENDED
SEPTEMBER 30, 2014

AL-ABID SILK MILLS LIMITED

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

AL-ABID SILK MILLS LIMITED

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AL-ABID SILK MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. S.M. Jawed Azam	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. Nasim Ahmed	
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 first quarter ended September 30, 2014.

During the quarter ended the company registered total sales of Rs.86.38 million as against Rs.118.63 million during the corresponding period of last financial year. Accordingly, company's net loss reduced to Rs.102.69 million as against net loss of Rs.112.59 million incurred during the corresponding period of last financial year. Unfortunately, the textile sector is suffering with energy crisis, unstable law and order ituation, uncertain government policies.

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. The main reason of loss is due the low turnover during the quarter.

FUTURE OUTLOOK:

As informed earlier that the company is focusing customers who have large-scale retail stores in the international and local market. In the end, your Directors are pleased to appreciate for the services rendered by the workers, staff and executives of the company and look forward for their continued hard work with full dedication. We also 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.

Thanks to all of you.

October 29, 2014

For and on behalf of the
Board of Directors

(NASEEM A. SATTAR)
Chief Executive Officer

AL-ABID SILK

CONDENSED INTERIM BALANCE SHEET

	Note	September 2014 (Un-Audited)	June 2014 (Audited)
		---------- (Rupees) ----------	
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		**(5,995,487,102)**	(5,892,800,377)
		(5,622,653,102)	(5,519,966,377)
Shareholder's equity		**(5,488,557,602)**	(5,385,870,877)
Surplus on revaluation of fixed assets	5	**3,319,691,078**	3,369,922,225
LIABILITIES			
NON- CURRENT LIABILITIES			
Loan from director - unsecured	6	**456,268,754**	445,768,754
Deferred Taxation		**399,993,045**	399,993,045
Retirement benefits		**22,314,770**	22,384,770
		878,576,569	868,146,569
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables		**1,050,288,600**	1,014,878,695
Accrued markup		**240,815,938**	240,815,938
Current maturity of long term loans - and Lease Liability		**70,222,332**	73,072,920
Short term finances		**5,034,787,523**	5,034,787,523
		6,396,114,393	6,363,555,076
CONTINGENCIES AND COMMITMENTS	7		
		5,105,824,438	5,215,752,993

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

Naseem A. Sattar
Chief Executive Officer

MILLS LIMITED

AS AT SEPTEMBER 30, 2014

	Note	September 2014 (Un-Audited)	June 2014 (Audited)
		---------- (Rupees)	----------
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	**4,691,849,839**	4,801,771,325
Long term security deposit		**1,946,645**	1,946,645
CURRENT ASSETS			
Stores and spares		**89,953,738**	89,886,713
Stock in trade		**33,280,230**	30,997,375
Trade debts		**34,939,019**	33,643,479
Loans and advances		**11,865,570**	12,392,083
Trade deposits and prepayments		**7,811,810**	7,811,810
Other receivables		**167,549,575**	170,493,463
Tax refund due from government		**58,488,915**	58,471,592
Cash and bank balances		**8,139,097**	8,338,508
		412,027,954	412,035,023
		5,105,824,438	5,215,752,993

Azim Ahmed
Director

AL-ABID SILK MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2014

	Note	Jul-Sep 2014 Rupees	Jul-Sep 2013 Rupees
Sales and services	9	**86,379,405**	118,628,272
Cost of sales		**219,196,966**	268,692,450
Gross loss		**(132,817,561)**	(150,064,178)
Operating expenses			
Distribution cost		**2,709,963**	7,732,031
Administrative expenses		**19,990,868**	33,155,499
Other operating expenses		**-**	1,245,530
		22,700,831	42,133,060
		(155,518,392)	(192,197,238)
Other income	10	**2,613,347**	4,074
Loss from operations		**(152,905,045)**	(192,193,164)
Finance cost		**12,827**	4,360,968
Loss before taxation		**(152,917,872)**	(196,554,132)
Taxation - net	12	**-**	604,511
Loss after taxation		**(152,917,872)**	(197,158,643)
Loss per share - basic and diluted	13	**(11.40)**	(14.70)

The annexed notes 1 to 17 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 ENDED SEPTEMBER 30, 2014

	Jul-Sep 2014 Rupees	Jul-Sep 2013 Rupees
Loss after taxation	**(152,917,872)**	(197,158,643)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	**50,231,147**	84,566,677
Total Comprehensive Loss	**(102,686,725)**	(112,591,966)

The annexed notes 1 to 17 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, 2014

	Jul-Sep 2014 Rupees	Jul-Sep 2013 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(152,917,872)	(196,554,132)
Adjustments for:		
Depreciation	104,821,233	116,705,395
Provision for gratuity	20,000	2,900,605
Gain / (Loss) on disposal of property, plant and equipment	(2,613,347)	1,245,530
	102,227,886	120,851,530
(Increase) / Decrease in current assets:		
Stores and spares	(67,025)	910,719
Stock in trade	(2,282,855)	19,301,988
Trade debtors	(1,295,540)	20,635,227
Loan and advances	526,513	1,319,207
Other receivables	2,943,888	7,841,028
Tax refunds due from government	15,977	63,778
	(159,042)	50,071,947
Increase / (Decrease) in current liabilities:		
Trade and other payable	35,409,905	14,520,655
Accrued mark-up	-	4,349,301
Short term finance	-	(29,388,937)
	35,409,905	(10,518,981)
Cash used in generated from operations	(15,439,123)	(36,149,636)
Taxes paid	(33,300)	(286,432)
Staff gratuity paid	(90,000)	(746,648)
Net cash outflow from operations	(15,562,423)	(37,182,716)
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	-	(7,284,566)
Proceeds from disposal of fixed assets	7,713,600	840,000
Net cash (used in) / generated from investing activities	7,713,600	(6,444,566)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds of loan from director	10,500,000	44,339,887
Payments of obligation under finance lease	(2,850,588)	(1,125,950)
Net cash inflow from financing activities	7,649,412	43,213,937
Net decrease in cash and cash equivalents	(199,411)	(413,345)
Cash and cash equivalents at the beginning of the period	8,338,508	9,872,750
Cash and cash equivalents at the end of the period	8,139,097	9,459,405

The annexed notes 1 to 17 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, 2014

	Share Capital	Capital Reserve	Accumulated Loss	Total
	Rupees			
Balance as at June 30, 2013	**134,095,500**	**372,834,000**	**(5,549,079,853)**	**(5,042,150,353)**
Total comprehensive loss for the three months period ended September 30, 2013	-	-	(197,158,643)	(197,158,643)
Surplus on revaluation of fixed assets realised during the period on account of incremental depreciation - nex of tax	-	-	84,566,677	84,566,677
Balance as at September 30, 2013	**134,095,500**	**372,834,000**	**(5,661,671,819)**	**(5,154,742,319)**
Balance as at June 30, 2014	**134,095,500**	**372,834,000**	**(5,892,800,377)**	**(5,385,870,877)**
Total comprehensive loss for the year ended June 30 , 2014			(152,917,872)	(152,917,872)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax			50,231,147	50,231,147
Balance as at September 30, 2014	**134,095,500**	**372,834,000**	**(5,995,487,102)**	**(5,488,557,602)**

The annexed notes 1 to 17 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, 2014

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. 5.49 billion while the reported current liabilities (since partly under litigation) have exceeded to current assets of the company by Rs. 5.98 billion. As disclosed in the Annual Report 2014, the company has undertaken various steps in order to turn around the company. The brief update on these steps is given below:

Toll manufacturing: Due to emerging demand of textile goods in local market and upcoming famous and well known brands of Lawn wearing, our local processing business is quite encouraging and volumes are improving. Currently our utilized capacity in this direction to the extent of around 25% is represented for fabric processing business of third parties carrying good repute and having major market share in local market. The management of the company is endeavoring hard to take benefit from this opportunity within the available resources i.e. meager working capital.

Rescheduling of Credit Lines: The company is in negotiation with the banks for rescheduling of their credit lines for a longer period and has requested for fresh working capital against available unencumbered fixed assets. However, due to undue delay in the rescheduling and obtaining fresh working capital lines, company's exports business remains at standstill. Some of the banks have already filed the legal cases for recovery against which the company is defending in the Honorable High Court and Banking Court. The company is confident that once the rescheduling get done coupled with the approval of desired new working capital line, it will work as catalyst in moving towards the betterment of the company's financial position.

Reduction in fixed cost: The company has cut their fixed costs / expenses down to size which may be viewed from the annexed financial statements. Nonetheless, the company will further reduce their expenses, wherever necessary, and keep strong monitoring on the fixed and variable cost in order to run the show efficiently.

The management is confident that after the successful implementation of all these measures as explained above, the company's financial health improve, will turn from the current financial turmoil and will continue as going concern. These financial statements, therefore, do not include any adjustment relating to realization of its assets and liquidation of any liabilities that might be necessary should the Company be unable to continue as going concern.

2 **BASIS OF PREPARATION**

2.1 The condensed interim financial information of the Company for the three months period ended September 30, 2014 is unaudited and being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984 (the Ordinance) and the listing regulations of the Karachi and Lahore stock exchanges and has been prepared in accordance with the requirements of the International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) and provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP) under the Ordinance. Wherever the requirements of IAS 34 differ from the requirements of the Ordinance or directives issued by the SECP, the Ordinance and the said directives have been followed.

2.2 The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2014.

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 SIGINIFICANT ACCOUNTING POLICIES**

The principal accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the consistent with those applied in the preparation of the financial statements for the year ended June 30, 2014.

4 **CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

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

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

5 **SURPLUS ON REVALUATION OF FIXED ASSETS**	**September 30, 2014 Rupees (Unaudited)**	June 30, 2014 Rupees (Audited)
Balance at beginning of the period / year	**3,369,922,225**	3,594,197,081
Less: Incremental depreciation on revalued assets for the year - net	**(50,231,147)**	(223,251,827)
Less: Revaluation surplus related to disposal assets	-	(1,023,029)
	3,319,691,078	3,369,922,225

5.1 The Company has updated the revaluation of Leasehold lands, Buildings on Leasehold lands, Plant, Machinery & equipments, Furniture & Fixture, Office equipment, Electric, gas & Other Installation and Leased Plant, Machinery & equipments on June 30, 2012. The valuation has been determined by the independent valuer M/s. Anjum Adil & Associates on the basis of prevailing market rates which has resulted an increase in revaluation reserve by Rs. 3,807,350,502. The earlier valuation of Leasehold lands was carried out by the same independent valuer on August 31, 2010 and August 31, 2007 on the basis of prevailing market rates at that time.

6 **LOAN FROM DIRECTOR - Unsecured**	**September 30, 2014 Rupees (Unaudited)**	June 30, 2014 Rupees (Audited)
Balance at beginning of the year	445,768,754	305,455,867
Received during the period / year	10,500,000	140,312,887
	456,268,754	**445,768,754**

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

AL-ABID SILK MILLS LIMITED

		September 30, 2014 Rupees (Un-audited)	June 30, 2014 Rupees (Audited)
7	**CONTINGENCIES AND COMMITMENTS**		
7.1	**Contingencies:**		
	Bank guarantee	**79,834,000**	79,834,000

The bank guarantees have been issued in favour of various government agencies.

The Sales Tax department has filed an appeal in the Honorable High Court of Sindh on 23rd August, 2000 against the Order of the learned Appellate Tribunal Customs and Sales Tax for recovery of Additional Tax and Surcharge amounting to Rs. 3.449 million for the year 1992-93. No provision for this amount has been made in these accounts as the management of the Company is of the view that the decision of the Learned Appellate Tribunal Customs and Sales Tax given in favour of the Company will be successfully defended in the Honorable High Court.

In respect of liabilities towards banks / DFIs, several banks and DFIs have filed civil suits in Honorable High Court of Sindh and Banking Court for recovery of their liabilities. The aggregate value of such civil suits amounts to Rs. 4.15 billion and USD 28,653/-. The management has accordingly filed leave to defend through their approved lawyers. The management is confident and believes that in ultimate analysis an amicably out of the court settlement will be reached.

7.2 **Commitments:**

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

		September 30, 2014 Rupees (Unaudited)	June 30, 2014 Rupees (Audited)
8	**PROPERTY, PLANT AND EQUIPMENT**		
	Operating fixed assets	**4,675,049,839**	4,784,971,325
	Capital work-in-progress	**16,800,000**	16,800,000
		4,691,849,839	4,801,771,325

		Jul-Sep 14 Rupees (Unaudited)	Jul-Sep 13 Rupees (Unaudited)
8.1	The fixed capital expenditures during the period as follows:		
	Owned assets:		
	Plant, machinery and equipments	-	4,134,566
	Electric, gas and other installations	-	3,150,000
		-	7,284,566
8.2	The disposals during the period as follows:		
	Owned assets:		
	Plant, machinery and equipments	-	2,317,255
	Vehicles	12,761,701	-
		12,761,701	2,317,255
9	**SALES AND SERVICES**		
	Sales		
	Export sales	-	1,988,840
	Local sales	-	11,315,647
		-	13,304,487
	Services		
	Cloth Processing - Printing and dyeing	86,379,405	105,323,785
		86,379,405	118,628,272

AL-ABID SILK MILLS LIMITED

10 OTHER INCOME

Income from financial assets/liabilities		
Profit on PLS deposits	-	4,074
Income from non-financial assets/liabilities		
Gain on disposal of property, plant and equipment	2,613,347	-
	2,613,347	4,074

11 FINANCE COST

The company has not accrued markup of Rs.180 million for the period as the matter is under negotiations with the banks for restructuring.

12 TAXATION

Current	-	604,511
Deferred	-	-
	-	604,511

13 EARNINGS PER SHARE - BASIC & DILUTED

13.1 Basic earnings per share

Loss after taxation	Rupees	(152,917,872)	(197,158,643)
Weighted average number of shares	Number	13,409,550	13,409,550
Basic loss per share	Rupees	(11.40)	(14.70)

13.2 Diluted earnings per share

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

14 TRANSACTIONS WITH RELATED PARTIES

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

	Jul-Sep 14 Rupees (Unaudited)	Jul-Sep 13 Rupees (Unaudited)
Al-Abid Exports (Private) Limited (Associated Company)		
Processing services rendered	-	1,224,579
Al-Abid Silk Mills Limited		
Key management personnel - Remuneration & Benefits	2,625,000	3,975,000

	September 31, 2014 Rupees (Unaudited)	June 30,2014 Rupees (Audited)
Al-Abid Exports (Private) Limited (Associated Company)		
Outstanding balance - payable	(19,974,226)	(19,974,226)

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

15 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, 2014.

16 **DATE OF AUTHORISATION FOR ISSUE**

These financial statements were approved and authorized for issue in the Board of Directors' meeting held on October 29, 2014.

17 **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

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Registrars:
Adam Patel & Company
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