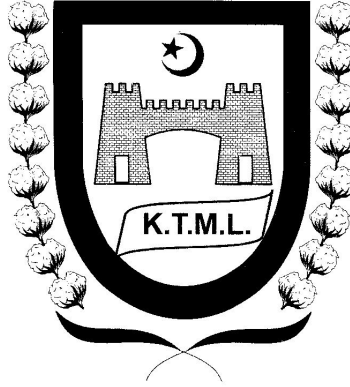

**HALF YEARLY ACCOUNTS
(REVIEWED)**



December 31, 2017

KHYBER TEXTILE MILLS LTD.

BOOK POST
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If undelivered please return to:

Baldher, District Haripur (Khyber Pakhtunkhwa)

Khyber Textile Mills Limited

COMPANY'S INFORMATION

BOARD OF DIRECTORS

Adam Jadoon
Aurangzeb Khan
Amanullah Khan
Nasir Khan
Mrs. Aamna Jadoon
Omer Farid Jadoon
Muhammad Bahauddin

COMPANY SECRETARY

Sadaqat Khan

AUDITORS

Tanwir Arif & Co.
Chartered Accountants

REGISTERED OFFICE

Khyber Textile Mills Ltd.
Baldher, Distt. Haripur (Khyber Pakhtunkhwa)

MILLS

Baldher, District Haripur
Khyber Pakhtunkhwa

DIRECTOR'S REPORT

The Directors of your Company are placing before you the Half Yearly Accounts of the Company for the period ended 31st December 2017. Due to the on-going Court litigation our Company is facing a complete restriction on access to credit by the banks; as a result of these discriminatory methods KTML has been unable to restart textile production. Therefore, the Company's production remained closed during the period under review; however KTML's Management is pleased to report that there were revenue generation through alternative business activities.

The BOD reviewed the closure of the production facilities at the Mill. They also discussed the on going Court Litigation, the restriction on access to credit, the possible measures to be taken to overcome the litigation, the constraint of constant electrical load shedding in the Mill's locality, the ban on installation of industrial gas meters and requirements for resuming production activities.

We are pleased to report that the Company has initiated steps to secure other sources of legitimate revenue within its limited resources as a substitute measure in order to maintain the Company and reinstate business activity on Mill's premises. Management has been successful in renting its excess buildings as a storage facility to reputable organizations and distributors of packaged food, milk and bottled water. With this stream of funding KTML has embarked upon the repair and maintenance of its warehouses & buildings in order to generate further rental income. Furthermore, KTML has made an investment in a Livestock Farm for the purchase & sale of cattle on its excess land, separate from the textile unit. Management has also repurposed the majority of its agricultural land in order to grow fodder for the livestock and has begun the process of planting high yield olive trees on the Company's agricultural land, utilizing all excess areas for alternative business activity in order to generate further revenue for KTML.

In spite of all odds, the Management is maintaining the assets of the Company, paying the regular day-to-day expenses of the Mill including the wages of the Compulsory Staff and is also investing in and creating business activity on the Company's premises, which has been reflected in the financial statements annexed hereto.

**For & on behalf of
Board of Directors**

Baldher, Haripur.
Dated: 21st February, 2018

Chief Executive

AUDITORS REPORT TO THE MEMBERS

Introduction We have reviewed the accompanying condensed statement of interim financial position of M/s. Khyber Textile Mills Limited (the Company) as at December 31, 2017 and the related condensed interim profit and loss account, statement of interim cash flows, statement of interim changes in equity and notes to the accounts for the six-months' period then ended (here-in-after referred to as the "interim financial information").

Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standard as applicable in Pakistan for interim financial reporting.

Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2017 and quarter ended December 31, 2016 have not been reviewed as we are required to review only the cumulative figures for six months period ended December 31, 2017.

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 Auditors of the Entity." A review of 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. Conclusion Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Accordingly, we do not express an audit opinion. Conclusion Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Without qualifying our opinion, we draw attention to note no. 3 to the interim financial information, the operations of the Company are remained closed, the Company has incurred loss before tax of Rs. 3.599 million. However the Company has started alternative business activities and generated an income of Rs. 3.44 million.

The company has net negative equity of Rs. 19.058 million and the Company has not paid dividend to its shareholders for the last many years. Further, current liabilities of the Company exceed its current assets by Rs. 36.367 million.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

Tanwir Arif

Tanvir Arif & Co.
Chartered Accountants

Date :21st February, 2018
Place: Karachi:

STATEMENT OF INTERIM FINANCIAL POSITION
As at December 31, 2017
(UNAUDITED)

	Dec, 2017	June, 2017		Dec, 2017	June, 2017
Notes	(Rupees)		Notes	(Rupees)	
CAPITAL AND LIABILITIES			PROPERTY & ASSETS		
SHARE CAPITAL & RESERVE			NON CURRENT ASSETS		
SHARE CAPITAL			FIXED ASSETS - Tangible		
Authorised:			Property, Plant & Equipment	433,347,963	438,544,098
1,500,000 Ordinary Shares of	15,000,000	15,000,000	at Written Down Value 6		
Rs. 10/- each					
Issued:			LONG TERM DEPOSITS	88,983	88,983
1,298,543 Ordinary Shares of	12,985,430	12,985,430		443,436,946	438,633,081
Rs. 10/- each					
Subscribed & paid-up	12,275,030	12,275,030			
RESERVE			CURRENT ASSETS		
Capital - Statutory Reserve	257,782	257,782	Livestock	2,575,480	2,168,908
U/s 15-BB	12,532,812	12,532,812	Animal food, bhosa & daana	60,300	40,040
Unappropriated Profit / Loss	(31,590,757)	(34,957,302)	Stores & Spares 7	-	-
Shareholders' Equity	(19,057,945)	(22,424,490)	Taxes Refundable	1,308,900	860,247
Surplus On Revaluation of			Cash and Bank Balances 8	146,077	275,644
Fixed Assets	351,123,945	355,391,435		4,090,757	3,344,839
NON CURRENT LIABILITIES					
Deferred Tax Liability	36,503,156	39,042,849			
Long Term Loan	28,500,475	28,500,475			
CURRENT LIABILITIES					
Trade & Others Payable 4	40,458,072	40,494,772			
Provision for taxation	-	972,879			
	40,458,072	41,467,651			
CONTINGENCIES & COMMITMENTS 5	-	-			
	437,527,703	441,977,920		437,527,703	441,977,920

The annexed notes from 1 to 11 form an integral part of these financial statements.

Khyber T
Chief Executive

Chief Financial Officer


Director

STATEMENT OF INTERIM COMPREHENSIVE INCOME
For the Half Year Ended December 31, 2017
(UNAUDITED)

Notes	Half year ended December 31		Quarter Ended December 31	
	2017	2016	2017	2016
	(Rupees)		(Rupees)	
Sales (Net)	650,000	-	-	-
Cost of Sales	471,878	-	-	-
Gross Loss	178,122	-	-	-
Operating Expenses:				
Administrative	6,885,291	6,673,831	6,010,223	5,844,096
Operating Loss	(6,707,169)	(6,673,831)	(6,010,223)	(5,844,096)
Other Income/Rent	3,112,980	1,516,075	1,320,600	422,871
Finance Cost	4,805	3,641	1,386	2,854
Profit/(Loss) Before Tax	(3,598,994)	(5,161,397)	(4,691,009)	(5,424,079)
Provision for Taxation-Deferred	(2,539,693)	(2,785,085)	(2,539,693)	(2,785,085)
Profit/(Loss) After Tax	(1,059,301)	(2,376,312)	(2,151,316)	(2,638,994)
Other Comprehensive Income/ (Loss)				
Depreciation relating to mills	-	-	-	-
Income form Agriculture	158,356	278,000	40,000	233,000
	158,356	278,000	40,000	233,000
Total Comprehensive Loss for the period	(900,945)	(2,098,312)	(2,111,316)	(2,405,994)
(Loss) per share	(0.73)	(1.71)	(1.72)	(1.96)

The annexed notes from 1 to 11 form an integral part of these financial statements.

Khyber 7
Chief Executive

Chief Financial Officer


Director

STATEMENT OF INTERIM CASH FLOWS
For the Half Year Ended December 31, 2017
(UNAUDITED)

	Dec 31, 2017	Dec 31, 2016
	(Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) after tax	(900,945)	(2,098,312)
Adjustment of Non Fund Items:		
Provision for Taxation- Deferred	(2,539,693)	(2,785,058)
Depreciation	5,196,135	5,586,780
	<u>2,656,442</u>	<u>2,801,695</u>
	1,755,497	703,383
(Increase)/Decrease in Current Assets		
Live Stock	(406,572)	(165,100)
Animal food bhosa & daana	(20,260)	-
	(426,832)	(165,100)
Increase/(Decrease) in Current Liabilities		
Trade & Other Payabale	(36,700)	(90,700)
	(36,700)	(90,700)
	(463,532)	(255,800)
 Cash generated from operations	 1,291,965	 447,583
Taxes paid	(1,421,532)	(300,000)
	<u>(129,567)</u>	<u>147,583</u>
 CASH OUT FLOW FROM FINANCING ACTIVITIES		
Long Term Loan	-	(200,000)
Net (Decrease) Increase in Cash	<u>(129,567)</u>	<u>(52,417)</u>
Cash and Cash Equivalents at the beginning of the period	275,644	105,429
Cash and Cash Equivalents as at 31st Dec. 2017	<u><u>146,077</u></u>	<u><u>53,012</u></u>

Khyber T
Chief Executive

Chief Financial Officer



Director

STATEMENT OF INTERIM CHANGES IN EQUITY
For the Half Year Ended December 31, 2017
(UNAUDITED)

	Share Capital	Capital Reserve	Unappropriated Profit & Loss	Total
	(.....Rupees.....)			
Balance as on June 30, 2016	12,275,030	257,782	(38,518,895)	(25,986,083)
Total comprehensive loss for the period	—	—	(2,098,312)	(20,098,312)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation, net of deferred tax.			4,622,956	4,622,956
Balance as on Dec 31, 2016	12,275,030	257,782	(35,994,251))	(23,461,439)
Balance as on June 30, 2017	12,275,030	257,782	(34,957,302)	(22,424,490)
Total comprehensive loss for the period	—	—	(900,945)	(900,945)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation, net of deferred tax.			4,267,490	4,267,490
Balance as on Dec 31, 2017	12,275,030	257,782	(31,590,757)	(19,057,945)

The annexed notes from 1 to 11 form an integral part of these financial statements.


Khyber T
Chief Executive


Chief Financial Officer


Director

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
For the Half Year Ended December 31, 2017
(UNAUDITED)****1 STATUS AND NATURE OF BUSINESS**

Khyber Textile Mills Limited is a Public Limited Company, incorporated on 26th August, 1961 under the Companies Act, 1913 (Now the Companies Ordinance, 1984). Its shares are quoted on Pakistan Stock Exchange Limited. The principal activities of the company was manufacturing and sale of yarn, however due to external factors production has been halted. The registered office of the Company is situated at Baldher, District Haripur, Khyber Pakhtunkhawa.

2 BASIS FOR PREPARATION OF ACCOUNTS

2.1 This condensed interim financial information is unaudited and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 ("the Act") and is un-audited but subject to limited scope review by external auditors as required by the Act and Code of Corporate Governance.

During the previous year, the Companies Act 2017 ("the Act") was enacted on 30 May 2017 and replaced and repealed the Companies Ordinance, 1984 ("the repealed Ordinance"). However, the Securities and Exchange Commission of Pakistan vide its Circular No. 17 and Circular No. 23 dated 20 July 2017 and 04 October 2017 respectively and Institute of Chartered Accountants of Pakistan vide its Circular No. 17 dated 06 October 2017, have advised and clarified that the Annual Financial Statements of the Companies whose financial year closes on or before 31 December 2017 and interim financial statements of the Companies for the period ended on or before 31 December 2017, shall be prepared in accordance with the repealed Ordinance.

This condensed interim financial information comprises the condensed interim balance sheet of the Company as at 31 December 2017 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.

This condensed interim financial information of the Company for the six months period ended 31 December 2017 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - Interim Financial Reporting and provisions of and directives issued under the repealed Companies Ordinance, 1984.

In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed.

Comparative balance sheet numbers are extracted from the annual audited financial statements of the Company for the year ended 30 June 2017, whereas comparative profit and loss account, cash flow statement and statement of changes in equity are stated from unaudited condensed interim financial information of the Company for the six months period ended 31 December 2016.

2.2 These interim financial statements have been prepared on the basis of historical cost convention.

2.3 Related parties transactions during the half year were same as were disclosed in the proceeding annual audited financial statements.

2.4 The accounting policies and methods of computation adopted in the preparation of annual financial statements for the preceding year ended June 30, 2017 have been consistently applied in the

2.5 The company's financial risk objectives and policies are consistent with those disclosed in the preceding annual financial statements for the year ended June 30, 2017.

3 GOING CONCERN

These financial statements have been prepared on going concern basis in spite of the uncertainties given hereunder:

During the period under review the Mill remained closed and textile production activity could not be resumed because of restrictions on access to credit from the banks due to ongoing litigation. However, through alternative business the Company has made sales of livestock of 0.650 million and earned rental income of Rs. 3.113 million and loss before taxation of Rs. 3.599 million. The company has net negative equity of Rs. 19.058 million and current liability of Rs. 40.565 million which exceeds the current assets by Rs. 36.367 million leaving the negative current ratio of 0.10:1.00 (December, 2016 0.02:1.00).

There are accumulated losses amounting to Rs. 31.591 million, resulting into net capital deficiency of Rs. 19.058 million; and Unfavorable conditions like the increase in prices of cotton and polyester, constant electrical load-shedding, low electrical voltage, increasing trend of power tariff, ban on installation and use of industrial gas meter and generator.

These uncertainties cause significant doubt about the company's ability to continue as a going concern. The reasons for preparing the interim financial information on going concern basis are:

The Management of the company does not have any intention to liquidate KTML and endorse their assertion to revive the Company's business activity, hence the Management's decision to prepare the financial statements on a going concern assumption, as proper maintenance of the Company's general assets are being carried out periodically, investment in alternative business activity is occurring and income from these assets are being generated on a regular basis, while advance taxes are being paid by the Company. In addition, the Directors of the Company have ensured that the interest free loan given by them to KTML will not be withdrawn, till the Company improves its financial position;

In the financial year 2013 the management in compliance with the order dated April 29, 2013 issued by the Securities & Exchange Commission of Pakistan carried out a formal assessment of the fair value of fixed assets of the Company. The value of assets appreciated to Rs. 476 million as compared to the carrying amount of Rs. 26 million accounted for on historical cost basis. It would not be out of place to mention that the 2013 revaluation of KTML assets prove that the Company is able to pay all its liabilities, subject to the continued favorable outcome of outstanding litigation cases with NBP. The management is of the opinion that, with the construction of E-35 Motorway, access to the CPEC will considerably step-up the value the Mill's land, when compared with the revalued amount that was incorporated in the books of the Company in the year 2013.

As per KTML's Board of Directors instructions and approval, the Company has initiated steps to secure other sources of legitimate revenue within its limited resources as a substitute measure in order to maintain the Company and reinstate business activity on Mill's premises. Management has been successful in renting its excess empty warehouses as a storage facility to reputable organizations and distributors of packaged food, milk and bottled water. With this stream of funding KTML has embarked upon the up gradation of its infrastructure and repairing of its warehouses in order to generate further rental income. In addition, KTML has made an investment in a Livestock Farm for the purchase & sale of cattle on its excess land, separate from the textile unit. Furthermore, Management has also repurposed the majority of its agricultural land in order to grow fodder for the livestock and has begun the process of planting high yield olive trees on the Company's agricultural land in order to utilize all excess areas for alternative business activity.

	December 31 2017	June 30, 2017
	(Rupees)	
4. TRADE AND OTHERS PAYABLE		
Trade Creditors	40,202,714	40,202,714
Advance against rent	-	67,000
Accrued Liabilities	226,800	196,500
Other Liabilities	28,558	28,558
	40,458,072	40,494,772
5. CONTINGENCIES & COMMITMENTS		
Contingencies reported in the preceding annual financial statements remain un-changed.		
6 FIXED ASSETS - (Tangible)		
- Property, Plant & Equipment		
Cost - Opening Balance	693,913,408	692,731,571
Revaluation During the year	-	-
Addition / Deletion during the year	-	1,181,837
	693,913,408	693,913,408
Accumulated Depreciation - Opening Balance	255,369,310	244,173,705
Adjustment on disposal	-	-
Depreciation for the period	5,196,135	11,195,605
	260,565,445	255,369,310
Written down value	433,347,963	438,544,098
7 STORE & SPARES		
General Store	3,000,000	3,000,000
Less: Obsolescence, due to diminution in value	(3,000,000)	(3,000,000)
	-	-
8 CASH & BANK BALANCES		
Cash in hand	103,312	28,168
Cash at bank - Current Account	42,765	247,476
	146,077	275,644

09 RECLASSIFICATION OF CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified wherever necessary for the purpose of comparison. Significant reclassification for purposes of correct and better representation are as under:

<i>Reclassification from components</i>	<i>Reclassification to components</i>	
<i>Profit and loss account</i>		
<i>Other Comprehensive Income</i>		(5,583,573)
<i>Depreciation relating to Mill's</i>		<u>5,583,573</u>
<i>Administrative</i>		<u><u>-</u></u>

10 DATE OF AUTHORIZATION

*These interim financial statements were authorized for issue on February 21st, 2018
By the Board of Directors of the Company.*

11 GENERAL

Figures in these interim financial statements have been rounded off to the nearest rupees.

Textile Mill
Chief Executive

ted
Chief Financial Officer


Director