

REPORT AND ACCOUNTS
FOR THE HALF YEAR ENDED
DECEMBER 31, 2013

AL-ABID SILK MILLS LIMITED

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

AL-ABID SILK MILLS LIMITED

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AL-ABID SILK MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. S.M. Jawed Azam Mr. Naseem A. Sattar Mr. Azim Ahmed Mr. Qamar 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. Muhammad Kashif	
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	(a) Adam Patel & Company 34/2-F, Block-5, Clifton, Karachi. (b) Jwaffs Registrar Services (Pvt) Ltd. 505, 5th Floor, Kashif Centre, Near Hotel Mehran, Main Shahrah-e-Faisal, Karachi.	
BANKERS	Allied Bank Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited JS Bank Limited Meezan Bank Limited National Bank of Pakistan Pak Oman Investment Company Limited Pak Kuwait Investment Company (Private) Limited PAIR Investment Company Limited Standard Chartered Bank (Pakistan) Limited Summit Bank Limited The Bank of Punjab United Bank Limited	
REGISTERED OFFICE	A-39, S.I.T.E., Manghopir Road, Karachi.	
MILLS	A-39, A-51 / B, A-34 / A, D-14 / C-1, A-29 / B, S.I.T.E., Karachi.	

AL-ABID SILK MILLS LIMITED

Directors' Report to the Shareholder

The Board of Directors presents the condensed interim financial statements of the company for the half year ended December 31, 2013.

Overall performance of textile sector is improving gradually. According to Pakistan Bureau of Statistics, the export of textile related goods surged by 8.36%. Towards the said improvement segments namely raw cotton and bed wear contributed a well. On the other end, poor law and order situation all over in the country, shortage of gas, rising trend of inflation, unstable and uncertain government policies remained challenges for the industry. However, after having obtained "GSP-plus status" from EU, the exports of textile sector would further increase significantly which will certainly contribute towards the betterment of country's economy.

During the half year ended December 31, 2013, the company registered total sales of Rs. 274.36 million as against Rs. 2.06 billion registered during the corresponding period of last financial year. As a consequence of significant decline in the sale, company suffered the loss of Rs. 220.16 million as compared to the loss of Rs. 633.95 million incurred during the corresponding period of last financial year. The company remained under persistent financial crisis mainly due to severe shortage of working capital. In view of discontinued export business, the company has diversified in toll manufacturing business in order to utilize maximum capacity of the plant. Due to underutilization of plant capacity, some of fixed cost remained unabsorbed and converted into losses.

Auditor's Observation on Going Concern:

As a result of constant losses, the company's equity is in negative by Rs. 5.26 billion while the reported current liabilities (since partly under litigation) have exceeded to current assets of the company by Rs. 5.95 billion. As disclosed in the Annual Report 2013, the company has undertaken various steps in order to turn around the company. The brief update on these steps is given below:

Toll manufacturing:

Due to emerging demand of textile goods in local market and upcoming famous and well known brands of Lawn wearing, our local processing business is quite encouraging and volumes are improving. Currently our utilized capacity in this direction to the extent of around 25% is represented for fabric processing business of third parties carrying good repute and having major market share in local market. The management of the company is endeavoring hard to take benefit from this opportunity within the available resources i.e. meager working capital.

Rescheduling of Credit Lines

The company is in negotiation with the banks for rescheduling of their credit lines for a longer period and has requested for fresh working capital against available unencumbered fixed assets. However, due to undue delay in the rescheduling and obtaining fresh working capital lines, company's exports business remains at standstill. Some of the banks have already filed the legal cases for recovery against which the company is defending in the Honorable High Court and Banking Court. The company is confident that once the rescheduling get done coupled with the approval of desired new working capital line, it will work as catalyst in moving towards the betterment of the company's financial position.

AL-ABID SILK MILLS LIMITED

Directors' Report to the Shareholder

Reduction in fixed cost

The company has cut their fixed costs / expenses down to size which may be viewed from the annexed financial statements. Nonetheless, the company will further reduce their expenses, wherever necessary, and keep strong monitoring on the fixed and variable cost in order to run the show efficiently.

FUTURE OUTLOOK:

In the prevailing situation, the company is committed and focuses to exploit the available opportunities in local market considering having state-of-art plant and machineries i.e. specialized in camouflage printing i.e. VAT on VAT, Reactive Printing, and Disperse Reactive Dyeing etc. Furthermore, local third party fabric processing business is most likely to increase even more from local customers who are commercial exporters (not having their own processing facilities) due to recently obtained GSP Plus Status. The management of the company is quite optimistic to achieve a reasonable level of capacity and generate profitability in near future.

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

With profound regards,

For and on behalf of the
Board of Directors

(S.M. JAWED AZAM)
Chairman

February 27, 2014

AL-ABID SILK MILLS LIMITED

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Al-Abid Silk Mills Limited (the Company) as at December 31, 2013 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as "the condensed interim financial information") of the six months period then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The figures of the condensed interim profit and loss account for the quarters ended December 31, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2013.

Scope of Review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis of Adverse Opinion

- (i) During the period ended December 31, 2013 the Company sustained after tax loss of Rs.331.79 million and its accumulated loss stood at Rs. 5,768.88 million which has eroded its equity to an adverse balance of Rs. 5,261.95 million before surplus on revaluation of fixed assets of Rs. 2,747.13 million and, as of that date Company's current liabilities exceeded its current assets by Rs. 5,949.62 million. These events indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements have been prepared on a going concern basis but, in our opinion, management's use of the going concern assumption in the financial statements is inappropriate.
- (ii) As mentioned in note 1.1 to the financial statements, the restructuring of financial facilities is under process with various banks and financial institutions. However, as disclosed in the note 8.1, certain lenders have gone into litigation for repayment of liabilities and sale of the company's hypothecated/mortgaged properties.
- (iii) As mentioned in note 12 to the financial statements, the Company has not recorded markup on finances obtained from banks amounting to Rs. 357.24 million on the plea of restructuring negotiation/litigation with the respective banks. Had the provision of mark-up been made in the financial statements, the loss for the current period would have been higher by Rs. 357.24 million and accumulated loss and mark-up payable would have been higher by Rs. 357.24 and shareholders equity would have been lower by the same amount.

AL-ABID SILK MILLS LIMITED

- (iv) The recoverable amount of surplus on revaluation of fixed assets as shown in note 5 of the financial statements is dependent upon continued operation of the company.
- (v) The interest free loan from director amounting to Rs. 366.646 million (June 30, 2013: Rs. 305.456 million) is being shown at historical cost in contravention with the requirements of IAS-39 which require the same to be recorded at fair value or amortised cost as appropriate with an impact on income through profit and loss account.

Adverse Conclusion

Our review indicates that, because of the matters as described in the preceding paragraphs, this condensed interim financial information does not present fairly, in all material respects, the financial position of the company as at December 31, 2013, and of its financial performance and its cash flows for the six months period then ended in accordance with the approved accounting standards as applicable in Pakistan relating to interim financial reporting.

Karachi:
February 27, 2014

Muniff Ziauddin & Co.,
Chartered Accountants
(SALEEM SADRUDDIN)

AL-ABID SILK

CONDENSED INTERIM BALANCE SHEET

	December 2013	June 2013
Note	Rupees (Un-Audited)	Rupees (Audited) Restated
EQUITY & LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised capital	200,000,000	200,000,000
20,000,000 Ordinary Shares of Rs. 10/- each	<u>134,095,500</u>	<u>134,095,500</u>
Issued, subscribed and paid-up capital		
Reserves		
Capital reserve	372,834,000	372,834,000
Accumulated loss	<u>(5,768,880,889)</u>	<u>(5,548,717,667)</u>
	<u>(5,396,046,889)</u>	<u>(5,175,883,667)</u>
Shareholder's equity		
Surplus on revaluation of fixed assets	5 2,747,134,345	3,594,197,081
LIABILITIES		
NON- CURRENT LIABILITIES		
Loan from director - unsecured	6 366,645,754	305,455,867
Liabilities against assets subject to finance lease	6,286,094	16,612,334
Deferred Taxation	7 1,204,642,195	483,014,590
Retirement benefits	<u>24,827,009</u>	<u>22,159,922</u>
	<u>1,602,401,052</u>	<u>827,242,713</u>
CURRENT LIABILITIES AND PROVISIONS		
Trade and other payables	1,076,433,508	1,071,878,543
Accrued markup	245,165,239	240,815,938
Current maturity of long term loans		
- and Lease Liability	67,486,826	59,966,536
Short term finances	<u>5,034,881,952</u>	<u>5,065,814,155</u>
	<u>6,423,967,525</u>	<u>6,438,475,172</u>
CONTINGENCIES AND COMMITMENTS		
	8 -	-
	<u>5,511,551,533</u>	<u>5,818,126,799</u>

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

Azim Ahmed
Director

As the Chief Executive of the company is for the time being not available, therefore, these condensed interim Companies Ordinance, 1984.

MILLS LIMITED

AS AT DECEMBER 31, 2013

	Note	December 2013 Rupees (Un-Audited)	June 2013 Rupees (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	5,035,255,094	5,261,929,398
Long term security deposit		1,946,645	1,946,645
CURRENT ASSETS			
Stores and spares		93,865,871	95,839,301
Stock in trade		64,408,075	106,861,274
Trade debts		49,680,147	58,635,820
Loans and advances		14,108,597	16,144,595
Trade deposits and prepayments		8,178,477	7,811,810
Other receivables		173,619,652	192,380,429
Tax refunds due from government		58,871,820	66,704,777
Cash and bank balances		11,617,155	9,872,750
		474,349,794	554,250,756
		5,511,551,533	5,818,126,799

Qamar Mashkooor
Director

financial statements have been signed by two directors of the company as required under section 241(2) of the

AL-ABID SILK MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	Note	SIX MONTHS PERIOD ENDED		THREE MONTHS PERIOD ENDED	
		Jul-Dec 13 Rupees	Jul-Dec 12 Rupees	Oct-Dec 13 Rupees	Oct-Dec 12 Rupees
Sales and services	10	274,359,790	2,056,720,761	155,731,518	630,804,158
Cost of sales		538,606,676	3,012,805,386	269,914,226	1,515,976,320
Gross loss		(264,246,886)	(956,084,625)	(114,182,708)	(885,172,162)
Operating expenses					
Distribution cost		11,159,976	61,267,957	3,427,945	22,291,607
Administrative expenses		63,678,832	109,987,105	30,523,333	47,993,625
Other operating expenses		635,375	1,700,000	(610,155)	-
		75,474,183	172,955,062	33,341,123	70,285,232
		(339,721,069)	(1,129,039,687)	(147,523,831)	(955,457,394)
Other income	11	14,619	365,837,067	10,545	362,902,952
Loss from operations		(339,706,450)	(763,202,620)	(147,513,286)	(592,554,442)
Finance cost		4,395,753	35,368,327	34,785	15,038,693
Loss before taxation		(344,102,203)	(798,570,947)	(147,548,071)	(607,593,135)
Taxation - net	13	(12,308,902)	23,767,846	(12,913,413)	8,973,683
Loss after taxation		(331,793,301)	(822,338,793)	(134,634,658)	(616,566,818)
Loss per share - basic and diluted	14	(24.74)	(61.32)	(10.04)	(45.98)

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

Azim Ahmed
Director

Qamar Mashkoor
Director

As the Chief Executive of the company is for the time being not available, therefore, these condensed interim financial statements have been signed by two directors of the company as required under section 241(2) of the Companies Ordinance, 1984.

AL-ABID SILK MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	SIX MONTHS PERIOD ENDED		THREE MONTHS PERIOD ENDED	
	Jul-Dec 13 Rupees	Jul-Dec 12 Rupees	Oct-Dec 13 Rupees	Oct-Dec 12 Rupees
Loss after taxation	(331,793,301)	(822,338,793)	(134,634,658)	(616,566,818)
Items that will never be classified to profit or loss - restated				
Remeasurements of defined benefit liability - restated	-	493,173	-	-
Recognition tax - restated	-	(167,679)	-	-
Total other comprehensive income net of tax - restated	-	325,494	-	-
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	111,630,079	188,058,563	27,063,402	94,029,282
Total Comprehensive Loss	<u>(220,163,222)</u>	<u>(633,954,736)</u>	<u>(107,571,256)</u>	<u>(522,537,536)</u>

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Azim Ahmed
Director

Qamar Mashkoor
Director

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AL-ABID SILK MILLS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	Jul-Dec 13 Rupees	Jul-Dec 12 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(344,102,203)	(798,570,947)
Adjustments for:		
Depreciation	233,478,495	261,860,063
Provision for gratuity	5,801,210	5,801,211
Loss / (Gain) on disposal of property, plant and equipment	635,375	(12,278,887)
	239,915,080	255,382,387
decrease / (Increase) in current assets:		
Stores and spares	1,973,430	16,917,887
Stock in trade	42,453,199	1,612,799,861
Trade debtors	8,955,673	30,976,717
Loan and advances	2,035,998	3,260,933
Trade deposits and prepayments	(366,667)	(11,806,631)
Other receivables	18,760,777	6,589,331
Tax refunds due from government	7,603,047	6,817,269
	81,415,457	1,665,555,367
(Decrease) / Increase in current liabilities:		
Trade and other payable	4,554,965	(1,007,906,595)
Accrued mark-up	4,349,301	(5,611,874)
Short term finance	(30,932,203)	(138,155,348)
	(22,027,937)	(1,151,673,817)
Cash used in generated from operations	(44,799,603)	(29,307,010)
Taxes paid	(1,266,241)	(17,532,507)
Staff gratuity paid	(3,134,123)	(22,329,773)
Net cash outflow from operations	(49,199,967)	(69,169,290)
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(9,759,566)	(9,444,545)
Proceeds from disposal of fixed assets	2,320,000	24,784,500
Net cash (used in) / generated from investing activities	(7,439,566)	15,339,955
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds of loan from director	61,189,887	46,605,867
Payments of obligation under finance lease	(2,805,949)	(6,502,336)
Net cash inflow from financing activities	58,383,938	40,103,531
Net increase / (decrease) in cash and cash equivalents	1,744,405	(13,725,804)
Cash and cash equivalents at the beginning of the period	9,872,750	45,289,052
Cash and cash equivalents at the end of the period	11,617,155	31,563,248

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

Azim Ahmed
Director

Qamar Mashkoor
Director

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AL-ABID SILK MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	Share Capital	Capital Reserve	Accumulated Loss	Total
	Rupees			
Balance as at June 30, 2012	134,095,500	372,834,000	(3,971,777,236)	(3,464,847,736)
Effect of change in accounting policy due to application of IAS 19 (Revised) Note 3.1 (net of tax)	-	-	12,508,166	12,508,166
Balance as at June 30, 2012 - as restated	134,095,500	372,834,000	(3,959,269,070)	(3,452,339,570)
Total comprehensive loss for the period			(822,338,794)	(822,338,794)
Surplus on revaluation of fixed assets realised during the period on account of incremental depreciation			188,058,560	188,058,560
Balance as at December 31, 2012 (Unaudited) Restated	134,095,500	372,834,000	(4,593,549,304)	(4,086,619,804)
Balance as at June 30, 2013	134,095,500	372,834,000	(5,548,014,599)	(5,041,085,099)
Effect of change in accounting policy due to application of IAS 19 (Revised) Note 3.1 (net of tax)	-	-	(703,068)	(703,068)
Balance as at June 30, 2013 - as restated	134,095,500	372,834,000	(5,548,717,667)	(5,041,788,167)
Total comprehensive loss for the period			(331,793,301)	(331,793,301)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax			111,630,079	111,630,079
Balance as at December 31, 2013 (Unaudited)	134,095,500	372,834,000	(5,768,880,889)	(5,261,951,389)

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

Azim Ahmed
Director

Qamar Mashkoor
Director

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AL-ABID SILK MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Unaudited) FOR THE HALF YEAR ENDED DECEMBER 31, 2013

1 LEGAL STATUS AND OPERATIONS

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

1.1 GOING CONCERN ASSUMPTIONS

As a result of constant losses, the company's equity is in negative by Rs. 5.26 billion while the reported current liabilities (since partly under litigation) have exceeded to current assets of the company by Rs. 5.95 billion. As disclosed in the Annual Report 2013, the company has undertaken various steps in order to turn around the company. The brief update on these steps is given below:

Toll manufacturing: Due to emerging demand of textile goods in local market and upcoming famous and well known brands of Lawn wearing, our local processing business is quite encouraging and volumes are improving. Currently our utilized capacity in this direction to the extent of around 25% is represented for fabric processing business of third parties carrying good repute and having major market share in local market. The management of the company is endeavoring hard to take benefit from this opportunity within the available resources i.e. meager working capital.

Rescheduling of Credit Lines: The company is in negotiation with the banks for rescheduling of their credit lines for a longer period and has requested for fresh working capital against available unencumbered fixed assets. However, due to undue delay in the rescheduling and obtaining fresh working capital lines, company's exports business remains at standstill. Some of the banks have already filed the legal cases for recovery against which the company is defending in the Honorable High Court and Banking Court. The company is confident that once the rescheduling get done coupled with the approval of desired new working capital line, it will work as catalyst in moving towards the betterment of the company's financial position.

Reduction in fixed cost: The company has cut their fixed costs / expenses down to size which may be viewed from the annexed financial statements. Nonetheless, the company will further reduce their expenses, wherever necessary, and keep strong monitoring on the fixed and variable cost in order to run the show efficiently.

The management is confident that after the successful implementation of all these measures as explained above, the company's financial health improve, will turn from the current financial turmoil and will continue as going concern. These financial statements, therefore, do not include any adjustment relating to realization of its assets and liquidation of any liabilities that might be necessary should the Company be unable to continue as going concern.

2 BASIS OF PREPARATION

- 2.1 The condensed interim financial information of the Company for the six months period ended December 31, 2013 is unaudited and being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984 (the Ordinance) and the listing regulations of the Karachi and Lahore stock exchanges and has been prepared in accordance with the requirements of the International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) and provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP) under the Ordinance. Wherever the requirements of IAS 34 differ from the requirements of the Ordinance or directives issued by the SECP, the Ordinance and the said directives have been followed.
- 2.2 The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2013.
- 2.3 These condensed interim financial information 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.

AL-ABID SILK MILLS LIMITED

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the consistent with those applied in the preparation of the financial statements for the year ended June 30, 2013.

3.1 Initial application of a standard, amendment or interpretation to an existing standard:

The Company has applied IAS 19 - Employee benefits (revised in June 2011) which is applicable for annual periods beginning on or after January 1, 2013. In accordance with the transitional provisions as set out in IAS 19, the Company has applied the revised standard retrospectively and consequently the earliest period presented in the condensed interim statement of changes in equity and the condensed interim balance sheet have been restated.

The revised standard requires past service cost to be recognised immediately in the profit or loss and replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. Further, a new term "remeasurements" has been introduced which is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The revised standard eliminates the corridor approach and requires to recognise all remeasurement gain or loss / actuarial gain or loss in the other comprehensive income immediately as they occur.

The impacts of retrospective application of IAS 19 (Revised) are as follows:

	June 30, 2013 Rupees	July 1, 2012 Rupees
Effect on balance sheet		
Accumulated loss		
As previously reported	(5,560,522,765)	(3,971,777,236)
Effect of changes in accounting policy		
- For the year 2012	12,508,166	12,508,166
- For the year 2013	(703,068)	-
As restated	<u>(5,548,717,667)</u>	<u>(3,959,269,070)</u>
Staff Gratuity		
As previously reported	33,602,834	53,025,686
Effect of changes in accounting policy		
- For the year 2012	(12,508,166)	(12,508,166)
- For the year 2013	1,065,254	-
As restated	<u>22,159,922</u>	<u>40,517,520</u>
Deferred taxation		
As previously reported	483,376,667	
Effect of changes in accounting policy		
- For the year 2012	-	-
- For the year 2013	(362,186)	-
As restated	<u>483,014,481</u>	<u>-</u>
	Six months period ended 31 December 2012	Prior to July 1, 2012
Effect on Other Comprehensive Income		
Remeasurement of defined benefit liability recognised in other comprehensive income (decrease)	493,173	12,508,166
Recognition of tax	(167,679)	-
	<u>325,494</u>	<u>12,508,166</u>

The Company follows a consistent practice to conduct actuarial valuations regularly. Hence, the impact on this and comparative condensed interim financial information are not quantifiable and are also considered immaterial.

AL-ABID SILK MILLS LIMITED

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

4.1 The estimates / judgments and associated assumptions used in the preparation of the condensed interim financial information 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.

4.2 In the preparation of these condensed interim financial information, the significant judgment made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to annual audited financial statements of the Company for the year ended June 30, 2013 except for estimates related to the deferred taxation which is explained in Note No. 7.1

5 SURPLUS ON REVALUATION OF FIXED ASSETS	December 31, 2013	June 30, 2013
	Rupees (Unaudited)	Rupees (Audited)
Balance at beginning of the period / year	3,594,197,082	4,322,049,990
Incremental depreciation on revalued assets for the period / year	(111,630,079)	(244,476,133)
Less: Deferred Tax relating to revaluation surplus	(735,432,658)	(483,376,776)
	<u>2,747,134,345</u>	<u>3,594,197,081</u>

5.1 The Company has updated the revaluation of Leasehold lands, Buildings on Leasehold lands, 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. 3,807,350,502. The earlier valuation of Leasehold lands 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.

6 LOAN FROM DIRECTOR - Unsecured	December 31, 2013	June 30, 2013
	Rupees (Unaudited)	Rupees (Audited)
Balance at beginning of the year	305,455,867	150,000,000
Received during the period / year	61,189,887	155,455,867
	<u>366,645,754</u>	<u>305,455,867</u>

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

7 DEFERRED TAXATION

Effect of change in tax rate	(13,800,417)	
Surplus on revaluation of fixed assets	1,398,876,388	483,014,590
Liabilities against assets subject to finance lease	(16,199,540)	-
Retirement benefits -unfunded gratuity	(12,694,472)	-
Effect of changes in accounting policies in respect of retirement benefits	(362,186)	-
Unused tax Losses	(151,177,578)	-
	<u>1,204,642,195</u>	<u>483,014,590</u>

7.1 During the period the company's major revenue has been from local sales and services instead of exports. and its income is now covered under FTR and NTR. Hence, the estimate related to the deferred tax has been remeasured to incorporate the effect of unused tax losses, retirement benefits, lease liabilities and surplus on revaluation.

8 CONTINGENCIES AND COMMITMENTS	December 31, 2013	June 30, 2013
	Rupees (Unaudited)	Rupees (Audited)
8.1 Contingencies:		
Bank guarantee	<u>79,834,000</u>	<u>79,834,000</u>

The bank guarantees have been issued in favour of various government agencies.

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The Sales Tax department has filed an appeal in the Honorable High Court of Sindh on 23rd August, 2000 against the Order of the learned Appellate Tribunal Customs and Sales Tax for recovery of Additional Tax and Surcharge amounting to Rs. 3.449 million for the year 1992-93. No provision for this amount has been made in these accounts as the management of the Company is of the view that the decision of the Learned Appellate Tribunal Customs and Sales Tax given in favour of the Company will be successfully defended in the Honorable High Court.

In respect of liabilities towards banks / DFIs, several banks and DFIs have filed civil suits in Honorable High Court of Sindh and Banking Court for recovery of their liabilities. The aggregate value of such civil suits amounts to Rs. 4.15 billion and USD 28,653/-. The management has accordingly filed leave to defend through their approved lawyers. The management is confident and believes that in ultimate analysis an amicably out of the court settlement will be reached.

	December 31, 2013 Rupees (Unaudited)	June 30, 2013 Rupees (Audited)
8.2 Commitments:		
Commitments under LCs for raw materials and spares parts	-	-
9 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	5,018,455,096	5,245,129,398
Capital work-in-progress	16,800,000	16,800,000
	<u>5,035,255,096</u>	<u>5,261,929,398</u>
9.1 The fixed capital expenditures during the period as follows:		
	Jul-Dec 13 Rupees (Unaudited)	Jul-Dec 12 Rupees (Unaudited)
Owned assets:		
Plant, machinery and equipments	5,709,566	8,645,682
Office equipment	-	100,000
Electric, gas and other installations	4,050,000	698,864
	<u>9,759,566</u>	<u>9,444,546</u>
9.2 The disposals during the period as follows:		
Owned assets:		
Plant, machinery and equipments	2,317,255	-
Vehicles	1,480,000	41,715,716
	<u>3,797,255</u>	<u>41,715,716</u>
10 SALES AND SERVICES		
Sales		
Export sales	24,870,432	1,730,491,804
Local sales	11,615,095	73,267,321
	<u>36,485,527</u>	<u>1,803,759,125</u>
Services		
Cloth Processing - Printing and dyeing	237,874,263	252,961,636
	<u>274,359,790</u>	<u>2,056,720,761</u>
11 OTHER INCOME		
Income from financial assets/liabilities		
Profit on PLS deposits	14,619	121,385
Income from non-financial assets/liabilities		
Sales of scrap	-	358,146
Waiver of trade liabilities	-	353,078,649
Gain on disposal of property, plant and equipment	-	12,278,887
	<u>14,619</u>	<u>365,837,067</u>

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12 FINANCE COST

The company has not accrued markup of Rs. 357.236 million for the period as the matter is under negotiations with the banks for restructuring.

	Jul-Dec 13 Rupees (Unaudited)	Jul-Dec 12 Rupees (Unaudited)
13 TAXATION		
Current	1,496,151	23,767,846
Deferred	(13,805,053)	-
	<u>(12,308,902)</u>	<u>23,767,846</u>

	SIX MONTHS PERIOD ENDED		THREE MONTHS PERIOD ENDED	
	Jul-Dec 2013 (Unaudited)	Jul-Dec 2012 (Unaudited)	Oct-Dec 2013 (Unaudited)	Oct-Dec 2012 (Unaudited)
14 EARNINGS PER SHARE - BASIC & DILUTED				
14.1 Basic earnings per share				
Loss after taxation	Rupees (331,793,301)	(822,338,793)	(134,634,658)	(616,566,818)
Weighted average number of shares	Number 13,409,550	13,409,550	13,409,550	13,409,550
Basic loss per share	Rupees (24.74)	(61.32)	(10.04)	(45.98)

14.2 Diluted earnings per share

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

15 TRANSACTIONS WITH RELATED PARTIES

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

	Jul-Dec 13 Rupees (Unaudited)	Jul-Dec 12 Rupees (Unaudited)
<u>Al-Abid Exports (Private) Limited (Associated Company)</u>		
Processing services rendered	1,716,156	6,096,928
Rent expense	-	9,312,000
<u>Al-Abid Silk Mills Limited</u>		
Key management personnel - Remuneration & Benefits	7,950,000	7,950,000
	December 31, 2013 Rupees (Unaudited)	June 30, 2013 Rupees (Audited)
<u>Al-Abid Exports (Private) Limited (Associated Company)</u>		
Outstanding balance - payable	(20,237,410)	(21,953,567)

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

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16 OPERATING SEGMENT

This condensed interim financial information has been prepared on the basis of a single reportable segment. The company does not hold non current assets in any foreign country. Revenues from external customers attributed to foreign countries in aggregate are immaterial.

The Company has earned revenues from five (Dec 2012: five) customers aggregating Rs. 150.50 million (Dec 2012: Rs. 1.213 million) during the period which constituted 55% (Dec 2012: 70%).

17 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2013.

18 DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorized for issue in the Board of Directors' meeting held on February 27, 2014.

19 CORRESPONDING FIGURES

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

Azim Ahmed
Director

Qamar Mashkoor
Director

As the Chief Executive of the company is for the time being not available, therefore, these condensed interim financial statements have been signed by two directors of the company as required under section 241(2) of the Companies Ordinance, 1984.

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AL-ABID SILK MILLS LIMITED

Registrars:

Adam Patel & Company

34/2-F, Block-5, Clifton, Karachi.