AL-ABID
SILK MILLS LIMITED

44th ANNUAL REPORT
2012

44th ANNUAL REPORT
FOR THE YEAR ENDED JUNE 30, 2012

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COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Naseem A. Sattar	Chairman & Chief Executive
	Mr. Azim Ahmed	Director
	Mr. S.M. Jawed Azam	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. Muhammad Kashif	
AUDIT COMMITTEE	Mr. Naseem A. Sattar	Chairman
	Mr. S.M. Jawed Azam	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) Jwaffs Registrar Services (Pvt) Ltd.
505, 5th Floor, Kashif Centre,
Near Hotel Mehran,
Main Shahrah-e-Faisal, Karachi.

BANKERS

Allied Bank Limited
Bank Islami Pakistan 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.

NOTICE OF ANNUALGENERAL MEETING

Notice is hereby given that the 44th 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 Thursday, October 30, 2012 at 07:00 p.m. to transact the following business:

1. To confirm the Minutes of the 43rd Annual General Meeting of the Company held on 27th October, 2011.

2. To receive, consider and adopt the annual audited accounts of the Company together with the Directors' and Auditors' Report thereon for the year ended June 30, 2012.

3. To appoint statutory Auditors for the year 2012-2013 and fix their remuneration. The present auditors M/s. Muniff Ziauddin Junaidy & Company, Chartered Accountants. have offered themselves for re-appointment as Auditors of the Company.

4. To consider any other business with the permission of the Chair.

SPECIAL BUSINESS:

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

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

   The Shareholders approval is sought for the payment of remuneration and provision of certain facilities to the 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 2013 to December 2013 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 Travelling 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

BY ORDER OF THE BOARD

(MUHAMMAD KASHIF)
Company Secretary

Karachi: October 5, 2012

NOTES:

1. The Share Transer Books of the Company will remain closed from October 20, 2012 to October 30, 2012 (both days inclusive).

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

3. Members are requested to promptly notify the Company of any change in their address. **CDC Account Holders will further have to follow the under mentioned guidelines as laid down in circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.**

A. For Attending the Meeting:

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

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

B. For Appointing Proxies

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.

ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv) The proxy shall produce his 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.

REPORT TO THE SHAREHOLDERS

The Board of Directors hereby presents the forty fourth Annual Report and the Audited Financial Statements of the Company for the year ended June 30, 2012.

During the financial year under review, the textile industry of Pakistan in general and home textiles in particular witnessed tremendous dismal and miserable performance owing to multifarious issues, both nationally and internationally. Tough business competitions, global economic meltdown, continuing Eurozone crises, depressed market conditions existing in the US and European markets and slow consumer demands has significantly deteriorated the home textile export of the country. Likewise, on the other end, the prevailing energy crises such as continuous announced and unannounced gas load-shading coupled with unprecedented increase in gas and energy tariffs, sky-rocketing price of inputs, worsening law and order condition and lack of government support forced many textile units either to close down or shift their business to neighboring countries where cost and conditions of doing business are comparatively much better.

During the year, the company registered total sales of Rs. 7.56 billion as compared to Rs. 10.48 billion during the last financial year. Accordingly the company incurred heavy losses of Rs. 4.73 billion as against net profit of Rs. 77.791 million in the preceding financial year. The loss of current year includes Rs. 2.28 billion as trading loss caused due to significantly low turnover and underutilization of the capacity and due to the factors explained in the preceding paragraph. Whereas the big loss of Rs. 2.46 billion represents on account of inventory deficit arose due to the revaluation of the stocks in trade carried out by the company's appointed independent PBA approved appraiser. The said inventory loss was determined by valuing the stock at the current market value and also taken into account of stock of goods whose export orders were got cancelled by the customers due to various reasons.

Dividend

Considering the aforesaid adverse results during the year, the cash flow of our company does not permit any dividend payout. Therefore, the Board of Directors does not recommend dividend for the year ended June 30, 2012.

Auditor's observation on going concern assumption

The heavy losses of the company led to erosion of equity and depletion of working capital which has resulted in liquidity crises. As a consequence, the company has remained unable to meet its obligations with the banks and other creditors.

In order to turn around the current state of affairs of the company, the management has devised detailed strategy as described below:

Rescheduling of credit facilities: The management has requested the banks to reschedule its credit facilities for a longer period (2 years grace plus 8 years for repayment) and has also sought for additional financing to meet immediate working capital requirements. In this connection, a detailed financial plan has already been submitted to the group of banks. In principle, the banks have shown their inclination to reschedule our credit facilities and provide additional working capital. In this connection, a series of meeting have since been held and the matter is being perused very aggressively with the banks who are actively working on it. Accordingly, the said rescheduling of credit facilities with fresh financing is expected to be finalized soon on the mutually agreed terms and conditions.

Diversification in local market: Our Company is still pioneer, prominent and quality conscious in the industry with regard to our product and services due to our having specialized machineries like reactive printing, disperse vat dyeing, coating and flocking etc coupled with highly trained and experienced human capital. In order to maximize utilization of production capacity, the company has started fabric processing for local customers who do not have their own effective facilities. The management has also decided to maintain reasonable ratio between the export and local business as there is a sufficient space available in the local market as it provides us reasonable contribution margins to partly cover our overheads.

Exploring new export customers and markets: In order to achieve sufficient export orders, our marketing team is aggressively working on a strategy so devised on exploring new international customers and additional business from our established customers as well.

Considering the sizable orders in hand, the dedicated and more organized efforts are underway by all concerned in obtaining additional export orders and local market processing business so as to have desired level of turnover of the company to cover all our overheads and meet our commitments with creditors including banks.

Cost cutting measures and internal restructuring: Bearing in mind the current level of production and turnover, the management has also undertaken adequate steps towards the reduction of fixed cost and expenses which are at the various stages of implementation. Such steps include, but not limited to, rightsizing the men hour, resource conservation, close monitoring of other fixed cost etc., thus improving the efficiency. The management is certain to generate sufficient savings as a consequence of adapting all such measures.

The management is also confident that eventually with all such effective measures adopted, it will succeed in all its endeavors enabling the company to steer out from the present financial crises and to continue as a going concern.

At the same time, the revaluation of fixed assets of the company as carried out by the independent PBA approved appraiser, valued the fixed assets at Rs. 5.80 billion as against Rs. 2.05 billion as at June 30, 2011, thus showing an increase in fixed assets by Rs. 3.75 billion.

FUTURE OUTLOOK

Business conditions are likely to remain difficult and uncertain for processing units, like ours, in time to come. Despite having multiple challenges being faced in textile industry, the company is making its sincere endeavor to triumph over the acute financial crises by optimum utilization of plant capacity, rationalize production volume for exports and local, cost reductions measures, exploring new international markets and customers for exports etc. We believe that successful completion of rescheduling process and obtaining fresh working capital from the banks coupled with the remedies already undertaken would eventually improve the overall operational results of the company.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors declare that:

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

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

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

Name of Director	No. of meetings attended
Mr. Naseem A. Sattar	5
Mr. Azim Ahmed	5
Mrs. Zarina Naseem *	4
Mst. Adia Naseem	5
Mrs. Sadaf Nadeem	4
Mrs. Reena Azim	5
Mrs. Asra Amir	4
Syed Raza Abbas Jaffari (Nominee Director of NIT)	3

*Mrs. Zarina Naseem resigned from the board w.e.f. August 17, 2012 and Mr. S.M. Jawed Azam appointed on September 25, 2012 to the board to fill the casual vacancy created with her resignation.

AUDIT COMMITTEE
Size and Composition:

For the financial year ended June 30, 2012, 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

*Mrs. Zarina Naseem resigned from the board w.e.f. August 17, 2012 and Mr. S.M. Jawed Azam appointed as Member of Audit Committee on September 25, 2012.

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, 2013.

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 loss for the current year the basic (loss) / earnings per share is Rs. (352.95) (2011: Rs.6.79)

ACKNOWLEDGMENT:

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

Thanks to all of you.

For and on behalf of the Board of Directors

October 5, 2012

(NASEEM A. SATTAR)
Chairman & Chief Executive

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of listing regulations of Karachi Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes five non-executive directors and one independent director representing institutions of shareholders.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Finance Institution (DFI) or a Non-Banking Finance Institution (NBFI) or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy has occurred during the period under review.

5. The Company has prepared a 'Statement of Ethics and Business Practices' and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policy and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/Shareholders.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. Except three directors, all meet the criteria of exemption under clause (xi) of CCG and is accordingly exempted from directors' training program. The Board will arrange orientation course during the ensuing years to apprise them of their duties and responsibilities.

10. The Board had approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee. It comprises three members, of whom two are non-executive directors and the Chairman of the Committee is an Executive director.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The Board has set-up 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 programme of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

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. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.

21. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

22. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board of Directors

Karachi: October 05, 2012

Mr. Naseem A. Sattar
Chief Executive

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 (the Code) for the year ended June 30, 2012, prepared by the Board of Directors of **Al-Abid Silk Mills Limited** to comply with the Listing Regulations of the Karachi and Lahore Stock Exchanges where the Company is listed.

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

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and the internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all the risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Listing Regulations of the Karachi and Lahore Stock Exchanges, require the Company to place before the Board of Directors for their consideration and approval the related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and those which are not executed at arm's length price and 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, 2012.

Karachi: October 05, 2012

MUNIFF ZIAUDDIN JUNAIDY & CO.
CHARTERED ACCOUNTS
(Muhammad Moin Khan)

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Al-Abid Silk Mills Limited** as at June 30, 2012 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 expenditure incurred during the year was for the purpose of the Company's business; and

    (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and 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 give a true and fair view of the state of the Company's affairs as at June 30, 2012 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.

We draw attention to note 1.2 to the financial statements whereby during the year ended June 30, 2012, the Company incurred net loss of Rs. 4,732.835 million which has eroded its equity to an adverse balance of Rs. 3,464.847 million before surplus on revaluation of fixed assets and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 4,702.829 million. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Hence, the underlying going concern assumption will depend upon the mitigating factors as mentioned note 1.2 to the financial statements. Our opinion is not qualified in respect of this matter.

Karachi: October 05, 2012

MUNIFF ZIAUDDIN JUNAIDY & CO.
CHARTERED ACCOUNTS
(Muhammad Moin Khan)

BALANCE SHEET AS AT

	Notes	June 2012 Rupees	June 2011 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	5	**134,095,500**	134,095,500
Reserves			
Capital reserve	6	**372,834,000**	372,834,000
Unappropriated profit		**(3,971,777,236)**	761,057,832
		(3,598,943,236)	1,133,891,832
Shareholder's equity		**(3,464,847,736)**	1,267,987,332
Surplus on revaluation of fixed assets	7	**4,322,049,990**	514,699,488
LIABILITIES			
NON- CURRENT LIABILITIES			
Loan from director - unsecured	8	**150,000,000**	50,000,000
Long term loan from banks	9	**5,497,697**	27,488,521
Liabilities against assets subject to finance lease	10	**37,371,128**	42,108,142
Retirement benefits	11	**53,025,686**	57,156,177
		245,894,511	176,752,840
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	12	**3,782,164,373**	3,638,014,135
Accrued markup	13	**251,155,976**	81,848,565
Current maturity of long term loans			
- and Lease Liability	14	**50,330,019**	43,215,321
Short term finances	15	**3,752,375,066**	3,373,595,170
		7,836,025,434	7,136,673,191
CONTINGENCIES AND COMMITMENTS	16	**-**	-
		8,939,122,199	9,096,112,851

The annexed notes 1 to 42 form an integral part of these financial statements.

Naseem A. Sattar
Chairman & CEO

JUNE 30, 2012

	Notes	June 2012 Rupees	June 2011 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	17	5,803,979,302	2,053,145,834
Long term security deposit		1,946,645	1,946,645
CURRENT ASSETS			
Stores and spares	18	148,078,304	161,040,428
Stock in trade	19	2,427,947,404	6,104,611,202
Trade debts	20	125,640,071	313,196,248
Loans and advances	21	21,074,499	16,979,095
Trade deposits and prepayments	22	15,288,691	22,966,451
Other receivables	23	270,784,874	317,038,844
Tax refunds due from government	24	79,093,357	67,722,615
Cash and bank balances	25	45,289,052	37,465,489
		3,133,196,252	7,041,020,372
		8,939,122,199	9,096,112,851

Azim Ahmed
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2012

	Note	2012 Rupees	2011 Rupees
Sales and services	26	7,556,178,789	10,481,908,852
Cost of sales	27	10,945,431,081	9,141,739,776
Gross (loss) / profit		(3,389,252,292)	1,340,169,076
Operating expenses			
Distribution cost	28	304,579,340	320,341,626
Administrative expenses	29	288,246,587	279,745,957
Other operating expenses	30	-	13,617,841
		592,825,927	613,705,424
		(3,982,078,219)	726,463,652
Other income	31	7,758,253	6,798,985
(Loss) / Profit from operations		(3,974,319,966)	733,262,637
Finance cost	32	680,335,944	548,449,086
(Loss) / Profit before taxation		(4,654,655,910)	184,813,551
Taxation	33	78,179,158	107,022,439
(Loss) / Profit after taxation		(4,732,835,068)	77,791,112
Other comprehensive income		-	-
Total Comprehensive (Loss) / income for the year		(4,732,835,068)	77,791,112
(Loss) / Earnings per share - basic and diluted	34	(352.95)	6.79

The annexed notes 1 to 42 form an integral part of these financial statements.

Naseem A. Sattar
Chairman & CEO

Azim Ahmed
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012

	2012 Rupees	2011 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	**(4,654,655,910)**	184,813,551
Adjustments for:		
Depreciation	**162,020,460**	168,351,266
Provision for gratuity	**13,275,459**	15,573,660
Gain on disposal of property, plant and equipment	**(6,035,499)**	(4,196,545)
	169,260,420	179,728,381
decrease / (Increase) in current assets:		
Stores and spares	**12,962,124**	(6,276,455)
Stock in trade	**3,676,663,798**	(342,696,524)
Trade debtors	**187,556,177**	(7,648,386)
Loan and advances	**(4,095,404)**	22,996,698
Trade deposits and prepayments	**7,677,760**	(4,669,288)
Other receivables	**46,253,970**	(187,138,849)
Tax refunds due from government	**(8,653,422)**	8,270,074
	3,918,365,003	(517,162,730)
Increase / (decrease) in current liabilities:		
Trade and other payable	**144,150,239**	(243,955,859)
Accrued mark-up	**169,307,410**	35,189,161
Short term finance	**378,779,896**	484,312,124
	692,237,545	275,545,426
Cash generated from operations	**125,207,058**	122,924,628
Taxes paid	**(80,896,478)**	(110,774,311)
Staff gratuity paid	**(17,405,950)**	(8,398,754)
Net cash generated from operations	**26,904,630**	3,751,563
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	**(117,285,293)**	(65,841,802)
Proceeds from disposal of fixed assets	**17,817,366**	7,732,016
Long term security deposit	**-**	-
Net cash used in investing activities	**(99,467,927)**	(58,109,786)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from obligation under finance lease	**29,179,000**	9,517,000
Proceeds of loan from director	**100,000,000**	50,000,000
Repayment of loan from director	-	(98,861,281)
Proceeds from issue of ordinary share capital	**-**	134,095,500
Payments of obligation under finance lease	**(26,801,316)**	(31,051,192)
Payment of long term loans	**(21,990,824)**	(35,563,259)
Net cash outflow from financing activities	**80,386,860**	28,136,768
Net increase / (decrease) in cash and cash equivalents	**7,823,563**	(26,221,455)
Cash and cash equivalents at the beginning of the year	**37,465,489**	63,686,944
Cash and cash equivalents at the end of the year	**45,289,052**	37,465,489

The annexed notes 1 to 42 form an integral part of these financial statements.

Naseem A. Sattar	**Azim Ahmed**
Chairman & CEO	Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2012

	Share Capital	Capital Reserve	Unappropriated Profit	Total
	Rupees			
Balance as at June 30, 2010	**95,782,500**	**257,895,000**	**702,423,220**	**1,056,100,720**
Total comprehensive income for the year ended June 30, 2011	-	-	77,791,112	77,791,112
Transactions with owners				
Issue of Capital - Right Shares	19,156,500	114,939,000	-	134,095,500
Bonus shares issued during the year in the ratio of 01 share for every 05 shares held	19,156,500	-	(19,156,500)	-
Balance as at June 30, 2011	**134,095,500**	**372,834,000**	**761,057,832**	**1,267,987,332**
Total comprehensive income for the year ended June 30, 2012	-	-	(4,732,835,068)	(4,732,835,068)
Balance as at June 30, 2012	**134,095,500**	**372,834,000**	**(3,971,777,236)**	**(3,464,847,736)**

The annexed notes 1 to 42 form an integral part of these financial statements.

Naseem A. Sattar
Chairman & CEO

Azim Ahmed
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

1.1 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.

1.2 GOING CONCERN ASSUMPTIONS

The company incurred operating loss of Rs. 4.73 billion which included Rs. 2.28 billion as trading loss and Rs. 2.46 billion as inventory loss partly on account of deficit arose on revaluation of stock in trade at market value whose original buyers cancelled the orders and the uncertain business conditions prevailing in the country. Accordingly company's current liabilities exceeded its current assets by Rs. 4.70 billion. The heavy losses of the company led to erosion of equity and depletion of working capital which has resulted in liquidity crises. As a consequence, the company has remained unable to meet its obligations with the banks and other creditors.

In order to turn around the current state of affairs of the company, the management has devised detailed strategy as described below:

(i) Rescheduling of credit facilities

The management has requested the banks to reschedule its credit facilities for a longer period (2 years grace plus 8 years for repayment) and has also sought for additional financing to meet immediate working capital requirements. In this connection, a detailed financial plan has already been submitted to the group of banks. In principle, the banks have shown their inclination to reschedule our credit facilities and provide additional working capital. In this connection, a series of meeting have since been held and the matter is being perused very aggressively with the banks who are actively working on it. Accordingly, the said rescheduling of credit facilities with fresh financing is expected to be finalized soon on the mutually agreed terms and conditions.

(ii) Diversification in local market

Our Company is still pioneer, prominent and quality conscious in the industry with regard to our product and services due to our having specialized machineries like reactive printing, disperse vat dyeing, coating and flocking etc coupled with highly trained and experienced human capital. In order to maximize utilization of production capacity, the company has started fabric processing for local customers who do not have their own effective facilities. The management has also decided to maintain reasonable ratio between the export and local business as there is a sufficient space available in the local market as it provides us reasonable contribution margins to partly cover our overheads.

(III) Exploring new export customers and markets

In order to achieve sufficient export orders, our marketing team is aggressively working on a strategy so devised on exploring new international customers and additional business from our established customers as well.

Considering the sizable orders in hand, the dedicated and more organized efforts are underway by all concerned in obtaining additional export orders and local market processing business so as to have desired level of turnover of the company to cover all our overheads and meet our commitments with creditors including banks.

(iv) Cost cutting measures and internal restructuring

Bearing in mind the current level of production and turnover, the management has also undertaken adequate steps towards the reduction of fixed cost and expenses which are at the various stages of implementation. Such steps include, but not limited to, rightsizing the men hour, resource conservation, close monitoring of other fixed cost etc., thus improving the efficiency. The management is certain to generate sufficient savings as a consequence of adapting all such measures.

The management is also confident that eventually with all such effective measures adopted, it will succeed in all its endeavors enabling the company to steer out from the present financial crises and to continue as a going concern.

At the same time, the revaluation of fixed assets of the company as carried out by the independent PBA approved appraiser, valued the fixed assets at Rs. 5.80 billion as against Rs. 2.05 billion as at June 30, 2011, thus showing an increase in fixed assets by Rs. 3.75 billion.

The management is confident that these steps will bring the Company out of the existing financial crisis and the Company will continue as a going concern. These financial statements, therefore, do not include any adjustment relating to relisation of its assets and liquidation of any liabilities that might be necessary should the Company be unable to continue as a going concern.

2.1 BASIS OF PREPARATION

2.2 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance), directives issued by the Securities and Exchange Commission of Pakistan (SECP) and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified by the provisions of and directives issued under the Ordinance. Wherever the requirements of the Ordinance or directives issued by the SECP differ from the requirements of the approved accounting standards, the Ordinance and the said directives have been followed.

2.3 Basis of measurement

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

2.4 Functional and presentation currency

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

3.1 SUMMARY OF SIGINIFICANT ACCOUNTING POLICIES

3.2 Standards, amendments to approved accounting standards and interpretations that are effective in the current year

There are certain new standards, amendments to approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2011, but are considered not to be relevant or did not have any significant impact on the Company's financial statements and are, therefore, not detailed in these financial statements.

3.3 Standards, amendments to approved accounting standards and interpretations that are not yet effective and are not considered relevant

There are other new accounting standards, amendments to approved accounting standards and interpretations that are mandatory for future years. However these are not expected to affect materially the financial statements of the Company for accounting periods on the dates prescribed therein.

3.4 Standards, amendments to approved accounting standards and interpretations that are published and considered relevant but not yet effective

Following new standards and amendments to existing standards have been published that are mandatory for accounting periods beginning on the dates mentioned below.

(i) IFRS 9, 'Financial Instruments' (effective for the periods beginning on or after January 1, 2015). This is the first standard issued as part of a wider project to replace IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets at (a) amortized cost and (b) fair value. The basis of classification depends on entity's business model and the contractual cash flow characteristics of the financial asset. The Company is yet to assess the full impact of IFRS 9, however, initial indications are that it may not significantly affect the Company's financial assets.

(ii) IAS 1 (Amendments), 'Presentation of Financial Statements' (effective for the periods beginning on or after July 1, 2012).The main change resulting from these amendments is a requirement for the entities to group items presented in 'other comprehensive income' on the basis of whether they can be potentially reclassified to profit and loss subsequently (reclassification adjustments). Since, the Company currently does not have any items of other comprehensive income, the amendments are not expected to have a significant impact on the Company's financial statements.

(iii) IAS 19 (Revised), 'Employee benefits' (effective for the periods beginning on or after January 1, 2013). It eliminates the 'corridor method' for recognising actuarial gains and losses and make it mandatory for all the actuarial gains and losses to be recognised immediately and replaces interest cost & expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability / asset. The Company shall apply this from July 1, 2013 and its impact on unappropriated loss shall be Rs. 12,508,166/= due to recognition of current unrecognised actuarial losses on its defined benefit plans.

3.5 Property, Plant and Equipment

(i) Operating fixed assets of Leasehold land, Building on Leasehold land, Plant, Machinery & equipments, Furniture & Fixture, Office equipment, Electric, gas & Other Installation and Leased Plant, Machinery & equipments are stated at revalued amount. Vehicle are stated at cost less accumulated depreciation and impairment losses, if any.

(ii) Residual values and useful lives are reviewed, at each balance sheet date, and adjusted if impact on depreciation is significant.

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

(iv) Depreciation is charged to income on the reducing balance basis. Depreciation is charged at rates stated in note 17.1.

(v) Depreciation on additions is charged from the month the assets are available for use while in the case of disposals, depreciation is charged one month prior up to the month in which the assets are disposed off.

(vi) The depreciation method and useful lives of items of fixed assets are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing the depreciation charge for the current and future periods.

(vii) Normal repairs and maintenance are charged to expenses as and when incurred. Major renewals and replacements are capitalised and are depreciated over the remaining useful life of the related assets.

(viii) Gains or losses on disposal or retirement of fixed assets are determined as the difference between the sales proceeds and the carrying amount of asset and are included in the profit and loss account.

(ix) Capital work in progress is stated at cost. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.

3.6 Operating fixed assets held under finance lease and related depreciation

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

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

3.7 Surplus on Revaluation of Fixed Assets

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

3.8 Stores and Spare Parts

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

3.9 Stock-in-trade

(i) These are valued at lower of cost and net realizable value.

(ii) Cost in relation to raw materials in hand, packing materials and other components has been calculated on a weighted average basis and represents invoice values plus other charges paid thereon.

(iii) Cost in relation to work in process and finished goods represents direct cost of materials, wages and appropriate manufacturing overheads.

(iv) Raw materials held in custom bonded warehouse and stock-in-transit are valued at cost comprising of invoice value plus other charges accumulated up to the balance sheet date.

(v) Net realizable value represents the estimated selling price in the ordinary course of business less all estimated costs necessary to completion and to be incurred in marketing, selling and distribution.

3.10 Trade debts and other receivables

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

3.11 Cash and cash equivalents

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

3.12 Revenue Recognition

(i) Revenue from sale is recognised when significant risk and rewards of ownership are transferred to the buyer.

(II) Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable.

3.13 Borrowing Cost

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

3.14 Foreign Currency Translation

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

3.15 Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the prevailing best estimate.

3.16 Dividend

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

3.17 Financial assets and liabilities

Consistent with prior years, all financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost as the case may be. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provision of the instrument. Financial assets are derecognised when the rights to the cash flows from the financial assets expire or where the Company transfers the financial assets and the transfer qualifies for derecognition. Financial liabilities are derecognised when the obligation specified in the contract is discharged.

3.18 Offsetting of financial assets and financial liabilities

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

3.19 Interest / Mark-up bearing loans and borrowings

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

3.20 Impairment

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

3.21 Earnings per share

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

3.22 Derivative financial instruments and hedging activities

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

3.23 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, 2012, the value of scheme's liabilities are Rs. 53.02 million (2011: Rs. 57.16 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.

3.24 Taxation

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

(i) Current and prior year

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

(ii) Deferred

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

3.25 Obligation under finance lease

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

3.26 Borrowings

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

3.27 Segment Reporting

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

3.28 Related Party Transactions

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

4.1 Property, Plant and Equipment

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

4.2 Income tax

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

4.3 Stores, Spare Parts and Stock in Trade

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

4.4 Retirement benefits

The present value of these obligations depends on a number of factors that are determined on actuarial basis using a number of assumptions. Any change in these assumptions will impact the carrying amount of these obligations. The present value of these obligations and the underline assumptions are disclosed in note 11.

5 SHARE CAPITAL

Jun 2012	Jun 2011		Jun 2012	Jun 2011
			Rupees	Rupees
(Number of shares)		**Authorised Capital**		
20,000,000	20,000,000	Ordinary shares of Rs. 10 each	**200,000,000**	200,000,000
		Issued, subscribed and paid up capital		
8,713,900	8,713,900	Ordinary shares of Rs. 10 each fully paid-up in cash	**87,139,000**	87,139,000
4,695,650	4,695,650	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	**46,956,500**	46,956,500
13,409,550	13,409,550		**134,095,500**	134,095,500

5.1 Movement in share capital during the period

Jun 2012	Jun 2011			
(Number of shares)				
13,409,550	9,578,250	Balance at beginning of the year	**134,095,500**	95,782,500
-	1,915,650	Issued ordinary shares of Rs 10 each as fully paid bonus shares	-	19,156,500
-	1,915,650	Ordinary shares of Rs. 10 each issued as fully paid right shares at premium	-	19,156,500
13,409,550	13,409,550		**134,095,500**	134,095,500

6 SHARE PREMIUM

Balance at beginning of the year	**372,834,000**	257,895,000
Premium on issue of right shares	-	114,939,000
	372,834,000	372,834,000

7 SURPLUS ON REVALUATION OF FIXED ASSETS

Balance at beginning of the year	**514,699,488**	554,724,488
Surplus / (Deficit) during the period	**3,807,350,502**	(40,025,000)
	4,322,049,990	514,699,488

7.1 The Company has updated the revaluation of Leasehold land, Building on Leasehold land, Plant, Machinery & equipments, Furniture & Fixture, Office equipment, Electric, gas & Other Installation and Leased Plant, Machinery & equipments on June 30, 2012. The valuation has been determined by the independent valuer M/s. Anjum Adil & Associates on the basis of prevailing market rates which has resulted an increase in revaluation reserve by Rs. 3,807,350,520. The earlier valuation of Leasehold land was carried out by the same independent valuer on August 31, 2010 and August 31, 2007 on the basis of prevailing market rates at that time.

8 LONG TERM LOAN FROM DIRECTOR - Unsecured

	Jun 2012	Jun 2011
	Rupees	Rupees
Balance at beginning of the year	**50,000,000**	98,861,281
Disbursed during the year	**100,000,000**	50,000,000
Repaid during the year	-	(98,861,281)
	150,000,000	50,000,000

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

9 LONG TERM BORROWINGS - SECURED (NON-PARTICIPATORY)

Name of Banks	Sale price	Purchase price	Number of installments and date of commencement	Rate of mark-up per annum		Jun 2012 Rupees	Jun 2011 Rupees
Pak Oman Investment Company I	86,871,864	107,417,218	22 equal quarterly September 4, 2006 Grace Period 06 Months	7.0% Per Annum		**27,011,025**	48,865,423
Pak Oman Investment Company II	1,091,413	1,638,507	22 equal quarterly September 4, 2006 Grace Period 01 Year	2.0% over 6 months KIBOR		**477,496**	613,922
						27,488,521	49,479,345
Less: Transfer to Current maturity					'4	**21,990,824**	21,990,824
						5,497,697	27,488,521

9.1 These borrowings are denominated in Pak Rupees and are secured against first equitable hypothecation charge ranking pari passu over immovable properties of the Company and by way of first pari passu hypothecation over current operating fixed assets of the Company. The effective mark-up rate that prevailed during the year on these facilities ranged from 7% to 14.06 % per annum (2011: 7% to 15.78% per annum).

10 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		**Jun 2012 Rupees**	Jun 2011 Rupees
Present value of minimum lease payments		**65,710,323**	63,332,639
Current maturity shown under current liabilities	'4	**(28,339,195)**	(21,224,497)
		37,371,128	42,108,142
Minimum lease payments			
Not later than one year		**36,497,670**	26,489,820
Later than one year and not later than 5 years		**49,780,663**	46,729,720
		86,278,333	73,219,540
Finance charges not yet due		**(20,568,010)**	(9,886,901)
Present value of finance lease liabilities		**65,710,323**	63,332,639
Present value of finance lease liabilities			
Not later than one year		**28,339,195**	21,224,497
Later than one year and not later than 5 years		**37,371,128**	42,108,142
		65,710,323	63,332,639

10.1 Payments under leases include financial charges at the rates ranging between 7% to 17.56% (2011: 8% to 17.78%) per annum . Leases carry purchase options at the end of the lease period. There are no financial restrictions in the lease agreements.

			Jun 2012	Jun 2011
11	**RETIREMENT BENEFITS**		**Rupees**	Rupees
11.1	**Reconciliation of obligation as at year end**			
	Present value of defined benefit obligation		**39,861,312**	51,307,933
	Payable to outgoing employees		**656,208**	449,893
	Unrecognized actuarial gain		**12,508,166**	5,398,352
	Liability at end of the year		**53,025,686**	57,156,177
11	**Movement in liability**			
	Liability at beginning of the year		**57,156,177**	49,981,271
	Charge for the year	11.3	**13,275,459**	15,573,660
	Benefits paid		**(17,405,950)**	(8,398,754)
	Liability at end of the year		**53,025,686**	57,156,177
11.3	**Charge for the year**			
	Current service cost		**7,151,952**	10,218,846
	Interest cost		**6,156,952**	5,384,060
	Actuarial Gains charge		**(33,445)**	(29,246)
			13,275,459	15,573,660
11.4	**Principal actuarial assumptions used the valuation:**			
	Discount rate (per annum)		**13%**	12%
	Future salary increase (per annum)		**12%**	11%
	Remaining Retirement age (years)		**8 Yrs**	8 Yrs
12	**TRADE AND OTHER PAYABLES**			
	Trade creditors		**1,712,887,400**	1,030,064,606
	Other creditors		**528,703,883**	488,732,324
	Accrued liabilities		**81,979,464**	49,375,097
	Workers' profit participation fund	12.1	**14,973,148**	23,706,847
	Bills payable under letters of credit		**1,404,948,353**	2,032,147,368
	Advance from customers		**17,098,394**	11,071,883
	Unclaimed dividend		**108,310**	108,310
	Other liabilities		**21,465,421**	2,807,700
			3,782,164,373	3,638,014,135
12.1	**Workers' profit participation fund**			
	Opening balance		**23,706,847**	23,668,172
	Interest on W.P.P.F.	12.2	**1,187,870**	1,332,415
			24,894,717	25,000,587
	Paid during the year		**(9,921,569)**	(11,215,310)
			14,973,148	13,785,277
	Provision for the year		**-**	9,921,570
			14,973,148	23,706,847

12.2 Interest is charged @ 14.50% (2011: 15.99%) per annum on outstanding balance.

		Jun 2012	Jun 2011
13	**ACCRUED MARKUP**	**Rupees**	Rupees
	Export refinance loan & US Dollar loan	**136,023,034**	77,974,199
	Liabilities against assets subject to finance lease	**867,778**	1,025,110
	Long term loan	**170,807**	308,379
	Short term loan	**114,094,357**	2,540,877
		251,155,976	81,848,565

14 CURRENT MATURITY OF LONG-TERM LOANS AND LEASE LIABILITY

Long term Loans	**21,990,824**	21,990,824
Liabilities against assets subject to finance lease	**28,339,195**	21,224,497
	50,330,019	43,215,321

15 SHORT TERM FINANCES

Secured		
From banks and financial institutions	**3,752,375,066**	3,373,595,170

15.1 The facilities consist of various types of short term finances from different banks and non-banking financial institutions. The facilities are secured against hypothecation charge on stocks, mortgage on factory property of Plot No. A-51/B, A-29/B, D-14/C-1 and A-34/A with building and machinery installed thereon and charge on book debts and receivables of the company.

15.2 The rate of markup on these finances ranges between 2.89% to 13.95% (2011: 2.89% to 16.09%) per annum.

		Jun 2012	Jun 2011
16	**CONTINGENCIES AND COMMITMENTS**	**Rupees**	Rupees
16.1	**Contingencies**		
	Bank guarantee	**92,694,414**	92,694,414

The bank guarantees have been issued in favor 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 favor of the Company will be successfully defended in the Honorable High Court.

		Jun 2012	Jun 2011
16.2	**Commitments:**	**Rupees**	Rupees
	Commitments under LCs for raw materials and spares parts	**5,595,120**	44,588,906

17 PROPERTY, PLANT AND EQUIPMENT

	Note	June 2012 Rupees	June 2011 Rupees
Operating Fixed Assets	17.1	**5,787,179,302**	2,053,145,834
Capital Work in Progress	17.5	**16,800,000**	-
		5,803,979,302	2,053,145,834

17.1 Operating Fixed Assets

Particulars	Lease hold Land	Building on Leasehold land	Plant, Machinery & equipments	Furniture & Fixture	Office equipment	Electric, gas & Other Installation	Vehicles	Total
	Year 2011-2012							
Rate	10%	10%	10%	10%	10%	10%	20%	
Owned Assets	Rupees							
Cost as on July 01, 2011	560,200,002	485,274,004	2,303,504,560	89,442,773	35,878,054	132,378,600	105,451,348	3,722,129,341
Addition during the year		11,271,434	45,499,047	23,922,478	2,366,611	6,261,662	11,164,059	100,485,291
Deletion during the year	-	-	(30,982,195)	-	-	-	(11,401,698)	(45,383,893)
Deficit for the year	-	-	-	-	-	-	-	-
Revaluation during the year	46,179,398	573,166,212	1,179,781,554	26,309,649	3,715,735	54,365,438	-	1,883,517,986
Elimination of accumulated depreciation due to revaluation	-	297,074,980	1,368,238,208	63,065,610	24,165,544	84,011,454	-	1,836,555,796
Transfer during the year	-	6,500,000	1,500,000	-	-	-	(12,379,000)	(4,379,000)
Value/Cost as on June 30, 2012	**606,379,400**	**1,373,286,630**	**4,867,541,174**	**212,740,510**	**66,125,944**	**277,017,154**	**89,834,709**	**7,492,925,521**
Depreciation as on July 01, 2011	-	273,369,003	1,285,137,677	57,248,470	22,721,265	78,183,787	56,698,851	1,773,359,053
Charge for the year	-	22,436,852	105,021,319	5,817,140	1,444,279	5,827,667	8,621,424	149,168,681
Deletion during the year	-	-	(22,897,770)	-	-	-	(10,704,256)	(33,602,026)
Transfer during the year	-	1,269,125	976,982	-	-	-	(1,066,611)	1,179,496
Depreciation as on June 30, 2012	-	**297,074,980**	**1,368,238,208**	**63,065,610**	**24,165,544**	**84,011,454**	**53,549,408**	**1,890,105,204**
WDV as on June 30, 2012	**606,379,400**	**1,076,211,650**	**3,499,302,966**	**149,674,900**	**41,960,400**	**193,005,700**	**36,285,301**	**5,602,820,317**
Leased Assets	Rupees							
Cost as on July 01, 2011	-	6,500,000	121,903,797	-	-	-	25,935,527	154,339,324
Addition during the year	-	-	-	-	-	-	-	-
Deletion during the year	-	-	-	-	-	-	-	-
Revaluation during the year	-	-	43,255,837	-	-	-	-	43,255,837
Elimination of accumulated depreciation due to revaluation	-	-	44,020,883	-	-	-	-	44,020,883
Transfer during the year	-	(6,500,000)	(1,500,000)	-	-	-	12,379,000	4,379,000
Value/Cost as on June 30, 2012	-	-	**207,680,517**	-	-	-	**38,314,527**	**245,995,044**
Depreciation as on July 01, 2011		1,269,125	37,320,924				11,373,729	49,963,778
Charge for the year	-	-	7,676,911	-	-	-	5,171,837	12,851,778
Deletion during the year	-	-	-	-	-	-	-	-
Transfer during the year	-	(1,269,125)	(976,982)	-	-	-	1,066,611	(1,179,496)
Depreciation as on June 30, 2012	-	-	**44,020,883**	-	-	-	**17,615,177**	**61,636,060**
WDV as on June 30, 2012	-	-	163,659,634	-	-	-	20,699,350	**184,358,984**
Total WDV as on June 30, 2012	606,379,400	1,076,211,650	3,662,962,600	**149,674,900**	**41,960,400**	193,005,700	56,984,651	**5,787,179,302**

Particulars	Lease hold Land	Building on Lease hold land	Plant, Machinery & equipments	Furniture & Fixture	Office equipment	Electric, gas & Other Installations	Vehicles	Total
	Year 2010-2011							
Rate	10%	10%	10%	10%	10%	10%	20%	
Owned Assets	Rupees							
Cost as on July 01, 2010	600,225,002	436,434,111	2,167,405,685	91,278,620	31,700,834	130,396,820	86,641,761	3,544,082,833
Addition during the year	-	48,839,893	10,946,653	8,164,153	1,458,220	1,981,780	18,912,587	90,303,286
Deletion during the year	-	-	(2,145,972)	-	-	-	(6,265,000)	(8,410,972)
Deficit for the year	(40,025,000)	-	-	-	-	-	-	(40,025,000)
Transfer during the year	-	-	127,298,194		2,719,000	-	6,162,000	136,179,194
Cost as on June 30, 2011	560,200,002	485,274,004	2,303,504,560	99,442,773	35,878,054	132,378,600	105,451,348	3,722,129,341
Depreciation as on July 01, 2010	-	251,243,597	1,119,536,267	52,916,774	20,641,855	72,307,785	49,243,533	1,565,889,811
Charge for the year	-	22,125,706	112,650,874	4,331,696	1,328,197	5,876,002	9,563,236	155,875,411
Deletion during the year	-	-	(1,521,985)	-	-	-	(4,663,641)	(6,188,626)
Transfer during the year	-	-	54,475,521	-	751,213	-	2,555,723	57,782,457
Depreciation as on June 30, 2011	-	273,369,003	1,285,137,677	57,248,470	22,721,265	78,183,787	56,698,851	1,773,359,053
WDV as on June 30, 2011	560,200,002	211,905,001	1,018,366,883	42,194,303	13,156,789	54,194,813	48,752,497	1,948,770,288
Leased Assets	Rupees							
Cost as on July 01, 2010		6,500,000	243,331,991		2,719,000		28,249,527	280,800,518
Addition during the year	-	-	5,870,000	-	-	-	5,567,000	11,437,000
Deletion during the year	-	-	-	-	-	-	(1,719,000)	(1,719,000)
Transfer during the year			(127,298,194)		(2,719,000)		(6,162,000)	(136,179,194)
Cost as on June 30, 2011	-	6,500,000	121,903,797	-	-	-	25,935,527	154,339,324
Depreciation as on July 01, 2010	-	687,917	82,833,163	-	751,213	-	11,403,962	95,676,255
Charge for the year		581,208	8,963,282				2,931,365	12,475,855
Deletion during the year	-	-	-	-	-	-	(405,875)	(405,875)
Transfer during the year	-	-	(54,475,521)	-	(751,213)	-	(2,555,723)	(57,782,457)
Depreciation as on June 30, 2011	-	1,269,125	37,320,924	-	-	-	11,373,729	49,963,778
WDV as on June 30, 2011	-	5,230,875	84,582,873	-	-	-	14,561,798	104,375,546
Total WDV as on June 30, 2011	560,200,002	217,135,876	1,102,949,756	42,194,303	13,156,789	54,194,813	63,314,295	2,053,145,834

17.2 **Allocation of Depreciation**

	Note	June 2012 Rupees	June 2011 Rupees
Manufacturing overheads	27.2	143,760,721	153,441,972
Admin expenses	29	18,259,739	14,909,294
		162,020,460	168,351,266

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

	June 2012	June 2011
Owned Assets:	**Rupees**	Rupees
Lease hold Land	45,500,514	45,500,514
Building on Leasehold land	205,970,458	-
Plant, Machinery & equipments	951,283,204	-
Furniture & Fixture	60,299,641	-
Office equipment	14,079,121	-
Electric, gas & Other Installation	54,628,808	-
Leased Assets:		
Plant, Machinery & equipments	76,382,914	-
	1,408,144,660	45,500,514

17.4 Disposal of Fixed Assets

Particulars	Cost	Accumulated Depreciation	Written down value	Sales Proceeds	Gain / (Loss)	Mode of Disposal	Description
	Rupees						
Vehicles							
HONDA CIVIC AEX-540	1,087,500	911,079	176,421	750,000	573,579	NEGOTIATION	SYED NAJAVUDDIN
HONDA CIVIC AFE-611	1,087,500	906,948	180,552	777,000	596,448	-do-	MUHAMMAD YASIN
SUZUKI MEHRAN AFY-632	480,000	114,987	365,013	480,000	114,987	INSURANCE CALIM	E.F.U Insurance Ltd
SUZUKI MEHRAN AUF-096	490,000	95,278	394,722	490,000	95,278	-do-	-do-
TOYOTA CORROLA ATX-346	1,473,000	412,440	1,060,560	1,426,000	365,440	-do-	-do-
SUZUKI ALTO ADL-675	471,288	435,528	35,760	314,896	279,136	NEGOTIATION	KHAN RAWANI
SUZUKI MEHRAN AFC-708	337,485	305,475	32,010	225,494	193,484	-do-	-do-
SUZUKI MEHRAN ACA-849	313,713	294,670	19,043	209,610	190,567	-do-	-do-
SUZUKI MEHRAN ADS-605	332,000	302,293	29,707	260,000	230,293	-do-	ABDUL GHAFOOR SOOMRO
SUZUKI CULTUS AEM-598	586,617	514,170	72,447	460,000	387,553	-do-	-do-
SUZUKI MEHRAN AGF-415	333,000	275,774	57,226	265,000	207,774	-do-	-do-
SUZUKI MEHRAN AGZ-250	333,000	269,954	63,046	265,000	201,954	-do-	-do-
SUZUKI MEHRAN AGZ-290	305,000	255,251	49,749	240,000	190,251	-do-	-do-
ALTIS AVH-926	1,309,000	930,109	378,891	925,000	546,109	-do-	MR. IMRAN
SUZUKI BALENO AGF-493	787,350	659,658	127,692	550,000	422,308	-do-	-do-
SUZUKI CULTUS AFM-017	569,800	486,950	82,850	390,000	307,150	-do-	-do-
SUZUKI CULTUS AFV-792	569,800	482,170	87,630	390,000	302,370	-do-	-do-
SUZUKI CULTUS AFW-602	569,800	480,577	89,223	390,000	300,777	-do-	-do-
SUZUKI CULTUS AHC-566	762,500	621,248	141,252	500,000	358,748	-do-	-do-
SUZUKI MEHRAN ADR-229	338,000	308,966	29,034	230,000	200,966	-do-	-do-
SUZUKI MEHRAN AEC-835	337,500	308,509	28,991	230,000	201,009	-do-	-do-
SUZUKI MEHRAN AFV-220	332,000	280,941	51,059	245,000	193,941	-do-	-do-
HONDA CITY AFX-424	795,000	668,290	126,710	575,000	448,290	-do-	MR MUSHTAQ A. VAMDANI
HONDA MOTORCYCLE KAS-2069	23,875	23,844	31	8,000	7,969	-do-	DAWOOD KHAN
HONDA MOTORCYCLE KCK-2993	48,000	47,279	721	14,000	13,279	-do-	-do-
HONDA MOTORCYCLE KCK-4807	48,000	47,279	721	14,000	13,279	-do-	-do-
SUZUKI MOTORCYCLE KAR-429	57,000	54,389	2,611	16,000	13,389	-do-	-do-
HONDA MOTORCYCLE KAP-1921	66,450	63,406	3,044	19,000	15,956	-do-	-do-
HERO MOTORCYCLE KAP-4672	52,310	49,314	2,996	15,000	12,004	-do-	-do-
HERO MOTORCYCLE KAP-4820	52,310	49,314	2,996	15,000	12,004	-do-	-do-
QINGQI MOTORCYCLE KAV-8542	52,900	48,166	4,734	15,000	10,266	-do-	-do-
Sub total	**14,401,698**	**10,704,256**	**3,697,442**	**10,704,000**	**7,006,558**		
Machines							
MARINE BOILER NO.1	385,872	353,060	32,812	732,759	699,947	NEGOTIATION	M.ASHRAF
COMFIT MACHINE	3,319,704	2,794,241	525,463	344,828	(180,635)	-do-	R.I.B.TRADING
STENTER MACHINE NO.2	1,964,910	1,805,923	159,017	2,068,966	1,909,949	-do-	-do-
DIAWA WASHING MACHINE	10,899,890	7,675,977	3,224,013	2,155,172	(1,068,841)	-do-	-do-
SEWING MACHINE	11,669,716	8,212,557	3,457,159	1,310,345	(2,116,841)	-do-	AL-FAZL MACHINERY
SEWING MACHINE	2,671,943	2,013,383	658,560	434,055	(224,505)	-do-	-do-
EYELET MACHINE	70,000	42,629	27,371	67,241	39,870	-do-	RANA RAHEEL
Sub total	**30,982,195**	**22,897,770**	**8,084,425**	**7,113,366**	**(971,059)**		
GRAND TOTAL	**45,383,893**	**33,602,026**	**11,781,867**	**17,817,366**	**6,035,499**		

17.5 Capital Work In Progress

	June 2012			June 2011		
	Building	Machinery	Total	Building	Machinery	Total
	Rupees					
Cost as on July 01,	-	-	-	35,898,484	-	35,898,484
Addition during the year	-	16,800,000	16,800,000	9,543,515	-	9,543,515
Transfer to operating fixed assets during the year	-	-	-	(45,441,999)	-	(45,441,999)
Cost as on June 30,	-	16,800,000	16,800,000	-	-	-

18 STORES AND SPARES

	Jun 2012 Rupees	Jun 2011 Rupees
Stores	9,270,992	27,680,429
Spares	138,807,312	133,359,999
	148,078,304	161,040,428

19 STOCK IN TRADE

Raw materials		
In hand	374,109,318	2,168,487,418
Bonded warehouse	11,071,919	10,066,775
	385,181,237	2,178,554,193
Work-in-process	1,462,226,907	3,423,437,015
Finished goods	580,539,260	502,619,994
	2,427,947,404	6,104,611,202

19.1 The company has carried out valuation to ascertain market value of its Inventory which resulted a reduction by Rs. 2,456,582,246. The valuation has been determined by the independent valuer M/s. Anjum Adil & Associates on the basis of prevailing market rates on June 30, 2012.

20 TRADE DEBTS

	Note	Jun 2012 Rupees	Jun 2011 Rupees
Considered good			
Secured	20.1	92,926,579	310,276,801
Unsecured		32,713,492	2,919,447
		125,640,071	313,196,248

20.1 These are secured against letters of credit issued by the customers in favor of the Company.

21 LOANS AND ADVANCES

Advances-considered good		
Loans to staff and workers	552,651	1,359,376
Against import expenses	5,209,921	2,956,333
Advances to suppliers, contractors and others - unsecured	15,311,927	12,663,386
	21,074,499	16,979,095

22 TRADE DEPOSITS AND PREPAYMENTS

Trade deposits - unsecured and considered good	12,907,365	19,817,892
Prepayments	2,381,326	3,148,559
	15,288,691	22,966,451

23 OTHER RECEIVABLES

Duty drawback	265,526,939	312,713,680
Research and development support	4,325,164	4,325,164
Insurance claim receivable	932,771	-
	270,784,874	317,038,844

24 TAX REFUNDS DUE FROM GOVERNMENT

Sales tax	72,393,811	63,740,389
Income tax	6,699,546	3,982,226
	79,093,357	67,722,615

			Jun 2012 Rupees	Jun 2011 Rupees
25	**CASH AND BANK BALANCES**			
	Cash in hand		**120,409**	530,846
	Cash at Banks			
	- Current account		**36,990,616**	29,016,321
	- Saving account		**1,961,443**	1,701,738
	- Term deposit		**6,216,584**	6,216,584
			45,168,643	36,934,643
			45,289,052	37,465,489
26	**SALES AND SERVICES**			
	Sales			
	Export sales		**6,969,430,731**	10,226,588,528
	Local sales		**216,045,205**	225,366,568
			7,185,475,936	10,451,955,096
	Services			
	Cloth Processing - Printing and dyeing		**370,702,853**	29,953,756
			7,556,178,789	10,481,908,852
27	**COST OF SALES**			
	Cost of materials consumed	27.1	**7,509,407,189**	7,542,874,130
	Salaries and wages		**324,218,771**	324,455,560
	Manufacturing overhead	27.2	**1,292,750,575**	1,303,647,699
			9,126,376,535	9,170,977,389
	Work - in- process			
	Opening stock		**3,423,437,015**	3,718,086,844
	Closing stock		**(1,462,226,907)**	(3,423,437,015)
			1,961,210,108	294,649,829
	Cost of goods manufactured		**11,087,586,643**	9,465,627,218
	Finished goods			
	Opening stock		**502,619,994**	474,559,026
	Closing stock		**(580,539,260)**	(502,619,994)
			(77,919,266)	(28,060,968)
			11,009,667,377	9,437,566,250
	Less : Duty drawback		**64,236,296**	295,826,474
			10,945,431,081	9,141,739,776
27.1	**Cost of Materials Consumed**			
	Dyes and chemicals		**591,951,027**	708,206,044
	Production stores and packing materials		**506,786,787**	465,090,516
	Grey cloth		**6,282,766,783**	6,272,529,826
	Wadding materials		**17,054,827**	31,178,989
	Flock materials		**110,847,765**	65,868,755
			7,509,407,189	7,542,874,130
27.2	**Manufacturing Overhead**			
	Insurance premium		**43,904,408**	40,414,470
	Repairs and maintenance		**135,885,850**	144,009,148
	Rent, rates and taxes		**66,484,862**	70,731,844
	Heat, light and power		**399,290,679**	387,759,410
	Water consumption charges		**53,601,805**	47,853,896
	Service charges		**308,559,351**	315,679,154
	Checking, mending and rolling charges		**23,215,679**	38,634,616
	Coolie, cartage and freight		**118,047,220**	105,123,189
	Depreciation	17.2	**143,760,721**	153,441,972
			1,292,750,575	1,303,647,699

			Jun 2012 Rupees	Jun 2011 Rupees
28	**DISTRIBUTION COST**			
	Salaries and benefits		**44,902,524**	45,101,853
	Packing and forwarding		**83,384,984**	107,433,707
	Commission and brokerage		**38,876,130**	35,050,357
	Samples, lab testings and other charges		**33,908,575**	25,567,387
	Traveling		**36,181,937**	36,129,952
	Publicity		**35,746,500**	32,446,544
	Postage, courier and stamps		**11,586,042**	10,039,084
	Entertainment		**2,303,681**	2,114,479
	Export development tax		**17,688,967**	26,158,263
			304,579,340	320,341,626
29	**ADMINISTRATIVE EXPENSES**			
	Directors' remuneration		**15,900,000**	15,900,000
	Salaries and benefits		**119,860,929**	115,940,678
	Staff welfare		**7,166,094**	9,908,859
	Heat, light and power		**44,365,631**	43,084,379
	Car maintenance		**25,815,021**	22,411,350
	Conveyance		**495,671**	361,616
	Entertainment		**2,027,667**	1,734,258
	Printing and stationery		**7,044,056**	7,356,026
	Communication		**10,048,061**	8,235,576
	Legal and professional		**18,097,453**	16,476,323
	Auditors' remuneration	29.1	**750,000**	645,000
	Advertisement		**613,700**	1,856,799
	Subscription and fees		**2,147,105**	3,744,742
	Charity and donation	29.2	**-**	472,626
	Insurance premium		**8,834,327**	9,310,168
	Service contracts		**374,440**	800,970
	Repairs and maintenance		**5,619,562**	5,597,807
	Miscellaneous		**827,131**	999,486
	Depreciation		**18,259,739**	14,909,294
			288,246,587	279,745,957
29.1	**Auditors' remuneration**			
	Audit fees		**600,000**	500,000
	Fee for half yearly review		**125,000**	120,000
	Out of pocket expenses		**25,000**	25,000
			750,000	645,000

29.2 None of the directors or their spouses have any interest in donees' fund.

30	**OTHER OPERATING EXPENSES**			
	Workers' profit participation fund		**-**	9,921,570
	Workers' welfare fund		**-**	3,696,271
			-	13,617,841
31	**OTHER INCOME**			
	Income from financial assets/liabilities			
	Profit on PLS deposits		**252,638**	822,749
	Income from non-financial assets/liabilities			
	Sales of scrap		**1,470,116**	1,779,691
	Gain on disposal of property, plant and equipment		**6,035,499**	4,196,545
			7,758,253	6,798,985

		Jun 2012 Rupees	Jun 2011 Rupees
32	**FINANCE COST**		
	Bank charges, mark-up and commission	**199,848,381**	179,263,600
	Mark-up on FATR account	**119,780,134**	108,727,917
	Mark-up on short term running finance	**77,929,504**	36,463,819
	Mark-up on export refinance loans	**267,088,325**	207,780,424
	Lease finance charges	**8,143,699**	7,127,755
	Mark-up on long term loan	**2,922,072**	4,229,378
	Interest on US Dollar Loan	**3,435,959**	3,523,778
	Interest on W.P.P.F	**1,187,870**	1,332,415
		680,335,944	548,449,086

33	**TAXATION**		
	Current	**76,420,396**	107,022,439
	Prior year charge	**1,758,762**	-
		78,179,158	107,022,439

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

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

			Jun 2012	Jun 2011
34	**EARNINGS PER SHARE - BASIC & DILUTED**			
34.1	**Basic earnings per share**			
	Total comprehensive income for the year	Rupees	**(4,732,835,068)**	77,791,112
	Weighted average number of shares	Number	**13,409,550**	11,464,723
	Basic earnings per share	Rupees	**(352.95)**	6.79

34.2 Diluted earnings per share

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

35. 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 financial statements are as follows:

	Jun 2012 Rupees	Jun 2011 Rupees
35.1 AL-ABID EXPORTS (PRIVATE) LIMITED (ASSOCIATED COMPANY)		
Processing services rendered & Goods Sold	**7,225,481**	3,793,133
Rent expense	**27,936,000**	27,936,000
Outstanding balance - payable	**(1,511,472)**	(2,328,000)

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

35.2 REMUNERATION OF DIRECTORS & EXECUTIVES

	CHIEF EXECUTIVE		DIRECTOR		EXECUTIVES	
	2012	2011	**2012**	2011	**2012**	2011
	Rupees					
Basic	**6,363,636**	6,363,636	**3,272,727**	3,272,727	**38,082,247**	33,453,214
House rent	**2,863,636**	2,863,636	**1,472,727**	1,472,727	**17,137,010**	15,053,945
Other allowances and perquisites	**1,272,728**	1,272,728	**654,546**	654,546	**3,830,769**	7,013,900
	10,500,000	10,500,000	**5,400,000**	5,400,000	**59,050,026**	55,521,059
Number of persons	**1**	1	1	1	**42**	39

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

35.2.2 Aggregate amount charged in the accounts for Board Meeting fee to non - executive Directors is Rs.50,000 (2011: Rs.50,000).

36 CAPITAL RISK MANAGEMENT

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

37 FINANCIAL RISK MANAGEMENT

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

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

37.1 Market risk

a) Foreign currency risk

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

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

	2012		2011	
	Rupees	**US Dollar**	Rupees	US Dollar
Trade debts	**92,926,579**	**986,482**	310,276,801	3,670,077
Short term borrowing	**115,838,230**	**1,229,705**	(110,000,825)	(1,278,336)
Accrued Mark Up on borrowing	**1,523,398**	**16,172**	(1,035,472)	(12,033)
Net exposure	**210,288,207**	**2,232,359**	199,240,504	2,379,708

The following significant exchange rates have been applied:

	Average Rate		Reporting date rate	
	2012	2011	**2012**	2011
	---------------(Rupees)---------------			
Rs. against 1 US Dollar	**88.79**	86.04	**94.2 / 94**	85.85 / 86.05

Sensitivity Analysis

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

Effect on profit before tax	**2012**	2011
	Rupees	Rupees
US Dollar	**21,028,821**	**19,924,050**

b) Interest rate risk

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

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

	2012	2011
	Rupees	Rupees
Financial assets		
Term Deposit Receipts	**6,216,584**	6,216,584
Financial liabilities		
Long term Loans	**27,488,521**	49,479,345
Liabilities against assets subject to finance lease	**65,710,323**	63,332,639
Short term finances	**3,752,375,066**	3,373,595,170
Bills payable under letter of credit	**1,404,948,353**	2,032,147,368
	5,250,522,263	5,518,554,522

Sensitivity analysis

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

	2012 Rupees	2011 Rupees
Effect on Profit before tax	**12,196,463**	7,152,406

37.2 Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from deposits with banks, trade deposits, trade debts, loans and advances, other receivables and interest receivable on deposits with banks.

Significant part of the sales of the Company occurs against letter of credit, therefore, trade debts mainly arise from exports. The Company believes that it is not exposed to any specific credit risk in respect of trade debts.

The credit risk on liquid funds maintained with banks, as such banks enjoy reasonably high credit rating. Accordingly, management does not expect any counter party to fail in meeting their obligations.

The carrying amounts of financial assets (category wise) that represent Company's maximum credit exposure as at the reporting date are as follows:

	2012 Rupees	2011 Rupees
Loans and receivables		
Long term security deposit	**1,946,645**	1,946,645
Trade debts	**125,640,071**	313,196,248
Loans and advances	**21,074,499**	16,979,095
Trade deposits and prepayments	**15,288,691**	22,966,151
Other receivables	**270,784,874**	317,038,844
Tax refunds due from government	**79,093,357**	67,722,615
Cash and bank balances	**45,289,052**	37,465,489
	559,117,189	777,315,387

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

	2012 Rupees	2011 Rupees
United State of America and Canada	**25,374,149**	101,973,993
Europe	**67,552,430**	199,985,269
Pakistan	**32,713,492**	2,919,447
Others	-	8,317,539
	125,640,071	313,196,248

The ageing of trade debts at the reporting date is as follows:	2012 Rupees	2011 Rupees
Not past due	**124,652,797**	290,376,021
Past due 0-60 days	**771,555**	22,820,227
Past due 61 and above	**215,719**	-
	125,640,071	313,196,248

Based on past experience, the Company believes that no impairment is necessary against amounts past due by 61 days and above as the debt is due from foreign customers which are secured against letter of credit in favor of the Company.

Company's bank balances can be assessed with reference to the following external credit ratings as of January 01, 2012:

Bank	Rating agency	Rating Short term	Rating Long term	Month of Rating
Allied Bank Limited	PACRA	A1+	AA	July-11
Askari Bank Limited	PACRA	A1+	AA	June-11
Bank Al-Falah Limited	PACRA	A1+	AA	June-11
Bank Islamic Pakistan Limited	PACRA	A1	A	June-11
Faysal Bank Limited	PACRA	A1+	AA	June-11
Habib Bank Limited	JCR-VIS	A-1+	AA+	June-11
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	June-11
JS Bank Limited	PACRA	A1	A	July-11
Meezan Bank Limited	JCR-VIS	A-1+	AA-	June-11
National Bank of Pakistan	JCR-VIS	A-1+	AAA	June-11
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	June-11
Summit Bank Limited	JCR-VIS	A-2	A	April-11
The Bank of Punjab	PACRA	A1+	AA-	October-11
United Bank Limited	JCR-VIS	A-1+	AA+	June-11

37.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash, marketable securities and the availability of adequate credit facilities. The Company's treasury department aims at maintaining flexibility in funding by keeping committed credit lines available.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

Financial Liabilities At Amortized Cost	Carrying Amount	Contractual Cash Flows	Less Than 01 Year	More Than 01 Year
	2012			
		---Rupees---		
Long term loan from banks	27,488,521	28,958,627	23,362,470	5,596,207
Liabilities against assets -subject to finance lease	65,710,323	86,278,333	35,705,404	50,572,929
Trade and other payables	3,782,164,373	3,782,164,373	3,782,164,373	-
Accrued markup	251,155,976	251,155,976	251,155,976	-
Short term finances	3,752,375,066	3,752,375,066	3,752,375,066	-
	7,878,894,259	**7,900,932,375**	**7,844,763,289**	**56,169,136**

Financial Liabilities At Amortized Cost	Carrying Amount	Contractual Cash Flows	Less Than 01 Year	More Than 01 Year
	2011			
		---Rupees---		
Long term loan from banks	49,479,345	53,891,805	24,933,178	28,958,627
Liabilities against assets -subject to finance lease	63,332,639	73,219,540	26,489,820	46,729,720
Trade and other payables	3,638,014,135	3,638,014,135	3,638,014,135	-
Accrued markup	81,848,565	81,848,565	81,848,565	-
Short term finances	3,373,595,170	3,373,595,170	3,373,595,170	-
	7,206,269,854	**7,220,569,215**	**7,144,880,868**	**75,688,347**

38 OPERATING SEGMENT

These financial statements have been prepared on the basis of a single reportable segment.

Revenue from sale of home textile products represents 95.09% (2011 : 99.76%) of the sales of the Company.

96.99% (2011 : 97.84%) of the sales of the Company are made to foreign customers.

All non-current assets of the Company at 30 June are located in Pakistan.

Five foreign customers of the Company's revenue consist 69.17% (2011: 83.04%) of sales of the Company for the year.

39 NUMBER OF EMPLOYEES

	2012 Number	2011 Number
The total number of employees at the end of the year	**1,662**	2,485

40 PLANT CAPACITY AND PRODUCTION

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

41 DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorized for issue in the Board of Directors' meeting held on October 05, 2012.

42 CORRESPONDING FIGURES

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

STATEMENT	NATURE	FROM	TO	COST	ACCUMULATED DEPRECIATION	WDV
Property, Plant & Equipment	Leased Asset	Sewing & cutting machines	Plant, Machinery & equipments	15,443,334	8,152,891	7,290,443

Naseem A. Sattar
Chairman & CEO

Azim Ahmed
Director

Key Operating and Financial Data

Profit and Loss	2012	2011	2010	2009	2008	2007	2006
		---Rupees in million---					
Sales and services	**7,556**	10,482	10,827	9,101	5,496	4,601	4,454
Gross Profit	**(3,389)**	1,340	1,320	1,312	682	613	721
Profit from Operations	**(3,974)**	733	663	573	428	369	385
Profit before taxation	**(4,655)**	185	209	137	95	84	105
Profit after taxation	**(4,733)**	78	99	45	39	38	59

Balance Sheet	2012	2011	2010	2009	2008	2007	2006
Property, plant and equipment	**5,804**	2,053	2,199	2,221	2,300	2,110	2,146
Long term security deposit	**1.95**	1.95	1.95	1.89	1.95	2.44	3.91
Net current assets	**(4,703)**	(96)	(334)	(430)	(401)	(344)	(287)
Total assets employed	1,103	1,959	1,867	1,793	1,900	1,769	1,863
Represented by:							
Share Capital	**134**	134	96	96	96	96	74
Reserves	**(3,599)**	1,134	960	869	831	799	640
Shareholders" equity	**(3,465)**	1,268	1,056	965	927	895	714
Surplus on revaluation -of fixed assets	**4,322**	515	555	555	555	391	391
Long term Financing	**193**	120	206	232	387	458	736
Deferred liabilities	**53**	57	50	41	31	75	22
Total capital employed	1,103	1,959	1,867	1,793	1,900	1,769	1,863

Cash Flow Statement	2012	2011	2010	2009	2008	2007	2006
Operating activities	**27**	3	309	318	261	330	177
Investing activities	**(99)**	(58)	(148)	(98)	(198)	(145)	(76)
Financing activities	**80**	28	(133)	(225)	(95)	(168)	(147)
Cash & cash equivalents -at beginning of the year	**37**	64	36	11	43	26	122
Cash & cash equivalents -at end of the year	**45**	37	64	36	11	43	26
Dividend (%age)	-	-	7.5%	7.5%	7.5%	7.5%	7.5%
Debt-equity ratio							
Debt	**0.09**	**0.06**	0.11	0.13	0.21	0.26	0.40
Equity	**0.91**	**0.94**	0.89	0.87	0.79	0.74	0.60

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2012

NUMBER OF SHARE HOLDERS	SHARE HOLDERS			TOTAL SHARES
508	1	--	100	16,110
125	101	--	500	21,580
17	501	--	1,000	12,195
17	1,001	--	100,000	114,509
11	100,001	--	1,000,000	3,105,446
2	1,000,001	--	3,000,000	2,624,548
1	3,000,001	--	8,000,000	7,515,162
681	**TOTAL**			**13,409,550**

Categories of Share Holders	Number of Shareholders	Shares Held	Percentage
1. **INDIVIDUALS**	**667**		
Holding more than 10%		-	-
Holding less than 10%		723,228	5.393%
2. **FINANCIAL INSTITUTIONS**	**6**		
NATIONAL BANK OF PAKISTAN-TRUSTEE DEPARTMENT NI(U)T FUND		1, 145,187	8.540%
NATIONAL BANK OF PAKISTAN		692,683	5.166%
THE BANK OF PUNJAB, TREASURY DIVISION		243,841	1.818%
FAYSAL BANK LIMITED		177,399	1.323%
NATIONAL INVESTMENT TRUST LIMITED		29,490	0.220%
PEARL CAPITAL MANAGEMENT (PRIVATE) LIMITED		34	0.000%
3. **INSURANCE COMPANY**	**1**		
STATE LIFE INSURANCE CORPORATION OF PAKISTAN		236,994	1.767%
4. **HOLDING OF DIRECTORS**	**7**		
MR. NASEEM A. SATTAR		7,515,162	56.044%
MRS. ZARINA NASEEM		1,479,361	11.032%
MR. AZIM AHMED		479,818	3.578%
MST. ADIA NASEEM		328,322	2.448%
MRS. SADAF NADEEM		132,281	0.986%
MRS. REENA AZIM		112,875	0.842%
MRS. ASRA AMIR		112,875	0.842%
Total	**681**	**13,409,550**	**100.000%**

AL-ABID SILK MILLS LIMITED

PROXY FORM

I/We ____

of ____

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

Share Register Folio No. ____

hereby appoint ______________________________ Folio No. ____________________

or failing him ______________________________ Folio No. ____________________

of ____

as my/our proxy in my/our absence to attend and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on 27th October, 2012 and at any adjournment thereof.

Singed this ______________________ day of ______________________ 2012

Revenue Stamp

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

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