
AL-ABID
SILK MILLS LIMITED

45th ANNUAL REPORT
2013

AL-ABID SILK MILLS LIMITED

45th ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2013

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AL-ABID SILK MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. S.M. Jawed Azam Mr. Naseem A. Sattar Mr. Azim Ahmed Mr. Qamar Mashkoor Mr. Muhammad Sajid Hafeez Mst. Adia Naseem Mrs. Sadaf Nadeem Syed Raza Abbas Jaffari	Chairman Chief Executive Officer Executive Director Independent Non-Executive Director Independent Non-Executive Director Non-Executive Director Non-Executive Director Nominee Director (N.I.T.)
SECRETARY	Mr. Muhammad Kashif	
AUDIT COMMITTEE	Mr. Qamar Mashkoor Mr. Muhammad Sajid Hafeez Mr. S.M. Jawed Azam	Chairman Member Member
HUMAN RESOURCE AND REMUNERATION COMMITTEE	Mr. Muhammad Sajid Hafeez Mr. Naseem A. Sattar Mr. Qamar Mashkoor	Chairman Member Member
AUDITORS	Muniff Ziauddin & Co., Chartered Accountants	
REGISTRARS	(a) Adam Patel & Company 34/2-F, Block-5, Clifton, Karachi. (b) Jwaffs Registrar Services (Pvt) Ltd. 505, 5th Floor, Kashif Centre, Near Hotel Mehran, Main Shahrah-e-Faisal, Karachi.	
BANKERS	Allied Bank Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited JS Bank Limited Meezan Bank Limited National Bank of Pakistan Pak Oman Investment Company Limited Pak Kuwait Investment Company (Private) Limited PAIR Investment Company Limited Standard Chartered Bank (Pakistan) Limited Summit Bank Limited The Bank of Punjab United Bank Limited	
REGISTERED OFFICE	A-39, S.I.T.E., Manghopir Road, Karachi.	
MILLS	A-39, A-51 / B, A-34 / A, D-14 / C-1, A-29 / B, S.I.T.E., Karachi.	

AL-ABID SILK MILLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 45th Annual General meeting of the Shareholders of the Company will be held at the Haji Abdullah Haroon Muslim Gymkhana, Aiwan-e-Saddar Road, Behind Shaheen Complex, Karachi on Thursday, October 31, 2013 at 07:00 p.m. to transact the following business:

1. To confirm the Minutes of the last Extraordinary General Meeting of the Company held on 21st December, 2012.
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, 2013.
3. To appoint statutory Auditors for the year 2013-2014 and fix their remuneration. The present auditors M/s. Muniff Ziauddin & Company, Chartered Accountants, have offered themselves for re-appointment as Auditors of the Company.
4. To consider any other business with the permission of the Chair.

BY ORDER OF THE BOARD

Karachi: October 5, 2013

(MUHAMMAD KASHIF)
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 20, 2013 to October 31, 2013 (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.

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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.

AL-ABID SILK MILLS LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors presents the 45th Annual Report and the Audited Financial Statement of the Company for the year ended June 30, 2013.

The worldwide economic condition has slightly been improved during the financial year under the review. As a result, our country's exports of textile sector increased by around 6%. The significant growth took place in the exports of yarn, cotton cloth, towel and readymade garments whereas no significant growth has been witnessed in the exports of bedwear and knitwear related products. However, due to non-conducive policies of government, most of the exporters particularly those who are engaged in value-added products have been affected from the continued energy crisis, mounting tariff of utilities, worsening law and order condition and substantial rise in the cost of doing business. Apart from that, a protracted and inordinate delay in the refunds of billions of rupees with regards to the sales tax and duty drawback refunds has resulted in further increase of financial cost of exporters.

During the financial year under review, the company registered total sales of Rs. 2.76 billion as against Rs. 7.56 billion registered during the last financial year. The company has been through most difficult period of the history from the start of last financial year due to sizeable slump in the export sales as compared with the previous years on account of cancellation of huge export orders and acute shortage of working capital requirement. In order to keep afloat the factory, the company has started tool manufacturing for local customers who do not have their own processing facilities but did not achieve the optimum level of production owing to financial constraints. The capacity of the plant remained underutilized due to aforesaid reasons resultantly fixed expenses of the company were not absorbed. As a result, the company incurred the loss of Rs. 1.59 billion as against the loss of Rs. 4.73 billion incurred during the last financial year.

DIVIDEND

Considering the current state of affairs, the cash flow of the company does not allow any dividend payout. Therefore, the Board of Directors does not recommend dividend for the year ended June 30, 2013.

AUDITOR'S OBSERVATION ON GOING CONCERN:

The constant losses of the company have resulted in negative equity of Rs. 5.05 billion whereas the reported current liabilities (since partly under litigation) have exceeded to current assets of the company by Rs. 5.88 billion. The management of company has been making their best and maximum possible efforts to come out from the current prevailing crisis. In this connection, the company has undertaken various steps and their outcome and status are being described below:

Capturing local market share:

The company was engaged in export business for last several years and was dealing with the international customers of good repute. There was nominal business in the local market merely for selling of rejected and leftover goods under the range of 5%. Considering current standstill position of export business, company has started local fabric processing business in order to cover maximum possible fixed costs but still production volume is not upto the mark level. Since the management has fully concentrated its attention for getting maximum business, it seems that the company may succeed to achieve optimum level of production by the end of year 2013.

Reduction in unsecured market debts:

The company was holding redundant inventories whose orders were cancelled by the customers on account of global economic turmoil prevailing during the previous years. The company had no option but to sell all these inventories in local market as stock lot. The proceeds from the sale of these inventories were utilized towards the partial settlement of unsecured market creditors whereas partial unsecured market debts were settled through sizeable injection of equity via Directors Loan Account. As a result, company's liability under the head of "Trade and other payables" stands reduced from 2.38 billion to Rs. 1.07 billion. However, further reduction of market debts for approximate Rs. 300 million is underway through further injection of equity in the same manner.

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Reduction in fixed costs:

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

Rescheduling of credit facilities with the banks:

The management has already requested all of the banks and DFIs collectively and individually, to reschedule its credit facilities for a longer period coupled with fresh additional working capital facility. Most unfortunately, banks' response time is quite slow due to following up their internal procedures and systems. Some of the banks and DFI have already filed civil recovery suits in Honorable High Court and Banking Court for recovery of their lent fund. The Company has already filed leave to defend in the court against all such legal suits. The management is confident and believes that in ultimate analysis an amicably out of the court settlement will be reached and approval of rescheduling with other banks including fresh financing which is essential requirement for resumption of export business will be finalized. Furthermore, the company has not accrued the markup of Rs. 721 million as matter is under negotiations with the banks and DFIs.

FUTURE OUTLOOK:

The management of the company is confident to revive its business operations in a gradual manner as it will take quite sufficient time to reach at the earlier level of business volume. It is expected that company's productions facilities might succeed to achieve optimum level of production during the ensuing quarters by adopting effective marketing and sales strategies in order to obtain maximum possible business form local customers considering emerging demands of textile products in the local markets.

As far as export business is concerned, Pakistan is likely to get GSP Plus status by the end of year 2013 which will result in considerable boost in the exports of textile related goods provided that Government pay serious attention towards the all relevant matters as discussed in the first para instead of a lukewarm attitude towards the business. The management of the company would also be interested to resume its export business very immediate after having received additional working capital financing from the banks.

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.

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

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

Name of Director	Meeting Eligibility	Meeting Attended
Mr. S.M. Jawed Azam	6	6
Mr. Naseem A. Sattar	6	6
Mr. Azim Ahmed	6	6
Mr. Qamar Mashkoo*	3	3
Mr. Muhammad Sajid Hafeez*	3	3
Syed Raza Abbas Jaffari	6	4
Mst. Adia Naseem	6	4
Mrs. Sadaf Nadeem	6	5
Mrs. Reena Azim*	3	2
Mrs. Asra Amir*	3	0

*Pursuant to election of Directors held on December 21, 2012, Mr. Qamar Mashkoo and Mr. Muhammad Sajid Hafiz were elected as Director of the Company in place of Mrs. Reena Azim and Mrs. Asra Amir who stood retired on completion of the terms of their Directorship. Leave of absence was granted to directors who could not attend these meetings.

AUDIT COMMITTEE:

Size and Composition:

For the financial year ended June 30, 2012, the audit committee comprised the following three directors, all are Non-Executive Directors and Chairman of the committee is Independent Director:

1. Mr. Qamar Mashkoo Chairman
2. Mr. Naseem A. Sattar Member
3. Mr. Azim Ahmed Member

INTERNAL AUDIT FUNCTION:

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

The Internal Audit Function reviews internal controls in all key activities of the company. It acts as a service to the business by assisting with continuous improvement of controls and procedures. Actions are agreed in response to its recommendation and these are followed up to ensure that satisfactory controls are maintained.

Quarterly reviews are also conducted between internal audit management and senior management of the business and major functions to assess their current control status to identify and address any areas of concern.

The Board is responsible for effectiveness of the company's system of internal control. The internal control systems are designed to meet company's requirement to avoid the risk to which it may be exposed.

There is no restriction placed upon the scope of the internal audit function. The members of the internal audit function are authorized to have full, free and unrestricted access to all departments, their personnel, records and information (in whatever form) and physical property. Documentation and information provided are subject to the appropriate levels of security and confidentiality.

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AUDITORS:

M/s Muniff Ziauddin & 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 M/s. Muniff Ziauddin & Co., Chartered Accountants for the year ending June 30, 2014.

PATTERN OF SHAREHOLDING:

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

LOSS PER SHARE:

Based on the net loss for the current year, the basic loss per share is Rs. 118.48 (2012: Rs.352.95)

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.

With profound regards,

For and on behalf of the Board of Directors

October 5, 2013

(NASEEM A. SATTAR)
Chief Executive Officer

AL-ABID SILK MILLS LIMITED

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

For the year ended June 30, 2013.

This statement is being presented to comply with the Code of Corporate Governance (the CCG) contained in the listing regulation of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category	Name
Independent Directors	Mr. Qamar Mashkooor
	Mr. Muhammad Sajid Hafeez
Executive Directors	Mr. Naseem A. Sattar
	Mr. Azim Ahmed
Non-Executive Directors	Mr. S.M. Jawed Azam
	Syed Raza Abbas Jaffari
	Mst. Adia Naseem
	Mrs. Sadaf Nadeem

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

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs 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 Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

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6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. Two Executive Directors and one Non-Executive Director are exempted from Directors' Training Program. Apart from that, board will also arrange training programs for its directors.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises three members and all of them are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is non-executive director.
18. The board has set up an effective internal audit function.

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19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board of Directors

Karachi: October 05, 2013

Naseem A. Sattar
Chief Executive Officer

AL-ABID SILK MILLS LIMITED

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

We have reviewed the Statement of Compliance with the Best Practices (the statement) contained in the Code of Corporate Governance (the Code) for the year ended June 30, 2013, prepared by the Board of Directors of **Al-Abid Silk Mills Limited (the Company)** to comply with the Listing Regulations of 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 personnel and review of various documents prepared by the Company to comply with the Code.

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

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

Based on our review,

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

Except for the paragraph (i) above, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2013.

Karachi: October 05, 2013

MUNIFF ZIAUDDIN JUNAIDY & CO.
CHARTERED ACCOUNTANTS
(Salim Sadruddin)

AL-ABID SILK MILLS LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Al-Abid Silk Mills Limited** as at June 30, 2013 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:

- i. during the year ended June 30, 2013 the company sustained after tax loss of Rs. 1,833 million and its accumulated loss stood at Rs. 5,561 million which has eroded its equity to an adverse balance of Rs. 5,054 million before surplus on revaluation of fixed assets of Rs. 3,594 million and, as of that date Company's current liabilities exceeded its current assets by Rs. 5,884 million. These events indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements have been prepared on a going concern basis but, in our opinion, management's use of the going concern assumption in the financial statements is inappropriate.
- ii. as mentioned in note 1.1 (iv) to the financial statements, the restructuring of financial facilities is under process with various banks and financial institutions. However, as disclosed in the same note, certain lenders have gone into litigation for repayment of liabilities and sale of the company's hypothecated/mortgaged properties.
- iii. as mentioned in note 1.1 (iv) to the financial statements, the Company has not recorded markup on finances obtained from banks amounting to Rs. 721 million on the plea of restructuring negotiation/litigation with the respective banks. Had the provision of mark-up been made in the financial statements, the loss for the current period would have been higher by Rs. 721 million and accumulated loss and mark-up payable would have been higher by Rs. 721 and shareholders equity would have been lower by the same amount.
- iv. the recoverable amount of surplus on revaluation of fixed assets as shown in note 6 of the financial statements is dependent upon continued operation of the company.
- v. the interest free loan from director amounting to Rs. 305.456 million (2012: Rs. 150 million) is being shown at historical cost in contravention with the requirements of IAS-39 which require the same to be recorded at fair value or amortized cost as appropriate with an impact on income through profit and loss account.

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- (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) except for the effects of the matters referred to in paragraph (i) to (v) 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, because of the significance of the matter discussed in paragraphs (i) to (v) above, the financial statements do not present fairly the financial position of the Company as at June 30, 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Karachi: October 05, 2013

MUNIFF ZIAUDDIN JUNAIDY & CO.
CHARTERED ACCOUNTS
(Salim Sadruddin)

AL-ABID SILK MILLS LIMITED

BALANCE SHEET AS AT

	Note	June 2013 Rupees	June 2012 Rupees
EQUITY & LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital		200,000,000	200,000,000
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		372,834,000	372,834,000
Accumulated loss		(5,560,522,765)	(3,971,777,236)
		(5,187,688,765)	(3,598,943,236)
Shareholder's equity		(5,053,593,265)	(3,464,847,736)
Surplus on revaluation of fixed assets	6	3,594,197,081	4,322,049,990
LIABILITIES			
NON- CURRENT LIABILITIES			
Loan from director - unsecured	7	305,455,867	150,000,000
Long term loan from banks	8	-	5,497,697
Liabilities against assets subject to finance lease	9	16,612,334	37,371,128
Deferred Taxation	10	483,376,776	-
Retirement benefits	11	33,602,834	53,025,686
		839,047,811	245,894,511
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	12	1,071,878,543	2,377,216,020
Accrued markup	13	240,815,938	251,155,976
Current maturity of long term loans			
- and Lease Liability	14	59,966,536	50,330,019
Short term finances	15	5,065,814,155	5,157,323,419
		6,438,475,172	7,836,025,434
CONTINGENCIES AND COMMITMENTS	16	-	-
		5,818,126,799	8,939,122,199

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

Naseem A. Sattar
Chief Executive Officer

AL-ABID SILK MILLS LIMITED

JUNE 30, 2013

	Note	June 2013 Rupees	June 2012 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	17	5,261,929,398	5,803,979,302
Long term security deposit		1,946,645	1,946,645
CURRENT ASSETS			
Stores and spares	18	95,839,301	148,078,304
Stock in trade	19	106,861,274	2,427,947,404
Trade debts	20	58,635,820	125,640,071
Loans and advances	21	16,144,595	21,074,499
Trade deposits and prepayments	22	7,811,810	15,288,691
Other receivables	23	192,380,429	270,784,874
Tax refunds due from government	24	66,704,777	79,093,357
Cash and bank balances	25	9,872,750	45,289,052
		554,250,756	3,133,196,252
		5,818,126,799	8,939,122,199

Azim Ahmed
Director

AL-ABID SILK MILLS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013 Rupees	2012 Rupees
Sales and services	26	2,757,307,842	7,556,178,789
Cost of sales	27	4,476,714,415	10,945,431,081
Gross loss		<u>(1,719,406,573)</u>	<u>(3,389,252,292)</u>
Operating expenses			
Distribution cost	28	79,216,286	304,579,340
Administrative expenses	29	189,824,135	288,246,587
		269,040,421	592,825,927
		<u>(1,988,446,994)</u>	<u>(3,982,078,219)</u>
Other income	30	314,695,708	7,758,253
Loss from operations		<u>(1,673,751,286)</u>	<u>(3,974,319,966)</u>
Finance cost	31	136,631,603	680,335,944
Loss before taxation		<u>(1,810,382,889)</u>	<u>(4,654,655,910)</u>
Taxation - net	32	22,838,773	78,179,158
Loss after taxation		<u>(1,833,221,662)</u>	<u>(4,732,835,068)</u>
Loss per share - basic and diluted	33	<u>(118.48)</u>	<u>(352.95)</u>

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

Naseem A. Sattar
Chief Executive Officer

Azim Ahmed
Director

AL-ABID SILK MILLS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2013

	2013 Rupees	2012 Rupees
Loss after taxation	(1,833,221,662)	(4,732,835,068)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	244,476,133	-
Total Comprehensive Loss	<u>(1,588,745,529)</u>	<u>(4,732,835,068)</u>

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

Naseem A. Sattar
Chief Executive Officer

Azim Ahmed
Director

AL-ABID SILK MILLS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2013

	2013 Rupees	2012 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(1,810,382,889)	(4,654,655,910)
Adjustments for:		
Depreciation	521,471,978	162,020,460
Provision for gratuity	11,602,422	13,275,459
Gain on disposal of property, plant and equipment	(15,941,523)	(6,035,499)
	517,132,877	169,260,420
Decrease / (Increase) in current assets:		
Stores and spares	52,239,003	12,962,124
Stock in trade	2,321,086,130	3,676,663,798
Trade debtors	67,004,251	187,556,177
Loan and advances	4,929,904	(4,095,404)
Trade deposits and prepayments	7,476,881	7,677,760
Other receivables	78,404,445	46,253,970
Tax refunds due from government	11,328,247	(8,653,422)
	2,542,468,861	3,918,365,003
(Decrease) / Increase in current liabilities:		
Trade and other payable	(1,305,337,477)	144,150,239
Accrued mark-up	(10,340,038)	169,307,410
Short term finance	(91,509,264)	378,779,896
	(1,407,186,779)	692,237,545
Cash generated from operations	(157,967,930)	125,207,058
Taxes paid	(21,778,439)	(80,896,478)
Staff gratuity paid	(31,025,274)	(17,405,950)
Net cash (outflow) / inflow from operations	(210,771,643)	26,904,630
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(13,940,201)	(117,285,293)
Proceeds from disposal of fixed assets	50,459,649	17,817,366
Net cash generated from / (used in) investing activities	36,519,448	(99,467,927)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from obligation under finance lease	-	29,179,000
Proceeds of loan from director	155,455,867	100,000,000
Payments of obligation under finance lease	(16,619,974)	(26,801,316)
Payment of long term loans	-	(21,990,824)
Net cash inflow from financing activities	138,835,893	80,386,860
Net (decrease) / increase in cash and cash equivalents	(35,416,302)	7,823,563
Cash and cash equivalents at the beginning of the year	45,289,052	37,465,489
Cash and cash equivalents at the end of the year	9,872,750	45,289,052

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

Naseem A. Sattar
Chief Executive Officer

Azim Ahmed
Director

AL-ABID SILK MILLS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2013

	Share Capital	Capital Reserve	Accumulated Loss	Total
	----- Rupees -----			
Balance as at June 30, 2011	134,095,500	372,834,000	761,057,832	1,267,987,332
Total comprehensive loss 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)
Total comprehensive loss for the year ended June 30, 2013			(1,833,221,662)	(1,833,221,662)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax			244,476,133	244,476,133
Balance as at June 30, 2013	134,095,500	372,834,000	(5,560,522,765)	(5,053,593,265)

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

Naseem A. Sattar
Chief Executive Officer

Azim Ahmed
Director

AL-ABID SILK MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

1 LEGAL STATUS AND OPERATIONS

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

1.1 GOING CONCERN ASSUMPTIONS

The constant losses of the company have resulted in negative equity of Rs. 5.05 billion whereas the reported current liabilities (since partly under litigation) have exceeded to current assets of the company by Rs. 5.88 billion. The management of company has been making their best and maximum possible efforts to come out from the current prevailing crisis. In this connection, the company has undertaken various steps and their outcome and status are being described below:

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

(i) Capturing local market share:

The company was engaged in export business for last several years and was dealing with the international customers of good repute. There was nominal business in the local market merely for selling of rejected and leftover goods under the range of 5%. Considering current standstill position of export business, company has started local fabric processing business in order to cover maximum possible fixed costs but still production volume is not upto the mark level. Since the management has fully concentrated its attention for getting maximum business, it seems that the company may succeed to achieve optimum level of production by the end of year 2014.

(ii) Reduction in unsecured market debts:

The company was holding redundant inventories whose orders were cancelled by the customers on account of global economic turmoil prevailing during the previous years. The company had no option but to sell all these inventories in local market as stock lot. The proceeds from the sale of these inventories were utilized towards the partial settlement of unsecured market creditors whereas partial unsecured market debts were settled through sizeable injection of equity via Directors Loan Account. As a result, company's liability under the head of "Trade and other payables" stands reduced from 2.38 billion to Rs. 1.07 billion. However, further reduction of market debts for approximate Rs. 300 million is underway through further injection of equity in the same manner.

(iii) Reduction in fixed costs:

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

AL-ABID SILK MILLS LIMITED

(iv) Rescheduling of credit facilities with the banks:

The management has already requested all of the banks and DFIs collectively and individually, to reschedule its credit facilities for a longer period coupled with fresh additional working capital facility. Most unfortunately, banks' response time is quite slow due to following up their internal procedures and systems. However, various banks and DFI have already filed civil recovery suits in Honorable High Court and Banking Court for recovery of their lent fund. The company has already filed leave to defend in the court against all such legal suits. The management is confident and believes that in ultimate analysis an amicably out of the court settlement will be reached and approval of rescheduling with other banks including fresh financing which is essential requirement for resumption of export business will be finalized. Furthermore, the company has not accrued the markup of Rs. 721 million as matter is under negotiations with the banks and DIFs.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Standards, amendments and interpretations which became effective during the year:

During the year certain amendments to standards or new interpretations became effective, however the amendments or interpretation did not have any material impact on the financial statements of the Company.

2.5 New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective:

The following standards, amendments and interpretations of approved accounting standards are only effective for annual periods beginning from the dates specified below. Except for the amendment in IAS 19 which results in immediate recognition of actuarial gains or losses and revised basis of calculation for net finance cost, these standards are either not relevant to the company's operations or are not expected to have significant impact on the company's financial statements, other than increased disclosure in certain cases:

IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation.

Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following four standards, with consequential amendments to other standards and interpretations.

IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements.

IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.

IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

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IAS 39 Financial Instruments: Recognition and Measurement- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual periods beginning on or after 1 January 2014). The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

There are other new accounting standards, amendments to approved accounting standards and interpretations that are mandatory for future year. However, they are not considered relevant to the Company and therefore are not expected to materially affect the financial statements of the Company

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (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.

3.1 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.

3.2 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.

3.3 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.

3.4 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
- (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.

3.5 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.

3.6 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.

3.7 Revenue Recognition

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

3.8 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.

3.9 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.

3.10 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.

3.11 Dividend

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

3.12 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.

3.13 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.

3.14 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.

3.15 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.

3.16 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.

3.17 Derivative financial instruments and hedging activities

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

3.18 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. 33.60 million (2012: Rs. 53.02 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.

3.19 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.

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

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

3.20 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.

3.21 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.

3.22 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.

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3.23 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 make 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 underlying assumptions are disclosed in note 11.

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5 SHARE CAPITAL			Jun 2013 Rupees	Jun 2012 Rupees
Jun 2013 (Number of shares)	Jun 2012	Authorised Capital		
<u>20,000,000</u>	20,000,000	Ordinary shares of Rs. 10 each	<u>200,000,000</u>	<u>200,000,000</u>
8,713,900	8,713,900	Issued, subscribed and paid up capital		
		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
<u>13,409,550</u>	<u>13,409,550</u>		<u>134,095,500</u>	<u>134,095,500</u>

6 SURPLUS ON REVALUATION OF FIXED ASSETS

Balance at beginning of the year	4,322,049,990	514,699,488
Surplus during the year	-	3,807,350,502
Less: Incremental depreciation on revalued assets for the year	(244,476,133)	-
Less: Deferred Tax relating to revaluation surplus	(483,376,776)	-
	<u>3,594,197,081</u>	<u>4,322,049,990</u>

- 6.1 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.

7 LOAN FROM DIRECTOR - Unsecured

	Jun 2013 Rupees	Jun 2012 Rupees
Balance at beginning of the year	150,000,000	50,000,000
Received during the year	155,455,867	100,000,000
	<u>305,455,867</u>	<u>150,000,000</u>

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

8 LONG TERM BORROWINGS - SECURED (NON-PARTICIPATORY)

Name of Banks	Sale price	Purchase price	Number of installments and date of commencement	Rate of mark-up per annum	Jun 2013 Rupees	Jun 2012 Rupees
Pak Oman Investment Company I	86,871,864	107,417,218	22 equal quarterly September 4, 2006 Grace Period 06 Months	7.0% Per Annum	27,011,025	27,011,025
Pak Oman Investment Company II	1,091,413	1,638,507	22 equal quarterly September 4, 2006 Grace Period 01 Year	2.0% over 6 months KIBOR	477,496	477,496
					<u>27,488,521</u>	<u>27,488,521</u>
Less: Transfer to Current maturity				14	27,488,521	21,990,824
					<u>-</u>	<u>5,497,697</u>

- 8.1 These borrowings are denominated in Pak Rupees and are secured against exclusive charge over specific Plant & machineries of the company. The effective mark-up rate that prevailed during the year on these facilities ranged from 7% to 13.94% per annum (2012: 7% to 14.06% per annum).

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	Jun 2013 Rupees	Jun 2012 Rupees
9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Present value of minimum lease payments	49,090,349	65,710,323
Current maturity shown under current liabilities	14 (32,478,015)	(28,339,195)
	<u>16,612,334</u>	<u>37,371,128</u>
Minimum lease payments		
Not later than one year	34,319,187	36,497,670
Later than one year and not later than 5 years	<u>39,613,521</u>	<u>49,780,663</u>
	73,932,708	86,278,333
Finance charges not yet due	<u>(24,842,359)</u>	<u>(20,568,010)</u>
Present value of finance lease liabilities	<u>49,090,349</u>	<u>65,710,323</u>
Present value of finance lease liabilities		
Not later than one year	32,478,015	28,339,195
Later than one year and not later than 5 years	<u>16,612,334</u>	<u>37,371,128</u>
	<u>49,090,349</u>	<u>65,710,323</u>
9.1 Payments under leases include financial charges at the rates ranging between 8% to 16.30% (2012: 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.		
10 DEFERRED TAXATION	Jun 2013	Jun 2012
	Rupees	Rupees
Debit/(credit) balances arising from:		
Surplus on revaluation of fixed assets	<u>483,376,776</u>	<u>-</u>
10.1 Deferred tax assets relating to unused tax losses, retirement benefits and lease liabilities have not been accounted for due to uncertain future profitability of the company.		
11 RETIREMENT BENEFITS		
11.1 Reconciliation of obligation as at period end		
Present value of defined benefit obligation	52,528,988	39,861,312
Payable to outgoing employees	-	656,208
Unrecognized actuarial gain	<u>11,442,912</u>	<u>12,508,166</u>
Liability at end of the year	<u>63,971,900</u>	<u>53,025,686</u>
11.2 Movement in liability		
Liability at beginning of the year	53,025,686	57,156,177
Charge for the year	11,602,422	13,275,459
Benefits paid during the year	11.3 (31,025,274)	(17,405,950)
Liability at end of the year	<u>33,602,834</u>	<u>53,025,686</u>
11.3 Charge for the period / year		
Current service cost	7,485,705	7,151,952
Interest cost	5,181,971	6,156,952
Actuarial Gains charge	<u>(1,065,254)</u>	<u>(33,445)</u>
	<u>11,602,422</u>	<u>13,275,459</u>
11.4 Principal actuarial assumptions used the valuation:		
Discount rate (per annum)	13%	13%
Future salary increase (per annum)	12%	12%
Remaining Retirement age (years)	8 Yrs	8 Yrs

AL-ABID SILK MILLS LIMITED

	Jun 2013 Rupees	Jun 2012 Rupees
12 TRADE AND OTHER PAYABLES		
Trade creditors	721,298,595	1,712,887,400
Other creditors	239,366,154	528,703,883
Accrued liabilities	55,628,541	81,979,464
Workers' profit participation fund	16,695,060	14,973,148
Advance from customers	27,223,535	17,098,394
Unclaimed dividend	108,310	108,310
Other liabilities	11,558,348	21,465,421
	1,071,878,543	2,377,216,020
12.1 Workers' profit participation fund		
Opening balance	14,973,148	23,706,847
Interest on W.P.P.F.	1,721,912	1,187,870
	16,695,060	24,894,717
Paid during the year	-	(9,921,569)
	16,695,060	14,973,148
13 ACCRUED MARKUP		
Export refinance loan & US Dollar loan	122,852,442	136,023,034
Liabilities against assets subject to finance lease	3,437,436	867,778
Long term loan	170,807	170,807
Short term loan	114,355,253	114,094,357
	240,815,938	251,155,976
14 CURRENT MATURITY OF LONG-TERM LOANS AND LEASE LIABILITY		
Long term Loans - Pak Oman Investment Company I & II	27,488,521	21,990,824
Liabilities against assets subject to finance lease	32,478,015	28,339,195
	59,966,536	50,330,019
15 SHORT TERM FINANCES		
From banks and financial institutions - Secured	5,065,814,155	3,752,375,066
Bills payable under letters of credit	-	1,404,948,353
	5,065,814,155	5,157,323,419
15.1 The facilities consist of various types of short term finances from different banks and non-banking financial institutions. The facilities are secured against hypothecation charge on stocks, mortgage on factory property of Plot No. A-51/B, A-29/B, D-14/C-1 and A-34/A with building and machinery installed thereon and charge on book debts and receivables of the company. As fully disclosed in note No. 16 various banks have filed suit for the recovery of these loans.		
	Jun 2013 Rupees	Jun 2012 Rupees
16 CONTINGENCIES AND COMMITMENTS		
16.1 Contingencies		
Bank guarantee	79,834,000	92,694,414
The bank guarantees have been issued in favour of various government agencies.		
The Sales Tax department has filed an appeal in the Honorable High Court of Sindh on 23rd August, 2000 against the Order of the learned Appellate Tribunal Customs and Sales Tax for recovery of Additional Tax and Surcharge amounting to Rs. 3.449 million for the year 1992-93. No provision for this amount has been made in these accounts as the management of the Company is of the view that the decision of the Learned Appellate Tribunal Customs and Sales Tax given in favour of the Company will be successfully defended in the Honorable High Court.		
In respect of liabilities towards banks / DFIs as disclosed in the note 8,9,14 and 15 to the financial statements, several of the banks and a DFI have since filed civil suits in Honorable High Court of Sindh and Banking Court for recovery of their liabilities. The aggregate value of such civil suits amounts to Rs. 3.54 billion and USD 28,653/-. The management has accordingly filed leave to defend through their approved lawyers. The management is confident and believes that in ultimate analysis an amicable out of the court settlement will be reached.		
16.2 Commitments:		
Commitments under LCs for raw materials and spares parts		5,595,120

17 PROPERTY, PLANT AND EQUIPMENT

	Note	Jun-2013 Rupees	Jun 2012 Rupees
Operating Fixed Assets	17.1	5,245,129,398	5,787,179,302
Capital Work in Progress - DDFC Boiler		16,800,000	16,800,000
		5,261,929,398	5,803,979,302

17.1 Operating Fixed Assets

Particulars	Year JULY 2012- JUNE 2013							Total
	Lease hold Land	Building on Lease hold land	Plant, Machinery & equipments	Furniture & Fixture	Office equipment	Electric, gas & Other Installations	Vehicles	
Rate	10%	10%	10%	10%	10%	10%	20%	
Owned Assets	Rupees							
Value / Cost as on Jul 01, 2012	606,379,400	1,076,211,650	3,514,746,300	149,674,900	41,960,400	193,005,700	89,834,709	5,671,813,059
Addition during the period	-	-	12,591,338	-	100,000	698,863	550,000	13,940,201
Deletion during the period	-	-	(944,461)	(14,663,853)	-	-	(54,192,871)	(69,801,185)
Deficit for the period	-	-	-	-	-	-	-	-
Transfer during the period	-	-	-	-	-	-	-	-
Cost as on June 30, 2013	606,379,400	1,076,211,650	3,526,393,177	135,011,047	42,060,400	193,704,563	36,191,838	5,615,952,075
Depreciation as on Jul 01, 2012	-	-	-	-	-	-	53,549,408	53,549,408
Charge for the period	-	107,621,165	352,282,553	14,025,818	4,204,373	19,370,456	5,048,700	502,553,065
Deletion during the period	-	-	(47,223)	(524,714)	-	-	(36,797,947)	(37,369,884)
Transfer during the period	-	-	-	-	-	-	-	-
Depreciation as on June 30, 2013	-	107,621,165	352,235,330	13,501,104	4,204,373	19,370,456	21,800,161	518,732,589
WDV as on June 30, 2013	606,379,400	968,590,485	3,174,157,847	121,509,943	37,856,027	174,334,107	14,391,677	5,097,219,486
Leased Assets	Rupees							
Value / Cost as on Jul 01, 2012	-	-	148,216,300	-	-	-	38,314,527	186,530,827
Addition during the period	-	-	-	-	-	-	-	-
Deletion during the period	-	-	(3,230,890)	-	-	-	-	(3,230,890)
Transfer during the period	-	-	-	-	-	-	-	-
Cost as on June 30, 2013	-	-	144,985,410	-	-	-	38,314,527	183,299,937
Depreciation as on Jul 01, 2012	-	-	-	-	-	-	17,615,177	17,615,177
Charge for the period	-	-	14,821,630	-	-	-	4,097,283	18,918,913
Deletion during the period	-	-	-	-	-	-	(1,144,065)	(1,144,065)
Transfer during the period	-	-	-	-	-	-	-	-
Depreciation as on June 30, 2013	-	-	14,821,630	-	-	-	20,568,395	35,390,025
WDV as on June 30, 2013	-	-	130,163,780	-	-	-	17,746,132	147,909,912
Total WDV as on June 30, 2013	606,379,400	968,590,485	3,304,321,627	121,509,943	37,856,027	174,334,107	32,137,809	5,245,129,398

Particulars	Year JULY 2011- JUNE 2012							Total
	Lease hold Land	Building on Leasehold land	Plant, Machinery & equipments	Furniture & Fixture	Office equipment	Electric, gas & Other Installation	Vehicles	
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	99,442,773	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)	-	-	-	(14,401,698)	(45,383,893)
Deficit for the year	-	-	-	-	-	-	-	-
Revaluation during the year	46,179,398	573,166,212	1,168,025,586	26,309,649	3,715,735	54,365,438	-	1,871,762,018
Elimination of accumulated depreciation due to revaluation	-	297,074,980	1,381,987,558	63,065,610	24,165,544	84,011,454	-	1,850,305,146
Transfer during the year	-	6,500,000	28,699,302	-	-	-	(12,379,000)	22,820,302
Value/Cost as on June 30, 2012	606,379,400	1,373,286,630	4,896,733,858	212,740,510	66,125,944	277,017,154	89,834,709	7,522,118,205
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	105,705,710	5,817,140	1,444,279	5,827,667	8,621,424	149,853,072
Deletion during the year	-	-	(22,897,770)	-	-	-	(10,704,256)	(33,602,026)
Transfer during the year	-	1,269,125	14,041,941	-	-	-	(1,066,611)	14,244,455
Depreciation as on June 30, 2012	-	297,074,980	1,381,987,558	63,065,610	24,165,544	84,011,454	53,549,408	1,903,854,554
WDV as on June 30, 2012	606,379,400	1,076,211,650	3,514,746,300	149,674,900	41,960,400	193,005,700	36,285,301	5,618,263,651
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	-	-	55,011,805	-	-	-	-	55,011,805
Elimination of accumulated depreciation due to revaluation	-	-	30,271,534	-	-	-	-	30,271,534
Transfer during the year	-	(6,500,000)	(28,699,302)	-	-	-	12,379,000	(22,820,302)
Value/Cost as on June 30, 2012	-	-	178,487,834	-	-	-	38,314,527	216,802,361
Depreciation as on July 01, 2011	-	1,269,125	37,320,924	-	-	-	11,373,729	49,963,778
Charge for the year	-	-	6,992,551	-	-	-	5,174,837	12,167,388
Deletion during the year	-	-	-	-	-	-	-	-
Transfer during the year	-	(1,269,125)	(14,041,941)	-	-	-	1,066,611	(14,244,455)
Depreciation as on June 30, 2012	-	-	30,271,534	-	-	-	17,615,177	47,886,711
WDV as on June 30, 2012	-	-	148,216,300	-	-	-	20,699,350	168,915,650
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	5,787,179,301

17.2 Allocation of Depreciation

	Note	June 2013 Rupees	June 2012 Rupees
Manufacturing overheads	27.2	500,479,233	143,760,721
Admin expenses	29	20,992,745	18,259,739
		521,471,978	162,020,460

AL-ABID SILK MILLS LIMITED

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

	Jun 2013	Jun 2012
Owned Assets:	Rupees	Rupees
Lease hold Land	45,500,514	45,500,514
Building on Leasehold land	190,522,674	205,970,458
Plant, Machinery & equipments	903,555,520	951,283,204
Furniture & Fixture	43,093,709	60,299,641
Office equipment	13,117,354	14,079,121
Electric, gas & Other Installation	51,178,094	54,628,808
Leased Assets:		
Plant, Machinery & equipments	58,212,988	76,382,914
	1,305,180,853	1,408,144,660

17.4 Disposal of Fixed Assets

Particulars	Cost	Accumulated Depreciation	Written down value	Sales Proceeds	Gain / (Loss)	Remarks
Rupees						
Vehicles						
TOYOTA COROLLA ABY-372	661,300.00	633,185.00	28,115.00	535,000.00	506,885.00	KAMRAN CHIPPA
SUZUKI ALTO ADT-738	476,600.00	437,025.00	39,575.00	236,000.00	196,425.00	KAMRAN CHIPPA
SUZUKI MEHRAN AFS-337	352,300.00	301,830.00	50,470.00	260,000.00	209,530.00	KAMRAN CHIPPA
SUZUKI MEHRAN AVF-244	332,000.00	281,746.00	50,254.00	265,000.00	214,746.00	KAMRAN CHIPPA
SUZUKI MEHRAN AVF-979	332,000.00	281,746.00	50,254.00	265,000.00	214,746.00	KAMRAN CHIPPA
TOYOTA ALTISS APP-684	1,370,000.00	908,920.00	461,080.00	970,000.00	508,920.00	M. SIDDIQUE ANSARI
HONDA CIVIC AET-036	1,105,000.00	971,191.00	133,809.00	600,000.00	466,191.00	KALEEM KHAN
SUZUKI HI-ROOF CK-0715	373,600.00	342,578.00	31,022.00	248,500.00	217,478.00	M. YASIN
HONDA MOTOR CYCLE KAF-1353	35,500.00	35,370.00	130.00	15,000.00	14,870.00	KAMRAN CHIPPA
HONDA MOTOR CYCLE KBH-6847	56,500.00	45,237.00	11,263.00	15,000.00	3,737.00	KAMRAN CHIPPA
HONDA MOTOR CYCLE KBI-6443	56,500.00	45,237.00	11,263.00	15,000.00	3,737.00	KAMRAN CHIPPA
HONDA MOTOR CYCLE KCC-6153	62,000.00	60,313.00	1,687.00	15,000.00	13,313.00	KAMRAN CHIPPA
HONDA MOTOR CYCLE KCH-0727	40,000.00	39,772.00	228.00	20,000.00	19,772.00	KAMRAN CHIPPA
HONDA MOTOR CYCLE KCX-7831	46,100.00	45,586.00	514.00	20,000.00	19,486.00	KAMRAN CHIPPA
MASTER JU-3937	960,000.00	671,642.00	288,358.00	375,000.00	86,642.00	ALAMGIR KHAN
MASTER JU-1705	1,143,600.00	887,115.00	256,485.00	445,000.00	188,515.00	ALAMGIR KHAN
MASTER JU-2602	1,143,600.00	828,719.00	314,881.00	445,000.00	130,119.00	ALAMGIR KHAN
MASTER GRAND TRUCK JU-1132	1,140,600.00	950,568.00	190,032.00	443,000.00	252,968.00	ALAMGIR KHAN
MASTER GRAND TRUCK JU-1273	860,000.00	732,148.00	127,852.00	335,000.00	207,148.00	ALAMGIR KHAN
MASTER JU-1706	1,143,600.00	887,115.00	256,485.00	444,000.00	187,515.00	ALAMGIR KHAN
MASTER TRUCK JU-1052	1,140,600.00	950,568.00	190,032.00	443,000.00	252,968.00	ALAMGIR KHAN
MASTER JU-3936	960,000.00	671,642.00	288,358.00	375,000.00	86,642.00	ALAMGIR KHAN
SHEHZOR KM-4625	560,060.00	531,836.00	28,224.00	215,000.00	186,776.00	ALAMGIR KHAN
TCM LIFTER---4	1,550,000.00	931,653.00	618,347.00	626,000.00	7,653.00	ALAMGIR KHAN
TCM LIFTER---3	1,289,348.00	829,446.00	459,902.00	500,000.00	40,098.00	ALAMGIR KHAN
TCM LIFTER---2	1,289,348.00	829,446.00	459,902.00	500,000.00	40,098.00	ALAMGIR KHAN
JS-2569 T.C.M	1,245,000.00	1,025,607.00	219,393.00	484,000.00	264,607.00	ALAMGIR KHAN
MASTER JY-6609	695,000.00	455,796.00	239,204.00	270,000.00	30,796.00	ALAMGIR KHAN
TRACTOR KJ-0018	145,000.00	144,965.00	35.00	50,000.00	49,965.00	ALAMGIR KHAN
SUZUKI PICK UP KM-8731	426,000.00	360,485.00	65,515.00	150,000.00	84,485.00	ALAMGIR KHAN
HONDA CITY AQT-283	923,115.00	588,069.00	335,046.00	750,000.00	414,954.00	MUHAMMAD JAWED
HONDA CITY AFW-683	795,000.00	680,887.00	114,113.00	650,000.00	535,887.00	MUHAMMAD JAWED
HONDA CITY AFM-823	808,225.00	698,429.00	109,796.00	655,000.00	545,204.00	MUHAMMAD JAWED
SUZUKI MARGALLA AAZ-907	481,865.00	443,922.00	37,943.00	390,000.00	352,057.00	MUHAMMAD JAWED
HONDA CITY ALR-247	865,000.00	316,013.00	548,987.00	700,000.00	151,013.00	MUHAMMAD JAWED
SUZUKI ALTO AUC-971	644,860.00	250,779.00	394,081.00	525,000.00	130,919.00	MUHAMMAD JAWED
HONDA CIVIC AFM-762	1,007,700.00	870,805.00	136,895.00	825,000.00	688,105.00	MUHAMMAD JAWED
SUZUKI MEHRAN AQR-718	347,000.00	242,770.00	104,230.00	285,000.00	180,770.00	MUHAMMAD JAWED
TOYOTA ALTISS APP-685	1,370,000.00	932,769.00	437,231.00	1,115,000.00	677,769.00	MUHAMMAD JAWED
SUZUKI MEHRAN ARX-634	487,300.00	270,029.00	217,271.00	400,000.00	182,729.00	MUHAMMAD JAWED
SUZUKI CULTAS AST-390	840,800.00	413,300.00	427,500.00	685,000.00	257,500.00	MUHAMMAD JAWED
SUZUKI MEHRAN AVE-939	536,285.00	162,673.00	373,612.00	445,000.00	71,388.00	MUHAMMAD JAWED
SUZUKI CULTAS ASM-543	765,050.00	391,026.00	374,024.00	625,000.00	250,976.00	MUHAMMAD JAWED
SUZUKI MEHRAN AWP-647	545,000.00	103,297.00	441,703.00	450,000.00	8,297.00	MUHAMMAD JAWED
HONDA CIVIC AUM-356	1,976,200.00	696,062.00	1,280,138.00	1,600,000.00	319,862.00	MUHAMMAD JAWED
SUZUKI MEHRAN AWG-715	545,500.00	120,465.00	425,035.00	450,000.00	24,965.00	FAISAL SHEIKH
SUZUKI MEHRAN ATY-536	492,350.00	203,505.00	288,845.00	400,000.00	111,155.00	FAISAL SHEIKH
TOYOTA ALTISS AMH-925	1,309,000.00	961,683.00	347,317.00	700,000.00	352,683.00	FAISAL SHEIKH
SUZUKI ALTO ADH-968	469,000.00	438,382.00	30,618.00	210,000.00	179,382.00	FAYYAZ AHMED
SUZUKI ALTO ADP-725	505,910.00	464,626.00	41,284.00	260,000.00	218,716.00	FAYYAZ AHMED
SUZUKI ALTO ADY-131	422,000.00	353,339.00	68,661.00	280,000.00	211,339.00	FAYYAZ AHMED
HONDA CITY AFG-478	807,400.00	700,161.00	107,239.00	605,000.00	497,761.00	FAYYAZ AHMED
HONDA CITY ALT-351	901,000.00	671,943.00	229,057.00	620,000.00	390,943.00	FAYYAZ AHMED
SUZUKI CULTAS AUL-153	855,000.00	411,600.00	443,400.00	675,000.00	131,600.00	NADEEM GAISER
SUZUKI ALTO ADL-638	470,000.00	340,932.00	29,068.00	250,000.00	220,932.00	FAISAL SHEIKH
LIFTER JX-0818	100,000.00	99,882.00	118.00	150,000.00	149,882.00	REHMANULLAH
ZABARDAST KM-6763	727,000.00	632,134.00	94,866.00	252,500.00	157,634.00	YAMIN WADIWALA
ZABARDAST KM-6801	727,000.00	632,134.00	94,866.00	252,500.00	157,634.00	YAMIN WADIWALA
SUZUKI MEHRAN ATY-631	492,350.00	208,756.00	283,594.00	350,000.00	66,406.00	ABDUL SALAM
SUZUKI CULTAS ADY-798	604,000.00	557,305.00	46,695.00	335,000.00	288,305.00	ABDUL SALAM
SUZUKI ALTO ATT-389	638,800.00	231,757.00	407,043.00	450,000.00	42,957.00	ABDUL SALAM
SUZUKI MEHRAN AXK-378	577,000.00	75,010.00	501,990.00	525,000.00	23,010.00	ABDUL SALAM
SUZUKI ALTO AUC-915	644,860.00	257,944.00	386,916.00	640,000.00	253,084.00	ABDUL SALAM
TOYOTA ALTISS AMH-927	1,309,000.00	967,998.00	341,002.00	700,000.00	358,998.00	SHAHID BASHIR
HONDA CITY ASX-650	1,375,090.00	701,846.00	673,244.00	800,000.00	126,756.00	SHAHID BASHIR
HONDA CITY AGL-277	795,000.00	649,765.00	145,235.00	325,000.00	179,765.00	UZAIR
HONDA CITY AFK-420	845,000.00	713,944.00	131,056.00	300,000.00	168,944.00	UZAIR
SUZUKI MEHRAN ATY-634	492,350.00	156,239.00	336,111.00	750,000.00	413,889.00	UZAIR
HONDA CIVIC AFZ-542	1,197,500.00	993,914.00	203,586.00	475,000.00	271,414.00	UZAIR
HONDA CITY AUK-164	923,115.00	533,244.00	389,871.00	885,000.00	495,129.00	UZAIR
SUZUKI MEHRAN AVW-665	479,220.00	166,130.00	313,090.00	390,349.00	77,259.00	ORIX LEASING PAKISTAN LTD
SUZUKI MEHRAN AVW-320	531,740.00	184,337.00	347,403.00	432,527.00	85,124.00	ORIX LEASING PAKISTAN LTD
SUZUKI ALTO AVW-462	687,280.00	292,902.00	394,378.00	557,440.00	99,062.00	ORIX LEASING PAKISTAN LTD
HONDA CITY AVK-571	1,532,650.00	564,696.00	967,954.00	1,236,347.00	268,393.00	ORIX LEASING PAKISTAN LTD
TOYOTA COROLLA AMH-928	1,309,000.00	974,313.00	334,687.00	750,000.00	415,313.00	MUNIR HUSSAIN
HONDA CITY ATT-739	1,274,090.00	565,809.00	708,281.00	1,100,000.00	391,719.00	IRFAN ALI
MACHINERY						
SEWING MACHINE	944,461.00	47,223.00	897,238.00	670,000.00	(227,238.00)	MUKHTAR
STEEL ADJUSTING RACKS	5,003,486.00	41,696.00	4,961,790.00	5		

AL-ABID SILK MILLS LIMITED

	Jun 2013 Rupees	Jun 2012 Rupees
18 STORES AND SPARES		
Stores	7,384,167	9,270,992
Spares	<u>88,455,134</u>	<u>138,807,312</u>
	<u>95,839,301</u>	<u>148,078,304</u>
Stores and spares do not include any major spare parts which may be categorized under the Property, Plant and Equipment.		
19 STOCK IN TRADE		
Raw materials		
In hand	36,579,167	374,109,318
Bonded warehouse	<u>2,223,815</u>	<u>11,071,919</u>
	<u>38,802,982</u>	<u>385,181,237</u>
Work-in-process	50,658,612	1,462,226,907
Finished goods	<u>17,399,680</u>	580,539,260
	<u>106,861,274</u>	<u>2,427,947,404</u>
The company had carried out valuation to ascertain market value of its Inventory during the year which resulted in a reduction by Rs. 2,456,582,246. The valuation was determined by the independent valuer M/s. Anjum Adil & Associates on the basis of prevailing market rates on June 30, 2012.		
20 TRADE DEBTS		
Considered good		
Secured	20.1 1,699,660	92,926,579
Unsecured	<u>56,936,160</u>	<u>32,713,492</u>
	<u>58,635,820</u>	<u>125,640,071</u>
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	471,003	552,651
Against import expenses	1,317,152	5,209,921
Advances to suppliers, contractors and others - unsecured	<u>14,356,440</u>	<u>15,311,927</u>
	<u>16,144,595</u>	<u>21,074,499</u>
22 TRADE DEPOSITS AND PREPAYMENTS		
Trade deposits - unsecured and considered good	7,811,810	12,907,365
Prepayments	-	2,381,326
	<u>7,811,810</u>	<u>15,288,691</u>
23 OTHER RECEIVABLES		
Duty drawback	188,055,265	265,526,939
Research and development support	4,325,164	4,325,164
Insurance claim receivable	-	932,771
	<u>192,380,429</u>	<u>270,784,874</u>
24 TAX REFUNDS DUE FROM GOVERNMENT		
Sales tax	61,065,564	72,393,811
Income tax	<u>5,639,213</u>	<u>6,699,546</u>
	<u>66,704,777</u>	<u>79,093,357</u>
25 CASH AND BANK BALANCES		
Cash in hand	56,569	120,409
Cash at Banks		
- Current account	5,687,483	36,990,616
- Saving account	-	1,961,443
- Term deposit	<u>4,128,698</u>	<u>6,216,584</u>
	<u>9,816,181</u>	<u>45,168,643</u>
	<u>9,872,750</u>	<u>45,289,052</u>

AL-ABID SILK MILLS LIMITED

	Jun 2013 Rupees	Jun 2012 Rupees
26 SALES AND SERVICES		
Sales		
Export sales	1,795,813,920	6,969,430,731
Local sales	321,161,544	216,045,205
	2,116,975,464	7,185,475,936
Services		
Cloth Processing - Printing and dyeing	640,332,378	370,702,853
	2,757,307,842	7,556,178,789
27 COST OF SALES		
Cost of materials consumed	27.1 1,263,741,948	7,509,407,189
Salaries and wages	191,113,502	324,218,771
Manufacturing overhead	27.2 1,064,455,046	1,292,750,575
	2,519,310,496	9,126,376,535
Work - in- process		
Opening stock	1,462,226,907	3,423,437,015
Closing stock	(50,658,612)	(1,462,226,907)
	1,411,568,295	1,961,210,108
Cost of goods manufactured	3,930,878,791	11,087,586,643
Finished goods		
Opening stock	580,539,260	502,619,994
Closing stock	(17,399,680)	(580,539,260)
	563,139,580	(77,919,266)
	4,494,018,371	11,009,667,377
Less : Duty drawback	17,303,956	64,236,296
	4,476,714,415	10,945,431,081
27.1 Cost of Materials Consumed		
Dyes and chemicals	315,760,182	591,951,027
Production stores and packing material	173,487,354	506,786,787
Grey cloth	694,963,500	6,282,766,783
Wadding materials	2,945,253	17,054,827
Flock materials	76,585,659	110,847,765
	1,263,741,948	7,509,407,189
27.2 Manufacturing Overhead		
Insurance premium	22,654,122	43,904,408
Repairs and maintenance	94,012,350	135,885,850
Rent, rates and taxes	17,387,424	66,484,862
Heat, light and power	254,261,732	399,290,679
Water consumption charges	51,743,056	53,601,805
Service charges	74,802,191	308,559,351
Checking, mending and rolling charges	4,685,370	23,215,679
Coolie, cartage and freight	44,429,568	118,047,220
Depreciation	17.2 500,479,233	143,760,721
	1,064,455,046	1,292,750,575

AL-ABID SILK MILLS LIMITED

	Jun 2013 Rupees	Jun 2012 Rupees
28 DISTRIBUTION COST		
Salaries and benefits	20,896,589	44,902,524
Packing and forwarding	25,392,888	83,384,984
Commission and brokerage	17,397,650	38,876,130
Samples, lab testings and other charges	3,388,944	33,908,575
Traveling	2,339,337	36,181,937
Publicity	2,405,820	35,746,500
Postage, courier and stamps	2,609,883	11,586,042
Entertainment	313,953	2,303,681
Export development tax	4,471,222	17,688,967
	79,216,286	304,579,340
29 ADMINISTRATIVE EXPENSES		
Directors' remuneration	15,900,000	15,900,000
Salaries and benefits	64,890,841	119,860,929
Staff welfare	7,691,601	7,166,094
Heat, light and power	28,251,304	44,365,631
Car maintenance	8,121,899	25,815,021
Conveyance	253,433	495,671
Entertainment	2,464,240	2,027,667
Printing and stationery	2,263,863	7,044,056
Communication	5,435,268	10,048,061
Legal and professional	21,991,661	18,097,453
Auditors' remuneration	29.1 850,000	750,000
Advertisement	415,650	613,700
Subscription and fees	1,807,096	2,147,105
Insurance premium	4,781,606	8,834,327
Service contracts	844,985	374,440
Repairs and maintenance	2,511,535	5,619,562
Miscellaneous	356,409	827,131
Depreciation	20,992,745	18,259,739
	189,824,135	288,246,587
29.1 Auditors' remuneration		
Audit fee	600,000	600,000
Fee for half yearly review	125,000	125,000
Fee for tax services	100,000	-
Out of pocket expenses	25,000	25,000
	850,000	750,000
30 OTHER INCOME		
Income from financial assets / liabilities		
Profit on PLS deposits	145,968	252,638
Income from non-financial assets / liabilities		
Sales of scrap	4,415,058	1,470,116
Waiver of trade liabilities	294,193,159	-
Gain on disposal of property, plant and equipment	15,941,523	6,035,499
	314,695,708	7,758,253

AL-ABID SILK MILLS LIMITED

	Jun 2013 Rupees	Jun 2012 Rupees
31 FINANCE COST		
Bank charges, mark-up and commission	104,176,103	199,848,381
Mark-up on FATR account	-	119,780,134
Mark-up on short term running finance	25,400,097	77,929,504
Mark-up on export refinance loans	-	267,088,325
Lease finance charges	5,333,491	8,143,699
Mark-up on long term loan	-	2,922,072
Interest on US Dollar Loan	-	3,435,959
Interest on W.P.P.F	1,721,912	1,187,870
	136,631,603	680,335,944

32 TAXATION			
Current	32.1	22,838,773	76,420,396
Prior year charge		-	1,758,762
Deferred Tax	32.2	-	-
		22,838,773	78,179,158

32.1 Provision for current income tax represents final tax on export sales under section 169 and minimum tax on local sales under section 113 of income tax ordinance 2001. It is impractical to prepare the tax charge reconciliation for the year as income is subject to minimum tax.

32.2 Deferred tax accounting apply to the Company because its income is now covered under FTR and NTR both due to local sales and services.

33 EARNINGS PER SHARE - BASIC & DILUTED

33.1 Basic loss per share			
Total comprehensive loss for the year	Rupees	(1,588,745,529)	(4,732,835,068)
Weighted average number of shares	Number	13,409,550	13,409,550
Basic loss per share	Rupees	(118.48)	(352.95)

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

AL-ABID SILK MILLS LIMITED

34 TRANSACTIONS WITH RELATED PARTIES

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

	2013 Rupees	2012 Rupees
<u>Al-Abid Exports (Private) Limited (Associated Company)</u>		
Processing services rendered & Goods Sold	11,670,562	7,225,481
Rent & Electricity Expense	10,050,615	27,936,000
Outstanding balance - payable	(21,953,567)	(1,511,472)

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

35 REMUNERATION OF DIRECTORS & EXECUTIVES

	CHIEF EXECUTIVE		DIRECTOR		EXECUTIVES	
	2013	2012	2013	2012	2013	2012
----- Rupees -----						
Basic	6,363,636	6,363,636	3,272,727	3,272,727	26,251,415	38,082,247
House rent	2,863,636	2,863,636	1,472,727	1,472,727	7,117,562	17,137,010
Other allowances and perquisites	1,272,728	1,272,728	654,546	654,546	3,163,364	3,830,769
	10,500,000	10,500,000	5,400,000	5,400,000	36,532,341	59,050,026
Number of persons	1	1	1	1	18	42

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

35.2 Aggregate amount charged in the accounts for Board Meeting fee to non - executive Directors is Rs.54,000 (2012: Rs.50,000).

35.3 Outstanding salaries payable to Chief Executive and Director was Rs. 2,625,000 and 1,350,000 respectively at the end of the year.

36 CAPITAL RISK MANAGEMENT

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

AL-ABID SILK MILLS LIMITED

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:

	2013		2012	
	Rupees	US Dollar	Rupees	US Dollar
Trade debts	1,699,660	17,203	92,926,579	986,482
Short term borrowing	-	-	115,838,230	1,229,705
Accrued Mark Up on borrowing	-	-	1,523,398	16,172
Net exposure	<u>1,699,660</u>	<u>17,203</u>	<u>210,288,207</u>	<u>2,232,359</u>

The following significant exchange rates have been applied:

	Average Rate		Reporting date rate	
	2013	2012	2013	2012
	------(Rupees)-----			
Rs. against 1 US Dollar	<u>94.91</u>	<u>88.79</u>	<u>98.8 / 98.6</u>	<u>94.2 / 94</u>

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	2013 Rupees	2012 Rupees
US Dollar	<u>169,966</u>	<u>21,028,821</u>

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:

	2013 Rupees	2012 Rupees
Financial assets		
Term Deposit Receipts	<u>4,128,698</u>	<u>6,216,584</u>
Financial liabilities		
Long term Loans	<u>27,488,521</u>	<u>27,488,521</u>
Liabilities against assets subject to finance lease	<u>49,090,349</u>	<u>65,710,323</u>
Short term finances	<u>5,065,814,155</u>	<u>5,157,323,419</u>
	<u>5,142,393,025</u>	<u>5,250,522,263</u>

Sensitivity analysis

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

AL-ABID SILK MILLS LIMITED

	2013	2012
	Rupees	Rupees
Effect on Profit before tax	<u>51,964,576</u>	<u>12,196,463</u>

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:

	2013	2012
	Rupees	Rupees
Loans and receivables		
Long term security deposit	1,946,645	1,946,645
Trade debts	58,635,820	125,640,071
Loans and advances	16,144,595	21,074,499
Trade deposits and prepayments	7,811,810	15,288,691
Other receivables	192,380,429	270,784,874
Tax refunds due from government	66,704,777	79,093,357
Cash and bank balances	9,872,750	45,289,052
	<u>353,496,826</u>	<u>559,117,189</u>

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

	2013	2012
	Rupees	Rupees
United State of America and Canada	-	25,374,149
Europe	1,699,660	67,552,430
Pakistan	56,936,160	32,713,492
	<u>58,635,820</u>	<u>125,640,071</u>

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

	2013	2012
	Rupees	Rupees
Not past due	22,623,159	124,868,516
Past due 0-60 days	18,961,954	771,555
Past due 61 and above	17,050,707	215,719
	<u>58,635,820</u>	<u>125,855,790</u>

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

AL-ABID SILK MILLS LIMITED

Company's banks balances can be assessed with reference to the following credit ratings of the banks assessed by reputable credit agencies as of June 30, 2013:

	<u>Short-term</u>	<u>Short-term</u>
Local banks	AAA to AA-	A1+ to A1
Foreign banks	F1+ / P1 to F1 / P1	AA- / A1 to A / A2

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	2013			
	Carrying Amount	Contractual Cash Flows	Less Than 01 Year	More Than 01 Year
	-----Rupees-----			
Long term loan from banks	27,488,521	28,958,627	28,958,627	-
Liabilities against assets -subject to finance lease	49,090,349	73,932,708	48,913,639	25,019,069
Trade and other payables	1,071,878,543	1,071,878,543	1,071,878,543	-
Accrued markup	240,815,938	240,815,938	240,815,938	-
Short term finances	5,065,814,155	5,065,814,155	5,065,814,155	-
	6,455,087,506	6,481,399,971	6,456,380,902	25,019,069

Financial Liabilities At Amortized Cost	2012			
	Carrying Amount	Contractual Cash Flows	Less Than 01 Year	More Than 01 Year
	-----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

AL-ABID SILK MILLS LIMITED

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 76.78% (2012 : 95.09%) of the sales of the Company.

65.13% (2012 : 92.23%) 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 45.57% (2012: 63.79%) of sales of the Company for the year.

39 NUMBER OF EMPLOYEES

	2013 Number	2012 Number
Number of employees at the end of the year	739	1,662
Number of average employees during the year	1,009	2,074

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, 2013.

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	Rupees
Short Term Finance	Liability	Bills payable under letters of credit	From banks and financial institutions - Secured	1,404,948,353

Naseem A. Sattar
Chief Executive Officer

Azim Ahmed
Director

AL-ABID SILK MILLS LIMITED

AL-ABID SILK MILLS LTD Key Operating and Financial Data

Profit and Loss	2013	2012	2011	2010	2009	2008
	-----Rupees in million-----					
Sales and services	2,757	7,556	10,482	10,827	9,101	5,496
Gross Profit	(1,719)	(3,389)	1,340	1,320	1,312	682
Profit from Operations	(1,674)	(3,974)	733	663	573	428
Profit before taxation	(1,810)	(4,655)	185	209	137	95
Profit after taxation	(1,833)	(4,733)	78	99	45	39
Balance Sheet						
Property, plant and equipment	5,262	5,804	2,053	2,199	2,221	2,300
Long term security deposit	1.95	1.95	1.95	1.95	1.89	1.95
Net current assets	(5,884)	(4,703)	(96)	(334)	(430)	(401)
Total assets employed	(620)	1,959	1,867	1,867	1,793	1,900
Represented by:						
Share Capital	134	134	134	96	96	96
Reserves	(5,188)	(3,599)	1,134	960	869	831
Shareholders' equity	(5,054)	(3,465)	1,268	1,056	965	927
Surplus on revaluation -of fixed assets	3,594	4,322	515	555	555	555
Long term Financing	805	193	120	206	232	387
Deferred liabilities	34	53	57	50	41	31
Total capital employed	(620)	1,959	1,867	1,867	1,793	1,900
Cash Flow Statement						
Operating activities	(211)	27	3	309	348	261
Investing activities	37	(99)	(58)	(148)	(98)	(198)
Financing activities	139	80	28	(133)	(225)	(95)
Cash & cash equivalents -at beginning of the year	45	37	64	36	11	43
Cash & cash equivalents -at end of the year	10	45	37	64	36	11
Dividend (%age)	-	-	-	7.5%	7.5%	7.5%
Debt-equity ratio						
Debt	0.09	0.06	0.06	0.11	0.13	0.21
Equity	0.91	0.94	0.94	0.89	0.87	0.79

AL-ABID SILK MILLS LIMITED

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2013

NUMBER OF SHARE HOLDERS	SHARE HOLDERS			TOTAL SHARES
507	1	-	100	20,218
129	101	-	500	23,247
17	501	-	1,000	11,914
17	1,001	-	100,000	128,932
12	100,001	-	1,000,000	3,085,529
2	1,000,001	-	3,000,000	2,624,548
1	3,000,001	-	8,000,000	7,515,162
685	TOTAL			13,409,550

CATEGORIES OF SHARE HOLDERS	NO. OF SHARE HOLDERS	SHARES HELD	PERCENTAGE
1. INDIVIDUALS	669		
HOLDING MORE THAN 10%		1,479,361	11.032%
HOLDING LESS THAN 10%		992,502	7.401%
2. FINANCIAL INSTITUTIONS	8		
NATIONAL BANK OF PAKISTAN-TRUSTEE DEPARTMENT NI(U)T FUND		1,145,187	8.540%
NATIONAL BANK OF PAKISTAN		584,313	4.357%
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND		108,370	0.808%
THE BANK OF PUNJAB		243,841	1.818%
FAYSAL BANK LIMITED		161,899	1.207%
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%
MR. AZIM AHMED		479,818	3.579%
MST. ADIA NASEEM		328,322	2.449%
MRS. SADAF NADEEM		132,281	0.987%
S.M. JAWED AZAM		500	0.005%
MR. QAMAR MASHKOOR		500	0.005%
MR. MUHAMMAD SAHIB HAFEEZ		500	0.005%
TOTAL	685	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. _____

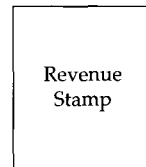
hereby appoint _____ Folio No. _____

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 31st October, 2013 and at any adjournment thereof.

Singed this _____ day of _____ 2013



(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.

