

AL-ABID

SILK MILLS LIMITED

48th ANNUAL REPORT
2016

48th ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2016

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COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. S.M. Jawed Azam Mr. Naseem A. Sattar Mr. Azim Ahmed Mr. Qamar Mashkooor 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. Nasim Ahmed	
AUDIT COMMITTEE	Mr. Qamar Mashkooor 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 Mashkooor	Chairman Member Member
AUDITORS	Muniff Ziauddin & Co., Chartered Accountants	
REGISTRARS	Jwaffs Registrar Services (Pvt) Ltd. Room # 407-408, 4th Floor, Al-Ameera Centre, Shahrah-e-Iraq, Saddar, 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 Orix Leasing Pakistan Ltd. 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 48th Annual General meeting of the Shareholders of the Company will be held at the premises of Al-Abid Silk Mills Limited at A-29/B, S.I.T.E., Manghopir Road, Karachi, on Tuesday, October 25, 2016 at 03:30 p.m. to transact the following business:

1. To confirm the Minutes of the last Annual General Meeting of the Company held on 30th October, 2015.
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, 2016.
3. To appoint statutory Auditors for the year 2016-2017 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

(NASIM AHMED)
Company Secretary

Karachi: September 30, 2016

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 17, 2016 to October 25, 2016 (both days inclusive).
2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the time of meeting.
3. Members are requested to promptly notify the Company of any change in their address.

CDC Account Holders will further have to follow the under mentioned guidelines as laid down in circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting:

- i) In case of individuals, the account holder or sub-account holder and/or the persons whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or, original passport at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her 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.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors presents the 48th Annual Report and the Audited Financial Statement of the Company for the year ended June 30, 2016.

Due to the extensive maintenance and revamping of the plant, the production could not be started yet as the import of parts etc has been quite time consuming. However the plant is now actually ready for production.

RESCHEDULING OF CREDIT FACILITIES WITH BANKS

The company has a history of over 40-years with most of the banks. We are continuously discussing with the banks for their support in form of restructuring. In the presence of banks and DFI recovery suits, the discussions are lengthy and are time consuming, but we are hopeful that we will get support of the banks because of our very long term history with the banks and we are confident that they are keeping our past performance in mind. It may be some time consuming but we feel confident that the bank(s) will extend their support keeping in view our past performance where our exports were exceeding over \$100Million a year and we were having more than 7000 workers on our payroll and contract workers. The company is a national asset which has been enjoying internationally excellent reputation. We are sure all these factors will be in consideration of the banks.

FUTURE OUTLOOK

Once we are in smooth production, we expect our international customers to come back for the product(s) produced by the company which were also considered to be the highest standard. At the same time, Pakistan's own internal market is also expanding. Once we are in full swing production and due to our extensive maintenance which will enhance our efficiency, we are confident to capture a sizeable share of country's internal market.

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, 2016.

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.

AL-ABID SILK MILLS LIMITED

- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of Financial Statements.
- The Board is responsible for the Company's system of internal control and reviewing its effectiveness. The Board considers that the Company's system of internal control is sound and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Key operating and financial data for last six years in summarized form is also enclosed in the annual report.

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

During the year 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	4
Mr. Azim Ahmed	6	2
Mr. Qamar Mashkoor	6	2
Mr. Muhammad Sajid Hafeez	6	2
Syed Raza Abbas Jafferri	6	4
Mst. Adia Naseem	6	1
Mrs. Sadaf Nadeem	6	2

AUDIT COMMITTEE:

Size and Composition:

For the financial year ended June 30, 2016, the audit committee comprised the following three directors, all are Non Executive Directors:

1.	Mr. Qamar Mashkoor	Chairman
2.	Mr. S.M.Jawed Azam	Member
3.	Mr. Muhammad Sajid Hafeez	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.

AUDITORS:

M/s Muniff Ziauddin & Co., Chartered Accountants have retired and being eligible 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, 2017.

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. 50.99 (2015: Rs.40.01)

ACKNOWLEDGMENT

In the end, your Directors are pleased to appreciate for the services rendered by the workers, staff and executives of the company and look forward for their continued hard work with full dedication. We also thank all our well wishers and valued shareholders.

Thanking to all of you.

For and on behalf of the Board of Directors

September 30, 2016

(NASEEM A. SATTAR)
Chief Executive

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2016

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

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

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

Category	Names
Independent Director	Mr. Qamar Mashkoor
	Mr. Muhammad Sajid Hafeez
Executive Directors	Mr. Naseem A. Sattar
	Mr. Azim Ahmed
Non-Executive Director	Mr. S.M. Jawed Azam
	Syed Raza Abbas Jaffery (Nominee NIT)
	Mst. Adia Naseem
	Mrs. Sadaf Nadeem

The independent directors meets the criteria of independence under clause 5.19.1 (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 personally and none of them being a member of a stock exchange, has been declared as a defaulter by that stock exchange. However the Company has defaulted in payment of/markup of various banks.
4. No casual vacancy occurred in the Board 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.
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 director's 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 3 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 3 members, of whom 2 are non-executive directors and the chairman of the committee is a non-executive director.
18. The board has set up an effective internal audit function.
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 exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board of Directors

Naseem A. Sattar
Chief Executive Officer

Karachi: September 30, 2016

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **AL-ABID SILK MILLS LIMITED (the Company)** for the year ended June 30, 2016, to comply with the Code contained in regulation No. 5.19 of the Rule Book of Pakistan Stock Exchange Limited.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of 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 of Director'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.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2016

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the note reference where these are stated in the Statement of Compliance:

Note reference	Description
---------------------------	--------------------

- | | |
|---|---|
| 9 | The Board has not made arrangements to carry out orientation courses on the 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. |
|---|---|

Karachi: September 30, 2016

**MUNIFF ZIAUDDIN & CO.
CHARTERED ACCOUNTS
(Sohail Saleem)**

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Al-Abid Silk Mills Limited** as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, 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 except for the matter described in paragraph (iii), (iv), (vi) and (vii) below 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.

Except for the matters described in paragraphs (iii) to (vii) below, 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, 2016 the company sustained after tax loss of Rs. 684 million (2015: 536 million) and its accumulated loss stood at Rs. 6,626 million which has eroded its equity to an adverse balance of Rs. 6,119 million before surplus on revaluation of fixed assets of Rs. 2,883 million and, as of that date Company's current liabilities exceeded its current assets by Rs. 6,344 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 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, all lenders have gone into litigation for repayment of liabilities and sale of the company's hypothecated/mortgaged properties.
- (iii) The net book value of property, plant and equipment as at 30th June 2016 amounts to 3,997 million (2015: 4,375 million). Due to absence of revenue during the year and recurring yearly losses, the company should perform impairment testing of its property, plant and equipment. As at June 30, 2016, the company did not perform impairment testing of its property, plant and equipment in accordance with the requirement of IAS 36 - Impairment of Assets. We were unable to quantify the effect of potential impairment, if any, of property, plant and equipment.
- (iv) we have not received direct bank confirmations from the banks and financial institutions for short term loans amounting to Rs. 5,035 million as mentioned in note 16 and for bank balances of Rs. 9.3 million as mentioned in note 26 to the financial statements. Moreover, we have also not received direct confirmations from trade and other creditors amounting to Rs. 948 million and various leasing companies amounting to Rs. 67 million.

- (v) as mentioned in note 1.1 to the financial statements, the Company has not recorded markup on finances obtained from banks amounting to Rs. 412 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 year would have been higher by Rs. 412 million and accumulated loss and mark-up payable would have been higher by Rs. 412 million and shareholders' equity would have been lower by the same amount.
- (vi) the interest free long term loan from director amounting to Rs. 480 million (2015: Rs. 466 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 amortised cost as appropriate with an impact on income through profit and loss account, the amount of which has not been determined by the company.
- (vii) the Company has not carried out actuarial valuation, as required by International Accounting Standard – 19 Employee Benefits, in respect of staff retirement benefits payable to employees.
- (viii) 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.
- (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:
- 1 except for the effects of the matters referred to in paragraphs (i) to (viii) 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;
 - 2 the expenditure incurred during the year was for the purpose of the Company's business; and
 - 3 the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) Due to the significance of the matters referred to in paragraphs (i) to (viii) above, in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof do not conform with approved accounting standards as application in Pakistan and, do not give the information required by the Companies Ordinance, 1984, in the manner so required and do not give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the loss, its changes in equity and cash flows for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Karachi: September 30, 2016

MUNIFF ZIAUDDIN & CO.
CHARTERED ACCOUNTS
(Sohail Saleem)

AL-ABID SILK MILLS LIMITED

BALANCE SHEET AS AT

	Note	June 2016	June 2015 (Rupees) Restated	June 2014 Restated
EQUITY & LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorised capital				
20,000,000 Ordinary Shares of Rs. 10/- each		200,000,000	200,000,000	200,000,000
Issued, subscribed and paid-up capital	5	134,095,500	134,095,500	134,095,500
Reserves				
Capital reserve		372,834,000	372,834,000	372,834,000
Accumulated loss		(6,625,919,544)	(6,158,059,970)	(5,858,957,711)
		(6,253,085,544)	(5,785,225,970)	(5,486,123,711)
Shareholder's equity		(6,118,990,044)	(5,651,130,470)	(5,352,028,211)
Surplus on revaluation of fixed assets	6	2,882,728,955	3,098,635,250	3,336,079,559
LIABILITIES				
NON- CURRENT LIABILITIES				
Loan from director - unsecured	7	479,973,754	466,018,754	445,768,754
Long term loan from banks	8	-	-	-
Liabilities against assets subject to finance lease	9	-	-	-
Deferred Taxation	10	403,622,687	404,503,865	399,993,045
Retirement benefits	11	7,358,935	14,265,760	22,384,770
		890,955,376	884,788,379	868,146,569
CURRENT LIABILITIES AND PROVISIONS				
Trade and other payables	12	948,467,879	1,027,500,898	1,014,878,695
Advance from I.B.L	13	401,873,719	32,907,270	-
Accrued markup	14	240,815,938	240,815,938	240,815,938
Current maturity of long term loans - and Lease Liability	15	67,118,820	67,118,820	73,072,920
Short term finances	16	5,034,787,523	5,034,787,523	5,034,787,523
		6,693,063,879	6,403,130,449	6,363,555,076
CONTINGENCIES AND COMMITMENTS	17			
		4,347,758,166	4,735,423,608	5,215,752,993

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive Officer

AL-ABID SILK MILLS LIMITED

JUNE 30, 2016

	Note	June 2016 -----	June 2015 (Rupees) ----- Restated	June 2014 ----- Restated
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	18	3,996,787,353	4,374,712,766	4,801,771,325
Long term security deposit		1,946,645	1,946,645	1,946,645
CURRENT ASSETS				
Stores and spares	19	68,104,429	81,492,512	89,886,713
Stock in trade	20	16,370,969	18,189,966	30,997,375
Trade debts	21	2,511,539	8,142,154	33,643,479
Loans and advances	22	7,464,576	9,330,612	12,392,083
Trade deposits and prepayments	23	6,311,810	6,311,810	7,811,810
Other receivables	24	165,053,621	165,167,887	170,493,463
Tax refunds due from government	25	73,902,594	59,817,553	58,471,592
Cash and bank balances	26	9,304,629	10,311,703	8,338,508
		349,024,168	358,764,197	412,035,023
		<u>4,347,758,166</u>	<u>4,735,423,608</u>	<u>5,215,752,993</u>

Director

AL-ABID SILK MILLS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
Sales and services	27	-	246,638,730
Cost of sales	28	713,508,858	719,997,631
Gross loss		(713,508,858)	(473,358,901)
Operating expenses			
Distribution cost	29	-	6,982,815
Administrative expenses	30	44,438,015	60,768,690
		44,438,015	67,751,505
		(757,946,873)	(541,110,406)
Other income	31	73,393,151	9,347,609
Loss from operations		(684,553,722)	(531,762,797)
Finance cost	32	93,325	272,951
Loss before taxation		(684,647,047)	(532,035,748)
Taxation - net	33	(881,178)	4,510,820
Loss after taxation		(683,765,869)	(536,546,568)
Loss per share - basic and diluted	34	(50.99)	(40.01)

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive Officer

Director

AL-ABID SILK MILLS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2016

	2016 Rupees	2015 Rupees Restated
Loss after taxation	(683,765,869)	(536,546,568)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation- net of tax	215,906,295	273,407,471
Total comprehensive Loss	<u>(467,859,574)</u>	<u>(263,139,097)</u>

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive Officer

Director

AL-ABID SILK MILLS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

	2016 Rupees	2015 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(684,647,047)	(532,035,748)
Adjustments for:		
Depreciation	376,046,572	418,841,695
Provision for gratuity	246,000	110,000
Provision for obsolete items	7,567,159	-
Provision for obsolete stock	1,818,997	-
Provision for doubtful debts	189,041	-
Gain on reversal of financial liability	(71,312,609)	-
Gain on disposal of property, plant and equipment	(2,080,542)	(9,283,173)
	312,474,617	409,668,522
Decrease / (Increase) in current assets:		
Stores and spares	5,820,924	8,394,201
Stock in trade	-	12,807,409
Trade debtors	5,441,574	25,501,325
Loan and advances	1,866,036	3,061,471
Trade deposits and prepayments	-	1,500,000
Other receivables	114,266	5,325,576
Tax refunds due from government	(14,017,336)	138,680
	(774,536)	56,728,662
Increase / (Decrease) in current liabilities:		
Trade and other payable	(7,720,410)	12,622,203
Advance from IBL	368,966,449	32,907,270
	361,246,039	45,529,473
Cash used in generated from operations	(11,700,927)	(20,109,091)
Taxes paid	(67,705)	(1,484,641)
Staff gratuity paid	(7,152,825)	(8,229,010)
Net cash outflow from operations	(18,921,457)	(29,822,742)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of fixed assets	3,959,383	17,500,037
Net cash generated from investing activities	3,959,383	17,500,037
CASH FLOW FROM FINANCING ACTIVITIES		
Loan from director	13,955,000	20,250,000
Payments of obligation under finance lease	-	(5,954,100)
Net cash inflow from financing activities	13,955,000	14,295,900
Net (decrease) / increase in cash and cash equivalents	(1,007,074)	1,973,195
Cash and cash equivalents at the beginning of the year	10,311,703	8,338,508
Cash and cash equivalents at the end of the year	9,304,629	10,311,703

Chief Executive Officer

Director

AL-ABID SILK MILLS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2016

	Share Capital	Capital Reserve	Accumulated Loss	Total
	Rupees			
Balance as at June 30, 2014 restated	134,095,500	372,834,000	(5,858,957,711)	(5,352,028,211)
Loss after tax for the year ended June 30, 2015	-	-	(536,546,568)	(536,546,568)
Other Comprehensive Income				
-Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	273,407,471	273,407,471
Correction of error	-	-	(35,963,162)	(35,963,162)
Balance as at June 30, 2015 restated	134,095,500	372,834,000	(6,158,059,970)	(5,651,130,470)
Loss after tax for the year ended June 30, 2016	-	-	(683,765,869)	(683,765,869)
Other Comprehensive Income				
-Transfer from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	215,906,295	215,906,295
Balance as at June 30, 2016	134,095,500	372,834,000	(6,625,919,544)	(6,118,990,044)

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive Officer

Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016****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 Pakistan Stock Exchange Limited. The registered office is located at A-39, S.I.T.E., Manghopir Road, Karachi. The Company is principally engaged in manufacturing and processing of various kinds of fabrics and export of printed and dyed cloth, bed sets and other textile made-ups. The manufacturing facilities of the Company are located at Karachi.

1.1 GOING CONCERN ASSUMPTIONS

As a result of constant losses, the company's equity is in negative by Rs. 6.119 billion while the reported current liabilities (since partly under litigation) have exceeded to current assets of the company by Rs. 6.334 billion. However, the company has undertaken various steps in order to turn around the company. The brief update on these steps is given below:

(i) Revamping the plant and recapturing market

The Company has recently been engaged in extensive maintenance and revamping of the plant due to which the production could not yet be started as the import of parts etc has been quite time consuming. However the plant is now actually ready for production.

Once in smooth production, the Company expects the international customers to come back for the product(s) produced by the Company which were also considered to be of the highest standard. At the same time, Pakistan's own internal market is also expanding. Once the Company is in full swing production and due to the extensive maintenance which will enhance efficiency, the management is confident to capture a sizeable share of Country's internal market.

(ii) 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. Meanwhile, 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. 412 million as matter is under negotiations with the banks and DFIs.

(iii) During the year International Brand Limited (IBL) submitted proposal to the banks for restructuring and acquiring share holding in the Company. Pending this proposal IBL desired to enter into contract manufacturing of their goods in the company. For this purpose in pursuit to have the plant in full running condition to manufacture their contract goods as per their specification, IBL incurred initial mobilizing expenses under their supervision for repair and maintenance which is to be adjusted against generation of manufacturing of contract goods only, in the event settlement with banks is not reached. Manufacturing of contract goods so far has not started.

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, and fixed assets 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 New standards, interpretations and amendments to published approved accounting standards:

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

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

Standard, Interpretation or Amendment		Effective date (annual periods beginning on or after)
IFRS 2	Share-based Payment (Amendments)	January 1, 2018
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	January 1, 2016
IFRS 10	Consolidated Financial Statements (Amendments)	January 1, 2016
IFRS 11	Joint Arrangements (Amendments)	January 1, 2016
IFRS 12	Disclosure of Interests in Other Entities (Amendments)	January 1, 2016
IFRS 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 15	Revenue from Contracts with Customers	January 1, 2018
IFRS 16	Leases	January 1, 2019
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2016
IAS 7	Statement of Cash Flows (Amendments)	January 1, 2017
IAS 12	Income Taxes (Amendments)	January 1, 2017
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2016
IAS 19	Employee Benefits (Amendments)	January 1, 2016
IAS 27	Separate Financial Statements (Amendments)	January 1, 2016
IAS 28	Investments in Associates and Joint Ventures (Amendments)	January 1, 2016
IAS 38	Intangible Assets (Amendments)	January 1, 2016

The entity expects that the adoption of the above amendments and interpretations will not affect its financial statements in the period of initial application.

In addition to the above amendments and interpretations, improvements to the following accounting standards have also been issued by IASB. Such improvements are generally effective for accounting periods beginning on or after July 01, 2015.

Standard, Interpretation or Amendment	Effective date
IFRS 13 Fair value measurement	January 1, 2015

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Operating fixed assets

- (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 18.1.
- (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.

3.2 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 18.1.

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.

3.3 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.

3.4 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.

3.5 Stock-in-trade

- (i) These are valued at lower of cost and net realizable value.
- (ii) Cost in relation to raw materials in hand, packing materials and other components has been calculated on a weighted average basis and represents invoice values plus other charges paid thereon.
- (iii) Cost in relation to work in process and finished goods represents direct cost of materials, wages and appropriate manufacturing overheads.
- (iv) Raw materials held in custom bonded warehouse and stock-in-transit are valued at cost comprising of invoice value plus other charges accumulated up to the balance sheet date.
- (v) Net realizable value represents the estimated selling price in the ordinary course of business less all estimated costs necessary to completion and to be incurred in marketing, selling and distribution.

3.6 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.

3.7 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.

3.8 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.

3.9 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.

3.10 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.

3.11 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.

3.12 Dividend

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

3.13 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.

3.14 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.

3.15 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.

3.16 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.

3.17 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.

3.18 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'.

3.19 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. As per latest actuarial valuation carried out as at June 30, 2015, the value of scheme's liabilities are Rs. 7.36 million (2015: Rs. 14.27 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.

All actuarial gains and losses are recognised in 'other comprehensive income' as they occur. Previously actuarial gains / losses exceeding 10 percent of the higher of the present value of the defined benefit obligation and fair value of plan assets at the beginning of the year, were amortised over the expected average working lives of the employees participating in the plan.

3.20 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 and minimum tax.

(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.

3.21 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.

3.22 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.

3.23 Segment Reporting

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

3.24 Related Party Transactions

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

4.1 Property, Plant and Equipment

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

4.2 Income tax

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

4.3 Stores, Spare Parts and Stock in Trade

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

5	SHARE CAPITAL		Note	June 2016	June 2015
	June 2016 (Number of shares)	Jun 2015 (Number of shares)		Rupees	Rupees
	20,000,000	20,000,000			
	Authorised Capital				
	Ordinary shares of Rs. 10 each			200,000,000	200,000,000
	Issued, subscribed and paid up capital				
	8,713,900	8,713,900		87,139,000	87,139,000
	Ordinary shares of Rs. 10 each fully paid-up in cash				
	4,695,650	4,695,650		46,956,500	46,956,500
	Ordinary shares of Rs. 10 each issued as fully paid bonus shares				
	13,409,550	13,409,550		134,095,500	134,095,500
6	SURPLUS ON REVALUATION OF FIXED ASSETS				
	Balance at beginning of the year			3,433,882,161	3,738,290,484
	Less: Transferred to unappropriated profit on account of Incremental depreciation for the year			(273,988,385)	(304,408,323)
				3,159,893,776	3,433,882,161

AL-ABID SILK MILLS LIMITED

	Note	June 2016 Rupees	June 2015 Rupees
Less: related deferred tax of:			
- balance at beginning of the year		335,246,911	402,210,925
- incremental depreciation for the year		(25,163,011)	(31,000,852)
- effect of change in tax rate		(32,919,079)	(35,963,162)
- balance at end of the year		277,164,821	335,246,911
Balance at end of the year		2,882,728,955	3,098,635,250

6.1 During the financial year ended June 30, 2012 the Company revalued its 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.

The appraisal surplus arisen on this revaluation was credited to "Surplus on Revaluation Account" to comply with the requirements of Section 235 of the Companies Ordinance 1984. However, previously the effect of change in tax rate relating to deferred tax on revaluation surplus was not recorded as per requirements of IAS 12. This amount as a correction of error has been disclosed in this annual financial information.

As previously stated as at June 30, 2014	3,369,922,225
Effect of change in tax rate 2014	(33,842,666)
After restated as at June 30, 2014	3,336,079,559
As previously stated as at June 30, 2015	3,165,968,649
Effect of change in tax rate 2014	(33,842,666)
Effect of change in tax rate 2015	(33,490,733)
After restated as at June 30, 2015	3,098,635,250

7 LOAN FROM DIRECTOR - UNSECURED

	June 2016 Rupees	June 2015 Rupees
Balance at beginning of the year	466,018,754	445,768,754
Received during the year	13,955,000	20,250,000
	479,973,754	466,018,754

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	June 2016 Rupees	June 2015 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
					27,488,521	27,488,521
Less: Transfer to Current maturity				15	27,488,521	27,488,521
					-	-

8.1 These borrowings are denominated in Pak Rupees and are secured against exclusive charge over specific Plant & Machineries of the Company. As fully disclosed in note no. 17 the financial institutions have filed suits for the recovery of loan and the company is not accruing the markup as disclosed in note no 1 to the financial statements.

9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	June 2016 Rupees	June 2015 Rupees
Present value of minimum lease payments		39,630,299	39,630,299
Current maturity shown under current liabilities	15	(39,630,299)	(39,630,299)
		-	-

9.1 Payments under leases included financial charges at the rates ranging between 8% to 16.30% per annum. However, the company is not accruing the markup due to the reason as disclosed in note 1 to the financial statements. Leases carry purchase options at the end of the lease period. There are no financial restrictions in the lease agreements. As fully disclosed in note No. 17 various financial institutions have filed suit for the recovery of these loan.

AL-ABID SILK MILLS LIMITED

	June 2016 Rupees	June 2015 Rupees Restated
10 DEFERRED TAXATION		
Debit/(credit) balances arising from:		
Accelerated tax depreciation allowance	631,646,747	702,388,687
Revaluation Surplus	277,164,821	335,246,911
Provision for obsolete item	(2,421,491)	-
Provision for obsolete stock	(582,079)	-
Provision for doubtful debt	(60,493)	-
Liabilities against assets subject to finance lease	17,284,083	22,578,396
Provision for retirement benefits	(354,496)	(365,574)
Tax credit of unused tax losses	(519,054,405)	(655,344,555)
	403,622,687	404,503,865
11 RETIREMENT BENEFITS	7,358,935	14,265,760
11.1 Movement in net liability recognized in the Balance Sheet		
Liability at beginning of the year	14,265,760	22,384,770
Charge for the year	246,000	110,000
Benefits paid during the year	(7,152,825)	(8,229,010)
Liability at end of the year	7,358,935	14,265,760
11.2 Charge for the period / year		
Current service cost	246,000	110,000
12 TRADE AND OTHER PAYABLES		
Trade creditors	695,093,025	700,521,564
Other creditors	227,436,213	294,896,343
Accrued liabilities	5,510,465	10,894,471
Workers' profit participation fund	16,695,060	16,695,060
Advance from customers	785,717	785,717
Unclaimed dividend	108,310	108,310
Other liabilities	2,839,089	3,599,433
	948,467,879	1,027,500,898
13 ADVANCE FROM IBL		
This comprises of initial mobilizing expenses incurred by IBL as disclosed in note 1.1 for repair and maintenance to have the plant in full running condition.		
	June 2016 Rupees	June 2015 Rupees
14 ACCRUED MARKUP		
Export refinance loan & US Dollar loan	122,852,442	122,852,442
Liabilities against assets subject to finance lease	3,437,436	3,437,436
Long term loan	170,807	170,807
Short term loan	114,355,253	114,355,253
	240,815,938	240,815,938
15 CURRENT MATURITY OF LONG-TERM LOANS AND LEASE LIABILITY		
Long term Loans - Pak Oman Investment Company I & II	27,488,521	27,488,521
Liabilities against assets subject to finance lease	39,630,299	39,630,299
	67,118,820	67,118,820
16 SHORT TERM FINANCES		
From banks and financial institutions - Secured	5,034,787,523	5,034,787,523
16.1	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. 17 various banks have filed suit for the recovery of these loans.	

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	Note	June 2016 Rupees	June 2015 Rupees
17 CONTINGENCIES AND COMMITMENTS			
17.1 Contingencies			
Bank guarantee		79,834,000	79,834,000
17.1.1	The bank guarantees have been issued in favor of Sui Southern Gas Company Limited and others.		
17.1.2	The Sales Tax department has filed an appeal in the Honorable High Court of Sind on 23rd August, 2000 against the Order of the learned Appellate Tribunal Customs and Sales Tax for recovery of Additional Tax and Surcharge amounting to Rs. 3.449 million for the year 1992-93. No provision for this amount has been made in these accounts as the management of the Company is of the view that the decision of the Learned Appellate Tribunal Customs and Sales Tax given in favor of the Company will be successfully defended in the Honorable High Court.		
17.1.3	JS Bank Limited has filed suit No.B-42/2013 & B-76/2013 against the company for recovery of outstanding loan amounting to Rs. 335,105,083/-.		
17.1.4	United Bank Ltd has filed suit No. B-93 of 2012 against the company for recovery of outstanding loan amounting to Rs. 606,855,202/-.		
17.1.5	Habib Bank Limited has filed suit No. B-96 of 2012 against the company for recovery of outstanding loan amounting to Rs. 812,482,558/-.		
17.1.6	Pak-Oman Investment Co. Ltd. has filed suit No. 202 of 2013 has been decreed for an amount of Rs. 46,031,519/- against which Al-Abid Silk Mill Ltd has filled an appeal, also Pak Oman Investment Company Ltd has filed an appeal. Further, Al-Abid Silk Mills Limited has filed an appeal No. 1st appeal (I.A)4/2016 in connection with the damages against Pak Oman Investment Company Ltd.		
17.1.7	Meezan Bank Ltd. Suit No. B-58 of 2013 against the company for recovery of outstanding loan amounting to Rs. 546,667,987/-.		
17.1.8	Faysal Bank Ltd has filed suit no. B-80 of 2013 against the company for recovery of outstanding loan amounting to Rs. 763,724,270/-.		
17.1.9	Summit Bank Ltd. has filed Suit No. B-84 of 2013 against the Company for recovery of outstanding loan amounting to Rs. 433,796,294/-. The leave to defend has been granted.		
17.1.10	Bank of Punjab has filed suit No. B-95 of 2013 against the Company for recovery of outstanding loan amounting to Rs. 434,399,948/-.		
17.1.11	Pair Investment Co. Ltd has filed suit No. B-111 of 2013 against the Company for recovery of outstanding loan amounting to Rs. 171,460,949/-.		
17.1.12	Allied Bank Ltd. has filed suit No. B-49 of 2014 against the Company for recovery of outstanding loan amounting to Rs. 76,788,194/-.		
17.1.13	National Bank of Pakistan has filed suit no. B-66 of 2014 against the Company for recovery of outstanding loan amounting to Rs. 963,313,878/-.		
17.1.14	Orix Leasing has filed suit no 36/2015 against the Company for recovery of outstanding loan amounting to Rs. 19,481,004/-.		
17.1.15	Standard Chartered Bank (Pakistan) Ltd has filed suit no 04/2015 against the Company for recovery of outstanding loan amounting to Rs. 42,550,043/-.		
17.1.16	Pak Kuwait Investment Company has filed suit no 16/2015 against the Company for recovery of outstanding loan amounting to Rs. 26,811,180/-.		
17.1.17	Habib Metropolitan Bank Limited has filed suit no B-38/2015 against the Company for recovery of outstanding loan amounting to Rs. 773,496,075/-.		
	The outcome of above cases as referred in note 17.1.3 to 17.1.17 cannot be predicted and the management is vigorously contesting the case, however major amount has already been provided in financial statements.		
17.1.18	Various suppliers have filed the suits against the company and the outcome of the cases cannot be predicted but management is vigorously contesting the case.		
17.1.19	Various ex-workers filed suits for payment of their legal dues before the Authority under the Payment of Wages Act, West Division, Karachi. The company believes that there may not be any financial implications.		
17.2 Commitments:			
	There are no commitments as at year/period end. (2015: Nil).		

Particulars	Year 2015								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%	20%		
Owne Assets	Rupees								
Value / Cost as on Jul 01, 2014	606,379,400	1,076,211,650	3,529,756,658	135,011,047	42,060,400	198,654,563	31,123,988		5,619,197,706
Addition during the period	-	-	-	-	-	-	-		-
Deletion during the period	-	-	-	-	-	-	(22,392,846)		(22,392,846)
Transfer during the period	-	-	-	-	-	-	32,247,637		32,247,637
Cost as on June 30, 2015	606,379,400	1,076,211,650	3,529,756,658	135,011,047	42,060,400	198,654,563	40,978,779		5,629,052,497
Depreciation as on Jul 01, 2014	-	204,480,214	669,653,398	25,652,097	7,989,976	37,190,117	19,605,712		984,571,514
Charge for the period	-	87,130,621	286,010,327	10,935,895	3,407,044	16,146,446	3,205,842		406,836,175
Deletion during the period	-	-	-	-	-	-	(14,175,982)		(14,175,982)
Transfer during the period	-	-	-	-	-	-	21,957,707		21,957,707
Depreciation as on June 30, 2015	-	291,610,835	955,663,725	36,587,992	11,397,020	53,336,563	30,593,279		1,379,189,414
WDV as on June 30, 2015	606,379,400	784,600,815	2,574,092,933	98,423,055	30,663,380	145,318,000	10,385,500		4,249,863,083
Leased Assets	Rupees								
Value / Cost as on Jul 01, 2014	-	-	148,216,300	-	-	-	32,247,637		180,463,937
Addition during the period	-	-	-	-	-	-	-		-
Deletion during the period	-	-	-	-	-	-	-		-
Transfer during the period	-	-	-	-	-	-	(32,247,637)		(32,247,637)
Cost as on June 30, 2015	-	-	148,216,300	-	-	-	-		148,216,300
Depreciation as on Jul 01, 2014	-	-	28,161,097	-	-	-	21,957,707		50,118,804
Charge for the period	-	-	12,005,520	-	-	-	-		12,005,520
Deletion during the period	-	-	-	-	-	-	-		-
Transfer during the period	-	-	-	-	-	-	(21,957,707)		(21,957,707)
Depreciation as on June 30, 2015	-	-	40,166,617	-	-	-	-		40,166,617
WDV as on June 30, 2015	-	-	108,049,683	-	-	-	-		108,049,683
Total WDV as on June 30, 2015	606,379,400	784,600,815	2,682,142,616	98,423,055	30,663,380	145,318,000	10,385,500		4,357,912,766

18.2 Allocation of Depreciation
Manufacturing overheads
Admin expenses

	June 2016	June 2015
Note	Rupees	Rupees
28.2	365,738,658	406,440,563
30	10,307,914	12,401,132
	376,046,572	418,841,695

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

	Jun 2016	Jun 2014
	Rupees	Rupees
Owned Assets:		
Lease hold Land	45,500,514	45,500,514
Building on Leasehold land	135,137,220	150,152,466
Plant, Machinery & equipments	644,807,215	716,452,465
Furniture & Fixture	30,566,256	33,962,505
Office equipment	9,304,137	10,337,932
Electric, gas & Other Installation	39,997,119	44,441,243
Leased Assets:		
Plant, Machinery & equipments	41,290,315	45,878,128
	946,602,776	1,046,725,253

18.4 Disposal of Fixed Assets

Particulars	Cost	Accumulated Depreciation	Written down value	Sales Proceeds	Gain / (Loss)	Mode of Disposal	Description
	Rupees						
Vehicles							
HONDA CITI ATY -231	1,475,000	1,007,783	467,217	1,000,000	532,783	Negotiation	Mr. Altaf Hussain
HONDA CIVIC AUC - 685	1,520,000	1,078,997	441,003	1,125,000	683,997	Negotiation	Mr. Purshatum
HONDA CIVIC AVK-130	1,960,900	1,313,890	647,010	784,383	137,373	Negotiation	Mr. Mushtaq Ahmed Mamdani
SUZUKI MEHRAN AUV-042	517,600	355,649	161,951	325,000	163,049	Negotiation	Mr. Faraz Modi
TOYOTA COROLLA AMJ-924	1,309,000	1,147,340	161,660	725,000	563,340	Negotiation	Mr. Muhammad Muneeruddin
	6,782,500	4,903,659	1,878,841	3,959,383	2,080,542		

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			June 2016 Rupees	June 2015 Rupees
19	STORES AND SPARES	Note		
	Stores		1,092,718	1,092,718
	Spares		74,578,870	80,399,794
			75,671,588	81,492,512
	Provision for obsolete items		(7,567,159)	-
			68,104,429	81,492,512
	Stores and spares do not include any major spare parts which may be categorized under the Property, Plant and Equipment.			
20	STOCK IN TRADE	Note	June 2016 Rupees	June 2015 Rupees
	Raw materials			
	In hand		18,189,966	18,189,966
	Provision for obsolete stock		(1,818,997)	-
			16,370,969	18,189,966
21	TRADE DEBTS			
	Unsecured			
	-Considered good		810,174	8,142,154
	-Considered doubtful		1,890,406	-
			2,700,580	8,142,154
	Provision for doubtful debts		(189,041)	-
			2,511,539	8,142,154
22	LOANS AND ADVANCES			
	Advances-considered good			
	Loans to staff and workers		-	854,250
	Advances to suppliers, contractors and others - unsecured		7,464,576	8,476,362
			7,464,576	9,330,612
23	TRADE DEPOSITS AND PREPAYMENTS			
	Trade deposits - unsecured and considered good		6,311,810	6,311,810
24	OTHER RECEIVABLES			
	Duty drawback		160,728,457	160,842,723
	Research and development support		4,325,164	4,325,164
			165,053,621	165,167,887
25	TAX REFUNDS DUE FROM GOVERNMENT			
	Sales tax		64,339,853	50,322,517
	Income tax		9,562,741	9,495,036
			73,902,594	59,817,553
26	CASH AND BANK BALANCES			
	Cash in hand		17,841	18,705
	Cash at Banks			
	- Current account		5,158,090	6,164,300
	- Term deposit		4,128,698	4,128,698
			9,286,788	10,292,998
			9,304,629	10,311,703
27	SALES AND SERVICES			
	Sales			
	Export sales		-	-
	Local sales		-	3,265,184
			-	3,265,184
	Services			
	Cloth Processing - Printing and dyeing		-	243,373,546
			-	246,638,730
28	COST OF SALES			
	Cost of materials consumed	28.1	-	114,719,469
	Salaries and wages		-	62,549,290
	Manufacturing overhead	28.2	713,508,858	535,350,376
			713,508,858	712,619,135
	Work - in- process			
	Opening stock		-	7,378,496
	Closing stock		-	-
			-	7,378,496
	Cost of goods manufactured		713,508,858	719,997,631
	Finished goods			
	Opening stock		-	-
	Closing stock		-	-
			-	-
			713,508,858	719,997,631
	Less : Duty drawback		-	-
			713,508,858	719,997,631

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		Note	June 2016 Rupees	June 2015 Rupees
28.1	Cost of Materials Consumed			
	Dyes and chemicals		-	101,211,031
	Production stores and packing material		-	8,863,359
	Flock materials		-	4,645,079
			<u>-</u>	<u>114,719,469</u>
28.2	Manufacturing Overhead			
	Repairs and maintenance		336,738,543	17,127,954
	Rent, rates and taxes		1,238,583	1,053,583
	Heat, light and power		5,416,314	90,429,167
	Water consumption charges		2,557,763	17,728,925
	Service charges		-	1,138,528
	Checking, mending and rolling charges		-	733,460
	Coolie, cartage and freight		-	698,196
	Depreciation	18.2	365,738,658	406,440,563
	Provision for obsolete stock		<u>1,818,997</u>	<u>-</u>
			<u>713,508,858</u>	<u>535,350,376</u>
29	DISTRIBUTION COST			
	Packing and forwarding		-	3,508,242
	Commission and brokerage		-	3,474,573
			<u>-</u>	<u>6,982,815</u>
30	ADMINISTRATIVE EXPENSES			
	Directors' remuneration		-	1,750,000
	Salaries and benefits		10,457,503	20,832,533
	Staff welfare		5,586	1,632,341
	Heat, light and power		601,813	10,047,685
	Car maintenance		57,798	1,002,183
	Conveyance		19,900	82,620
	Entertainment		84,213	728,108
	Printing and stationery		296,346	974,746
	Communication		345,391	1,058,264
	Legal and professional		12,828,565	7,947,157
	Auditors' remuneration		582,100	576,750
	Advertisement		597,552	84,970
	Subscription and fees		493,034	668,201
	Service contracts		-	580,533
	Repairs and maintenance		-	112,144
	Miscellaneous		4,101	289,323
	Depreciation	18	10,307,914	12,401,132
	Provision for obsolete items		7,567,159	-
	Provision for doubtful debts		<u>189,041</u>	<u>-</u>
			<u>44,438,015</u>	<u>60,768,690</u>
30.1	Auditors' remuneration			
	Audit fee		400,000	400,000
	Fee for half yearly review		135,000	135,000
	Out of pocket expenses		47,100	41,750
			<u>582,100</u>	<u>576,750</u>
30.2	None of the directors or their spouses have any interest in donees' fund.			
31	OTHER INCOME			
	Income from non-financial assets / liabilities			
	Sales of scrap		-	64,436
	Gain on disposal of property, plant and equipment		2,080,542	9,283,173
	Gain on reversal of financial liability		<u>71,312,609</u>	<u>-</u>
			<u>73,393,151</u>	<u>9,347,609</u>

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		Note	June 2016 Rupees	June 2015 Rupees
32	FINANCE COST			
	Bank charges, mark-up and commission		<u>93,325</u>	<u>272,951</u>
			<u>93,325</u>	<u>272,951</u>
33	TAXATION			
	Current	32.1	-	-
	Deferred Tax	32.2	<u>1,713,266</u>	<u>4,510,820</u>
			<u>1,713,266</u>	<u>4,510,820</u>
33.1	Provision for 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.			
33.2	Deferred tax accounting apply to the Company because its income is covered under NTR due to local sales and services.			
		Note	June 2016 Rupees	June 2015 Rupees
34	EARNINGS PER SHARE - BASIC & DILUTED			
34.1	Basic earnings per share			
	Loss after taxation	Rupees	<u>(683,765,869)</u>	<u>(536,546,568)</u>
	Weighted average number of shares	Number	<u>13,409,550</u>	<u>13,409,550</u>
	Basic loss per share	Rupees	<u>(50.99)</u>	<u>(40.01)</u>
34.2	Diluted earnings per share			
	There is no dilution effect on the basic earnings per share of the company.			

35 REMUNERATION OF DIRECTORS & EXECUTIVES

	CHIEF EXECUTIVE		DIRECTOR		EXECUTIVES	
	2016	2015	2016	2015	2016	2015
	----- Rupees -----					
Basic	-	1,060,606	-	-	3,081,819	2,429,091
House rent	-	477,273	-	-	1,386,819	1,093,091
Other allowances and perquisites	-	212,121	-	-	616,364	485,818
	-	1,750,000	-	-	5,085,002	4,008,000
Number of persons	1	1	1	1	4	3

- 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. 34,000 (2015: Rs.34,000).
- 35.3** In view for bad financial condition of the company directors have decided not to claim their whole remuneration for the year ended June 30, 2016 i.e. Mr. Naseem A. Sattar Rs. 10,500,000 and Mr. Azim Ahmed Rs. 5,400,000. (2015: Mr. Naseem A. Sattar from September 2014 to June 2015 Rs. 8,750,000) and (Mr. Azim Ahmed from July 2014 to June 2015 Rs. 5,400,000).
- 35.4** Outstanding salaries payable to Chief Executive and Director was Rs. Nil and 1,800,000 (2015: Rs. Nil and 1,800,000) 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 commensurating to the circumstances. The Board of Directors also monitors the level of dividends to ordinary shareholders.

37 FINANCIAL RISK MANAGEMENT

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

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

37.1 Market risk

a) Foreign currency risk

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

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

	2016		2015	
	Rupees	US Dollar	Rupees	US Dollar
Trade debts	-	-	-	-
Short term borrowing	-	-	-	-
Accrued Mark Up on borrowing	-	-	-	-
Net exposure	-	-	-	-

The following significant exchange rates have been applied:

	Average Rate		Reporting date rate	
	2016	2015	2016	2015
	----- (Rupees) -----			
Rs. against 1 US Dollar	-	101.00	-	102.50

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

	June 2016 Rupees	June 2015 Rupees
US Dollar	-	-

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:

	June 2016 Rupees	June 2015 Rupees
Financial assets		
Term Deposit Receipts	4,128,698	4,128,698
Financial liabilities		
Long term Loans	27,488,521	27,488,521
Liabilities against assets subject to finance lease	39,630,299	39,630,299
Short term finances	5,034,787,523	5,034,787,523
	5,101,906,343	5,101,906,343

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.

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	June 2016 Rupees	June 2015 Rupees
Effect on Profit before tax	51,019,063	51,048,834

37.2 Credit risk

Credit risk represents the risk of loss that would be recognized at the reporting date if counter parties failed to perform as contracted. The carrying amount of financial assets represents the maximum credit exposure and the detail are as follows:

	June 2016 Rupees	June 2015 Rupees
Loans and receivables		
Long term security deposit	1,946,645	1,946,645
Trade debts	2,511,539	8,142,154
Loans and advances	7,464,576	9,330,612
Trade deposits and prepayments	6,311,810	6,311,810
Other receivables	165,053,621	165,167,887
Tax refunds due from government	73,902,594	59,817,553
Cash and bank balances	9,304,629	10,311,703
	266,495,414	261,028,364

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

	June 2016 Rupees	June 2015 Rupees
Pakistan	2,700,580	8,142,154
	2,700,580	8,142,154

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

Not past due	-	-
Past due 0-60 days	-	5,480,557
Past due 61 and above	2,700,580	2,661,597
	2,700,580	8,142,154

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

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, 2016:

	<u>Short-term</u>	<u>Short-term</u>
Local banks	A1 to A1+	A1 to A1+

37.3 Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable

Financial Liabilities At Amortized Cost	2016			
	Carrying Amount	Contractual Cash Flows	Less Than 01 Year	More Than 01 Year
	-----Rupees-----			
Long term loan from banks	27,488,521	27,488,521	27,488,521	-
Liabilities against assets -subject to finance lease	39,630,299	39,630,299	39,630,299	-
Trade and other payables	949,046,239	949,046,239	949,046,239	-
Accrued markup	240,815,938	240,815,938	240,815,938	-
Short term finances	5,034,787,523	5,034,787,523	5,034,787,523	-
	6,291,768,520	6,291,768,520	6,291,768,520	-

Financial Liabilities At Amortized Cost	2015			
	Carrying Amount	Contractual Cash Flows	Less Than 01 Year	More Than 01 Year
	-----Rupees-----			
Long term loan from banks	27,488,521	27,488,521	27,488,521	-
Liabilities against assets -subject to finance lease	39,630,299	39,630,299	39,630,299	-
Trade and other payables	1,060,408,168	1,060,408,168	1,060,408,168	-
Accrued markup	240,815,938	240,815,938	240,815,938	-
Short term finances	5,034,787,523	5,034,787,523	5,034,787,523	-
	6,403,130,449	6,403,130,449	6,403,130,449	-

	June 2016 Number	June 2015 Number
38 NUMBER OF EMPLOYEES		
Number of employees at the end of the year	7	15
Number of average employees during the year	11	67

39 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.

40 CORRESPONDING FIGURES

The corresponding figures, wherever necessary, have been re-arranged for purpose of better comparison. The major reclassification is as follows:

Reclassified from	Reclassified to	Rupees
Trade and other payables		
Advance from I.B.L	Advance from I.B.L	32,907,270

41 DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorized for issue in the Board of Directors' meeting held on September 30, 2016.

Chief Executive Officer

Director

AL-ABID SILK MILLS LIMITED

AL-ABID SILK MILLS LTD.

Key Operating and Financial Data

Profit and Loss	2016	2015	2014	2013	2012	2011
-----Rupees in million-----						
Sales and services	-	247	489	2,757	7,556	10,482
Gross (loss) / profit	(714)	(473)	(531)	(1,719)	(3,389)	1,340
(Loss) / Profit from Operations	(685)	(532)	(651)	(1,674)	(3,974)	733
Profit before taxation	(685)	(532)	651	(1,810)	(4,655)	185
Profit after taxation	(684)	(537)	568	(1,833)	(4,733)	78
Balance Sheet						
Property, plant and equipment	3,997	4,375	4,802	5,262	5,804	2,053
Long term security deposit	2	2	2	2	2	2
Net current assets	(6,344)	(6,044)	(5,952)	(5,884)	(4,703)	(96)
Total assets employed	(2,345)	(1,668)	(1,148)	(620)	1,103	1,959
Represented by:						
Share Capital	134	134	134	134	134	134
Reserves	(6,253)	(5,785)	(5,486)	(5,176)	(3,586)	1,134
Shareholders' equity	(6,119)	(5,651)	(5,352)	(5,042)	(3,452)	1,268
Surplus on revaluation -of fixed assets	2,883	3,099	3,336	3,594	4,322	515
Long term Financing	480	466	446	322	193	120
Deferred liabilities	411	419	422	506	40	57
Total capital employed	(2,345)	(1,668)	(1,148)	(620)	1,103	1,960
Cash Flow Statement						
Operating activities	(19)	(30)	(135)	(211)	27	3
Investing activities	4	18	(4)	37	(99)	(58)
Financing activities	14	14	137	139	80	28
Cash & cash equivalents -at beginning of the year	10	8	10	45	37	64
Cash & cash equivalents -at end of the year	9	10	8	10	45	37
Dividend (%age)	-	-	-	-	-	-
Debt-equity ratio						
Debt	0.18	0.25	0.37	0.58	0.09	0.06
Equity	(1.18)	(1.25)	(1.37)	(1.58)	0.91	0.94

AL-ABID SILK MILLS LIMITED

AL-ABID SILK MILLS LTD. PATTERN OF SHAREHOLDING AS AT 30.06.2016

NUMBER OF SHARE HOLDERS	SHARE HOLDERS		TOTAL NOS. OF SHARES	
484	1	—	100	14,391
122	101	—	500	26,628
27	501	—	1,000	23,500
54	1,001	—	50,000	372,532
1	50,001	—	100,000	61,000
11	100,001	—	1,000,000	2,803,289
2	1,000,001	—	3,000,000	2,593,048
1	3,000,001	—	8,000,000	7,515,162
702	TOTAL		13,409,550	

CATEGORIES OF SHARE HOLDERS	NO. OF SHARE HOLDERS	SHARES HELD	PERCENTAGE
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INDIVIDUALS

688

HOLDING MORE THAN 10%

1,479,361 11.032%

HOLDING LESS THAN 10%

1,418,742 10.580%

FINANCIAL INSTITUTIONS

6

CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST

1,113,687 8.305%

NATIONAL BANK OF PAKISTAN

584,313 4.357%

THE BANK OF PUNJAB

10,500 0.078%

TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND

104,696 0.781%

TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEE BENEVOLENT FUND TRUST

3,674 0.027%

EXCEL SECURITIES (PRIVATE) LIMITED

500 0.004%

INSURANCE COMPANY

1

STATE LIFE INSURANCE CORPORATION OF PAKISTAN

236,994 1.767%

HOLDING OF DIRECTORS

7

MR. NASEEM A. SATTAR

7,515,162 56.043%

MR. AZIM AHMED

479,818 3.578%

MST. ADIA NASEEM

328,322 2.448%

MRS. SADAF NADEEM

132,281 0.986%

S.M. JAWED AZAM

500 0.004%

MR. QAMAR MASHKOOOR

500 0.004%

MR. MUHAMMAD SAJID HAFEEZ

500 0.004%

TOTAL

702

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 25th October, 2016 and at any adjournment thereof.

Singed this _____ day of _____ 2016

Revenue
Stamp

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

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