

AL-ABID
SILK MILLS LIMITED

49th ANNUAL REPORT
2017

49th ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2017

CONTENTS	PAGE NO.
Company Information	2
Notice of Annual General Meeting	3
Review Report by the Chairman	5
Director Report to the Shareholders (English)	6
Director Report to the Shareholders (Urdu)	9
Statement of Compliance with the Code of Corporate Governance	12
Review Report to the Members on Statement of Compliance with best practices of Code of Corporate Governance	15
Auditors' Report to the Members	16
Balance Sheet	18
Profit & Loss Account	20
Statement of Comprehensive Income	21
Cash Flow Statement	22
Statement of Changes in Equity	23
Notes to the Financial Statements	24
Key Operating and Financial Data	41
Pattern of Shareholding	42
Proxy Form (English)	
Proxy Form (Urdu)	

AL-ABID SILK MILLS LIMITED

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 49th Annual General meeting of the Shareholders of the Company will be held at the Auditorium of the Institute of Chartered Accountants of Pakistan, G-31/8 Kehkashan, Clifton, Karachi, on Thursday, October 26, 2017 at 05:30 p.m. to transact the following business:

1. To confirm the Minutes of the last Annual General Meeting of the Company held on 25th October, 2016.
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, 2017.
3. To appoint statutory Auditors for the year 2017-2018 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: October 02, 2017

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 18, 2017 to October 26, 2017 (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.

AL-ABID SILK MILLS LIMITED

REVIEW REPORT BY THE CHAIRMAN

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of Al-Abid Silk Mills Limited is carried out.

For the financial year ended June 30, 2017, the Board's overall performance and effectiveness has been assessed as satisfactory. The Board is performing its duties and striving hard in the given circumstances to achieve the goals of the Company. Improvement is an ongoing process leading to action plans.

The Board is holding regular meetings discussing to various situation under present circumstances. All meetings are conducted smoothly.

Karachi: October 02, 2017


S. M. JAWED AZAM
CHAIRMAN

AL-ABID SILK MILLS LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors presents the 49th Annual Report and the Audited Financial Statement of the Company for the year ended June 30, 2017.

In the last quarterly report, we already explained you the overall condition of textile industry throughout Pakistan. The exports have reduced very substantially which is causing also concern to the government. However, no remedial action so far has come on surface. It is not only our value added sector which has been suffering, in fact it is through out Pakistan Textile chain, be it weaving, be it spinning. The obvious and major reason is that Pakistan is not able to compete in the international market as Pakistan has not been able to control the cost of doing business in comparison to rest of the competing countries like India, Bangladesh, Vietnam etc. Experience-wise, plant & machinery-wise, Pakistan is well in position, but in cost, we are outclassed by other competing countries which support their exports not with preferential treatment but also indirect subsidies. In some cases, it is very clear that cost of energy is much lower in certain countries. Certain parts of Pakistan, the textile industry starves on gas and certain parts on water whereas textile industry requires very regular supply of energy and water at sustainable rates.

There are uncalled pressures on Pakistan that visitors who are visiting various countries avoid visiting Pakistan, which is also a great setback in addition to core of the problem, i.e. infrastructure and cost of doing business.

FUTURE OUTLOOK

As far as your company is concerned, we are keeping everything intact to get into production with all kinds of products which we've been doing in the past and we are sure, once we are in production for which we are quite close to our discussions with the banks. We are confident that our customers with whom we've been doing business since decades, will also return to us. However, essence is in the stable working conditions for which we feel our government is gradually getting aware and will come out with policies which will make textile industry stable and competitive in the international markets and give us also a position to recapture our export markets along with domestic markets.

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, 2017.

AL-ABID SILK MILLS LIMITED

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors declare that:

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

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

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

Name of Director	Meeting Attended
Mr. S.M. Jawed Azam	14
Mr. Naseem A. Sattar	14
Mr. Azim Ahmed	14
Mr. Qamar Mashkooor	--
Mr. Muhammad Sajid Hafeez	--
Syed Raza Abbas Jafferri	12
Mst. Adia Naseem	--
Mrs. Sadaf Nadeem	--

AUDIT COMMITTEE:

Size and Composition:

For the financial year ended June 30, 2017, the audit committee comprised the following three directors, all are Non-Executive Directors:

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

AL-ABID SILK MILLS LIMITED

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. 23.51 (2016: Rs. 50.99)

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


(NASEEM A. SATTAR)
Chief Executive Officer

October 02, 2017

العابد سلک ملز لمیٹڈ

ڈائریکٹر رپورٹ برائے حصص یافتگان

بورڈ آف ڈائریکٹرز 30 جون 2017 کو ختم ہونے والے سال کے لئے کمپنی کی 49 ویں سالانہ رپورٹ اور آڈٹ شدہ مالی گوشوارہ پیش کرتے ہیں۔

چھپلی ساما ہی رپورٹ میں ہم پہلے ہی آپ کو پورے پاکستان میں نیکسٹائل انڈسٹری کی مجموعی صورت حال کے بارے میں آگاہ کر چکے ہیں۔ ایکسپورٹس بہت حد تک کم ہو چکی ہیں جو حکومت کے لئے تشویش کا باعث ہے۔ مگر ابھی تک کوئی تدارک کی اقدام ابھی تک منظر عام نہیں آئے ہیں۔ یہ نہ صرف ہمارے قیمتی شعبے کو درپیش ہے۔ بلکہ حقیقت میں پورے پاکستان میں نیکسٹائل انڈسٹری کو درپیش ہے چاہے بنائی ہو یا دھاگہ بنانا ہو۔ ظاہری اور اہم وجہ یہ ہے کہ پاکستان بین الاقوامی مارکیٹ میں مسابقت کی صلاحیت نہیں رکھتا ہے۔ جیسا کہ پاکستان مقابلے میں برنس کرنے کے لئے لاگت کو کنٹرول کرنے کی صلاحیت نہیں رکھتا ہے کہ تجربہ، پلانٹ اور مشینری کے لحاظ سے مسابقتی ممالک مثلاً بھارت، بنگلہ دیش، ویت نام وغیرہ سے مقابلہ کرے۔ پاکستان اچھی حالت میں ہے لیکن لاگت میں ہم دیگر مسابقتی ممالک سے باہر ہیں جو نہ صرف ان کی برآمدت کی ترجیحی تدارک کے ساتھ معاونت کرتی ہے بلکہ غیر متوقع سبسڈیز بھی دیتی ہے۔ بعض صورتوں میں یہ بہت واضح ہے کہ بعض ممالک میں ازجی (توانائی) کی قیمت بہت کم ہے۔ پاکستان کے بعض حصوں میں نیکسٹائل انڈسٹری کا انحصار گیس پر اور بعض حصوں میں پانی پر ہے۔ جبکہ نیکسٹائل انڈسٹری کو قابل برداشت نرخوں پر توانائی اور پانی کی مسلسل سپلائی کی ضرورت ہے۔

یہاں پاکستان پر بلاوجہ دباؤ ہیں کہ سیاح جو مختلف ممالک کی سیاحت کرتے ہیں پاکستان آنے سے گریز کرتے ہیں جو اس اہم مسئلہ میں بہت بڑی رکاوٹ بھی ہے۔ مثلاً انفراسٹرکچر اور برنس کرنے کی لاگت

مستقبل کا پس منظر

جہاں تک آپ کی کمپنی کا تعلق ہے ہم ہر چیز کو کنٹرول میں رکھتے ہیں کہ تمام اقسام کی مصنوعات کی پروڈکشن حاصل کریں جو ہم ماضی میں کر چکے ہیں اور ہمیں یقین ہے کہ ہم ایک بار پھر پروڈکشن میں آئیں گے جس کے لئے بینکوں کے ساتھ ہمارے گفت و شنید جاری ہے اور ہمیں اعتماد ہے کہ ہمارے کسٹمرز جن کے لئے عشروں سے برنس کر رہے تھے ہماری جانب واپس بھی آئیں گے۔ بہر حال مستحکم کام کے حالات میں ضروری ہے جس کے لئے ہمیں احساس ہے کہ ہماری حکومت بتدریج آگاہی حاصل کر رہی ہے اور پالیسیز (منصوبے) بنائے گی جو نیکسٹائل انڈسٹری کو مستحکم بنائیں گے اور بین الاقوامی منڈیوں میں مسابقت کریں اور ہمیں ایسی پوزیشن بھی دے گی کہ اپنے ملکی منڈیوں کے ساتھ اپنی ایکسپورٹ منڈیوں کو دوبارہ قابض ہو سکیں۔

ڈیویڈنڈ

امور کی موجودہ صورت حال کے تصور میں کمپنی کا کیش فلو کسی ڈیویڈنڈ ادا کرنے کی اجازت نہیں دیتا۔ لہذا بورڈ آف ڈائریکٹرز 30 جون 2017 کو ختم ہونے والے سال کے لئے ڈیویڈنڈ کی سفارش نہیں کرتا۔

العابد سلک ملز لمیٹڈ

کارپوریٹ اور فنانسل رپورٹنگ فریم ورک

ڈائریکٹرز اقرار کرتے ہیں کہ:-

- ☆ مالیاتی گوشوارے العابد سلک ملز لمیٹڈ کی انتظامیہ کی جانب تیار کئے گئے ہیں جو اس کی امور کے حالات کو جس میں اس کے آپریشنز، کیش فلوز اور ایکویٹی میں تبدیلی کے نتائج کو مدگی سے پیش کرتے ہیں۔
 - ☆ العابد سلک ملز لمیٹڈ کی اکاؤنٹ کی کتابیں باقاعدگی سے مینٹین کی گئی ہیں۔
 - ☆ مالیاتی گوشواروں کی تیاری میں موزوں اکاؤنٹنگ پالیسیز کا استقامت سے استعمال کیا گیا ہے اور اکاؤنٹنگ اسٹیٹمنٹس مناسب اور محتاط فیصلوں کی بنیاد پر ہیں۔
 - ☆ مالیاتی گوشواروں کی تیاری میں انٹرمیڈیٹ فنانشل رپورٹنگ اسٹینڈرڈز پر عمل کیا گیا ہے جیسا کہ پاکستان میں قابل اطلاق ہے۔
 - ☆ بورڈ کمپنی کے اندرونی کنٹرول کے سسٹم اور اس کے موثر کارکردگی کا جائزہ لینے کا ذمہ دار ہے۔ بورڈ تصور کرتا ہے کہ کمپنی کے اندرونی کنٹرول کا نظام مستحکم ہے اور اس کا موثر طور پر نفاذ اور نگرانی کی گئی ہے۔
 - ☆ یہاں کاروبار جاری رکھنے کے لئے کمپنی کی صلاحیت پر کوئی مناسب شبہات نہیں ہیں۔
 - ☆ یہاں کارپوریٹ گورننس کی عمدہ اعمال سے نکلنے کے لئے کوئی مواد نہیں ہے۔ جیسا کہ لسٹنگ ریگولیشنز میں بتایا گیا ہے۔
 - ☆ پچھلے چھ سالوں کے لئے اہم آپریٹنگ اور مالیاتی ڈیٹا خلاصہ کی صورت میں سالانہ رپورٹ میں منسلک کیا گیا ہے۔
- سال کے دوران منعقدہ بورڈ کے اجلاس کی تعداد اور ہر ڈائریکٹر کی شرکت
- سال کے دوران بورڈ آف ڈائریکٹرز کے چودہ (14) اجلاس منعقد ہوئے تھے۔ بورڈ کے اجلاسوں میں ڈائریکٹرز کی شرکت نیچے دی گئی ہے۔

اجلاس میں شرکت	ڈائریکٹرز کے نام
14	جناب ایس۔ ایم جاوید اعظم
14	جناب نسیم اے ستار
14	جناب عظیم احمد
--	جناب قمر منگور
--	جناب محمد ساجد حفیظ
12	سید رضا عباس جعفری
--	مسماة آدیہ نسیم
--	مسز صدف ندیم

آڈٹ کمیٹی

سائز اور ساخت

30 جون 2017 کو ختم ہونے والے مالی سال کے لئے آڈٹ کمیٹی درج ذیل تین ڈائریکٹرز اور تمام نان ایگزیکٹو ڈائریکٹرز پر مشتمل تھی۔

1	جناب قمر منگور	چیئر مین
2	جناب ایس۔ ایم جاوید اعظم	ممبر
3	جناب محمد ساجد حفیظ	ممبر

AL-ABID SILK MILLS LIMITED

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2017

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 Mashkooor
	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
	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.

AL-ABID SILK MILLS LIMITED

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 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.

AL-ABID SILK MILLS LIMITED

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: October 02, 2017

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 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, 2017, 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 the requirement to the extent to 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, 2017.


Further, we highlighted 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 director training program from the Institute specified by the SECP.

Karachi: October 02, 2017


MUNIF ZIAUDDIN & CO.
CHARTERED ACCOUNTANTS
(SOHAIL SALEEM)

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, 2017 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) and (iv) 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) and (iv) 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, 2017 the company sustained after tax loss of Rs. 315 million (2016: 684 million) and its accumulated loss stood at Rs. 6,744 million which has eroded its equity to an adverse balance of Rs. 6,237 million before surplus on revaluation of fixed assets of Rs. 2,686 million and, as of that date Company's current liabilities exceeded its current assets by Rs. 6,819 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) the net book value of property, plant and equipment as at 30th June 2017 amounts to Rs 3,659 million (2016: 3,997 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, 2017, 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. Further during the year the Company did not revalue its fixed assets in accordance with the requirements of IAS 16. We were unable to quantify the effect of potential revaluation, if any, of fixed assets.

(iii) 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. 9.4 million as mentioned in note 26 to the financial statements. All lenders have gone into litigation for repayment of liabilities and sale of the company's hypothecated/mortgaged properties. Moreover, we have also not received direct confirmations from trade and other creditors amounting to Rs. 943 million and various leasing companies amounting to Rs. 67 million.

AL-ABID SILK MILLS LIMITED

(iv) as mentioned in note 1.1 to the financial statements, the Company has not recorded markup on finances obtained from banks amounting to Rs. 361 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. 361 million and accumulated loss and mark-up payable would have been higher by Rs. 361 million and shareholders' equity would have been lower by the same amount.

(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 (iv) 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 (iv) 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, 2017 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: October 02, 2017

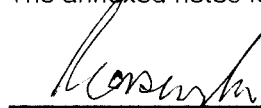

MUMTAAZ ZIAUDDIN & CO.
CHARTERED ACCOUNTANTS
(Sohail Saleem)

AL-ABID SILK MILLS LIMITED

BALANCE SHEET AS AT

		June 2017	June 2016
Note	-----	(Rupees)	-----
EQUITY & LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
		200,000,000	200,000,000
		20,000,000 Ordinary Shares of Rs. 10/- each	
		Issued, subscribed and paid-up capital	
5		134,095,500	134,095,500
Reserves			
		Capital reserve	372,834,000
		Accumulated loss	(6,625,919,545)
		(6,371,587,690)	(6,253,085,545)
Shareholder's equity			
		(6,237,492,190)	(6,118,990,045)
		Surplus on revaluation of fixed assets	2,882,728,955
6		2,686,001,549	2,882,728,955
LIABILITIES			
NON- CURRENT LIABILITIES			
		Long term loan from banks	-
7		-	-
		Liabilities against assets subject to finance	-
8		-	-
		Deferred Taxation	403,622,687
9		393,498,041	403,622,687
		393,498,041	403,622,687
CURRENT LIABILITIES AND PROVISIONS			
		Loan from director - unsecured	479,973,754
10		496,898,754	479,973,754
		Retirement benefits	7,358,935
11		7,118,935	7,358,935
		Trade and other payables	948,467,879
12		943,229,591	948,467,879
		Advance from I.B.L	401,873,719
13		366,063,944	401,873,719
		Accrued markup	240,815,938
14		240,815,938	240,815,938
		Current maturity of long term loans - and Lease Liability	67,118,820
15		67,118,820	67,118,820
		Short term finances	5,034,787,523
16		5,034,787,523	5,034,787,523
		7,156,033,505	7,180,396,568
CONTINGENCIES AND COMMITMENTS			
17			
		3,998,040,905	4,347,758,165

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




Chief Executive Officer

AL-ABID SILK MILLS LIMITED

JUNE 30, 2017

		June 2017	June 2016
	Note	----- (Rupees) -----	-----
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	18	3,658,769,060	3,996,787,353
Long term security deposit		1,886,645	1,946,645
CURRENT ASSETS			
Stores and spares	19	60,537,270	68,104,429
Stock in trade	20	14,551,972	16,370,969
Trade debts	21	1,957,100	2,511,539
Loans and advances	22	5,396,206	7,464,576
Trade deposits and prepayments	23	6,311,810	6,311,810
Other receivables	24	165,053,621	165,053,621
Tax refunds due from government	25	74,136,361	73,902,594
Cash and bank balances	26	9,440,860	9,304,629
		337,385,200	349,024,167
		3,998,040,905	4,347,758,165



 Director

AL-ABID SILK MILLS LIMITED

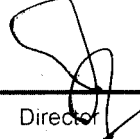
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
Sales and Manufacturing	27	-	-
Cost of sales	28	332,114,646	713,508,858
Gross loss		(332,114,646)	(713,508,858)
Operating expenses			
Distribution cost	29	-	-
Administrative expenses	30	31,964,046	44,438,015
		31,964,046	44,438,015
		(364,078,692)	(757,946,873)
Other income	31	38,727,757	73,393,151
Loss from operations		(325,350,935)	(684,553,722)
Finance cost	32	3,262	93,325
Loss before taxation		(325,354,197)	(684,647,047)
Taxation - net	33	(10,124,646)	(881,178)
Loss after taxation		(315,229,551)	(683,765,869)
Loss per share - basic and diluted	34	(23.51)	(50.99)

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



 Chief Executive Officer



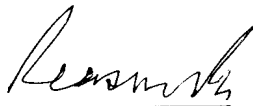
 Director

AL-ABID SILK MILLS LIMITED

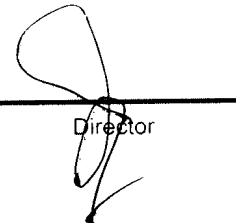
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2017

	2017 Rupees	2016 Rupees
Loss after taxation	(315,229,551)	(683,765,869)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation- net of tax	196,727,406	215,906,295
Total comprehensive Loss	<u>(118,502,145)</u>	<u>(467,859,574)</u>

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



Chief Executive Officer



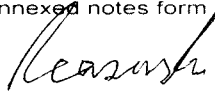
Director

AL-ABID SILK MILLS LIMITED

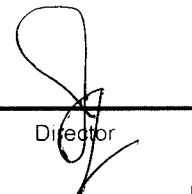
CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

	2017 Rupees	2016 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(325,354,197)	(684,647,048)
Adjustments for:		
Depreciation	338,018,293	376,046,572
Provision for gratuity	-	246,000
Provision for obsolete items	7,567,159	7,567,159
Provision for obsolete stock	1,818,997	1,818,997
Provision for doubtful debts	189,041	189,041
Gain on reversal of financial liability	-	(71,312,609)
Gain on disposal of property, plant and equipment	-	(2,080,542)
	347,593,490	312,474,618
Decrease / (Increase) in current assets:		
Stores and spares	-	5,820,924
Trade debtors	365,398	5,441,574
Loan and advances	2,068,370	1,866,036
Other receivables	-	114,266
Tax refunds due from government	155,239	(14,017,336)
	2,589,007	(774,536)
(Decrease) / Increase in current liabilities:		
Trade and other payable	(5,238,288)	(7,720,410)
Advance from IBL	(35,809,775)	368,966,449
	(41,048,063)	361,246,039
Cash used in generated from operations	(16,219,763)	(11,700,927)
Taxes paid	(389,006)	(67,705)
Staff gratuity paid	(240,000)	(7,152,825)
Net cash outflow from operations	(16,848,769)	(18,921,457)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of fixed assets	-	3,959,383
Long term security deposit	60,000	-
Net cash generated from investing activities	60,000	3,959,383
CASH FLOW FROM FINANCING ACTIVITIES		
Loan from director	16,925,000	13,955,000
Payments of obligation under finance lease	-	-
Net cash inflow from financing activities	16,925,000	13,955,000
Net increase / (decrease) in cash and cash equivalents	136,231	(1,007,074)
Cash and cash equivalents at the beginning of the year	9,304,629	10,311,703
Cash and cash equivalents at the end of the year	9,440,860	9,304,629

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



Chief Executive Officer



Director

AL-ABID SILK MILLS LIMITED


STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2017

	Share Capital	Capital Reserve	Accumulated Loss	Total
	----- Rupees -----			
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 - net of tax	-	-	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)
Loss after tax for the year ended June 30, 2017	-	-	(315,229,551)	(315,229,551)
Other Comprehensive Income				
-Transfer from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	196,727,406	196,727,406
Balance as at June 30, 2017	134,095,500	372,834,000	(6,744,421,690)	(6,237,492,190)

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



Chief Executive Officer



Director

AL-ABID SILK MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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. 6.237 billion while the reported current liabilities (since partly under litigation) have exceeded to current assets of the company by Rs. 6.819 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 amicable 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. 361 million as matter is under negotiations with the banks and DFIs.

(iii) During the year ended June 30, 2016, International Brand Limited (IBL) submitted proposal to the banks for restructuring and acquire share holding in the Company. Pending this proposal IBL entered into contract dated June 15th, 2015 for 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 was to be adjusted against generation of manufacturing of contract goods only. However, Manufacturing of contract goods was not started by IBL. Further, on February 10th, 2017 IBL has given the notice of termination of this contract and pursuant to their termination notice IBL has vacated the premises without undertaking the manufacturing of any contract goods.

However, 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 approved accounting standards as applicable in Pakistan. As per the requirements of circular No. CLD/CCD/PR(11)/2017 dated July 20, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP) companies the financial year of which closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the prevail Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the repealed Companies Ordinance, 1984.

AL-ABID SILK MILLS LIMITED

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 1	First time adoption of International Financial Reporting Standards (Amendments)	January 1, 2018
IFRS 2	Share-based Payment (Amendments)	January 1, 2018
IFRS 9	Financial instruments (Amendments)	January 1, 2018
IFRS 12	Disclosure of interest in other entities (Amendments)	January 1, 2017
IFRS 15	Revenue from Contracts with Customers	January 1, 2018
IFRS 16	Leases	January 1, 2019
IAS 7	Statement of Cash Flows (Amendments)	January 1, 2017
IAS 12	Income Taxes (Amendments)	January 1, 2017
IAS 28	Investments in Associates and Joint Ventures (Amendments)	January 1, 2018
IAS 40	Investment Property (Amendments)	January 1, 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019

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, 2016.

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)	
IFRS 12	Disclosure of Interests in Other Entities (Amendments)	January 1, 2016
IAS 16	Property, Plant and Equipment (Amendments bringing bearer plants into the scope of IAS 16)	January 1, 2016
IAS 16	Property, Plant and Equipment (Amendments regarding the clarification of acceptable methods of	January 1, 2016
IAS 38	Intangible Assets (Amendments)	January 1, 2016

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 capitalized 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 capitalized 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 capitalized 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, amortized 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 derecognized 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 derecognized 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 realize 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 Derivatives financial instruments and hedging act

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 were Rs. 14.27 million. The Projected Unit Credit Method of Valuation was used to generate actuarial values. The annual provision during the year were charged to income currently.

All actuarial gains and losses were 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 amortized 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 utilized.

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

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:

AL-ABID SILK MILLS LIMITED

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 2017 Rupees	June 2016 Rupees	
Jun 2017 (Number of shares)	Jun 2016				
20,000,000	20,000,000		200,000,000	200,000,000	
		Authorized Capital			
		Ordinary shares of Rs. 10 each			
8,713,900	8,713,900	Issued, subscribed and paid up capital	87,139,000	87,139,000	
		Ordinary shares of Rs. 10 each fully paid-up in cash			
4,695,650	4,695,650	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	46,956,500	46,956,500	
13,409,550	13,409,550		134,095,500	134,095,500	
6 SURPLUS ON REVALUATION OF FIXED ASSETS					
Balance at beginning of the year			3,159,893,776	3,433,882,161	
Surplus during the year			-	-	
			(246,589,946)	(273,988,385)	
Less: Transferred to unappropriated profit on account of Incremental depreciation for the year			-	-	
			-	-	
			2,913,303,830	3,159,893,776	
Less: related deferred tax of:					
- balance at beginning of the year			277,164,821	335,246,911	
- surplus arisen during the year			-	-	
- incremental depreciation for the year			(22,646,747)	(25,163,011)	
- effect of change in tax rate			(27,215,793)	(32,919,079)	
- balance at end of the year			227,302,281	277,164,821	
Balance at end of the year			2,686,001,549	2,882,728,955	
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.					
7 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	
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
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
					27,488,521
Less: Transfer to Current maturity					27,488,521
					-

7.1 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. 16 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

AL-ABID SILK MILLS LIMITED

		June 2017 Rupees	June 2016 Rupees
8	LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
	Present value of minimum lease payments	39,630,299	39,630,299
	Current maturity shown under current liabilities	<u>(39,630,299)</u>	<u>(39,630,299)</u>
		-	-
8.1	Payment 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.		
9	DEFERRED TAXATION		
	Debit / (Credit) balances arising from		
	Surplus on revaluation of fixed assets	-	-
	Accelerated tax depreciation allowance	570,624,751	631,646,747
	Revaluation Surplus	227,302,281	277,164,821
	Provision for obsolete item	(4,691,639)	(2,421,491)
	Provision for obsolete stock	(1,127,778)	(582,079)
	Provision for doubtful debt	(117,205)	(60,493)
	Liabilities against assets subject to finance lease	12,818,641	17,284,083
	Provision for retirement benefits	(343,418)	(354,496)
	Tax credit of unused tax losses	<u>(410,967,592)</u>	<u>(519,054,405)</u>
		<u>393,498,041</u>	<u>403,622,687</u>
10	LOAN FROM DIRECTOR - UNSECURED		
	Balance at beginning of the year	479,973,754	466,018,754
	Received during the year	16,925,000	13,955,000
	Repaid during the year	-	-
		<u>496,898,754</u>	<u>479,973,754</u>
	The above is interest free loan from a director of the company, which is payable on demand.		
11	RETIREMENT BENEFITS	<u>7,118,935</u>	<u>7,358,935</u>
11.1	Movement in net liability recognized in the Balance Sheet		
	Liability at beginning of the year	7,358,935	14,265,760
	Charge for the year	-	246,000
	Benefits paid during the year	<u>(240,000)</u>	<u>(7,152,825)</u>
	Liability at end of the year	<u>7,118,935</u>	<u>7,358,935</u>
11.2	Charge for the year		
	Current service cost	-	246,000
12	TRADE AND OTHER PAYABLES		
	Trade creditors	695,041,025	695,093,025
	Other creditors	221,788,229	227,436,213
	Accrued liabilities	5,879,540	5,510,465
	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	<u>2,931,710</u>	<u>2,839,089</u>
		<u>943,229,591</u>	<u>948,467,879</u>
13	ADVANCE FROM IBL		
	Balance at beginning	401,873,719	32,907,270
	During the period	<u>(35,809,775)</u>	<u>368,966,449</u>
		<u>366,063,944</u>	<u>401,873,719</u>
	The comprises of initial mobilizing expenses by International Brands Limited as disclosed on note 1.1 for repair and maintenance to have the plant in full running condition.		
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	<u>114,355,253</u>	<u>114,355,253</u>
		<u>240,815,938</u>	<u>240,815,938</u>
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	<u>39,630,299</u>	<u>39,630,299</u>
		<u>67,118,820</u>	<u>67,118,820</u>
16	SHORT TERM FINANCES		
	From banks and financial institutions - Secured	<u>5,034,787,523</u>	<u>5,034,787,523</u>
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.		

AL-ABID SILK MILLS LIMITED

		June 2017 Rupees		June 2016 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 Sindh on 23rd August, 2000 against the Order of the learned Appellate Tribunal Customs and Sales Tax for recovery of Additional Tax and Surcharge amounting to Rs. 3,449 million for the year 1992-93. No provision for this amount has been made in these accounts as the management of the Company is of the view that the decision of the Learned Appellate Tribunal Customs and Sales Tax given in favor of the Company will be successfully defended in the Honorable High Court.			
17.1.3	The Spl. Sales Tax Reference Application No. 95 & 96 of 2016 filed by the company against order passed by the Sindh Revenue Board Appellate Tribunal order related to period ending June 30, 2014 and June 30, 2015 are pending before Honorable High Court of Sindh at Karachi. Further, The Sindh Revenue Board has also filed Spl. Sales Tax Reference Application No. 119 of 2016 against order passed by the Sindh Revenue Board Appellate Tribunal order related to period ending June 30, 2014 and June 30, 2015 is pending before Honorable High Court of Sindh at Karachi.			
17.1.4	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/-.			
17.1.5	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/-.			
17.1.6	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/-.			
17.1.7	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 Mills Limited 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.			
17.1.8	Meezan Bank Ltd. Suit No. B-58 of 2013 against the company for recovery of outstanding loan amounting to Rs. 546,667,987/-.			
17.1.9	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/-.			
17.1.10	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.			
17.1.11	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/-.			
17.1.12	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/-.			
17.1.13	Allied Bank Ltd. has filed suit No. 26 of 2017 against the Company for recovery of outstanding loan amounting to Rs. 77,676,831/-.			
17.1.14	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/-. However, the plaintiff has submitted an application for withdrawal of the instant suit with permission to file a fresh suit. In view of this position the application is granted and consequently, instant suit is dismissed as withdrawn.			
17.1.15	Orix Leasing has filed suit no 36/2015 against the Company for recovery of outstanding loan amounting to Rs. 19,481,004/-.			
17.1.16	Standard Chartered Bank (Pakistan) Ltd. has filed suit No. 04/2015 against the Company has been decreed for an amount of Rs. 7,482,819/-. However, Standard Chartered Bank (Pakistan) Ltd. has been filed appeal No. 04/2015 against the decreed order passed by the Banking Court.			
17.1.17	Pak Kuwait Investment Company has filed suit no 16/2015 against the Company for recovery of outstanding loan amounting to Rs. 26,811,180/-.			
17.1.18	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 17.1.4 to 17.1.18 cannot be predicted and the management is vigorously contesting the case, however major amount has already been provided in financial statements.			
17.1.19	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.			
17.1.20	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 period end. (June 2016: Nil).			

18 PROPERTY, PLANT AND EQUIPMENT

	Note	June 2017 Rupees	June 2016 Rupees
Operating Fixed Assets	18.1	3,641,969,060	3,979,987,353
Capital Work in Progress - DDFC Boiler		16,800,000	16,800,000
		<u>3,658,769,060</u>	<u>3,996,787,353</u>

18.1 Operating Fixed Assets

Particulars	Year 2017							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, 2016	606,379,400	1,076,211,650	3,529,756,658	135,011,047	42,060,400	198,654,563	34,196,279	5,622,269,997
Addition during the period	-	-	-	-	-	-	-	-
Deletion during the period	-	-	-	-	-	-	-	-
Transfer during the period	-	-	5,800,000	-	-	-	-	5,800,000
Cost as on June 31, 2017	606,379,400	1,076,211,650	3,535,556,658	135,011,047	42,060,400	198,654,563	34,196,279	5,628,069,997
Depreciation as on Jul 01, 2016	-	370,070,918	1,213,073,020	46,430,298	14,463,359	67,868,365	27,621,399	1,739,527,359
Charge for the period	-	70,614,075	232,048,906	8,858,075	2,759,705	13,078,622	1,314,976	328,674,359
Deletion during the period	-	-	-	-	-	-	-	-
Transfer during the period	-	-	1,994,620	-	-	-	-	1,994,620
Depreciation as on June 30, 2017	-	440,684,993	1,447,116,546	55,288,373	17,223,064	80,946,987	28,936,375	2,070,196,338
WDV as on June 30, 2017	606,379,400	635,526,657	2,088,440,112	79,722,674	24,837,336	117,707,576	5,259,904	3,557,873,659
Leased Assets	Rupees							
Value / Cost as on Jul 01, 2016	-	-	148,216,300	-	-	-	-	148,216,300
Addition during the period	-	-	-	-	-	-	-	-
Deletion during the period	-	-	-	-	-	-	-	-
Transfer during the period	-	-	(5,800,000)	-	-	-	-	(5,800,000)
Cost as on June 31, 2017	-	-	142,416,300	-	-	-	-	142,416,300
Depreciation as on Jul 01, 2016	-	-	50,971,585	-	-	-	-	50,971,585
Charge for the period	-	-	9,343,934	-	-	-	-	9,343,934
Deletion during the period	-	-	-	-	-	-	-	-
Transfer during the period	-	-	(1,994,620)	-	-	-	-	(1,994,620)
Depreciation as on June 30, 2017	-	-	58,320,899	-	-	-	-	58,320,899
WDV as on June 30, 2017	-	-	84,095,401	-	-	-	-	84,095,401
Total WDV as on June 30, 2017	606,379,400	635,526,657	2,172,535,513	79,722,674	24,837,336	117,707,576	5,259,904	3,641,969,060

Particulars	Year 2016							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, 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
Addition during the period	-	-	-	-	-	-	-	-
Deletion during the period	-	-	-	-	-	-	(6,782,500)	(6,782,500)
Transfer during the period	-	-	-	-	-	-	-	-
Cost as on June 30, 2016	606,379,400	1,076,211,650	3,529,756,658	135,011,047	42,060,400	198,654,563	34,196,279	5,622,269,997
Depreciation as on Jul 01, 2015	-	291,610,835	955,663,725	36,587,992	11,397,020	53,336,563	30,593,279	1,379,189,414
Charge for the period	-	78,460,083	257,409,295	9,842,306	3,066,339	14,531,802	1,931,779	365,241,604
Deletion during the period	-	-	-	-	-	-	(4,903,659)	(4,903,659)
Transfer during the period	-	-	-	-	-	-	-	-
Depreciation as on June 30, 2016	-	370,070,918	1,213,073,020	46,430,298	14,463,359	67,868,365	27,621,399	1,739,527,359
WDV as on June 30, 2016	606,379,400	706,140,732	2,316,683,638	88,580,749	27,597,041	130,786,198	6,574,880	3,882,742,638
Leased Assets	Rupees							
Value / Cost as on Jul 01, 2015	-	-	148,216,300	-	-	-	-	148,216,300
Addition during the period	-	-	-	-	-	-	-	-
Deletion during the period	-	-	-	-	-	-	-	-
Transfer during the period	-	-	-	-	-	-	-	-
Cost as on June 30, 2016	-	-	148,216,300	-	-	-	-	148,216,300
Depreciation as on Jul 01, 2015	-	-	40,166,617	-	-	-	-	40,166,617
Charge for the period	-	-	10,804,968	-	-	-	-	10,804,968
Deletion during the period	-	-	-	-	-	-	-	-
Transfer during the period	-	-	-	-	-	-	-	-
Depreciation as on June 30, 2016	-	-	50,971,585	-	-	-	-	50,971,585
WDV as on June 30, 2016	-	-	97,244,715	-	-	-	-	97,244,715
Total WDV as on June 30, 2016	606,379,400	706,140,732	2,413,928,353	88,580,749	27,597,041	130,786,198	6,574,880	3,979,987,353

18.2 Allocation of Depreciation

Manufacturing overheads
Admin expenses

	June 2017 Rupees	June 2016 Rupees
Manufacturing overheads	329,084,496	365,738,658
Admin expenses	8,933,797	10,307,914
	338,018,293	376,046,572

AL-ABID SILK MILLS LIMITED

18.3	Had there been no revaluation, related figures of property, plant and equipments would have been as follows:	June 2017 Rupees	June 2016 Rupees
	Owned Assets:		
	Lease hold Land	45,500,514	45,500,514
	Building on Leasehold Land	121,623,498	135,137,220
	Plant, Machinery & Equipments	583,342,064	644,807,215
	Furniture & Fixture	27,509,632	30,566,256
	Office Equipment	8,373,723	9,304,137
	Electric, Gas & other Installation	35,997,409	39,997,119
	Leased Assets:		
	Plant, Machinery & Equipment	34,145,710	41,290,315
		856,492,550	946,602,776
19	STORES AND SPARES		
	Stores	1,092,718	1,092,718
	Spares	74,578,870	74,578,870
		75,671,588	75,671,588
	Provision for obsolete items	(15,134,318)	(7,567,159)
		60,537,270	68,104,429
	Stores and spares do not include any major spare parts which may be categorized under the Property, Plant and Equipment.		
20	STOCK IN TRADE		
	Raw materials		
	In hand	18,189,966	18,189,966
	Finished goods	-	-
	Provision for obsolete stock	(3,637,994)	(1,818,997)
		14,551,972	16,370,969
21	TRADE DEBTS		
	Unsecured		
	-Considered good	444,776	810,174
	-Considered doubtful	1,890,406	1,890,406
		2,335,182	2,700,580
	Provision for doubtful debts	(378,082)	(189,041)
		1,957,100	2,511,539
22	LOANS AND ADVANCES		
	Advances-considered good		
	Advances to suppliers, contractors and others - unsecured	5,396,206	7,464,576
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	160,728,457
	Research and development support	4,325,164	4,325,164
		165,053,621	165,053,621
25	TAX REFUNDS DUE FROM GOVERNMENT		
	Sales tax	64,184,614	64,339,853
	Income tax	9,951,747	9,562,741
		74,136,361	73,902,594
26	CASH AND BANK BALANCES		
	Cash in hand	155,905	17,841
	Cash at Banks		
	- Current account	5,156,257	5,158,090
	- Saving account	-	-
	- Term deposit	4,128,698	4,128,698
		9,284,955	9,286,788
		9,440,860	9,304,629

AL-ABID SILK MILLS LIMITED

	Note	June 2017 Rupees	June 2016 Rupees
27 SALES AND MANUFACTURING			
Sales			
Export sales		-	-
Local sales		-	-
		-	-
Manufacturing			
Printing and dyeing		-	-
		-	-
		-	-
28 COST OF SALES			
Cost of materials consumed	28.1	-	-
Salaries and wages		-	-
Manufacturing overhead	28.2	332,114,646	713,508,858
		332,114,646	713,508,858
Work - in- process			
Opening stock		-	-
Closing stock		-	-
		-	-
Cost of goods manufactured		332,114,646	713,508,858
Finished goods			
Opening stock		-	-
Closing stock		-	-
		-	-
		332,114,646	713,508,858
Less : Duty drawback		-	-
		332,114,646	713,508,858
28.1 Cost of Materials Consumed			
Dyes and chemicals		-	-
Production stores and packing material		-	-
Grey cloth		-	-
Wadding materials		-	-
Flock materials		-	-
		-	-
28.2 Manufacturing Overhead			
Repairs and maintenance		-	336,738,543
Rent, rates and taxes		1,211,153	1,238,583
Heat, light and power		-	5,416,314
Water consumption charges		-	2,557,763
Depreciation	18.2	329,084,496	365,738,658
Provision for obsolete stock		1,818,997	1,818,997
		332,114,646	713,508,858
29 DISTRIBUTION COST			
Salaries and benefits		-	-
Packing and forwarding		-	-
Commission and brokerage		-	-
Amortization of deferred cost		-	-
Samples, lab testings and other charges		-	-
Traveling		-	-
Publicity		-	-
Postage, courier and stamps		-	-
Entertainment		-	-
Export development tax		-	-
		-	-

AL-ABID SILK MILLS LIMITED

	Note	June 2017 Rupees	June 2016 Rupees
30 ADMINISTRATIVE EXPENSES			
Salaries and benefits		6,197,238	10,457,503
Staff welfare		21,628	5,586
Heat, light and power		1,415,158	601,813
Car maintenance		36,800	57,798
Conveyance		15,570	19,900
Entertainment		76,585	84,213
Printing and stationery		319,199	296,346
Communication		494,191	345,391
Legal and professional		5,361,998	12,828,565
Auditors' remuneration	30.1	523,000	582,100
Advertisement		93,866	597,552
Subscription and fees		615,658	493,034
Repairs and maintenance		103,158	-
Miscellaneous		-	4,101
Depreciation	18	8,933,797	10,307,914
Provision for obsolete items		7,567,159	7,567,159
Provision for doubtful debts		189,041	189,041
		31,964,046	44,438,015
30.1 Auditors' remuneration			
Audit fee		400,000	400,000
Fee for half yearly review		81,000	135,000
Out of pocket expenses		42,000	47,100
		523,000	582,100
30.2	None of the directors or their spouses have any interest in donees' fund.		
31 OTHER INCOME			
Income from non-financial assets / liabilities			
Gain on disposal of property, plant and equipment		-	2,080,542
Gain on reversal of financial liability		-	71,312,609
Gain on reversal of advance from I.B.L		38,727,757	-
		38,727,757	73,393,151
31.1	This represents the transfer to International Brands Limited of machinery spares and miscellaneous items which were earlier recorded in repair & maintenance upto June 30, 2016. Hence the same has been recorded against the "Advance from International Brands Limited (IBL)".		
32 FINANCE COST			
Bank charges, mark-up and commission		3,262	93,325
33 TAXATION			
Current	33.1	-	-
Deferred Tax	33.2	(10,124,646)	1,713,266
		(10,124,646)	1,713,266
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.		
34 LOSS PER SHARE - BASIC & DILUTED			
34.1 Loss per share			
Loss after taxation	Rupees	(315,229,551)	(683,765,869)
Weighted average number of shares	Number	13,409,550	13,409,550
Basic loss per share	Rupees	(23.51)	(50.99)
34.2 Diluted earnings per share	There is no dilution effect on the basic earnings per share of the company.		

AL-ABID SILK MILLS LIMITED

35 REMUNERATION OF DIRECTORS & EXECUTIVES

	CHIEF EXECUTIVE		DIRECTOR		EXECUTIVES	
	2017	2016	2017	2016	2017	2016
	----- Rupees -----					
Basic	-	-	-	-	2,400,000	3,081,819
House rent	-	-	-	-	1,080,000	1,386,819
Other allowances and perquisites	-	-	-	-	480,000	616,364
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,960,000</u>	<u>5,085,002</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>3</u>	<u>4</u>

- 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. 52,000 (2016: 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, 2017 i.e. Mr. Naseem A. Sattar Rs. 10,500,000 and Mr. Azim Ahmed Rs. 5,400,000. (2016: Mr. Naseem A. Sattar Rs. 10,500,000) and (Mr. Azim Ahmed Rs. 5,400,000).
- 35.4** Outstanding salaries payable to Chief Executive and Director was Rs. Nil and 1,800,000 (2016: 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 finances its operations through short term borrowing, long term financing and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

The company has exposure to the following risks from its use of financial instruments:

- Market Risk
- Credit Risk
- Liquidity Risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. . The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. No changes were made in the objectives, policies or processes and assumptions during the year ended 30 June 2017 which are summarized below:

AL-ABID SILK MILLS LIMITED

37.1 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rate, interest rate and equity prices will affect the company's income or value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The company has short term as well as long term rupee based loans at variable rates. Rates on short term finances are disclosed in relevant notes.

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:

	2017		2016	
	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	
	2017	2016	2017	2016
	------(Rupees)-----			
Rs. against 1 US Dollar	-	-	-	-

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.

	June 2017 Rupees	June 2016 Rupees
US Dollar	-	-

b) Yield / mark - up rate exposure

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:

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
	<u>5,101,906,343</u>	<u>5,101,906,343</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.

Effect on Profit before tax	51,019,063	51,019,063
-----------------------------	------------	------------

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. The maximum exposure to credit risk at the reporting date is:

AL-ABID SILK MILLS LIMITED

	June 2017 Rupees	June 2016 Rupees
Loans and receivables		
Long term security deposit	1,886,645	1,946,645
Trade debts	1,957,100	2,511,539
Loans and advances	5,396,206	7,464,576
Trade deposits and prepayments	6,311,810	6,311,810
Other receivables	165,053,621	165,053,621
Tax refunds due from government	74,136,361	73,902,594
Cash and bank balances	9,440,860	9,304,629
	264,182,603	266,495,414

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

Pakistan	2,335,182	2,700,580
----------	-----------	-----------

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

Not past due	-	-
Past due 0-60 days	-	-
Past due 61 and above	2,335,182	2,700,580
	2,335,182	2,700,580

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

37.2.2 Company's banks balances with reference to the credit ratings of the banks have not been presented as the Company is in litigation with the banks.

Due from customers other than related parties

Others	1,957,100	2,511,539
	1,957,100	2,511,539

The balances of financial assets held with related parties other than short term investments are as follows:

Trade deposits	6,311,810	6,311,810
Other receivables	165,053,621	165,053,621
	171,365,431	171,365,431

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 losses or risking damage to

Financial Liabilities At Amortized Cost	2017			
	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	1,309,293,535	1,309,293,535	1,309,293,535	-
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	-
	6,652,015,816	6,652,015,816	6,652,015,816	-
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	1,350,341,598	1,350,341,598	1,350,341,598	-
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	-
	6,693,063,879	6,693,063,879	6,693,063,879	-

AL-ABID SILK MILLS LIMITED

		June 2017 Number	June 2016 Number
38	RELATED PARTY TRANSACTIONS TRANSACTIONS DURING THE YEAR		
	Transaction		
	Relationship with the company		
	Loan received from director	16,925,000	13,955,000
	Balance		
	Loan received from director	496,898,754	479,973,754
39	NUMBER OF EMPLOYEES		
	Number of employees at the end of the year	9	7
	Number of average employees during the year	8	11

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 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and better presentation. The details are as follows:

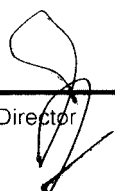
From	To	Note	Amount Rupees	
			2017	2016
Non-Current	Current liabilities			
Loan from director-unsecured	Loan from director-unsecured	10	496,898,754	479,973,754
Retirement Benefits	Retirement Benefits	11	7,118,935	7,358,935

42 DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorized for issue in the Board of Directors' meeting held on October 02, 2017.



 Chief Executive Officer



 Director

AL-ABID SILK MILLS LIMITED

AL-ABID SILK MILLS LIMITED Key Operating and Financial Data

Profit and Loss	2017	2016	2015	2014	2013	2012
	-----Rupees in million-----					
Sales and manufacturing	-	-	247	489	2,757	7,556
Gross (loss) / profit	(332)	(714)	(473)	(531)	(1,719)	(3,389)
(Loss) / profit from operations	(325)	(685)	(532)	(651)	(1,674)	(3,974)
(Loss) / profit before taxation	(325)	(685)	(532)	651	(1,810)	(4,655)
(Loss) / profit after taxation	(315)	(684)	(537)	568	(1,833)	(4,733)
Balance Sheet						
Property, plant and equipment	3,659	3,997	4,375	4,802	5,262	5,804
Long term security deposit	2	2	2	2	2	2
Net current assets	(6,819)	(6,831)	(6,044)	(5,952)	(5,884)	(4,703)
Total assets employed	(3,158)	(2,833)	(1,668)	(1,148)	(620)	1,103
Represented by:						
Share Capital	134	134	134	134	134	134
Reserves	(6,372)	(6,253)	(5,785)	(5,486)	(5,176)	(3,586)
Shareholders' equity	(6,237)	(6,119)	(5,651)	(5,352)	(5,042)	(3,452)
Surplus on revaluation -of fixed assets	2,686	2,883	3,099	3,336	3,594	4,322
Long term Financing	-	-	466	446	322	193
Deferred liabilities	393	404	419	422	506	40
Total capital employed	(3,158)	(2,833)	(1,668)	(1,148)	(620)	1,103
Cash Flow Statement						
Operating activities	(17)	(19)	(30)	(135)	(211)	27
Investing activities	0	4	18	(4)	37	(99)
Financing activities	17	14	14	137	139	80
Cash & cash equivalents -at beginning of the year	9	10	8	10	45	37
Cash & cash equivalents -at end of the year	9	9	10	8	10	45
Dividend (%age)	-	-	-	-	-	-
Debt-equity ratio						
Debt	0.16	0.18	0.25	0.37	0.58	0.09
Equity	(1.16)	(1.18)	(1.25)	(1.37)	(1.58)	0.91

AL-ABID SILK MILLS LIMITED

PATTERN OF SHAREHOLDING AS AT 30-06-2017

NUMBER OF SHAREHOLDERS	SHARE HOLDING			TOTAL NUMBER OF SHARES HELD	
470	1	--	100	12,835	
127	101	--	500	28,555	
37	501	--	1,000	32,210	
66	1,001	--	50,000	428,451	
2	50,001	--	100,000	119,500	
10	100,001	--	1,000,000	2,679,789	
2	1,000,001	--	3,000,000	2,593,048	
1	3,000,001	--	8,000,000	7,515,162	
715				13,409,550	

CATEGORIES OF SHARE HOLDERS	NUMBER OF SHARE HOLDERS	SHARE HELD	PERCENTAGE
<u>INDIVIDUALS</u>			
	695		
HOLDING MORE THAN 10%		1,479,361	11.032%
HOLDING LESS THAN 10%		1,413,236	10.539%
<u>FINANCIAL INSTITUTIONS</u>			
	7		
CDC - TRUSTEE NATIONAL INVESTMENT (UNITY) TRUST		1,113,687	8.305%
NATIONAL BANK OF PAKISTAN		583,570	4.352%
NATIONAL BANK OF PAKISTAN		643	0.005%
NATIONAL BANK OF PAKISTAN		100	0.001%
THE BANK OF PUNJAB, TREASURY DIVISION		8,000	0.060%
TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST		3,674	0.027%
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND		104,696	0.781%
<u>INSURANCE COMPANY</u>			
	1		
STATE LIFE INSURANCE CORPORATION OF PAKISTAN		236,994	1.767%
<u>JOINT STOCK COMPANIES</u>			
	5		
AMPLE SECURITIES (PRIVATE) LIMITED		5,500	0.041%
INTERMARKET SECURITIES LIMITED - MF		2,500	0.019%
EXCEL SECURITIES (PRIVATE) LIMITED		500	0.004%
CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED		5	0.000%
MAPLE LEAF CAPITAL LIMITED		1	0.000%
<u>DIRECTORS, CEO & THEIR SPOUSE AND MINOR CHILDREN</u>			
	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 MASHKOOB		500	0.004%
MR. MUHAMMAD SAJJID HAFEELZ		500	0.004%
TOTAL	715	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. _____

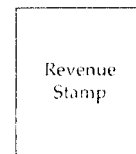
hereby appoint _____ Folio No. _____

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 26th October, 2017 and at any adjournment thereof.

Singed this _____ day of _____ 2017



(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.

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العابد سلک ملز لمیٹڈ

پروکسی فارم

کامیں/ہم

العابد سلک ملز لمیٹڈ کے ممبر ہونے کی حیثیت سے اور شیئرز رجسٹر فوئیونمبر

کے مطابق آرڈینیری شیئرز رکھتا ہوں۔

یہاں کا تقرر کرتا ہوں۔ فوئیونمبر

یا اس کی عدم موجودگی میں فوئیونمبر

بحیثیت میرے/ ہمارے پروکسی میری/ ہماری عدم موجودگی میں کمپنی کے عام سالانہ اجلاس جو 26 اکتوبر 2017 کو منعقد ہوگا اور اس کے کسی التواء پر

میری/ ہماری جانب سے شرکت کرے گا اور ووٹ دے گا۔

آج اس دن 2017 کو دستخط کئے گئے۔

رسیدی ٹکٹ

(دستخط کمپنی کے ساتھ رجسٹر شدہ نمونے کے دستخط کے مطابق ہونے چاہے)

نوٹ: پروکسیز (قائم مقام) کو موثر ثابت ہونے کے لئے کمپنی کو اجلاس سے 48 گھنٹے پہلے ضرور موصول ہوں۔

ایک پروکسی کو کمپنی کا ممبر بھی ہونا چاہئے۔