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# **AL-ABID**

## **SILK MILLS LIMITED**

**42<sup>nd</sup> ANNUAL REPORT**  
**2010**

# 42<sup>nd</sup> ANNUAL REPORT

## FOR THE YEAR ENDED JUNE 30, 2010

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# AL-ABID SILK MILLS LIMITED

## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mr. Naseem A. Sattar	Chairman & Chief Executive
Mr. Azim Ahmed	Director
Mrs. Zarina Naseem	Director
Mst. Adia Naseem	Director
Mrs. Sadaf Nadeem	Director
Mrs. Reena Azim	Director
Mrs. Asra Amir	Director
Syed Raza Abbas Jaffari	Nominee Director (N.I.T.)

### SECRETARY

Mr. S.M. Jawed Azam

### AUDIT COMMITTEE

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

### AUDITORS

Muniff Ziauddin Junaidy & Co.  
Chartered Accountants

### REGISTRARS

- (a) Adam Patel & Company  
34/2-F, Block-5, Clifton, Karachi.
- (b) Gangjees Associates (For C.D.C. Purpose)  
516, Clifton Centre, Khayaban-e-Roomi,  
Kehkashan, Block-5, Clifton, Karachi.

### BANKERS

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

### REGISTERED OFFICE

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

### MILLS

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

# AL-ABID SILK MILLS LIMITED

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 42nd 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 29, 2010 at 4.00 p.m. to transact the following business:

### Ordinary Business

1. To confirm the minutes of the Extraordinary General Meeting of the company held on 1st July, 2010.
2. To receive, consider and adopt the annual audited accounts of the company together with the Directors' and Auditors' Reports thereon for the year ended June 30, 2010.
3. To appoint statutory auditors for the year 2010-2011 and fix their remuneration. The present auditors M/s. Muniff Ziauddin Junaidy & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment as auditors of the company.
4. To transact any other business that may be placed before the meeting with the permission of the Chair.

### Special Business

5. To approve issuance of bonus shares @ 20% to all the shareholders of the company as recommended by the Board of Directors.
6. To approve payment of remuneration and provision of certain facilities to the Chief Executive and the Director of the Company.

**A statement of material facts under Section 160(1) (b) of the Companies Ordinance, 1984 relating to the special businesses to be transacted is sent to all the shareholders with the Notice of this AGM.**

By Order of the Board

**S. M. Jawed Azam**  
(Company Secretary)

Karachi. October 2, 2010

### NOTES:

#### 1. Book Closure for Right shares, Bonus shares and AGM:

The Share Transfer Books of the Company will be closed from October 22, 2010 to October 29, 2010 (both days included). Transfer received at the following addresses, at the close of business hours on October 21, 2010 will be treated in time for the purpose of above entitlements (i.e. Right Shares and Bonus Shares) to the shareholders.

- a) Adam Patel & Company  
F-34/2, Block-5, Clifton, Karachi.
- b) Ganjees Associates (For CDC purpose)  
516, Clifton Centre, Khayaban-e-Roomi,  
Kehkashan, Block-5, Clifton, Karachi.

2. A member entitled to attend and vote at this meeting may appoint another member as his / her proxy to attend and vote instead of him / her. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the time of meeting.

3. Members are requested to promptly notify the company of any change in their addresses. CDC Accountholders will further have to follow the under mentioned guidelines as laid down by Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

#### A. For Attending the Meeting:

- i) In case of individuals, the account holder or sub-account holder and/or the persons whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or, original passport at the time of attending the meeting.

# AL-ABID SILK MILLS LIMITED

- ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

## B. For Appointing Proxies:

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

## STATEMENT U/S. 160 (1) (b) OF THE COMPANIES ORDINANCE, 1984

A statement under Section 160 (1) (b) of the Companies Ordinance, 1984 pertaining to the Ordinary Resolution is appended below.

### Agenda No. 5 - Issuance of Bonus Shares

The Board of Directors in their meeting held on October 2, 2010 had recommended the issue of bonus shares in the ratio of 20 shares for every 100 shares held i.e. 20%, the following resolution for which is being put before the shareholders for their approval with or without modification:

"Resolved that as recommended by the Board of Directors an amount of Rs. 19,156,500 (Rupees Nineteen million one hundred fifty six thousand five hundred only) be transferred to Reserve for issue of bonus shares by appropriation of Rs. 19,156,500 from unappropriated profit and that the paid up capital of the company be increased by issue of 1,915,650 fully paid shares of Rs.10/- each in the ratio of 20 share for every 100 shares held i.e. 20% to the shareholders whose names appear in the Register of Members at the close of business on October 21, 2010 ranking parri passu in all respect with the existing shares of the company".

Further Resolved that in the event of any member holding fraction of shares, the Company Secretary be and is hereby authorized to consolidate such fractional entitlement and sell the same in the stock market and the proceeds of sale (less expenses) when realized be distributed to the entitled shareholders.

### Agenda No. 6

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

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

"RESOLVED THAT the Company hereby approves and authorizes payment of annual remuneration for the period January 2011 to December 2011 to Mr. Naseem A. Sattar – Chief Executive, a sum not exceeding Rs. 10,500,000/- and Mr. Azim Ahmed – Director, a sum not exceeding Rs. 5,400,000/-. In addition to above the Company also approves payment of the following perquisites to them:

- i) Company Maintained Car  
Estimated expenses for fuel and repair etc.
- |                         |                              |
|-------------------------|------------------------------|
| Chief Executive         | Rs. 800,000/- p.a. (approx.) |
| Director Mr. Azim Ahmed | Rs. 600,000/- p.a. (approx.) |
- ii) Residential Telephone facilities for personal and official use.
- |                         |                                    |
|-------------------------|------------------------------------|
| Chief Executive         | Actual or maximum Rs.300,000/-p.a. |
| Director Mr. Azim Ahmed | Actual or maximum Rs. 75,000/-p.a. |
- iii) Air Traveling for Self and Dependents once in a year
- |                         |                     |
|-------------------------|---------------------|
| Chief Executive         | Rs. 1,200,000/-p.a. |
| Director Mr. Azim Ahmed | Rs. 1,000,000/-p.a. |

For the purpose of giving the effect to the above, the Company Secretary be and is hereby authorized to take all necessary actions and do all acts, deeds and things necessary in the matter.

# AL-ABID SILK MILLS LIMITED

## REPORT TO THE SHARE HOLDERS

The Board of Directors is pleased to present the Forty second Annual Report and the Audited Financial Statements of the Company for the year ended June 30, 2010.

During the year under consideration the sales of the company increased from Rs 9.1 billion to Rs 10.8 billion showing an increase of 18.7% over last year. Profit after tax increased from Rs 44.8 million to Rs 98.6 million.

The year under consideration was the worst year for the textile industry. The world recession and higher cost of production resulting from surge in raw cotton have affected textile industry adversely. The rates of gas and electricity were increased by the utility companies. Keeping in view the inflationary trend salaries and wages have also been increased. The fourth quarter witnessed full impact of increased level of grey cloth cost due to flare up in cotton prices. The international market could not adjust the prices in accordance with the spiraling cost.

### FUTURE OUTLOOK

Considering the present inflationary trend and increase in cost of doing business including increase in markup rates which is expected to hurt badly competitiveness of Pakistani textiles goods in the world market. Further, with the introduction of Planned Reformed General Sales Tax, huge amount of refund of sales tax will have negative impact on the liquidity of the industry.

Your management is striving hard to explore new customers and markets to further grow the turnover in an effort to achieve better efficiency to overcome the rising cost.

**BONUS SHARES:** We propose bonus shares @ 20% i.e. 20 ordinary shares per 100 ordinary shares. The Bonus Shares do not entitle the present right issue of shares.

**RIGHT SHARES:** In order to increase the share capital of the Company, the Board of Directors has declared to issue Ordinary Right Shares to the existing shareholders of the Company @ 20% to be paid at Rs 70 per share including premium of Rs 60 per share. The entitlement of Right Shares being declared simultaneously will not be applicable on the Bonus Shares as declared above.

### 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.

# AL-ABID SILK MILLS LIMITED

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

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

Name of Director	No. of meetings attended
Mr. Naseem A. Sattar	7
Mr. Azim Ahmed	6
Mrs. Zarina Naseem	5
Mst. Adia Naseem	5
Mrs. Sadaf Nadeem	5
Mrs. Reena Azim	7
Mrs. Asra Amir	7
Syed Raza Abbas Jaffari (Nominee Director of NIT)	4

## AUDIT COMMITTEE

### Size and Composition:

For the financial year ended June 30, 2010, the audit committee comprised the following three directors, two of whom are non-executive directors:

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

## INTERNAL AUDIT FUNCTION:

The Board Audit Committee is assisted by the Internal Audit Function in maintaining a sound system of internal controls and best practices.

The Internal Audit Function reviews internal controls in all key activities of the company. It acts as a service to the business by assisting with continuous improvement of controls and procedures. Actions are agreed in response to its recommendation and these are followed up to ensure that satisfactory 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 what ever form) and physical property. Documentation and information provided are subject to the appropriate levels of security and confidentiality.

## AUDITORS:

M/s Muniff Ziauddin Junaidy & Co., Chartered Accountants have retired and being, 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 Muniff Ziauddin Junaidy & Co., Chartered Accountants for the year ending June 30, 2011.

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# AL-ABID SILK MILLS LIMITED

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## **PATTERN OF SHAREHOLDING:**

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

## **EARNINGS PER SHARE:**

Based on the net profit for the current year the basic earnings per share is Rs.10.30 (2009: Rs.4.68)

## **ACKNOWLEDGEMENT:**

In the end your Directors are pleased to appreciate for the services rendered by the workers, staff and executives of the Company and look forward to their continued efforts and dedication. We also acknowledge the cooperation extended by our banks, financial institutions and various government agencies. At the same time we thank for the well wishes of our valued shareholders.

Thanks to all of you.

For and on behalf of the Board of Directors

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

October 2, 2010



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

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

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

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

## AL-ABID SILK MILLS LIMITED

15. The Board has formed an audit committee. It comprises of three members, of whom two are non-executive directors and the chairman of this committee is an executive director.
16. The audit committee met at least once in a quarter prior to the approval of interim and final result of the Company as required by the code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has setup an effective internal audit function.
18. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouse and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the code have been complied with.

For and on behalf of the Board of Directors

**NASEEM A. SATTAR**  
Chairman & CEO

Karachi: October 2, 2010

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# AL-ABID SILK MILLS LIMITED

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

We have reviewed the statement of Compliance with the Best Practices contained in the Code of Corporate Governance applicable to the Company for the year ended 30 June, 2010 prepared by the Board of Directors of **AL-ABID SILK MILLS LIMITED** to Comply the with Listing Regulation No. 35 of Karachi Stock Exchange ( Guarantee) Limited and Listing Regulation No 40 (Chapter XIII) of Lahore Stock Exchange (Guarantee) Limited where the Company is listed.

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

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

Further, Sub-Regulation (xiii a) of Listing Regulation 35 of the Karachi and Lahore Stock Exchanges require the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2010.

Karachi: October 2, 2010

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

# 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, 2010 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we 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.

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:

- (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:
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditures incurred during the year were for the purpose of the company's business; and
  - (iii) the business conducted, investments made and the expenditures incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2010 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Karachi: October 02, 2010

**Muniff Ziauddin Junaidy & Co.**  
Chartered Accountants  
Audit Engagement Partner: Muhammad Moin Khan

# AL-ABID SILK MILLS LIMITED

## BALANCE SHEET AS AT

	Note	2010 Rupees	2009 Rupees
<b>EQUITY &amp; LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorised capital</b>			
20,000,000 Ordinary shares of Rs. 10/- each		<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid-up capital	3	95,782,500	95,782,500
<b>Reserves</b>			
Capital reserve	4	257,895,000	257,895,000
Unappropriated profit		702,423,220	610,977,152
		<u>960,318,220</u>	<u>868,872,152</u>
		1,056,100,720	964,654,652
Surplus on revaluation of fixed assets	5	554,724,488	554,724,488
<b>LIABILITIES</b>			
<b>NON- CURRENT LIABILITIES</b>			
Loan from director - unsecured	6	98,861,281	98,861,281
Long term loan from banks	7	49,479,345	85,042,604
Liabilities against assets subject to finance lease	8	57,780,347	48,729,584
Deferred liabilities	9	49,981,271	40,966,222
		<u>256,102,244</u>	<u>273,599,691</u>
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
Trade and other payables	10	3,881,969,994	3,134,022,922
Accrued markup	11	46,659,404	52,368,316
Current maturity of long term loans and finances	12	62,649,743	162,258,011
Short term finances	13	2,889,283,046	2,590,390,625
		<u>6,880,562,187</u>	<u>5,939,039,874</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	14	-	-
		<u>8,747,489,639</u>	<u>7,732,018,705</u>

The annexed notes 1 to 43 form an integral part of these financial statements.

**Naseem A. Sattar**  
Chairman & CEO

# AL-ABID SILK MILLS LIMITED

**JUNE 30, 2010**

		2010		2009
		Rupees		Rupees
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	15	2,199,215,769		2,220,858,795
Long term security deposit		1,946,645		1,886,645
<b>CURRENT ASSETS</b>				
Stores and spares	16	154,763,973		171,757,779
Stock in trade	17	5,761,914,678		4,964,104,442
Trade debtors	18	305,547,862		148,790,844
Loans and advances	19	39,975,793		32,604,559
Trade deposits and prepayments	20	18,297,163		14,932,929
Other receivables	21	129,899,995		80,436,768
Tax refunds due from government	22	72,240,817		60,177,374
Cash and bank balances	23	63,686,944		36,468,570
		<b>6,546,327,225</b>		<b>5,509,273,265</b>
		<u><b>8,747,489,639</b></u>		<u><b>7,732,018,705</b></u>

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**Azim Ahmed**  
Director

# AL-ABID SILK MILLS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2010

	Note	2010 Rupees	2009 Rupees
Sales and services	24	10,826,885,480	9,100,993,517
Cost of sales	25	(9,277,052,427)	(7,789,027,404)
<b>Gross Profit</b>		<b>1,549,833,053</b>	<b>1,311,966,113</b>
Operating expenses			
Administrative	26	212,902,371	198,911,414
Selling and distribution	27	663,015,407	525,750,233
		(875,917,778)	(724,661,647)
<b>Operating profit</b>		<b>673,915,275</b>	<b>587,304,466</b>
Other income	28	4,198,818	875,033
		<b>678,114,093</b>	<b>588,179,499</b>
Finance cost	29	453,691,493	436,777,150
Other operating expenses	30	15,401,551	14,854,075
		(469,093,044)	(451,631,225)
<b>Profit before taxation</b>		<b>209,021,049</b>	<b>136,548,274</b>
Taxation - current	31	(110,391,293)	(91,747,266)
<b>Profit after taxation</b>		<b>98,629,756</b>	<b>44,801,008</b>
Other comprehensive income		-	-
<b>Total comprehensive Income</b>		<b>98,629,756</b>	<b>44,801,008</b>
<b>Earnings per share - basic and diluted</b>	32	<b>10.30</b>	<b>4.68</b>

The annexed notes 1 to 43 form an integral part of these financial statements.

\_\_\_\_\_  
**Naseem A. Sattar**  
Chairman & CEO

\_\_\_\_\_  
**Azim Ahmed**  
Director

# AL-ABID SILK MILLS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2010

	2010 Rupees	2009 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	209,021,049	136,548,274
<b>Adjustments for:</b>		
Depreciation	172,324,448	177,398,779
Provision for gratuity	13,497,849	12,849,144
(Gain)/loss on disposal of property, plant and equipment	(2,469,072)	3,330
	183,353,225	190,251,253
(Increase) / decrease in current assets:		
Stores and spares	16,993,806	(34,656,003)
Stock in trade	(797,810,236)	(650,241,932)
Trade debtors	(156,757,018)	(35,770,112)
Loan and advances	(7,371,234)	12,022,849
Trade deposits and prepayments	(3,364,234)	(2,905,599)
Other receivables	(49,463,227)	15,766,951
Tax refunds due from government	(16,112,430)	(34,498,067)
	(1,013,884,573)	(730,281,913)
Increase / (decrease) in current liabilities:		
Trade and other payables	747,947,072	618,872,554
Accrued mark-up	(5,708,912)	(3,330,110)
Short term finances	298,892,421	229,879,651
	1,041,130,581	845,422,095
Cash generated from operations	419,620,282	441,939,709
Taxes paid	(106,342,306)	(90,632,711)
Staff gratuity paid	(4,482,800)	(3,551,241)
Net cash generated from operations	308,795,176	347,755,757
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(152,618,350)	(101,933,141)
Proceeds from disposal of fixed assets	4,406,000	3,449,000
Long term deposits	(60,000)	253,000
Net cash used in investing activities	(148,272,350)	(98,231,141)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from obligation under finance lease	37,884,000	9,475,000
Payments of obligation under finance lease	(65,993,081)	(84,910,621)
Payment of long term loans	(98,011,683)	(129,961,321)
Payment of long term morabaha	-	(11,250,000)
Dividends paid	(7,183,688)	(7,179,239)
Net cash outflow from financing activities	(133,304,452)	(223,826,181)
<b>Net increase in cash and cash equivalents</b>	<b>27,218,374</b>	<b>25,698,435</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>36,468,570</b>	<b>10,770,135</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>63,686,944</b>	<b>36,468,570</b>

The annexed notes 1 to 43 form an integral part of these financial statements.

\_\_\_\_\_  
**Naseem A. Sattar**  
Chairman & CEO

\_\_\_\_\_  
**Azim Ahmed**  
Director



# AL-ABID SILK MILLS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2010

	Share capital	Capital reserve	Unappropriated profit	Total
	Rupees			
<b>Balance as at June 30, 2008</b>	95,782,500	257,895,000	573,359,832	927,037,332
Total comprehensive income for the year ended June 30, 2009	-	-	44,801,008	44,801,008
<b>Transaction with owners</b>				
Final dividend @ Rs. 0.75 per share for the year ended June 30, 2008	-	-	(7,183,688)	(7,183,688)
<b>Balance as at June 30, 2009</b>	95,782,500	257,895,000	610,977,152	964,654,652
Total comprehensive income for the year ended June 30, 2010	-	-	98,629,756	98,629,756
<b>Transaction with owners</b>				
Final dividend @ Rs. 0.75 per share for the year ended June 30, 2009	-	-	(7,183,688)	(7,183,688)
<b>Balance as at June 30, 2010</b>	95,782,500	257,895,000	702,423,220	1,056,100,720

The annexed notes 1 to 43 form an integral part of these financial statements.

\_\_\_\_\_  
**Naseem A. Sattar**  
Chairman & CEO

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**Azim Ahmed**  
Director

# AL-ABID SILK MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### 1. COMPANY AND ITS BUSINESS

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

### 2. SIGNIFICANT ACCOUNTING POLICIES

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

#### 2.1 Statement of Compliance

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

#### 2.2 Accounting convention

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

#### 2.3 Accrual basis of accounting

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

#### 2.4 Recent accounting developments

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

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

Standards or Interpretations	Effective Date (accounting periods beginning on or after)
IFRS - 2 Share-based Payments: Amended relating to Group Cash-settled Share-based Payment Transactions	January 1, 2010
IAS -24 Related Party Disclosures (Revised)	January 1, 2011
IAS -32 Financial Instruments: Presentation - Classification of Right Issue	February 1, 2010
IFRIC-14 The Limit on Defined Benefit Assets, Minimum Funding Requirements and their Interaction (Amendments)	January 1, 2011
IFRIC-19 Extinguishing Financial Liabilities with Equity Instruments	July 1, 2010

## AL-ABID SILK MILLS LIMITED

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have any material impact on the Company's financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB as a result of its annual improvement project in April 2009 primarily with a view to remove inconsistencies and clarify wordings. Such improvements are generally effective for accounting periods beginning on or after January 01, 2010. The company expects that such improvements to the standards will not have any material impact on the company's financial statements in the period of initial application.

### - Standards, amendments and interpretations adopted during the year:

During the year, the following new / revised standards, amendments and interpretations of accounting standards become effective:

IFRS - 2	Share Based Payment - Vesting Conditions and Cancellations (Amendment)
IFRS - 3	Business Combinations (Revised)
IFRS - 7	Financial Instruments: Disclosure (Amendments)
IFRS - 8	Operating Segments
IAS - 1	Presentation of Financial Statements (Revised)
IAS - 23	Borrowing Costs (Revised)
IAS - 27	Consolidated and Separate Financial Statements (Amendment)
IAS - 32	Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements-Puttable Financial Instruments and Obligations Arising on Liquidation (Amendments)
IAS - 39	Financial Instruments: Recognition and Measurement - Eligible hedged items (Amendments)
IFRIC - 15	Agreement for the Construction of Real Estate
IFRIC - 16	Hedges of a Net Investment in a Foreign Operation
IFRIC - 17	Distributions of Non-Cash Assets to Owners
IFRIC - 18	Transfer of Assets from Customers

The adoption of the above standards, amendments and interpretation did not have any effect on the financial statements except following:

IAS 1 (Revised), 'Presentation of financial statements' (effective from January 1, 2009), was issued in September 2007. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

The company has adopted IAS 1 (Revised) with effective from July 1, 2009 and has chosen to present all non-owner changes in equity in one statements i.e. statement of comprehensive income. The company does not have any items of income and expenses representing other comprehensive income. Accordingly, the adoption of the above standard does not have any significant impact on the presentation of the company's financial statements and does not require the restatement or reclassification of comparative information.

IFRS 8 - Operating Segments (effective from January 1, 2009). This standard requires the Company to determine and present operating segments based on the information that is provided internally to the Company's Chief Operating Decision Maker, that is, the organization's function which allocates resources to and assesses performance of its operating segments. Management has determined that the Company has a single reportable segment and therefore the adoption of the said IFRS has only resulted in some entity wide disclosures as described in note 37.

## **2.5 Estimates**

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

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

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

## **2.6 Revaluation reserve**

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

## **2.7 Staff retirement benefits**

The Company operates an un-funded gratuity scheme covering all employees (excluding managerial staff). Provision is made annually based on management estimates which are adjusted periodically to agree with actuarial estimates. Actuarial gains and losses are recognized on a straight line basis over a period of 2 years. As per latest actuarial valuation carried out as at June 30, 2010, the value of scheme's liabilities was Rs.49.98 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.

## **2.8 Provisions**

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

## **2.9 Taxation**

### **Current**

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

### **Deferred**

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

## 2.10 Fixed assets

### i) Owned assets

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

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

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

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

### ii) Assets subject to finance lease

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

## 2.11 Capital work-in-progress

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

## 2.12 Stores and spares

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

## 2.13 Stock in trade

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

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

## 2.14 Trade debts and other receivables

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

## 2.15 Cash and cash equivalents

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

## 2.16 Financial instruments

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

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

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

## 2.17 Revenue recognition

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

## 2.18 Foreign currency translations

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

## 2.19 Borrowing cost

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

## 2.20 Related party transactions

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

## 2.21 Impairment

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

## 2.22 Offsetting

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

## 2.23 Dividend and appropriation to reserves

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

# AL-ABID SILK MILLS LIMITED

## 2.24 Derivative financial instruments

The company uses derivative financial instruments to hedge its risks associated with exchange rate fluctuations. Derivatives initially recognized at fair value in the date the derivative contract is entered into and are subsequently measured at their fair value. Any change in fair value of the derivative financial instruments is taken to profit and loss account.

## 3. ISSUED, SUBSCRIBED AND PAID - UP CAPITAL

2010	2009		2010	2009
No. of Shares			Rupees	Rupees
6,798,250	6,798,250	Fully paid ordinary shares of Rs 10 issued for cash	67,982,500	67,982,500
2,780,000	2,780,000	Fully paid ordinary shares of Rs 10 issued as bonus shares	27,800,000	27,800,000
<u>9,578,250</u>	<u>9,578,250</u>		<u>95,782,500</u>	<u>95,782,500</u>

## 4. CAPITAL RESERVE

Premium on issue of right shares

<u>257,895,000</u>	<u>257,895,000</u>
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## 5. SURPLUS ON REVALUATION OF FIXED ASSETS

The Company has updated the revaluation of Leasehold land on August 31, 2007. The valuation has been determined by the independent valuer M/s. Anjum Adil & Associates on the basis of prevailing market rates. The earlier valuation was carried out by the same independent valuer on September 15, 2004 on the basis of prevailing market rates at that time. Had the revaluation not been carried out the carrying amount of Leasehold land, as shown in note 15.4, would have been lower by this amount.

## 6. LOAN FROM DIRECTOR - UNSECURED

Loan from director - unsecured

2010	2009
Rupees	Rupees
<u>98,861,281</u>	<u>98,861,281</u>

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

## 7. LONG TERM LOANS FROM BANKS-SECURED

United Bank Limited Loan 1	7.1	-	2,222,224
United Bank Limited Loan 2	7.1	-	14,875,000
Standard Chartered Bank (Pakistan) Limited	7.2	-	45,293,345
Habib Bank Limited	7.3	-	5,555,560
Askari Bank Limited	7.4	13,572,435	27,144,871
Pak Oman Investment Company 1	7.5	71,470,169	86,871,874
Pak Oman Investment Company 2	7.5	-	1,091,413
		<u>85,042,604</u>	<u>183,054,287</u>
		<u>35,563,259</u>	<u>98,011,683</u>
Less: Current maturity		<u>49,479,345</u>	<u>85,042,604</u>

## AL-ABID SILK MILLS LIMITED

- 7.1 Loans from United Bank Limited have been secured by hypothecation over specific machineries. They were repayable over a period of 5 years in equal monthly installments. The loans carried mark-up as follows:
- Loan 1: 6 months KIBOR plus 2.5 % with a floor of 6%
  - Loan 2 was swapped with LTF-EOP through the scheme introduced by the State Bank of Pakistan for Long Term Finance for Export Oriented Projects (LTF-EOP) vide their circular SMED 19 of September 4, 2006. Consequently, the bank converted the loan into LTF-EOP on October 20, 2006 . The loan carried mark-up @ 7% per annum.
- 7.2 Long term loan from Standard Chartered Bank (Pakistan) Limited has been secured by hypothecation over specific machineries. It carried mark up rate of 6 months KIBOR plus 2% with a floor of 5% and a cap of 14% per annum. The loan is repayable over a period of 6 years in equal monthly installments with one year grace period. Subsequently, the loan was swapped with LTF-EOP through the scheme introduced by the State Bank of Pakistan for Long Term Finance for Export Oriented Projects (LTF-EOP) vide their circular SMED 19 of September 4, 2006. Consequently, the bank converted loan into LTF-EOP on November 1, 2006 . The loan carried mark-up @ 7% per annum.
- 7.3 Loan from Habib Bank Limited has been secured by hypothecation of specific machines. The loan carries markup rate of 6 months KIBOR plus 2% per annum and is repayable in 9 equal half-yearly installments with a grace period of six months.
- 7.4 Loan from Askari Bank Limited has been secured by hypothecation charge over specific machinery. The loan carried mark up at the rate of 6 months KIBOR plus 1.9% per annum. The loan is repayable in 20 equal quarterly installments with a grace period of one year. The loan was swapped with LTF-EOP through the scheme introduced by the State Bank of Pakistan for Long Term Finance for Export Oriented Projects (LTF-EOP) vide their circular SMED 19 of September 4, 2006. Consequently, the bank converted loan into LTF-EOP on November 12, 2006. The loan carries mark-up @ 7% per annum.
- 7.5 Loans from Pak Oman Investment Company have been secured by hypothecation over specific machineries. Particulars of these financing are as under:
- Loan 1: It is repayable in five & half years equal quarterly installments including and and half years grace period. The loan has been financed under the LTF-EOP scheme introduced by the State Bank of Pakistan for Long Term Finance for Export Oriented Projects (LTF-EOP) vide their circular SMED 19 of September 4, 2006. The loan carries mark-up @ 7% per annum
  - Loan 2: It is repayable in five and half years equal quarterly installments including one and half years grace period. The loan carries markup of 6 months KIBOR plus 2.0 %.

### 8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

		2010 Rupees	2009 Rupees
Present value of minimum lease payments	8.1	84,866,831	112,975,912
Current maturity shown under current liabilities		(27,086,484)	(64,246,328)
		57,780,347	48,729,584
<b>8.1 Minimum lease payments</b>			
Not later than one year		31,569,732	74,444,661
Later than one year and not later than 5 years		66,896,259	54,856,300
Finance charges not yet due		98,465,991 (13,599,160)	129,300,961 (16,325,049)
Present value of finance lease liabilities		84,866,831	112,975,912
<b>Present value of finance lease liabilities</b>			
Not later than one year		27,086,484	64,246,328
Later than one year and not later than 5 years		57,780,347	48,729,584
		84,866,831	112,975,912



# AL-ABID SILK MILLS LIMITED

## 15.1 Operating fixed assets

PARTICULARS	COST AS AT 01-07-2009	ADDITIONS/ (DELETIONS)	TRANSFER	COST AS AT 30-06-2010	ACCUMULATED DEPRECIATION AS AT 01-07-2009	CHARGE FOR THE YEAR / (DELETIONS)	TRANSFER	ACCUMULATED DEPRECIATION AS AT 30-06-2010	WRITTEN DOWN VALUE AS AT 30-06-2010	RATE %
<b>Owned assets</b>										
Leasehold land	600,225,002	-	-	600,225,002	-	-	-	-	600,225,002	-
Buildings on leasehold land	420,702,949	4,066,466 (3,335,304)	15,000,000	436,434,111	230,182,875	20,406,087 (2,274,115)	2,928,750	251,243,597	185,190,514	10
Plant, machinery & equipment	2,111,105,998	56,299,687	-	2,167,405,685	1,007,221,787	112,314,480	-	1,119,536,267	1,047,869,418	10
Furniture, fixture and ancillary equipment	88,145,885	3,132,735	-	91,278,620	48,818,456	4,098,318	-	52,916,774	38,361,846	10
Office equipment	31,700,834	-	-	31,700,834	19,413,079	1,228,776	-	20,641,855	11,058,979	10
Electric, gas & other installations	129,143,848	1,252,972	-	130,396,820	65,949,515	6,358,270	-	72,307,785	58,089,035	10
Vehicles	72,282,476	14,084,005 (4,960,720)	5,236,000	86,641,761	43,423,073	7,185,515 (4,084,982)	2,719,927	49,243,533	37,398,228	20
<b>Sub Total</b>	<b>3,453,306,992</b>	<b>78,835,865 (8,296,024)</b>	<b>20,236,000</b>	<b>3,544,082,833</b>	<b>1,415,008,795</b>	<b>151,591,446 (6,359,097)</b>	<b>5,648,677</b>	<b>1,565,889,811</b>	<b>1,978,193,022</b>	
<b>Assets under finance lease</b>										
Plant, machinery & equipment	190,039,657	30,049,000	-	220,088,657	59,240,358	14,081,563	-	73,321,921	146,766,736	10
Building	21,500,000	-	(15,000,000)	6,500,000	2,166,867	1,450,000	(2,928,750)	687,917	5,812,083	10
Office equipment	2,719,000	-	-	2,719,000	532,570	218,643	-	751,213	1,967,787	10
Vehicles	25,650,527	7,835,000	(5,236,000)	28,249,527	10,666,881	3,457,008	(2,719,927)	11,403,962	16,845,565	20
Sewing & cutting machines	23,243,334	-	-	23,243,334	7,985,454	1,525,788	-	9,511,242	13,732,092	10
<b>Sub Total</b>	<b>263,152,518</b>	<b>37,884,000</b>	<b>(20,236,000)</b>	<b>280,800,518</b>	<b>80,591,930</b>	<b>20,733,002</b>	<b>(5,648,677)</b>	<b>95,676,255</b>	<b>185,124,263</b>	
<b>2010 Rupees</b>	<b>3,716,459,510</b>	<b>116,719,865 (8,296,024)</b>	<b>-</b>	<b>3,824,883,351</b>	<b>1,495,600,715</b>	<b>172,324,448 (6,359,097)</b>	<b>-</b>	<b>1,661,566,066</b>	<b>2,163,317,285</b>	

# AL-ABID SILK MILLS LIMITED

PARTICULARS	COST AS AT 01-07-2008	ADDITIONS/ (DELETIONS)	TRANSFER	COST AS AT 30-06-2009	ACCUMULATED DEPRECIATION AS AT 01-07-2008	CHARGE FOR THE YEAR/ (DELETIONS)	TRANSFER	ACCUMULATED DEPRECIATION AS AT 30-06-2009	WRITTEN DOWN VALUE AS AT 30-06-2009	RATE %
<b>Owned assets</b>										
Leasehold land	600,225,002	-	-	600,225,002	-	-	-	-	600,225,002	-
Buildings on leasehold land	414,318,083	6,384,866	-	420,702,949	209,471,291	20,711,584	-	230,182,875	190,520,074	10
Plant, machinery & equipment	1,950,724,483	160,670,738 (6,198,780)	5,909,557	2,111,105,998	892,678,569	116,553,459 (3,991,434)	1,981,193	1,007,221,787	1,103,884,211	10
Furniture, fixture and ancillary equipment	83,725,410	4,420,475	-	88,145,885	44,671,550	4,146,906	-	48,818,456	39,327,429	10
Office equipment	31,718,334	45,000 (62,500)	-	31,700,834	18,055,690	1,365,931 (8,542)	-	19,413,079	12,287,755	10
Electric, gas & other installations	126,955,582	2,188,266	-	129,143,848	59,011,376	6,938,139	-	65,949,515	63,194,333	10
Vehicles	63,838,158	10,842,403 (4,178,313)	1,780,228	72,282,476	39,575,007	5,922,628 (2,987,287)	912,725	43,423,073	28,859,403	20
<b>Sub Total</b>	<b>3,271,505,052</b>	<b>184,551,748 (10,439,593)</b>	<b>7,689,785</b>	<b>3,453,306,992</b>	<b>1,263,463,483</b>	<b>155,638,647 (6,987,263)</b>	<b>2,893,918</b>	<b>1,415,008,785</b>	<b>2,038,298,207</b>	
<b>Assets under finance lease</b>										
Plant, machinery & equipment	195,949,214	-	(5,909,557)	190,039,657	46,688,296	14,533,255	(1,981,193)	59,240,358	130,799,299	10
Building	15,000,000	6,500,000	-	21,500,000	500,000	1,666,867	-	2,166,667	19,333,333	10
Office equipment	2,719,000	-	-	2,719,000	289,633	242,937	-	532,570	2,186,430	10
Vehicles	24,455,755	2,975,000	(1,780,228)	25,650,527	7,957,653	3,621,953	(912,725)	10,666,881	14,983,646	20
Sewing & cutting machines	23,243,334	-	-	23,243,334	6,290,134	1,695,320	-	7,985,454	15,257,880	10
<b>Sub Total</b>	<b>261,367,303</b>	<b>9,475,000</b>	<b>(7,689,785)</b>	<b>263,152,518</b>	<b>61,725,716</b>	<b>21,760,132</b>	<b>(2,893,918)</b>	<b>80,591,930</b>	<b>182,560,588</b>	
<b>2009 Rupees</b>	<b>3,532,872,355</b>	<b>194,026,748 (10,439,593)</b>	<b>-</b>	<b>3,716,459,510</b>	<b>1,325,189,199</b>	<b>177,398,779 (6,987,263)</b>	<b>-</b>	<b>1,495,600,715</b>	<b>2,220,858,795</b>	

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

# AL-ABID SILK MILLS LIMITED

## 15.3 Allocation of depreciation

Factory overheads  
Administrative expenses

	2010 Rupees	2009 Rupees
	<b>159,414,940</b>	165,353,827
	<b>12,909,508</b>	12,044,952
	<b>172,324,448</b>	<b>177,398,779</b>

15.4 Had there been no revaluation, related figures of leasehold land at June 30, 2010 would have been as follows:

Description	Cost	Accumulated Depreciation	Written Down Value
Leasehold land	45,500,514	-	45,500,514
<b>2010 Rupees</b>	<b>45,500,514</b>	-	<b>45,500,514</b>
2009 Rupees	45,500,514	-	45,500,514

## 15.5 Disposal of fixed assets:

Description	Cost Rs.	Accumulated Depreciation Rs.	WDV Rs.	Sale Proceeds Rs.	Gain / (Loss) Rs.	Mode of disposal	Particulars
<b>Plant machinery &amp; equipment</b>							
Container Dock	3,335,304	2,274,115	1,061,189	1,350,000	288,811	Negotiation	Indusmen Corporation 47-A, PECHS, Shahrah-e-Faisal, Karachi.
<b>Vehicles</b>							
Suzuki Mehran (Reg No. ADC 084)	365,000	320,093	44,907	210,000	165,093	Negotiation	Mr. Abdul Ghaffer S/O Malik Muhammad CNIC No. 42101-1497949-9 950, Dastagir, Azizabad, Karachi.
Suzuki Mehran (Reg No. ADQ 945)	336,030	321,967	14,063	210,000	195,937	Negotiation	-do-
Suzuki Baleno (Reg No. ABW 768)	526,316	504,289	22,027	360,000	337,973	Negotiation	-do-
Honda Civic (Reg No. ABR 205)	753,000	709,879	43,121	550,000	506,879	Negotiation	Ali Motors Shop No. 8, Al-Madina Apartments, 58, Muslimabad, New M.A. Jinnah Road Karachi.
Honda City (Reg No. AEQ 540)	812,450	652,716	159,734	500,000	340,266	Negotiation	-do-
Suzuki Baleno (Reg No. ABX 683)	661,360	623,488	37,874	300,000	262,126	Negotiation	-do-
Suzuki Mehran (Reg No. ADR 228)	338,080	290,813	47,267	250,000	202,733	Negotiation	-do-
Suzuki Mehran (Reg No. ACX 085)	365,000	324,175	40,825	150,000	109,175	Negotiation	-do-
Suzuki Mehran (Reg No. ARX 431)	496,400	79,838	416,562	460,000	43,438	Insurance Claim	EFU General Insurance Co, Limited SITE Division, Karachi
Suzuki Motorcycle (Reg No. KAV-3809)	70,587	60,126	10,461	12,000	1,539	Negotiation	Muhammad Zubair House No. B-542, Korangi 5-3/4, Karachi. CNIC No. 42201-7383963-9
Suzuki Motorcycle (Reg No. KAV-3816)	70,587	60,126	10,461	12,000	1,539	Negotiation	-do-
Jailang Motor Cycle (Reg No. KBA-2956)	45,700	33,795	11,905	14,000	2,095	Negotiation	-do-
Honda Motor Cycle (Reg No. KAN-7785)	15,000	14,878	122	6,000	5,878	Negotiation	-do-
Qinqi Motor Cycle (Reg No. KAV-8745)	52,900	42,692	10,208	12,000	1,792	Negotiation	-do-
Hero Motor Cycle (Reg No. KAP-5767)	52,310	46,108	6,202	10,000	3,798	Negotiation	-do-
<b>Total Rupees</b>	<b>8,296,024</b>	<b>6,359,096</b>	<b>1,936,928</b>	<b>4,406,000</b>	<b>2,469,072</b>		

# AL-ABID SILK MILLS LIMITED

**15.6** In accordance with an agreement dated December 08, 2003 with M/s. Al-Abid Exports (Private) Limited (AAEPT) an associated company, certain stitching machines of the company had been shifted at the premises of AAEPT for the sole purpose of stitching and quilting products of the company. The book value of the aforesaid machines as at June 30, 2010 is Rs.8,560,786 (June 30, 2009: Rs. 9,511,985). The ownership of the machines belong to the company.

**15.7 Capital work in progress**

	2010 Rupees			2009 Rupees		
	Building	Machinery	Total	Building	Machinery	Total
Opening balance	-	-	-	-	92,093,607	92,093,607
Capital expenditure Incurred during the year Transferred to operating fixed assets	35,898,484	40,694,169	76,592,653	7,488,268	-	7,488,268
	-	(40,694,169)	(40,694,169)	(7,488,268)	(92,093,607)	(99,581,875)
	<b>35,898,484</b>	-	<b>35,898,484</b>	-	(92,093,607)	(92,093,607)
	<b>35,898,484</b>	-	<b>35,898,484</b>	-	-	-

**16. STORES AND SPARES**

	2010 Rupees	2009 Rupees
Stores	<b>17,604,846</b>	18,548,863
Spares	<b>137,159,127</b>	153,208,916
	<b>154,763,973</b>	171,757,779

**17. STOCK IN TRADE**

Raw materials - In hand	<b>1,552,525,684</b>	1,607,125,413
- bonded warehouse	<b>16,743,124</b>	33,177,027
Work-in-process	<b>1,569,268,808</b>	1,640,302,440
Finished goods	<b>3,718,086,844</b>	2,871,897,482
	<b>474,559,026</b>	451,904,520
	<b>5,761,914,678</b>	4,964,104,442

# AL-ABID SILK MILLS LIMITED

	2010 Rupees	2009 Rupees
<b>18. TRADE DEBTORS</b>		
Considered good		
Secured	300,020,804	146,057,572
Unsecured	5,527,058	2,733,272
	<u>305,547,862</u>	<u>148,790,844</u>
<b>19. LOANS AND ADVANCES</b>		
<b>Advances-considered good</b>		
To staff and workers	813,398	950,044
Against import expenses	20,299,968	20,452,582
For contract work, supplies and expenses	18,862,427	11,201,933
	<u>39,975,793</u>	<u>32,604,559</u>
<b>20. TRADE DEPOSITS AND PREPAYMENTS</b>		
Deposits	13,379,374	10,405,252
Prepayments	4,917,789	4,527,677
	<u>18,297,163</u>	<u>14,932,929</u>
<b>21. OTHER RECEIVABLES</b>		
Duty drawback	126,653,692	58,453,017
Research and development support	3,246,303	21,983,751
	<u>129,899,995</u>	<u>80,436,768</u>
<b>22. TAX REFUNDS DUE FROM GOVERNMENT</b>		
Sales tax	72,010,463	54,398,033
Income tax	230,354	5,779,341
	<u>72,240,817</u>	<u>60,177,374</u>
<b>23. CASH AND BANK BALANCES</b>		
Cash in hand	697,122	502,812
Cash with banks - current account	54,908,378	26,305,646
- saving account	1,930,446	404,114
- term deposit	6,150,998	9,255,998
	<u>62,989,822</u>	<u>35,965,758</u>
	<u>63,686,944</u>	<u>36,468,570</u>

# AL-ABID SILK MILLS LIMITED

		2010 Rupees	2009 Rupees
<b>24. SALES AND SERVICES</b>			
<b>Sales</b>			
Export sales		10,675,878,824	9,036,174,030
Local sales		<u>149,398,494</u>	<u>60,610,762</u>
		<b>10,825,277,318</b>	<b>9,096,784,792</b>
<b>Services</b>			
Cloth Processing - Printing and dyeing		1,608,162	4,208,725
		<u><b>10,826,885,480</b></u>	<u><b>9,100,993,517</b></u>
<b>25. COST OF SALES</b>			
Cost of materials consumed	25.1	8,717,145,460	6,534,932,741
Salaries and wages		231,089,694	194,767,899
Factory overheads	25.2	<u>1,469,521,831</u>	<u>1,272,207,489</u>
		<b>10,417,756,985</b>	<b>8,001,908,129</b>
Work in process			
Opening stock		2,871,897,482	2,767,623,175
Closing stock		<u>(3,718,086,844)</u>	<u>(2,871,897,482)</u>
		<b>(846,189,362)</b>	<b>(104,274,307)</b>
Cost of goods manufactured		<u><b>9,571,567,623</b></u>	<u><b>7,897,633,822</b></u>
Finished goods			
Opening stock		451,904,520	426,495,719
Closing stock		<u>(474,559,026)</u>	<u>(451,904,520)</u>
		<b>(22,654,506)</b>	<b>(25,408,801)</b>
Less : Duty drawback		<u><b>9,548,913,117</b></u>	<u><b>7,872,225,021</b></u>
		<b>271,860,690</b>	<b>83,197,617</b>
		<u><b>9,277,052,427</b></u>	<u><b>7,789,027,404</b></u>
<b>25.1 Cost of materials consumed</b>			
Dyes and chemicals		813,557,901	702,190,726
Production stores and packing materials		561,471,012	530,182,420
Grey cloth		7,191,171,483	5,146,315,099
Wadding materials		49,121,122	19,557,423
Flock materials		<u>101,823,942</u>	<u>136,687,073</u>
		<b>8,717,145,460</b>	<b>6,534,932,741</b>
<b>25.2 Factory overheads</b>			
Insurance premium		36,839,570	29,944,822
Repairs and maintenance		112,502,108	92,582,704
Rent, rates and taxes		31,352,731	27,411,674
Heat, light and power		387,013,695	346,359,668
Water consumption charges		54,653,591	49,272,716
Service charges		531,091,544	403,568,891
Checking, mending and rolling charges		17,366,303	15,332,834
Coolie, cartage and freight		139,287,349	142,380,353
Depreciation	15.3	<u>159,414,940</u>	<u>165,353,827</u>
		<b>1,469,521,831</b>	<b>1,272,207,489</b>

# AL-ABID SILK MILLS LIMITED

	2010 Rupees	2009 Rupees
Sales	-	3,283,043
Confection and packaging availed	<u>141,523,078</u>	<u>134,080,763</u>
Outstanding balance - payable	<u>3,075,455</u>	<u>18,514,548</u>

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

## 34. REMUNERATION OF DIRECTORS & EXECUTIVES

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	2010	2009	2010	2009	2010	2009
	Rupees					
Basic	5,998,778	5,633,920	2,591,753	2,034,060	21,375,160	21,473,582
House rent	2,699,450	2,535,264	1,166,289	915,324	9,618,821	9,663,113
Other allowances and perquisites	1,199,756	1,126,794	518,350	203,410	4,495,144	4,531,029
	<u>9,897,984</u>	<u>9,295,978</u>	<u>4,276,392</u>	<u>3,152,794</u>	<u>35,489,125</u>	<u>35,667,724</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>25</u>	<u>27</u>

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.

Aggregate amount charged in the accounts for Board Meeting fee to non - executive Directors is Rs. 66,000 (2009: Rs.60,000).

## 35. CAPITAL RISK MANAGEMENT

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

## 36. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The company's activities expose it to certain financial risks. Such financial risks emanate from various factors that include, but not limited to, market risk, credit risk and liquidity risk. The company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the company's financial performance. Risk measured and managed by the company are explained in notes 36.1 to 36.4.

### 36.1 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:

		2010 Rupees	2009 Rupees
Long term deposits	36.1.1	1,946,645	1,886,645
Trade debtors	36.1.2	305,547,862	148,790,844
Advance and deposits	36.1.1	14,192,772	11,355,296
Other receivables	36.1.1	129,899,995	80,436,768
Cash and bank balances	36.1.3	55,605,500	36,468,570
		<u>507,192,774</u>	<u>278,938,123</u>

# AL-ABID SILK MILLS LIMITED

**36.1.1** Due to the company's long standing business relationship with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the company.

**36.1.2** The aging of trade debtors at the balance sheet date was:

	2010 Rupees	2009 Rupees
Not past due	295,789,129	143,533,183
Past due 1-60 days	5,508,177	4,797,250
Past due 61 days to 1 year	4,250,556	460,411
	<u>305,547,862</u>	<u>148,790,844</u>

Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors past due do not require any impairment.

**36.1.3** Bank balances are held only with reputable banks with high quality credit ratings.

## 36.2 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is exposed to currency risk and interest rate risk only.

### 36.2.1 Currency risk

The Company is exposed to currency risk on trade debts, borrowings and sales that are denominated in a currency other than the respective functional currency of the Company, primarily U.S. Dollar. The Company's exposure to foreign currency risk is as follows:

	2010		2009	
	Rupees	US \$	Rupees	US \$
Trade debts	300,020,804	3,520,958	146,057,572	1,804,963
Short term borrowing as US \$ Loan	(114,057,842)	(1,332,451)	(112,753,846)	(1,386,886)
Accrued mark-up on US \$ Loan	(924,875)	(10,804)	(1,987,300)	(24,444)
Balance sheet exposure	<u>185,038,087</u>	<u>2,177,703</u>	<u>31,316,426</u>	<u>393,633</u>

The following significant exchange rates applied during the year:

	2010	2009	2010	2009
	Average rates		At balance sheet date	
US Dollar to PKR	84.30	78.53	85.21 / 85.60	80.92 / 81.30

### Sensitivity analysis

At June 30, 2010, if the company's functional currency had weakened / strengthened by 10% against the US Dollar with all the other variables held constant, the profit before taxation for the year would have been higher / lower by Rs. 18,503,809 (2009: Rs 3,131,643), mainly as a result of foreign exchange gains / losses on translation of financial assets and liabilities denominated in US Dollars

### 36.2.2 Interest rate risk

Interest rate risk represents the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instrument is:



# AL-ABID SILK MILLS LIMITED

## KEY OPERATING AND FINANCIAL DATA

	2010	2009	2008	2007	2006	2005
	Rupees in million					
Sales	10,827	9,101	5,496	4,601	4,454	3,539
Gross profit	1,550	1,312	682	613	721	531
Operating profit	674	587	408	388	389	211
Profit before tax	209	137	95	84	105	59
Tax	(110)	(92)	(56)	(47)	46	28
Profit after tax	99	45	39	38	59	31
Total assets	8,747	7,732	7,056	5,748	5,395	5,184
Current liabilities	6,880	5,939	5,156	3,979	3,532	3,220
	1,867	1,793	1,900	1,769	1,863	1,964
<b>Represented by:</b>						
Share capital	96	96	96	96	74	74
Reserve	960	869	831	799	640	580
	1,056	965	927	895	714	654
Surplus on revaluation of fixed assets	555	555	555	391	391	391
Long term loans & leases	206	232	387	458	736	899
Deferred liability	50	41	32	25	22	20
	1,867	1,793	1,901	1,769	1,863	1,964
Dividend (%age)	7.5%	7.5%	7.5%	7.5%	7.5%	—
Debt-equity ratio						
Debt	0.11	0.13	0.21	0.26	0.40	0.44
Equity	0.89	0.87	0.79	0.74	0.60	0.56

# AL-ABID SILK MILLS LIMITED

## PATTERN OF SHAREHOLDING AS AT JUNE 30, 2010

NUMBER OF SHARE HOLDERS	SHAREHOLDING			TOTAL SHARES
663	1	--	100	14,132
85	101	--	500	17,076
52	501	--	1 000	34,363
10	1,001	--	10 000	33,395
6	10,001	--	100 000	382,762
8	100,001	--	1,000 000	3,001,027
1	1,000,001	--	3,000 000	1,056,687
1	3,000,001	--	5,050 000	5,038,808
<b>826</b>	<b>TOTAL</b>			<b>9,578,250</b>

Categories of Shareholders	Number of Shareholders	Shares Held	Percentage
<b>1. Individuals</b>	<b>812</b>		
Holding more than 10%		-	-
Holding less than 10%		544,034	5.680%
<b>2. Joint stock companies</b>	<b>1</b>		
Al-Asra Securities (Pvt) Limited		10	0.000%
<b>3. Financial institutions</b>	<b>5</b>		
National Bank of Pakistan - Trustee department NI(U)T fund		954,306	9.963%
National Bank of Pakistan		577,253	6.027%
The Bank of Punjab		204,201	2.132%
Faysal Bank Limited		147,900	1.544%
National Investment Trust Limited		24,575	0.257%
<b>4. Insurance company</b>	<b>1</b>		
State Life Insurance Corporation of Pakistan		197,495	2.062%
<b>5. Holding of directors</b>	<b>7</b>		
Mr. Naseem A. Sattar		5,038,808	52.607%
Mrs. Zarina Naseem		1,056,687	11.032%
Mr. Azim Ahmed		342,728	3.578%
Mst. Adia Naseem		234,516	2.448%
Mrs. Sadaf Nadeem		94,487	0.986%
Mrs. Reena Azim		80,625	0.842%
Mrs. Asra Amir		80,625	0.842%
<b>Total</b>	<b>826</b>	<b>9,578,250</b>	<b>100.000%</b>

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

ALABAMA STATE UNIVERSITY

STATE OF ALABAMA DEPARTMENT OF REVENUE

DATE	DESCRIPTION	AMOUNT	REMARKS
10/1/19			
10/2/19			
10/3/19			
10/4/19			
10/5/19			
10/6/19			
10/7/19			
10/8/19			
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10/31/19			

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**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. \_\_\_\_\_

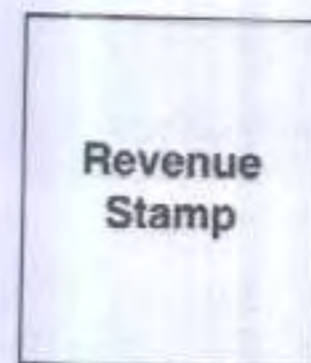
hereby appoint \_\_\_\_\_ Folio No. \_\_\_\_\_

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 29th October, 2010 and at any adjournment thereof.

Singed this \_\_\_\_\_ day of \_\_\_\_\_ 2010



(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.

# GENERAL INSTRUCTIONS

## ARTICLE I

### SECTION 1

### SECTION 2

### SECTION 3

### SECTION 4

### SECTION 5

### SECTION 6

### SECTION 7

### SECTION 8

### SECTION 9

### SECTION 10

### SECTION 11

### SECTION 12

### SECTION 13

### SECTION 14

### SECTION 15

### SECTION 16

### SECTION 17

### SECTION 18

### SECTION 19

### SECTION 20

### SECTION 21

### SECTION 22

### SECTION 23

### SECTION 24