

AL-ABID SILK MILLS LIMITED

CONTENTS

Company Information	2
Directors' Report	3
Report on Review of Interim Financial Information	4
Condensed Interim Balance Sheet	6
Condensed Interim Profit & Loss Account	8
Condensed Interim Statement Of Comprehensive Income	9
Condensed Interim Cash Flow Statement	10
Condensed Interim Statement of Changes in Equity	11
Notes to the Condensed Interim Financial Statements	12

AL-ABID SILK MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. S.M. Jawed Azam Mr. Naseem A. Sattar Mr. Azim Ahmed Mr. Qamar Mashkoor Mr. Muhammad Sajid Hafeez Mst. Adia Naseem Mrs. Sadaf Nadeem Syed Raza Abbas Jaffari	Chairman Chief Executive Officer Executive Director Independent Non-Executive Director Independent Non-Executive Director Non-Executive Director Non-Executive Director Nominee Director (N.I.T.)
SECRETARY	Mr. Nasim Ahmed	
AUDIT COMMITTEE	Mr. Qamar Mashkoor Mr. Muhammad Sajid Hafeez Mr. S.M. Jawed Azam	Chairman Member Member
HUMAN RESOURCE AND REMUNERATION COMMITTEE	Mr. Muhammad Sajid Hafeez Mr. Naseem A. Sattar Mr. Qamar Mashkoor	Chairman Member Member
AUDITORS	Muniff Ziauddin & Co., Chartered Accountants	
REGISTRAR	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

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors present the condensed interim financial statement of the company for the half year ended December 31, 2016.

As you may be aware, the textile industry in Pakistan is faced with difficulties which includes various factors:

- i) Ever increasing cost of business.
- ii) New external competitive market(s) who have support of their governments and also internationally including encouraging business incentive(s) like Vietnam, Bangladesh, India and others.
- iii) Infrastructure difficulties such as gas, power and water.
- iv) Law and order situation is not unknown to all of us. The foreign buyers are reluctant to place orders in Pakistan due to insecurity of supplies and even avoid to visit the supply source(s) in Pakistan.

Above are the difficulties but our government is surely aware of these problems. We are sure that the government is trying to take necessary measures to encounter these difficulties and we are expecting some concrete measures will be taken by the Government to once again bring up the textile industry on its level being the largest industrial sector and employer of the country. We are more than hopeful that some positive measures will take place and our dwindling textile industry and exports will once again rise to peak.

FUTURE OUTLOOK:

At the same time, we are discussing with our banks to find a solution to the problems being faced by the company. Once a solution is reached with the banks, the plant is ready in every respect to go on peak production which will give us an opportunity to have our share in the export market as well as in the domestic market which is also a very big market keeping in view the population and keeping in view the diversified capabilities of production by your company.

We are thankful to our shareholders who still show their full confidence in the company and once the company is in full operation, the staff again will be enthusiastic to participate in achieving quality products in your company.

Thanks to all of you.

For and on behalf of the
Board of Directors

(NASEEM A. SATTAR)
Chief Executive Officer

February 28, 2017

AL-ABID SILK MILLS LIMITED

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED 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, 2016 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 draw 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, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

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 Conclusion

(i) During the period ended December 31, 2016, the Company sustained after tax loss of Rs. 149.102 million and its accumulated loss stood at Rs. 6,676.658 million which has eroded its equity to an adverse balance of Rs. 6,169.728 million before surplus on revaluation of fixed assets of Rs. 2,784.365 million and, as of that date Company's current liabilities exceeded its current assets by Rs. 6,310.252 million and further during the period no production and sales were made by the company. 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. These condensed interim financial information have been prepared on a going concern basis however, in our opinion, management's use of the going concern assumption in the condensed interim financial information is inappropriate.

(ii) As mentioned in note 1.1 to the condensed interim financial information, the restructuring of financial facilities is under process with various banks and financial institutions. However, as disclosed in the same note, all lenders have gone into litigation for repayment of liabilities and sale of the company's hypothecated/mortgaged properties.

(iii) The net book value of property, plant and equipment as at 31st December 2016 amounts to 3,828 million (2016: 3,996 million). Due to absence of revenue during the period and recurring losses, the company should perform impairment testing of its property, plant and equipment. As at December 31, 2016, the company did not perform impairment testing of its property, plant and equipment in accordance with the requirement of IAS 36 - Impairment of Assets. We were unable to quantify the effect of potential impairment, if any, of property, plant and equipment.

(iv) We have not received direct bank confirmations from the banks and financial institutions for short term loans amounting to Rs. 5,034.8 million and for bank balances of Rs. 9.4 million as mentioned in the financial statements. Moreover, we have also not received direct confirmations from trade and other creditors amounting to Rs. 941 million and various leasing companies amounting to Rs. 67 million.

(v) As mentioned in note 1.1 to the financial statements, the Company has not recorded markup on finances obtained from banks amounting to Rs. 181.192 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. 181.192 million and accumulated loss and mark-up payable would have been higher by Rs. 181.192 million and shareholders' equity would have been lower by the same amount.

(vi) The interest free loan from director amounting to Rs. 489.9 million is being shown at historical cost in contravention with the requirements of IAS-39 which require the same to be recorded at fair value or amortized cost as appropriate with an impact on income through profit and loss account, the amount of which has not been determined by the company.

(vii) The Company has not carried out actuarial valuation, as required by International Accounting Standards-19 Employee Benefits, in respect of staff retirement benefits payable to employees.

(viii) The recoverable amount of surplus on revaluation of fixed assets of the financial statements is dependent upon continued operation of the company.

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, 2016, 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.

Thanks to all of you.

MUNIFF ZIAUDDIN & CO.

(SOHAIL SALEEM)
Chartered Accountants

February 28, 2017

AL-ABID SILK

CONDENSED INTERIM BALANCE SHEET

Note	December 2016 <u>(Unaudited)</u>	June 2016 <u>(Audited)</u>
EQUITY & LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital		
20,000,000 Ordinary Shares of Rs. 10/- each	200,000,000	200,000,000
Issued, subscribed and paid-up capital	134,095,500	134,095,500
Reserves		
Capital reserve	372,834,000	372,834,000
Accumulated loss	(6,676,658,186)	(6,625,919,545)
	<u>(6,303,824,186)</u>	<u>(6,253,085,545)</u>
Shareholder's equity		
	<u>(6,169,728,686)</u>	<u>(6,118,990,045)</u>
Surplus on revaluation of fixed assets	5 2,784,365,261	2,882,728,955
LIABILITIES		
NON- CURRENT LIABILITIES		
Loan from director - unsecured	6 489,858,754	479,973,754
Long term loan from banks	-	-
Liabilities against assets subject to finance lease	-	-
Deferred Taxation	7 407,628,203	403,622,687
Retirement benefits	7,288,935	7,358,935
	<u>904,775,892</u>	<u>890,955,376</u>
CURRENT LIABILITIES AND PROVISIONS		
Trade and other payables	941,414,426	948,467,879
Advance from I.B.L	8 368,128,687	401,873,719
Accrued markup	240,815,938	240,815,938
Current maturity of long term loans - and Lease Liability	67,118,820	67,118,820
Short term finances	5,034,787,523	5,034,787,523
	<u>6,652,265,394</u>	<u>6,693,063,879</u>
CONTINGENCIES AND COMMITMENTS		
	9 <u>4,171,677,861</u>	<u>4,347,758,165</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

Chief Executive Officer

MILLS LIMITED

AS AT DECEMBER 31, 2016

		December 2016	June 2016
	Note	(Rupees)	
		(Unaudited)	(Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	3,827,778,212	3,996,787,353
Long term security deposit		1,886,645	1,946,645
CURRENT ASSETS			
Stores and spares		64,320,850	68,104,429
Stock in trade		15,461,471	16,370,969
Trade debts		2,051,619	2,511,539
Loans and advances		5,403,826	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		73,981,669	73,902,594
Cash and bank balances		9,428,138	9,304,629
		342,013,004	349,024,167
		<u>4,171,677,861</u>	<u>4,347,758,165</u>

Director

AL-ABID SILK MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Unaudited) FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Note	SIX MONTHS PERIOD ENDED		THREE MONTHS PERIOD ENDED	
		Jul-Dec 2016	Jul-Dec 2015	Oct-Dec 2016	Oct-Dec 2015
		Rupees	Rupees	Rupees	Rupees
Sales and Manufacturing	11	-	-	-	-
Cost of sales		166,540,326	182,869,331	83,000,439	91,434,664
Gross loss		(166,540,326)	(182,869,331)	(83,000,439)	(91,434,664)
Operating expenses					
Distribution cost		-	-	-	-
Administrative expenses		15,218,008	20,342,415	5,953,194	12,814,494
		15,218,008	20,342,415	5,953,194	12,814,494
		(181,758,334)	(203,211,746)	(88,953,633)	(104,249,158)
Other income	12	36,663,014	532,783	36,663,014	-
Loss from operations		(145,095,320)	(202,678,963)	(52,290,619)	(104,249,158)
Finance cost	13	1,499	21,689	1,499	18,004
Loss before taxation		(145,096,819)	(202,700,652)	(52,292,118)	(104,267,162)
Taxation - net	14	4,005,516	2,817,471	1,087,224	2,497,456
Loss after taxation		(149,102,335)	(205,518,123)	(53,379,342)	(106,764,618)
Loss per share - basic and diluted	15	(11.12)	(15.33)	(3.98)	(7.96)

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Director

AL-ABID SILK MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Unaudited) FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	SIX MONTHS PERIOD ENDED		THREE MONTHS PERIOD ENDED	
	Jul-Dec 2016 Rupees	Jul-Dec 2015 Rupees	Oct-Dec 2016 Rupees	Oct-Dec 2015 Rupees Restated
Loss after taxation	(149,102,335)	(205,518,123)	(53,379,342)	(106,764,618)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation- net of tax	98,363,694	93,165,915	49,181,841	47,272,858
Total comprehensive Loss	<u>(50,738,641)</u>	<u>(112,352,208)</u>	<u>(4,197,501)</u>	<u>(59,491,760)</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Director

AL-ABID SILK MILLS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (Unaudited) FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Jul-Dec 2016 Rupees	Jul-Dec 2015 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(145,096,819)	(202,700,652)
Adjustments for:		
Depreciation	169,009,141	188,063,730
Provision for gratuity	-	164,000
Provision for obsolete items	3,783,579	-
Provision for obsolete stock	909,498	-
Provision for doubtful debts	94,520	-
Gain on disposal of property, plant and equipment	-	(532,783)
	173,796,738	187,694,947
Decrease in current assets:		
Trade debtors	365,400	1,364,672
Loan and advances	2,060,750	59,114
Tax refunds due from government	301,529	-
	2,727,679	1,423,786
(Decrease) / Increase in current liabilities:		
Trade and other payable	(7,053,453)	9,321,338
Advance from IBL	(33,745,032)	-
	(40,798,485)	9,321,338
Cash used in generated from operations	(9,370,887)	(4,260,581)
Taxes paid	(380,604)	(40,317)
Staff gratuity paid	(70,000)	(6,997,310)
Net cash outflow from operations	(9,821,491)	(11,298,208)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of fixed assets	-	1,000,000
Long term security deposit	60,000	-
Net cash generated from investing activities	60,000	1,000,000
CASH FLOW FROM FINANCING ACTIVITIES		
Loan from director	9,885,000	9,600,000
Payments of obligation under finance lease	-	-
Net cash inflow from financing activities	9,885,000	9,600,000
Net increase / (decrease) in cash and cash equivalents	123,509	(698,208)
Cash and cash equivalents at the beginning of the period	9,304,629	10,311,703
Cash and cash equivalents at the end of the period	9,428,138	9,613,495

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Director

AL-ABID SILK MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited) FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	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 Half Year ended December 31, 2015	-	-	(205,518,123)	(205,518,123)
Other Comprehensive Income				
-Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	93,165,915	93,165,915
Balance as at December 31, 2015 restated	134,095,500	372,834,000	(6,270,412,178)	(5,763,482,678)
Balance as at June 30, 2016	134,095,500	372,834,000	(6,625,919,545)	(6,118,990,045)
Loss after tax for the Half Year ended December 31, 2016	-	-	(149,102,335)	(149,102,335)
Other Comprehensive Income				
-Transfer from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	98,363,694	98,363,694
Balance as at December 31, 2016	134,095,500	372,834,000	(6,676,658,186)	(6,169,728,686)

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Director

AL-ABID SILK MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (Unaudited) FOR THE HALF YEAR ENDED DECEMBER 31, 2016

1 LEGAL STATUS AND OPERATIONS

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

1.1 GOING CONCERN ASSUMPTIONS

As a result of constant losses, the company's equity is in negative by Rs. 6.170 billion while the reported current liabilities (since partly under litigation) have exceeded to current assets of the company by Rs. 6.310 billion. However, the company has undertaken various steps in order to turn around the company. The brief update on these steps is given below:

(i) Revamping the plant and recapturing market

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

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

(ii) Rescheduling of credit facilities with the banks

The management has already requested all of the banks and DFIs collectively and individually, to reschedule its credit facilities for a longer period coupled with fresh additional working capital facility. Most unfortunately, banks' response time is quite slow due to following up their internal procedures and systems. Meanwhile, the banks and DFI have already filed civil recovery suits in Honorable High Court and Banking Court for recovery of their lent fund. The Company has already filed leave to defend in the court against all such legal suits. The management is confident and believes that in ultimate analysis an amicably out of the court settlement will be reached and approval of rescheduling with other banks including fresh financing which is essential requirement for resumption of export business will be finalized. Furthermore, the company has not accrued the markup of Rs. 181.192 million as matter is under negotiations with the banks and DFIs.

(iii) During the year ended June 30, 2016 International Brands Limited (IBL) submitted proposal to the banks for restructuring and acquiring 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. Manufacturing of contract goods was not started by IBL. However, on February 10th, 2017 IBL has given the notice of termination of this contract subject to approval of Board of Directors of IBL. This notice is to be considered by the Board of Directors of the Company.

The management of the company is confident that the company will 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.

AL-ABID SILK MILLS LIMITED

2 BASIS OF PREPARATION

2.1 This condensed interim financial information of the company for the half year ended December 31, 2016, is unaudited and has been prepared in accordance with the requirements of the International Accounting standard 34 'Interim Financial Reporting' and provisions of and directives issued under the companies ordinance 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. The figures for the half year ended December 31, 2016 have, however, been subjected to limited scope review by the auditors as required by the Code Of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2016.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2016.

There are certain new International Financial Reporting Standards (standards) , amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2016. These considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in this condensed interim financial information.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

4.1 The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

4.2 In preparing this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited annual financial statements for the year ended June 30, 2016.

5 SURPLUS ON REVALUATION OF FIXED ASSETS	December 2016 Rupees (Unaudited)	June 2016 Rupees (Audited)
Balance at beginning of the period / year	3,159,893,776	3,433,882,161
Less: Incremental depreciation on revalued assets for the period / year - net of tax	(123,294,964)	(273,988,385)
	<u>3,036,598,812</u>	<u>3,159,893,776</u>
Less: related deferred tax of:		
- balance at beginning of the period / year	277,164,821	335,246,911
- incremental depreciation for the period / year	(11,323,373)	(25,163,011)
- effect of change in tax rate	(13,607,897)	(32,919,079)
	<u>252,233,551</u>	<u>277,164,821</u>
Balance at end of the period / year	<u>2,784,365,261</u>	<u>2,882,728,955</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.

AL-ABID SILK MILLS LIMITED

		December 2016 Rupees (Unaudited)	June 2016 Rupees (Audited)
6	LOAN FROM DIRECTOR - Unsecured		
	Balance at beginning of the period / year	479,973,754	466,018,754
	Received during the period / year	9,885,000	13,955,000
		489,858,754	479,973,754

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

		December 2016 Rupees (Unaudited)	June 2016 Rupees (Audited)
7	DEFERRED TAXATION		
	Debit/(credit) balances arising from:		
	Accelerated tax depreciation allowance	613,457,567	631,646,747
	Revaluation Surplus	252,233,551	277,164,821
	Provision for obsolete item	(3,632,236)	(2,421,491)
	Provision for obsolete stock	(873,118)	(582,079)
	Provision for doubtful debt	(90,740)	(60,493)
	Liabilities against assets subject to finance lease	16,362,059	17,284,083
	Provision for retirement benefits	(354,496)	(354,496)
	Tax credit of unused tax losses	(469,474,384)	(519,054,405)
		407,628,203	403,622,687

8 **ADVANCE FROM IBL**
This comprises of initial mobilizing expenses incurred by IBL as disclosed on note 1.1 for repair and maintenance to have the plant in full running condition.

		December 2016 Rupees (Unaudited)	June 2016 Rupees (Audited)
9	CONTINGENCIES AND COMMITMENTS		
9.1	Contingencies:		
	Bank guarantee	79,834,000	79,834,000

9.1.1 The bank guarantees have been issued in favor of Sui Southern Gas Company Limited and others.

9.1.2 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.

9.1.3 JS Bank Limited has filed suit No. B-42/2013 & B-76/2013 against the company for recovery of outstanding loan amounting to Rs. 335,105,083/-.

9.1.4 United Bank Ltd has filed suit No. B-93 of 2012 against the company for recovery of outstanding loan amounting to Rs. 606,855,202/-.

9.1.5 Habib Bank Limited has filed suit No. B-96 of 2012 against the company for recovery of outstanding loan amounting to Rs. 812,482,558/-.

9.1.6 Pak Oman Investment Company Limited 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 filed an appeal, also Pak Oman Investment Company Limited 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 Limited.

AL-ABID SILK MILLS LIMITED

- 9.1.7** Meezan Bank Ltd. Suit No. B-58 of 2013 against the company for recovery of outstanding loan amounting to Rs. 546,667,987/-.
- 9.1.8** Faysal Bank Ltd has filed suit no. B-80 of 2013 against the company for recovery of outstanding loan amounting to Rs. 763,724,270/-
- 9.1.9** Summit Bank Ltd. has filed Suit No. B-84 of 2013 against the Company for recovery of outstanding loan amounting to Rs. 433,796,294/-. The leave to defend has been granted.
- 9.1.10** Bank of Punjab has filed suit No. B-95 of 2013 against the Company for recovery of outstanding loan amounting to Rs. 434,399,948/-
- 9.1.11** PAIR Investment Co. Ltd has filed suit No. B-111 of 2013 against the Company for recovery of outstanding loan amounting to Rs. 171,460,949/-
- 9.1.12** 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/-.
- 9.1.13** Orix Leasing has filed suit no 36/2015 against the Company for recovery of outstanding loan amounting to Rs. 19,481,004/-.
- 9.1.14** Standard Chartered Bank (Pakistan) Ltd has filed suit no 04/2015 against the Company for recovery of outstanding loan amounting to Rs. 42,550,043/-.
- 9.1.15** Pak Kuwait Investment Company has filed suit no 16/2015 against the Company for recovery of outstanding loan amounting to Rs. 26,811,180/-.
- 9.1.16** 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 9.1.3 to 9.1.16 cannot be predicted and the management is vigorously contesting the case, however major amount has already been provided in financial statements.

- 9.1.17** 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.
- 9.1.18** 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.

9.2 Commitments:

There are no commitments as at period end. (June 2016 : Nil)

	December 2016 Rupees (Unaudited)	June 2016 Rupees (Audited)
10 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	3,810,978,212	3,979,987,353
Capital work-in-progress	16,800,000	16,800,000
	3,827,778,212	3,996,787,353
	Jul-Dec 2016 Rupees (Unaudited)	Jul-Dec 2015 Rupees (Unaudited)
10.1 The disposals during the period as follows:		
Owned assets:		
Vehicles	-	1,475,000

AL-ABID SILK MILLS LIMITED

11	SALES AND MANUFACTURING					
	Sales					
	Export sales	-		-		
	Local sales	-		-		
		-		-		
	Manufacturing					
	Printing and dyeing	-		-		
		-		-		
12	OTHER INCOME					
	Income from non-financial assets / liabilities					
	Gain on disposal of property, plant and equipment	-		532,783		
	Gain on reversal of financial liability	36,663,014		-		
		<u>36,663,014</u>		<u>532,783</u>		
12.1	This represents the transfer to IBL 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)".					
13	FINANCE COST					
	Bank Charges, Mark-up and Commission	1,499		21,689		
		<u>1,499</u>		<u>21,689</u>		
		Jul-Dec 2016		Jul-Dec 2015		
		Rupees		Rupees		
		(Unaudited)		(Unaudited)		
14	TAXATION					
	Current	-		-		
	Deferred	4,005,516		2,817,471		
		<u>4,005,516</u>		<u>2,817,471</u>		
15	EARNINGS / (LOSS) PER SHARE - BASIC & DILUTED					
15.1	Basic earnings / (loss) per share					
	Loss after taxation	Rupees	<u>(149,102,335)</u>	(205,518,123)		
	Weighted average number of shares	Number	<u>13,409,550</u>	13,409,550		
	Basic loss per share	Rupees	<u>(11.12)</u>	(15.33)		
15.2	Diluted earnings per share					
	There is no dilution effect on the basic earnings per share of the company.					
16	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 2016		Jul-Dec 2015		
		Rupees		Rupees		
		(Unaudited)		(Unaudited)		
	Al-Abid Silk Mills Limited					
	Key management personnel - Remuneration & Benefits	-		-		
	In view for bad financial condition of the company directors have decided not to claim their whole remuneration for the period ended December 31, 2016 i.e. Mr. Naseem A. Sattar Rs. 5,250,000 and Mr. Azim Ahmed Rs. 2,700,000. (2016: Mr. Naseem A. Sattar Rs. 5,250,000) and (Mr. Azim Ahmed Rs. 2,700,000).					
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, 2016					
18	DATE OF AUTHORISATION FOR ISSUE					
	These condensed interim financial statements were approved and authorized for issue in the Board of Directors' meeting held on February 28, 2017.					

Chief Executive Officer

Director