

**REPORT AND ACCOUNTS  
FOR THE HALF YEAR ENDED  
DECEMBER 31, 2018**

**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

<b>BOARD OF DIRECTORS</b>	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.)
<b>CHIEF FINANCIAL OFFICER</b>	Mr. Muhammad Imran	
<b>SECRETARY</b>	Mr. Nasim Ahmed	
<b>AUDIT COMMITTEE</b>	Mr. Qamar Mashkoor Mr. Muhammad Sajid Hafeez Mr. S.M. Jawed Azam	Chairman Member Member
<b>HUMAN RESOURCE AND REMUNERATION COMMITTEE</b>	Mr. Muhammad Sajid Hafeez Mr. Naseem A. Sattar Mr. Qamar Mashkoor	Chairman Member Member
<b>AUDITORS</b>	Muniff Ziauddin & Co., Chartered Accountants	
<b>REGISTRARS</b>	Jwaffs Registrar Services (Pvt) Ltd. Room # 407-408, 4th Floor, Al-Ameera Centre, Shahr-e-Iraq, Saddar, Karachi	
<b>BANKERS</b>	Allied Bank Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited JS Bank Limited Meezan Bank Limited National Bank of Pakistan PAIR Investment Company Limited Standard Chartered Bank (Pakistan) Limited Summit Bank Limited The Bank of Punjab United Bank Limited	
<b>REGISTERED OFFICE</b>	A-39, S.I.T.E., Manghopir Road, Karachi.	
<b>MILLS</b>	A-39, A-51 / B, A-34 / A, D-14 / C-1, A-29 / B, S.I.T.E., Karachi.	
<b>E-MAIL</b>	mail@alabid.com	

# AL-ABID SILK MILLS LIMITED

## DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors presents the condensed interim financial statements of the company for the half year ended December 31, 2018.

As reported earlier in the annual report ended June 30, 2018, the textile industry overall in the country has been in a very bad shape for quite some time. However our new government is presenting new hope of promoting textile industry considering as being one of the major foreign exchange earners and at the same time major employment opportunity. The new government is also concerned for cost of doing business which we hope will also be helpful to promote textile industry and industry overall. We also expect that new government will ensure water availability in Karachi which is also very vital to operate smoothly. We feel the government is aware of all problems including power/gas and will take necessary steps to revive industrial capacity of the country at large.

We hope government will also come forward with preferential treatment to boost value added textiles, which will bring maximum foreign exchange at the same time will be a huge jobs provider as per government plan.

### **FUTURE OUTLOOK:**

As reported to you in the Directors' report for the period ended September 30, 2018, our ongoing negotiations have now been finalized with number of major banks, whereof some surplus assets are under sale to pay the settled amount to the banks. The rest of the banks and DFI which are remaining only few, negotiations are going on for restructuring and possibly injection of fresh funds.

To be able to smoothly and fully operative as in the past, the sale of surplus assets will not in any way handicap us in normal operation and production as in the past.

The management is confident that soon we will reach overall settlement and be in normal operation as more than 40-years in the past.

We are thankful to our shareholders who have still shown their full confidence in the company and we hope once the company is in production our workers and staff will again enthusiastically put their efforts to achieve efficient and quality production as always.

Thanks to all of you,

For and on behalf of the  
Board of Directors



(NASEEM A. SATTAR)  
Chief Executive Officer

Karachi: February 26, 2019

## العابد سلک ملز لمیٹڈ

### ڈائریکٹر رپورٹ برائے حصص یافتگان

بورڈ آف ڈائریکٹرز 31 دسمبر 2018 کو ختم ہونے والی ششماہی کے لئے کمپنی کا تعین شدہ وقفہ کا مالی گوشوارہ پیش کرتے ہیں۔

جیسا کہ اس سے قبل 30 جون 2018 کو ختم ہونے والے سال کی سالانہ رپورٹ میں مطلع کیا گیا تھا کہ ملک کی ٹیکسٹائل انڈسٹری کافی عرصہ سے بہت زیادہ بحران کا شکار تھی مگر ہماری نئی حکومت نے اہم زرمبادلہ کمانے والے اور ملازمت کے اہم امکانات پر غور کرتے ہوئے ٹیکسٹائل انڈسٹری کو فروغ دینے کے لئے نئی امید دلائی ہے۔ نئی حکومت کو برٹس کرنے کی کاسٹ کے لئے تشویش ہے جو ہمیں امید دلاتی ہے کہ ٹیکسٹائل انڈسٹری اور مجموعی اعتبار سے انڈسٹری کو فروغ دینے میں بھی مفید ہوگی۔ ہمیں توقع بھی ہے کہ نئی حکومت کراچی میں پانی کی دستیابی کو یقینی بنائے گی جو ہمارے طور پر چلانے کے لئے بھی بہت ضروری ہے۔ ہمیں احساس ہے کہ حکومت تمام مسائل بشمول پاور گیس سے آگاہ ہے اور ملک کی انڈسٹریل کمیونٹی کی حیات نو کے لئے ضروری اقدامات اٹھائے گی۔

ہمیں امید ہے کہ حکومت ترجیحی تدارک کے ساتھ آگے بڑھے گی تاکہ ٹیکسٹائل جیسی قیمتی صنعت کو مزید ترقی حاصل ہو جو حکومت کے منصوبے کے مطابق ایک ہی وقت میں زیادہ سے زیادہ زرمبادلہ لانے کے ساتھ ساتھ کثیر ملازمتیں فراہم کرنے والا شعبہ ہوگا۔

مستقبل کا پس منظر

30 ستمبر 2018 کو ختم ہونے والی مدت کے لئے آپ کے ڈائریکٹری رپورٹ میں بتایا گیا تھا کہ کئی بینکوں کے ساتھ ہمارے گفت و شنید طے پا چکے ہیں جس میں سے بعض برطیس انڈسٹریل بینکوں کو طے شدہ رقم ادا کرنے کے لئے فروخت میں ہیں۔ بھلیا ٹیکسٹائل اور DFL جو صرف چند باقی رہ گئے ہیں۔ ری اسٹرکچرنگ اور نئے فنڈ کے مکمل حصول کے لئے گفت و شنید جاری ہے۔

اور اب ہم آپ کو بتاتے ہوئے سرمت محسوس کرتے ہیں کہ ہمارے اکثر بڑے بینکس اور ہم ایک ہم آہنگ تھیفہ پر پہنچ گئے ہیں۔ جنہیں چند قانون شکنی زمین اور عمارت کی فروخت کے لئے پایا ہے۔ اور قانون کے تحت ذمہ داریوں کا اہم حصہ ادا کر رہے ہیں۔ یہ مطلع کرنا ضروری ہے کہ اہم اور جدید ترین پلانٹ کے ساتھ بڑے پروڈکشن بینٹس ہماری جانب سے رکھے گئے ہیں جہاں ہم موثر پیداوار کے نئے ماڈل آپریٹ کریں گے۔ ہمیں امید ہے کہ یہاں سے 8 مہینوں میں مکمل ہوں گے اور ہم تمام کوششیں کریں گے کہ سب سے بڑے ہوم ٹیکسٹائل ایک سپورڈر ز اپنا مقام حاصل کریں جیسا کہ ہم تھے۔

ماضی کی طرح ہمارا طور پر مکمل طور پر آپریٹ ہو جائیں گے۔ برطیس انڈسٹری کی فروخت ہمیں کسی بھی طرح حسب معمول آپریٹنگ اور پروڈکشن میں مدد و نہیں کرے گی۔ جیسا کہ ماضی میں تھے۔

انتظامیہ پر اعتماد ہے کہ ہم جلد ہی قطعی تھیفہ پر پہنچ جائیں گے اور حسب معمول آپریٹنگ میں ہوں گے۔ جیسا کہ ماضی میں 40 سالوں سے زیادہ تھے۔

ہم اپنے شیئر ہولڈرز کے شکر گزار ہیں جنہوں نے ابھی تک کمپنی میں اپنے مکمل اعتماد کا اظہار کیا ہے اور ایک بار پھر پروڈکشن میں اپنے ورکرز اور عملہ ہمیشہ کی طرح موثر اور معیاری پروڈکشن حاصل کرنے کے بھرپور کوششیں کریں گے۔

آپ کا شکریہ

بورڈ آف ڈائریکٹرز کے توسط سے

کراچی 26 فروری 2019



(تیم اے۔ ستار)

چیف ایگزیکٹو آفیسر

# AL-ABID SILK MILLS LIMITED

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS CONDENSED INTERIM FINANCIAL STATEMENTS

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of Al-Abid Silk Mills Limited as at December 31, 2018 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended. Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements 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.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

### Basis of Adverse Conclusion

- (i) During the period ended December 31, 2018, the company has sustained loss of Rs. 52 million and the accumulated loss stood at Rs. 6,653 million which has eroded its equity to an adverse balance of Rs. 4,746 and, as of that date Company's current liabilities exceeded its current assets by Rs. 6,617 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 statements 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 statements is inappropriate.
- (ii) We have not received direct bank confirmations from the banks and financial institutions for short term loans amounting to Rs. 4,976 million and for bank balances of Rs. 115 million as mentioned in the financial statements. The Company has not recorded markup on these finances which amounts to Rs. 226 million on the plea of restructuring negotiation/litigation with the respective banks. Moreover, we have also not received direct confirmations from trade and other creditors amounting to Rs. 926 million.

### Adverse Conclusion

Our review indicates that, because of the matters as described in the preceding paragraphs, this condensed interim financial statements do not present fairly, in all material respects, the financial position of the company as at December 31, 2018, 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.

The engagement partner on the audit resulting in this independent auditor's report is Sohail Saleem.



CHARTERED ACCOUNTANTS  
(SOHAIL SALEEM)

Karachi: February 26, 2019

# AL-ABID SILK

## CONDENSED INTERIM STATEMENT OF FOR THE HALF YEAR ENDED

		December 2018 (Unaudited)	June 2018 (Audited)
Note		----- (Rupees) -----	
<b>EQUITY &amp; LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
	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
	<b>Reserves</b>		
	Capital reserve	372,834,000	372,834,000
	Surplus on revaluation of fixed assets	1,399,706,706	1,441,258,732
	Accumulated loss	(6,652,849,228)	(6,642,427,149)
		(4,880,308,522)	(4,828,334,416)
	<b>Total equity</b>	(4,746,213,022)	(4,694,238,916)
<b>LIABILITIES</b>			
<b>NON- CURRENT LIABILITIES</b>			
	Long term loan from banks	-	-
	Liabilities against assets subject to finance lease	-	-
	Deferred Taxation	-	-
		-	-
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
	Loan from director - unsecured	521,018,754	518,518,754
	Retirement benefits	6,991,602	7,008,935
	Trade and other payables	926,913,573	936,569,591
	Unclaimed dividend	108,310	108,310
	Advance from I.B.L	366,063,944	366,063,944
	Accrued markup	238,514,564	240,815,938
	Current maturity of long term loans and Lease Liability	-	67,118,820
	Short term finances	4,976,112,476	5,034,787,523
	Provision for taxation	-	2,659,885
		7,035,723,223	7,173,651,700
	<b>CONTINGENCIES AND COMMITMENTS</b>		
		2,289,510,201	2,479,412,783

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

  
\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Chief Financial Officer

# MILLS LIMITED

## FINANCIAL POSITION (UNAUDITED) DECEMBER 31, 2018

		December 2018 (Unaudited)	June 2018 (Audited)
Note		(Rupees)	
ASSETS			
NON-CURRENT ASSETS			
	Property, plant and equipment	11 1,868,527,568	1,942,148,701
	Long term security deposit	2,086,645	1,886,645
CURRENT ASSETS			
	Stores and spares	49,186,531	52,970,111
	Stock in trade	11,823,476	12,732,975
	Trade debts	523,331	1,768,059
	Loans and advances	5,017,778	5,017,778
	Trade deposits and prepayments	6,311,810	6,311,810
	Other receivables	164,541,974	164,541,974
	Tax refunds due from government	66,102,800	74,402,044
	Cash and bank balances	115,388,288	217,632,686
		418,895,988	535,377,437

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# AL-ABID SILK MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT (Unaudited) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

Note	HALF YEAR ENDED		THREE MONTHS PERIOD ENDED	
	Jul-Dec-2018 Rupees	Jul-Dec-2017 Rupees	Oct-Dec 2018 Rupees	Oct-Dec 2017 Rupees
Sales and Manufacturing	-	-	-	-
Cost of sales	66,051,811	150,191,415	30,731,209	75,496,283
Gross loss	(66,051,811)	(150,191,415)	(30,731,209)	(75,496,283)
Operating expenses				
Administrative expenses	22,089,202 (88,141,013)	17,837,688 (168,029,103)	14,019,186 (44,750,395)	8,985,760 (84,482,043)
Other income	36,174,657	-	34,740,492	-
Loss from operations	(51,966,356)	(168,029,103)	(10,009,903)	(84,482,043)
Finance cost	7,749	2,087	3,434	2,087
Loss before taxation	(51,974,105)	(168,031,190)	(10,013,337)	(84,484,130)
Taxation				
- Current	-	-	-	-
- prior period	-	-	-	-
- Deferred	-	(171,468,496)	-	(146,315,756)
	-	(171,468,496)	-	(146,315,756)
(Loss) / profit after taxation	(51,974,105)	3,437,306	(10,013,337)	61,831,626
(Loss) / profit per share - basic and diluted	12 (3.88)	0.26	(0.75)	4.61

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# AL-ABID SILK MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (Unaudited) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	HALF YEAR ENDED		THREE MONTHS PERIOD ENDED	
	Jul-Dec-2018	Jul-Dec-2017	Oct-Dec 2017	Oct-Dec 2016
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
(Loss) / profit after taxation	(51,974,105)	3,437,306	(10,013,337)	61,831,626
Other comprehensive income				
Item that may be reclassified to statement of profit or loss in subsequent periods	-	-	-	-
Item that will not be reclassified to statement of profit or loss in subsequent periods	-	-	-	-
Total comprehensive (loss) / profit for the period	<u>(51,974,105)</u>	<u>3,437,306</u>	<u>(10,013,337)</u>	<u>61,831,626</u>

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# AL-ABID SILK MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF CASH FLOW (Unaudited) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Jul-Dec-2018 Rupees	Jul-Dec-2017 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(51,974,105)	(168,031,190)
Adjustments for:		
Depreciation	60,010,247	152,042,482
Loss on disposal of property, plant and equipment	112,552	-
Provision for obsolete items	3,783,580	3,783,580
Provision for obsolete stock	909,499	909,499
Provision for doubtful debts	94,521	94,521
Gain on reversal of financial liability	(8,537,965)	-
	56,372,433	156,830,082
Decrease / (Increase) in current assets:		
Trade debtors	1,150,207	-
Loan and advances	-	378,428
Other receivables	-	511,647
Tax refunds due from government	6,038,410	(134,254)
	7,188,617	755,821
(Decrease) / Increase in current liabilities:		
Trade and other payable	(5,429,906)	(1,086,313)
Accrued mark-up	(2,301,374)	-
Repayment of short term finance	(121,482,014)	-
	(129,213,294)	(1,086,313)
Cash generated from / (used in) operations	(117,626,349)	(11,531,600)
Taxes paid	(399,051)	(8,002)
Staff gratuity paid	(17,333)	(50,000)
Net cash inflow / (outflow) from operations	(118,042,733)	(11,589,602)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of fixed assets	13,498,335	-
Long term security deposit	(200,000)	-
Net cash generated from investing activities	13,298,335	-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loan from director	2,500,000	11,660,000
Net cash inflow from financing activities	2,500,000	11,660,000
Net increase in cash and cash equivalents	(102,244,398)	70,398
Cash and cash equivalents at the beginning of the period	217,632,686	9,440,860
Cash and cash equivalents at the end of the period	115,388,288	9,511,258

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# AL-ABID SILK MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Share Capital Issued, subscribed and paid-up capital	Capital Reserve	Accumulated Loss	Revaluation Surplus on Property Plant & Equipment	Total
	Rupees				
Balance as at July 01, 2017 - restated	134,095,500	372,834,000	(6,744,421,690)	2,595,912,772	(3,641,579,417)
Comprehensive income for the period					
Profit after tax for the half year ended December 31, 2017	-	-	3,437,306	-	3,437,306
Other comprehensive income	-	-	-	-	-
-Transfer from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	110,965,634	(110,965,634)	-
Balance as at December 31, 2017 - restated	134,095,500	372,834,000	(6,630,018,750)	2,484,947,138	(3,638,142,111)
Balance as at July 01, 2018	134,095,500	372,834,000	(6,642,427,149)	1,441,258,732	(4,694,238,916)
Loss after tax for the half year ended December 31, 2018	-	-	(51,974,105)	-	(51,974,105)
-Transfer from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	41,552,026	(41,552,026)	-
Balance as at December 31, 2018	134,095,500	372,834,000	(6,652,849,228)	1,399,706,706	(4,746,213,022)

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



Chief Executive Officer



Director



Chief Financial Officer

# AL-ABID SILK MILLS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (Unaudited) FOR THE PERIOD ENDED DECEMBER 31, 2018

### 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.

Geographical location and addresses of major business units including mills / plants of the Company are as under:

#### KARACHI

A-39, S.I.T.E., Manghopir Road, Karachi.  
A-51/B, S.I.T.E., Manghopir Road, Karachi.  
A-34/A, S.I.T.E., Manghopir Road, Karachi.  
A-29/B, S.I.T.E., Manghopir Road, Karachi.  
D-14/C-1, S.I.T.E., Karachi.

#### PURPOSE

The registered office with manufacturing facilities  
The factory premises with manufacturing facilities  
The factory premises with manufacturing facilities  
The factory premises with manufacturing facilities  
The factory premises with stitching facilities

### 1.1 GOING CONCERN ASSUMPTIONS

The Company has curtailed off the manufacturing activities for quite some time, as a result of constant losses and the accumulated loss of the company has reached to Rs. 6,653 billion and Company's equity is in negative by Rs. 4,746 billion while the reported current liabilities (since partly under litigation) have exceeded to current assets of the company by Rs. 6,617 billion. These conditions indicate the existence of a material uncertainty that may cast significant doubt on Company's its liabilities in the normal course of business. However, the management of the company believes that the company will remain a going concern in the foreseeable future and thus the directors have been providing interest free loan to the company continuously as and when required, which stands at Rs. 521 million as at the period end.

The banks and DFI filed civil recovery suits in Honorable High Court and Banking Court for recovery of their lent fund. The Company filed leave to defend in the court against all such legal suits. Furthermore, the company did not accrue the markup of Rs. 226 million as matter was under litigation. However, during the period the negotiations with the banks have been finalized whereof some surplus machinery and land & building are under sale to pay the settled amounts to the banks under litigation. Consequent upon this, the company has paid liabilities and markup thereon to the tune of Rs. 124 million during the period end. Furthermore, the management has already requested rest of the banks and DFIs collectively and individually, to reschedule their credit facilities for a longer period coupled with fresh additional working capital facility in order to resume the operation of the company.

During the year ended June 30, 2016, International Brand Limited (IBL) submitted proposal to the bank for restructuring and acquire shareholding 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.

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

# AL-ABID SILK MILLS LIMITED

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim reporting comprise of:

- ☒ International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- ☒ Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2 In order to comply with the requirements of IAS 34 "Interim financial reporting" the condensed interim statement of financial position has been compared with the balances of annual audited financial statements of the preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flow statement and condensed interim statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.

The figures of the condensed interim profit and loss account for the quarters ended December 31, 2018 and 2017 have not been reviewed by the statutory auditors of the Company as they have reviewed the cumulative figures for the half year ended December 31, 2018. This condensed interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's financial statements for the year ended June 30, 2018.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2018, except for the adaptation of IFRS 15 "Revenue from contracts with customers". The revised accounting policy adopted by the management are as follows:

### 3.1 IFRS 15 – Revenue from Contracts with Customers

IFRS 15 'Revenue from contracts with customers' superseded IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and its applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company has assessed that significant performance obligation in contracts with customers are closely related and therefore are discharged over the period of the relationship with relevant customers. Hence, the Company has concluded that it is in compliance with the requirements of the new accounting standard.

## **AL-ABID SILK MILLS LIMITED**

### **4. CRITICAL ACCOUNTING ESTIMATE AND JUDGEMENTS**

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

In preparing this condensed interim financial statement, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements of the Company for the year ended 30 June 2018.

### **5. FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objective and policies are consistent with that disclosed in the represented financial statements as at and for the year ended June 30, 2018.

# AL-ABID SILK MILLS LIMITED

	December 2018 Rupees (Un-Audited)	June 2018 Rupees (Audited)
6	<b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>	
Balance at beginning of the period / year - net	1,441,258,732	2,595,912,772
Less: Transferred to unappropriated profit on account of Incremental depreciation for the period / year - net of tax	(41,552,026)	(114,109,827)
Adjustment due to change in tax rate	-	10,238,421
Reversal of surplus on revaluation during the period / year - net of tax	-	(1,050,782,634)
balance at end of the period / year - net	<u>1,399,706,706</u>	<u>1,441,258,732</u>
6.1	During the year ended June 30, 2018 the Company has revalued its Leasehold land, Building on Leasehold land, Plant, Machinery & equipments, Furniture & Fixture, Office equipment, Electric, gas & Other Installation and Leased Plant, Machinery & equipments. The valuation has been determined by the independent valuer M/s. SIPRA & Company (Pvt) Limited. The assessed values of the fixed assets as determined by the valuer amounts to Rs. 2,232,252,450 as at January 08, 2018, however, the forced sales value of Rs. 1,674,048,087 have been taken to account for the fixed assets for the reason as mentioned in note 1.1. The earlier valuations were carried out by M/s. Anjum Adil and Associates independent valuer on June 30, 2012, August 31, 2010 and August 31, 2007 on the basis of prevailing market rates at that time.	
7	<b>DEFERRED TAXATION</b>	
Debit / (Credit) balances arising from:		
Accelerated tax depreciation allowance	228,457,214	250,935,714
Provision for obsolete item	(7,680,667)	(6,810,443)
Provision for obsolete stock	(1,846,282)	(1,637,097)
Provision for doubtful debt	(191,877)	(170,137)
Liabilities against assets subject to finance lease	3,826,037	11,344,474
Provision for retirement benefits	2,027,565	2,102,881
Tax credit of unused tax losses	<u>(344,790,518)</u>	<u>(356,679,848)</u>
	<u>(120,198,528)</u>	<u>(100,914,656)</u>
7.1	Deferred tax asset has not been recognized as management is of the view that future earnings to the extent of such asset may not be available.	
8	<b>LOAN FROM DIRECTOR- UNSECURED</b>	
Balance at beginning of the period / year	518,518,754	496,898,754
Received during the period / year	2,500,000	21,620,000
Repaid during the period / year	-	-
	<u>521,018,754</u>	<u>518,518,754</u>
	The above is interest free loan from director(s) of the company, which is payable on demand.	
9	<b>ADVANCE FROM IBL</b>	
Balance at beginning	366,063,944	366,063,944
During the period / year	-	-
	<u>366,063,944</u>	<u>366,063,944</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,	
10	<b>CONTINGENCIES AND COMMITMENTS</b>	
10.1	<b>Contingencies</b>	
Bank guarantee	79,834,000	79,834,000
10.1.1	The bank guarantees have been issued in favor of Sui Southern Gas Company Limited and others.	
10.1.2	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.	
10.1.3	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.	
10.1.4	Al-Abid Silk Mills Limited (Company) has filed suit No.B-42/2013 for damages against the JS Bank Limited and JS Bank Limited has filed suit # B-76/2013 against the company for recovery of outstanding loan amounting to Rs. 335,105,083/-.	
10.1.5	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/-.	
10.1.6	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/-.	
10.1.7	Meezan Bank Ltd. Suit No. B-58 of 2013 against the company for recovery of outstanding loan amounting to Rs. 546,667,987/-.	
10.1.8	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/-.	
10.1.9	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/-.	
10.1.10	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/-.	
10.1.11	PAJR 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/-.	
10.1.12	Allied Bank Ltd. has filed suit No. 26 of 2017 against the Company for recovery of outstanding loan amounting to Rs. 77,676,831/-.	
10.1.13	National Bank of Pakistan has filed suit No. B-26 of 2017 against the Company for recovery of outstanding loan amounting to Rs. 948,140,145/-.	
10.1.14	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 1st appeal No. 99/2015 against the decreed order passed by the Banking Court. Subsequent to the period end this has been settled off.	
10.1.15	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 amount mentioned on above note 10.1.4 to 10.1.15 are claimed amounts by the Banks, actual amounts to be determined by the Banking Court.	
	The outcome of above cases as referred in note 10.1.4 to 10.1.15 cannot be predicted and the management is vigorously contesting the case, however major amount has already been provided in financial statements.	

# AL-ABID SILK MILLS LIMITED

10.1.16 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.

10.1.17 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.

10.2 Commitments:  
There are no commitments as at year end. (June 2018: Nil).

	Note	December 2018 Rupees (Un-Audited)	June 2018 Rupees (Audited)
11 PROPERTY, PLANT AND EQUIPMENT			
Operating Fixed Assets	11.1	1,851,727,568	1,925,348,701
Capital Work in Progress - DDFC Boiler		16,800,000	16,800,000
		<u>1,868,527,568</u>	<u>1,942,148,701</u>
11.1 Operating Fixed Assets			
Opening written down value		1,925,348,701	3,641,969,060
Additions		-	-
Deletions		(14,868,000)	-
Surplus/(Impairment) during the period/year		1,257,113	(1,501,118,049)
Depreciation		<u>(60,010,246)</u>	<u>(215,502,310)</u>
		<u>1,851,727,568</u>	<u>1,925,348,701</u>

		Jul-Dec-2018 Rupees (Un-Audited)	Jul-Dec-2017 Rupees (Un-Audited)	Oct-Dec 2018 Rupees (Un-Audited)	Oct-Dec 2017 Rupees (Un-Audited)
12 (LOSS) / PROFIT PER SHARE - BASIC AND DILUTED					
12.1 (LOSS) / PROFIT PER SHARE					
(Loss) / Profit after taxation	Rupees	<u>(51,974,105)</u>	<u>3,437,306</u>	<u>(10,013,337)</u>	<u>61,831,626</u>
Weighted average number of shares	Number	<u>13,409,550</u>	<u>13,409,550</u>	<u>13,409,550</u>	<u>13,409,550</u>
Basic loss / earning per share	Rupees	<u>(3.88)</u>	<u>0.26</u>	<u>(0.75)</u>	<u>4.61</u>

12.2 Diluted earnings per share

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

## 13 RELATED PARTY TRANSACTIONS

The related parties comprise associated undertakings and key management personnel. The transactions between the Company and the related parties are carried out at arms length. Amounts due from and to related parties and key management personnel, if any, are shown under receivables and payables. No other significant transactions were made with related parties during the year.

## 14 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 half year ended December 31, 2018 i.e. Mr. Naseem A. Sattar Rs. 5,250,000 and Mr. Azim Ahmed Rs. 2,700,000. (2017: Mr. Naseem A. Sattar Rs. 5,250,000) and (Mr. Azim Ahmed Rs. 2,700,000).

## 15 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved and authorized for issue in the Board of Directors' meeting held on 26-02-2019.



Chief Executive Officer



Director



Chief Financial Officer

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