

**REPORT AND ACCOUNTS  
FOR THE SIX MONTHS ENDED  
DECEMBER 31, 2022**

**AL-ABID SILK MILLS LIMITED**

REGISTERED OFFICE  
A-34/A, 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. 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 Independent Non-Executive Director Independent Non-Executive Director Non-Executive Director Non-Executive Director Nominee Director of (N.I.T.)
<b>AUDIT COMMITTEE</b>	Mr. Qamar Mashkoor Mr. Muhammad Sajid Hafeez Mr. Naseem A. Sattar	Chairman Member Member
<b>HUMAN RESOURCE AND REMUNERATION COMMITTEE</b>	Mr. Muhammad Sajid Hafeez Mr. Naseem A. Sattar Mst. Adia Naseem	Chairman Member Member
<b>CHIEF FINANCIAL OFFICER</b>	Mr. Haroon Rasheed	
<b>SECRETARY</b>	Mr. Nasim Ahmed	
<b>AUDITORS</b>	Muniff Ziauddin & Co., Chartered Accountants	
<b>REGISTRARS</b>	Jwaffs Registrar Services (Pvt) Ltd. Room # 407-408, 4th Floor, Al-Ameera Centre, Shahrah-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-34/A, S.I.T.E., Manghopir Road, Karachi.	
<b>MILLS</b>	A-34 / A, A-29 / B, S.I.T.E., Karachi.	
<b>E-MAIL</b>	mail@alabid.com	

# **AL-ABID SILK MILLS LIMITED**

## **DIRECTORS' REPORT TO SHAREHOLDERS**

The Board of Directors present the condensed interim financial statement of the Company for the 2nd Quarter ended December 31, 2022.

### **Future Outlook:**

Alhamdulillah, your company is at the tail end of its issues with the financial institutions. A compromise/settlement has been reached with The Bank of Punjab. Negotiations with the remaining lenders namely National Bank and Pak Iran are underway. The intention and purpose are to restructure the remaining debt. After the settlement of its debt with the major financial institutions the directors feel there's ample cushion in the company's asset base to allow fresh borrowing which is required for the revival of this beautiful industry. This will be in the form of additional working capital. It is of utmost importance that not only your company but others who are lying shut due to financial constraints are rescued/supported by the Government and revived.

Under the current scenario in the country, Textile Sector/Exports cannot be ignored. The national foreign exchange reserves have depleted and come to an all time low. Cannot be empathetic enough that with so much textile exportable surplus in the country, the sector can make major contributions towards employment and foreign exchange earnings.

Also, we are happy to inform you that the directors have shown their allegiance to the company and the process of cooption of board members has been completed.

We are thankful to our banks, and stakeholders who are showing their full confidence in the company.

Thanks to all of you.

For and on behalf of the Board of Directors



**Azim Ahmed**  
Chief Executive Officer

February 24, 2023

## AL-ABID SILK MILLS LIMITED

### حصص داران کیلئے ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز 31 دسمبر 2022 کو ختم ہونے والی دوسری ششماہی کیلئے کمپنی کے مجموعی مالیاتی حسابات پیش کر رہے ہیں۔

#### مستقبل کا نظریہ:

الحمد للہ آپ کی کمپنی مالیاتی اداروں کے ساتھ اپنے مسائل کے آخری مرحلے پر ہے۔ بینک آف پنجاب کے ساتھ ایک معاہدہ/تفہیض طے پا گیا ہے۔ باقی قرض دہندگان یعنی پینٹل بینک اور پاک ایران کے ساتھ بات چیت جاری ہے۔ ارادہ اور مقصد بتایا قرض جات کی تنظیم ہو کر ہے۔ اہم مالیاتی اداروں کے ساتھ اپنے قرض کے تفہیض کے بعد ڈائریکٹرز محسوس کرتے ہیں کہ کمپنی کے اقسامات میں تازہ قرض لینے کی اجازت دینے کیلئے کافی حد تک محتاط موجود ہے جو کہ اس خوبصورت صنعت کی بحالی کیلئے ضروری ہے۔ یہ اضافی ورکنگ کچھل کی شکل میں ہوگا۔ یہ اہمائی اہمیت کا حامل ہے کہ نہ صرف آپ کی کمپنی بلکہ دیگر جو مالی مجبوریوں کے باعث بند پڑے ہیں انہیں حکومت کی طرف سے سہا یا سپورٹ کیا جائے اور دوبارہ زندہ کیا جائے۔

ملک کے موجودہ حالات میں ٹیکسٹائل سیکٹر برآمدات کو نظر انداز نہیں کیا جاسکتا۔ کئی زر مبادلہ کے ذخائر کم ہو کر اب تک کی کم ترین سطح پر آ گئے ہیں۔ ملک میں ٹیکسٹائل کی اتنی زیادہ برآمدات کے ساتھ یہ شعبہ روزگار اور زر مبادلہ کمانے میں بڑا حصہ ڈال سکتا ہے۔

اس کے علاوہ ہمیں آپ کو یہ بتاتے ہوئے خوشی ہو رہی ہے کہ ڈائریکٹرز نے کمپنی سے اپنی وقاداری ظاہر کر دی ہے اور بورڈ ممبران کے تعاون کا عمل مکمل ہو چکا ہے۔

ہم اپنے بینکوں اور اسٹیک ہولڈرز کے شکر گزار ہیں جو کمپنی پر اپنے مکمل اعتماد کا اظہار کر رہے ہیں۔

آپ سب کا شکریہ

بورڈ آف ڈائریکٹرز کی جانب سے



عظیم احمد

چیف ایگزیکٹو آفیسر

مورخہ: 24 فروری 2023ء

# AL-ABID SILK MILLS LIMITED

## INDEPENDENT AUDITOR'S REVIEW REPORT

### TO THE MEMBERS OF AL-ABID SILK MILLS LIMITED REPORT ON REVIEW OF 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, 2022 and the related condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). 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 interim 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.

#### Basis of Adverse Conclusion

(i) As explained on note 2, the accumulated loss of the company has reached at Rs. 2.838 billion (June 2022: 2.812 billion) which has eroded its equity to an adverse balance of Rs. 147.079 million (June 2022: 65.913 million) after surplus on revaluation of fixed assets, as of that date Company's current liabilities exceeded its current assets by Rs. 2.724 billion (June 2022: 2.718 billion). Furthermore, during the year 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 financial statements have been prepared on a going concern basis however, the business revival plan is not disclosed in the financial statements.

(ii) We have not received direct bank confirmations from the banks and financial institutions for short term loans amounting to Rs. 1.373 billion. The Company has not recorded mark-up on these finances which amounts to Rs. 116.68 million. The plea of restructuring negotiation/litigation with the respective banks. Moreover, we were not arranged for direct confirmations from trade and other creditors amounting to Rs. 689.51 million.

(iii) The company has not complied with the requirement of IAS 36 – Impairment in relation to the capital work in progress as the company did not conduct impairment testing on such assets during the period and these are not written down to their recoverable amount or value in use.

#### Adverse Conclusion

Our review indicates that, because of the matters as described in the preceding paragraphs, these condensed interim financial statements do not present fairly, in all material respects, the financial position of the company as at December 31, 2022, 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.

#### Other matters

The figures of the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income for the quarters ended December 31, 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended December 31, 2022.

The engagement partner on the review resulting in this independent auditor's review report is Muhammad Moin Khan.

  
Chartered Accountants

Karachi


Date: February 24, 2023

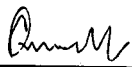
UDIN: RR 2022101531vpJaTYdM

**AL-ABID SILK**  
**CONDENSED INTERIM STATEMENT OF**  
**AS AT**

		December 2022	June 2022
Note		(Rupees)	(Rupees)
<b>EQUITY &amp; LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
		200,000,000	200,000,000
		134,095,500	134,095,500
		<b>Capital reserves</b>	
		372,834,000	372,834,000
		2,184,504,057	2,239,643,487
		<b>Revenue reserves</b>	
		(2,838,513,449)	(2,812,486,378)
		<b>Total equity</b>	<b>(147,079,892)</b>
		(147,079,892)	(65,913,391)
<b>LIABILITIES</b>			
<b>NON- CURRENT LIABILITIES</b>			
		-	-
		8,373,879	8,373,879
		<b>8,373,879</b>	<b>8,373,879</b>
<b>CURRENT LIABILITIES</b>			
		521,018,754	521,018,754
		763,110,340	763,396,791
		108,310	108,310
		366,063,944	366,063,944
		60,622,829	60,622,829
		1,373,310,685	1,397,310,685
		644,496	617,708
		<b>3,084,879,358</b>	<b>3,109,139,021</b>
		<b>3,084,879,358</b>	<b>3,109,139,021</b>
		<b>2,946,173,345</b>	<b>3,051,599,509</b>
		<b>2,946,173,345</b>	<b>3,051,599,509</b>

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

  
 Chief Executive Officer


  
 Director

  
 Chief Financial Officer

# MILLS LIMITED

FINANCIAL POSITION (UN-AUDITED)  
DECEMBER 31, 2022

	Note	December 2022	June 2022
		(Rupees)	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	2,582,027,252	2,658,036,109
Long term security deposit		3,311,307	3,311,307
<b>CURRENT ASSETS</b>			
Stores and spares		24,909,000	24,909,000
Trade debts		917,376	1,011,896
Loans and advances		5,144,732	5,142,502
Trade deposits and prepayments		8,144,398	8,144,398
Other receivables	12	216,756,212	216,756,212
Tax refunds due from government		62,783,056	62,654,925
Cash and bank balances		42,180,012	71,633,160
		360,834,786	390,252,093
		<u>2,946,173,345</u>	<u>3,051,599,509</u>

  
Chief Executive Officer

  
Director

  
Chief Financial Officer




# AL-ABID SILK MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) For the six Months ended December 31, 2022

	Note	Six Months ended		Quarter ended	
		December 31, 2022 Rupees	December 31, 2021 Rupees	December 31, 2022 Rupees	December 31, 2021 Rupees
Sales and manufacturing					
Cost of sales		(73,557,591)	(40,767,612)	(36,760,912)	(25,654,716)
<b>Gross loss</b>		<b>(73,557,591)</b>	<b>(40,767,612)</b>	<b>(36,760,912)</b>	<b>(25,654,716)</b>
<b>Operating expenses</b>					
Administrative expenses		(13,869,297)	(11,427,781)	(7,875,049)	(6,010,582)
Other income	13	6,287,938	4,794,374	5,414,973	3,101,090
<b>Loss from operations</b>		<b>(81,138,950)</b>	<b>(47,401,019)</b>	<b>(39,220,988)</b>	<b>(28,564,208)</b>
Finance cost		(763)	-	-	-
<b>Loss before taxation</b>		<b>(81,139,713)</b>	<b>(47,401,019)</b>	<b>(39,220,988)</b>	<b>(28,564,208)</b>
Taxation-net		(26,788)	(53,120)	(26,788)	(37,486)
<b>Loss after taxation</b>		<b>(81,166,501)</b>	<b>(47,454,139)</b>	<b>(39,247,776)</b>	<b>(28,601,694)</b>
<b>Loss per share - basic and diluted</b>	14	<b>(6.05)</b>	<b>(3.54)</b>	<b>(2.93)</b>	<b>(2.13)</b>

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

  
Chief Executive Officer

  
Director


  
Chief Financial Officer


# AL-ABID SILK MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED) For the six Months ended December 31,2022

	Six Months ended		Quarter ended	
	December 31, 2022 Rupees	December 31, 2021 Rupees	December 31, 2022 Rupees	December 31, 2021 Rupees
Loss after taxation	(81,168,501)	(47,454,139)	(39,247,776)	(28,601,694)
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to profit or loss</i>				
Revaluation of property, plant and equipments	-	1,796,468,522	-	1,796,468,522
Remeasurements of defined benefit liability	-	1,796,468,522	-	1,796,468,522
<i>Items that are or may be reclassified subsequently to profit or loss</i>	-	-	-	-
Other comprehensive income for the year	-	1,796,468,522	-	1,796,468,522
<b>Total comprehensive (loss) /income for the year</b>	<b>(81,168,501)</b>	<b>1,749,014,383</b>	<b>(39,247,776)</b>	<b>1,767,866,828</b>

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

  
Chief Executive Officer


  
Director


  
Chief Financial Officer

**AL-ABID SILK MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**For the six Months ended December 31, 2022**

	December 31, 2022 Rupees	December 31, 2021 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(81,138,713)	(47,401,019)
<b>Adjustments for:</b>		
Depreciation	73,810,057	38,400,427
Gain on disposal of property, plant and equipment	(2,401,200)	-
Impairment of trade debts	94,520	94,520
Gain on reversal of financial liability	-	-
	<b>71,503,377</b>	<b>38,494,947</b>
<b>WORKING CAPITAL CHANGES</b>		
<b>Decrease / (Increase) in current assets:</b>		
Loan and advances	(2,230)	(59,710)
Other receivables	-	3,032,825
Tax refunds due from government	(128,131)	(371,290)
	<b>(130,361)</b>	<b>2,601,825</b>
<b>(Decrease) / Increase in current liabilities:</b>		
Trade and other payable	(286,451)	119,237
Accrued mark-up	-	-
	<b>(286,451)</b>	<b>119,237</b>
Cash used on operations	<b>(10,053,148)</b>	<b>(6,185,010)</b>
Taxes paid	-	-
Net cash used in operating activities	<b>(10,053,148)</b>	<b>(6,185,010)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of fixed assets	4,600,000	-
Long term security deposit	-	-
Net cash generated from investing activities	<b>4,600,000</b>	<b>-</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of short term finance	(24,000,000)	-
Net cash used in financing activities	<b>(24,000,000)</b>	<b>-</b>
Net decrease in cash and cash equivalents	<b>(29,453,148)</b>	<b>(6,185,010)</b>
Cash and cash equivalents at the beginning of the year	<b>71,633,160</b>	<b>90,343,002</b>
Cash and cash equivalents at the end of the year	<b>42,180,012</b>	<b>84,157,992</b>

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

  
 Chief Executive Officer

  
 Director


  
 Chief Financial Officer

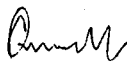
# AL-ABID SILK MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) For the six Months ended December 31, 2022

	Share Capital	Capital Reserve		Revenue Reserve	Total
	Issued, subscribed and paid-up capital	Other reserve	Revaluation Surplus on	Accumulated Loss	
Rupees					
Balance as at July 01, 2021	134,095,500	372,831,844	518,892,129	(2,749,316,430)	(1,723,496,957)
<b>Comprehensive Income</b>					
Loss after tax for the six months ended December, 2021	-	-	-	(47,454,139)	(47,454,139)
Other comprehensive income	-	-	1,796,468,522	-	1,796,468,522
Total comprehensive income for the six months ended December 31, 2021	-	-	1,796,468,522	(47,454,139)	1,749,014,383
-Transfer on account of incremental depreciation	-	-	(17,632,175)	17,632,175	-
<b>Balance as at December 31, 2021</b>	<b>134,095,500</b>	<b>372,831,844</b>	<b>2,297,728,476</b>	<b>(2,779,138,394)</b>	<b>25,517,426</b>
Balance as at June 30, 2022	134,095,500	372,834,000	2,239,643,487	(2,812,486,378)	(65,913,391)
<b>Comprehensive income for the period</b>					
Loss after tax for the six months ended December 31, 2022	-	-	-	(81,166,501)	(81,166,501)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the six months ended December 31, 2022	-	-	-	(81,166,501)	(81,166,501)
-Transfer from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	(55,139,430)	55,139,430	-
<b>Balance as at December 31, 2022</b>	<b>134,095,500</b>	<b>372,834,000</b>	<b>2,184,504,057</b>	<b>(2,838,513,449)</b>	<b>(147,079,892)</b>

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# AL-ABID SILK MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2022

### 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 repealed Companies Ordinance, 1984 (repealed by the enactment of Companies act, 2017). The shares of the Company are listed on Pakistan Stock Exchange Limited. The registered office is located at A-34/A, 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-34/A, S.I.T.E., Manghopir Road, Karachi.  
A-29/B, S.I.T.E., Manghopir Road, Karachi.

#### **PURPOSE**

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

### 2. GOING CONCERN ASSUMPTIONS

The Company has curtailed off the manufacturing activities for quite some time. As a result of constant losses, the accumulated loss of the company has reached to Rs. 2.838 billion and total equity to negative Rs. 147.08 million, while the reported current liabilities (since partly under litigation) have exceeded to current assets of the company by Rs. 2.724 billion. These conditions indicate the existence of a material uncertainty that may cast significant doubt on Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge 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.

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. 116.68 million as matter was under litigation. Settlement with JS Bank is under process according to Supreme Court Order/Direction. In this regard the company has deposited the settlement amount to Nazir Sindh High Court Karachi against recovery suit No.B-76/2013. The management has already requested rest of the banks and DFI 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, and the discussion with the banks/DFI are continuing.

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.

### 3. Basis of Preparation

#### 3.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by International Accounting Standard Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountant of Pakistan as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

## AL-ABID SILK MILLS LIMITED

- 3.2** These condensed interim financial statements are un-audited but subject to limited scope review by the auditors and are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017. These condensed interim financial Statements do not include all the information and disclosures required in an annual audited financial Statements, and should be read in conjunction with the Company's annual audited financial Statements for the year ended June 30, 2022.
- 3.3 Functional and presentation currency**  
These financial statements are presented in Pak Rupees (Rs/Rupees), which is the functional currency of the Company. Amounts presented in the financial statements have been rounded off to the nearest of Rs./Rupees, unless otherwise stated.
- 3.3 New Standards, amendments to approved accounting Standards and new interpretations**
- 3.3.1 Amendments to approved accounting standards which are effective during the year ending June 30, 2022**  
There are certain amendments to approved accounting Standards which are mandatory for accounting periods beginning on or after July 1, 2022 but are considered not to be relevant or have any significant effect on the Company's financial reporting.
- 3.3.2 New Standards and amendments to approved accounting Standards that are effective for the Company's accounting periods beginning on or after July 1, 2022.**  
There is a new Standard and certain amendments to approved accounting Standards that will be mandatory for accounting periods beginning on or after July 1, 2022 but are considered not to be relevant or expected to have any significant effect on the Company's financial reporting.
- 3.4** The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial Statements are same as those applied in the preparation of the financial Statements for the year ended June 30, 2022.
- 4 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT**  
The preparation of these condensed interim financial statements in conformity with the approved accounting and reporting Standards as applicable in Pakistan for interim reporting requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on the historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- Judgements and estimates made by the management in the preparation of these condensed interim financial statements are same as those applied to financial statements as at and for the year ended June 30, 2022.
- The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2022.

# AL-ABID SILK MILLS LIMITED

	Note	Dec - 2022 Rupees	June 2022 Rupees
<b>5 Revaluation Surplus on Property Plant &amp; Equipment</b>			Restated
Balance at beginning of the period / year - restated		2,239,843,487	518,892,129
Less: Transferred to Unappropriated profit on account of incremental depreciation for the year.		(55,138,438)	(75,717,164)
Less: Transferred to unappropriated profit on account of disposal for the year.		-	-
Surplus on revaluation arisen during the year		-	1,796,468,522
Balance at end of the year - net		2,184,504,957	2,239,843,487

5.1 The Company has revalued its Leasehold land, Building on Leasehold land, Plant, Machinery & equipments, Furniture & Fixture, Office equipment, Electric, gas & Other installation. The valuation has been determined by the independent qualified valuer M/s. Sadruddin Associates (Pvt) Ltd on November 30, 2021. The assessed values of the fixed assets as determined by the valuer amounts to Rs. 2,730,786,781, however, the forced sales value is Rs. 2,321,168,747 have been taken to account for the fixed assets. The earlier valuations were carried out by independent qualified valuer M/s. Saira & Company on January 06, 2016 and M/s. Arjun Adil and Associates independent qualified valuer on June 30, 2012, August 31, 2010 and August 31, 2007 on the basis of prevailing market value at that time.

5.2 Had there been no revaluation the related figures of Leasehold land, Building on Leasehold land, Plant, Machinery & equipments, Furniture & Fixture, Office equipment, Electric, gas & Other installation would have been as follows:

	Dec-22			Jun-22		
	Cost	Accumulated depreciation	Book value	Cost	Accumulated depreciation	Book value
Leasehold land	29,376,842	-	29,376,842	29,376,842	-	29,376,842
Building on leasehold land	289,870,773	248,368,624	41,502,149	289,870,773	246,184,300	43,686,473
Plant, Machinery & equipments	2,001,525,719	1,709,980,828	291,544,894	2,001,525,719	1,694,636,355	306,889,363
Furniture & Fixture	42,571,147	35,593,364	6,977,782	42,571,147	35,236,114	7,345,032
Office equipment	4,533,716	3,772,985	760,731	4,533,716	3,732,946	800,770
Electric, gas & Other Installations	71,081,209	60,287,494	10,794,215	71,081,209	59,719,378	11,362,331
	2,428,959,906	2,058,085,291	380,954,613	2,428,959,906	2,039,499,093	399,640,811

<b>6 LOAN FROM DIRECTORS - UNSECURED</b>		
Balance at beginning of the year		521,018,754
Received during the period		-
Repaid during the period		-
		521,018,754
The above is interest free loan from director(s) of the company, which is payable on demand.		521,018,754

<b>7 ADVANCE FROM IBL - UNSECURED</b>	7.1	366,063,844	366,063,844
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7.1 The comprises of initial mobilizing expenses by International Brands Limited as disclosed on note 2 for repair and maintenance to have the plant in full running condition.

<b>8 ACCRUED MARKUP</b>		
Export refinance loan		32,377,419
Liabilities against assets subject to finance lease		3,437,438
Short term loan		24,807,874
		60,622,829
		60,622,829

<b>9 SHORT TERM FINANCES</b>		
From banks and financial institutions - Secured	9.1	1,387,310,685
Less: Settlement during the year		(24,000,898)
		1,373,310,685
		1,387,310,685

9.1 The facilities consist of various types of short term finance from different banks and non-banking financial institutions. The facilities are secured against hypothecation charge on stocks, mortgage on factory property of Plot No. A-54/A and A-29/B with Land, building and machinery installed thereon and charge on book debts and receivables of the company. As fully disclosed in note No. 16 various banks have filed suit for the recovery of these loans. Previously and during the period, the company has settled off most of the banks as mentioned in note 2. The management is amicably pursuing rest of the banks and D.F.I for rescheduling or settlement as disclosed in note 2 & 10

# AL-ABID SILK MILLS LIMITED

**10 CONTINGENCIES AND COMMITMENTS**

**10.1 Contingencies**

Bank guarantee

1,512,000

1,512,000

The bank guarantees have been issued in favor of Excise, Sales tax and others.

**10.2**

S.NO.	WRIT PETITION	FORUM	ISSUE INVOLVED	STATUS
1		Sindh High Court	The Salm 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.	Pending
2	Application No. 95 & 96 of 2016	Sindh High Court	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.	Pending
3	Suit No. B-42/2013	Sindh High Court	Al-Abid Silk Mills Limited (company) has filed the suit 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/- Settlement with JS Bank Ltd is under process according to Supreme Court of Pakistan Direction, the company deposited the settlement amount to Nazir Sindh High Court in the Suit.	Pending
4	Suit No. B-95 of 2013	Sindh High Court	Bank of Punjab has filed suit against the Company for recovery of outstanding loan amounting to Rs. 434,399,948/. However, partial payment has been made by the company during this period for the settlement of this loan.	Pending
5	Suit No. B-111 of 2013	Sindh High Court	PAIR Investment Co. Ltd. has filed the suit against the Company for recovery of outstanding loan amounting to Rs. 171,460,949/-	Pending
6	Suit No. B-26 of 2017	Sindh High Court	National Bank of Pakistan has filed the suit against the Company for recovery of outstanding loan amounting to Rs.948,140,145/-	Pending
7	Suit No. 1586/2013	Sindh High Court	The company has filed suit interalia for cancellation of cheques; and damages against Jawaid Arshad Textile.	Pending
8	Suit No. 540/2014	Sindh High Court	Javed Arshad has filed the suit against the company for recovery of Rs. 21.32 million.	Pending
9	Suit No. 1200/2014	Sindh High Court	Ranyal Textile has filed the suit against the company for recovery of Rs. 40.94 million.	Pending
10	Suit No. 1245/2015	Sindh High Court	Shahaj Textile has filed the suit against the company for recovery of Rs. 112.64 million.	Pending
11	Suit No. 1833/2015	Sindh High Court	Makoru Textile has filed the suit against the company for recovery of Rs. 56.36 million.	Pending
12	Suit No. 338/2015	Sindh High Court	BASF has filed the suit against the company for recovery of Rs. 33.68 million.	Pending
13	Suit No. 2442/2016	Sindh High Court	ICI Pakistan has filed the suit against the company for recovery of Rs. 26.57 million.	Pending
14	H.C.A 519/2018	Sindh High Court	The company has filed an High Court Appeal against Shahaj Textile limited, an ad-interim injunctive order of the Learned Single Judge wherein the company was refrained from creating any third party interest on their properties.	Pending
15	JCM No. 34/2014	Sindh High Court	One of the supplier of the company has filed a winding up petition, on the ground that the company owes a sum of Rs. 40.94 million to Ranyal Textile. Such claim is denied by the company.	Pending
16	JCM No. 25/2015	Sindh High Court	PAIR Investment Company Limited has filed a winding up petition, on the ground that the company owes a sum of Rs. 201,925 million to Pair Investment. Such claim is denied by the company.	Pending
17	Suit No. 604/2018	Sindh High Court	ACME (supplier) has filed suit for recovery of Rs. 48,822,642/- before the High Court of Sindh at Karachi. An application for rejection of plaint has been filed in the matter on the grounds that the claim of this supplier is time barred. Besides this, issues have yet to be framed in the case therefore it is premature to comment on the outcome. The management is vigorously contesting the case.	Pending



## AL-ABID SILK MILLS LIMITED

18	JCM No. 10/2015	Sindh High Court	Achroma Textile Chemicals Pakistan (creditor) has filed a winding up petition at High Court of Sindh at Karachi. The winding up petition has been filed on the grounds that Al-Abid owes Achroma Textile Chemical Pakistan (formerly BASF Pakistan) a sum of Rs. 33,683,561/-. Such claim is denied by Al-Abid. The petition is yet to be heard. Therefore, it is premature to comment on the outcome. The management is vigorously contesting the case.	Pending
19	JCM No. 35/2014	Sindh High Court	JS Bank Limited had filed a winding up petition at High Court of Sindh at Karachi, on the grounds that Al-Abid owes to the JS Bank Limited Rs. 370,930,185/-. The management is vigorously contesting the case. Settlement with JS Bank Ltd is under process according to Supreme Court of Pakistan Direction, the company deposited the settlement amount to Nazir Sindh High Court in the Suit.	Pending
20			During the year 2022, the Additional Commissioner of Inland Revenue, Range A, Audit-1, Corporate Tax Office, Karachi (ADCIR) passed an order dated January 27, 2022 u/s 122(5A) of the Income Tax Ordinance, 2001 for the Tax Year 2020 whereof a demand of Rs. 739,071,338 was raised. The company has filed an Income Tax Appeal before the Commissioner Inland Revenue (Appeals III), Karachi [CIR(A)] on 10-02-2022 against the said order passed by the ADCIR. The case has been concluded on April 20, 2022 by the Commissioner of IR VII Karachi, against which the company has filed second appeal before Appellate Tribunal IR, which is pending and in the opinion of the Company and an independent legal counsel of the Company there is no anticipation of any unfavorable outcome of the said appeal and hence no provision is required to be made in the Financial Statements.	Pending

The amount mentioned on above cases 3 to 6 are claimed amounts by the Banks and DFI, actual amounts to be determined by the Banking Court.

The outcome of above cases as referred in cases 3-20 cannot be predicted and the management is vigorously contesting the cases.

There are various ex-workers filed suits pending 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.

	Note	Dec - 2022 Rupees	June 2022 Rupees
<b>11</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Operating Fixed Assets	2,565,227,252	2,641,236,109
	Capital Work in Progress - DDFC Boiler	16,800,000	16,800,000
		<u>2,582,027,252</u>	<u>2,658,036,109</u>
<b>11.1</b>	<b>Operating Fixed Assets</b>		
	Opening written down value	2,641,236,109	961,605,190
	Additions		
	Deletions	(2,198,889)	
	Surplus arisen during the period		1,796,468,322
	Depreciation	(73,818,857)	(116,637,853)
		<u>2,565,227,252</u>	<u>2,641,236,109</u>
<b>12</b>	<b>OTHER RECEIVABLES</b>		
	Duty drawback	92,555,928	92,555,928
	Receivable from banks	39,375,120	39,375,120
	Research and development support	4,325,164	4,325,164
	Deposited with Nazir Sindh High Court against loan settlement	89,599,088	89,599,088
		<u>216,756,212</u>	<u>216,756,212</u>
<b>12.1</b>	This represents the amount of DLT received by certain banks on the company's behalf in the accounts held by those banks namely United Bank Limited, Allied Bank Limited, Faysal Bank Limited, National Bank of Pakistan and Summi Bank Limited and the same is receivable from the respective banks. One of the banks namely United Bank Limited has refused to pay amount despite of the fact that full and final settlement was amicably reached and clearance certificate as per the honorable Sindh High Court's consent decree was obtained. During the year, the company has filed the suit # 802/2020 against the bank for the recovery of Rs. 13,871,000/-.		
<b>12.2</b>	This represents settlement amount deposited with Nazir Sindh High Court Karachi for Settlement under process with JS Bank Ltd according to Supreme Court's order/direction.		
<b>13</b>	<b>OTHER INCOME</b>	Dec-2022	Dec-2021
	Income from non-financial assets	Unaudited Rupees	Unaudited Rupees
	Sale of scrap	2,143,843	3,541,322
	Profit on sale of Assets	2,461,290	-
	Income from financial assets / facilities		
	Profit on PLS deposit account	1,743,696	1,253,052
		<u>6,387,838</u>	<u>4,794,374</u>

# AL-ABID SILK MILLS LIMITED

14	<b>(LOSS) PER SHARE - BASIC AND DILUTED</b>	Dec-2022	Dec-2021
		Rupees	Rupees
14.1	<b>LOSS PER SHARE - BASIC</b>		
	Loss after taxation	Rupees <u>(81,166,581)</u>	Rupees <u>(47,454,139)</u>
	Weighted average number of shares	Number <u>13,406,558</u>	Number <u>13,406,558</u>
	Loss per share-Basic	Rupees <u>(6.05)</u>	Rupees <u>(3.54)</u>

14.2 **LOSS PER SHARE - DILUTED**  
There is no dilution effect on the basic earning per share of the Company (2022: Nil).

15 **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. No significant transactions were made with related parties during the period. Significant balances with related parties are as follows:

		Dec 2022	June 2022
		Rupees	Rupees (Audited)
<b>Balances</b>			
Balance	Relationship with the company		
Loan received from - Azim Ahmed	Chief Executive Officer	88,105,887	80,105,887
Loan received from - Naseem A. Sattar	Chairman	<u>480,912,887</u>	<u>480,912,887</u>

16 **KEY MANAGEMENT PERSONNEL - REMUNERATION & BENEFITS**  
In view of bad financial condition of the company directors have decided not to claim their whole remuneration for the period ended December 31, 2022 i.e. Mr. Naseem A. Sattar Rs. 5,250,000 (June 2022: Mr. Naseem A. Sattar Rs. 5,250,000).

17 **FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of all financial assets and liabilities reflected in these interim financial statements approximate their fair values.

Fair value hierarchy;

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).


As at December 31, 2022 the Company has no financial instruments that falls into any of the above category.

18 **DATE OF AUTHORIZATION FOR ISSUE**


These financial statements were approved and authorized for issue in the Board of Directors' meeting held on February 24, 2023.

19 **GENERAL**

Corresponding figures have been reclassified/ re-arranged wherever necessary to facilitate comparison on the presentation on the current period. However, there are no material reclassifications / re-arrangements to report.

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

  
\_\_\_\_\_  
Director

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

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