

**UN-AUDITED
HALF YEARLY REPORT
DECEMBER 31, 2018
(2ND QUARTER)**



Khalid Siraj Textile Mills Limited

**KHALID SIRAJ TEXTILE MILLS LIMITED
COMPANY INFORMATION**

Chief Executive Officer	-	Mian Tayyab Iqbal
Directors	-	Mian Tahir Iqbal
	-	Kh. Hamza Riaz
	-	Kh. Pervaiz Aslam
	-	Mr. Amir Jahangir
	-	Mrs. Rukhsana Arif
	-	Mr. Muhammad Asif (NIT Nominee)
Audit Committee		
Chairman	-	Mrs. Rukhsana Arif
Members	-	Kh. Hamza Riaz
	-	Mr. Amir Jahangir
HR Committee		
Chairman	-	Mian Tahir Iqbal
Members	-	Kh. Hamza Riaz
	-	Mr. Amir Jahangir
Company Secretary	-	Haji Tariq Samad
Auditors	-	Kamran & Co. Chartered Accountants A/2, Ingola Apartments, 24-Jail Road, Lahore.
Bankers	-	National Bank of Pakistan Dubai Islamic Bank Pakistan Limited Habib Metropolitan Bank Limited Silk Bank Pakistan Ltd Meezan Bank Limited
Chief Financial Officer	-	Mr. Muhammad Abbas Azam
Legal Advisor	-	Mr. Majid Ali Rana (Advocate)
Share Registrar	-	M/s. Corplink (Pvt) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore. Ph: 042-35916714, Fax: 042-35869037
Registered Office	-	135-Upper Mall, Lahore.
Website Address	-	www.ksmml.com
Mills	-	48-K.M, Lahore-Multan Road, Phool Nagar (Bhai Pheru), Tehsil Pattoki, Distt. Kasur.

**KHALID SIRAJ TEXTILE MILLS LIMITED
BRIEF FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

DIRECTORS' REVIEW:

During the quarter under review, the company incurred net loss of Rs. 7.320 million which includes depreciation expenses of Rs. 5.977 million.

FUTURE PROSPECTS:

The Management has decided to closed the mill till such time the business conditions improve and the running the mills on reasonable profit margin.


CHIEF EXECUTIVE OFFICER


DIRECTOR

**AUDITORS REPORT TO THE MEMBERS ON
REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION**

Introduction

We have reviewed the accompanying condensed interim balance sheet of "KHALID SIRAJ TEXTILE MILLS LIMITED" as at 31 December 2018 and the related condensed interim profit and loss account / statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with notes forming part thereof (here-in-after referred to as the interim financial information) for the half year period ended. Management is responsible for the preparation and presentation of this interim financial in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The figure for the condensed interim profit and loss account / statement of comprehensive income for the quarter ended 31 December 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December 2018.

Scope of Review

We conducted our review in accordance with international standard on review engagement 2410, "Review of interim financial information by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of the 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 Standard 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 for adverse opinion

The Company has incurred a net loss of Rs. 14.776 million (Dec 2017: Rs. 16.952 million) resulting in accumulated losses of Rs. 435.510 million (30 Jun 2018: Rs. 429.102 million) at the close of the half year ended 31 Dec 2018. The Company's current liabilities exceed its current assets by Rs. 208.727 million (30 Jun 2018: Rs. 208.679 million). The Company is facing operational and financial crisis and have lost key management without replacement and the commercial operations of the Company had been ceased. These conditions indicate the existence of material uncertainty which may cast a significant doubt about the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in normal course of business. The financial statements, however, do not disclose this fact and any adjustment to that effect.

The Company has not provided for mark-up on short-term borrowings owing to the dispute with financial institutions.

The evidence available to us to confirm the appropriateness of preparing the financial statements on a "going concern" basis was invalid because of the reason mentioned in the preceeding paragraph above. As a result, along with non provision of markup on borrowings and in the absence of any alternative evidence available to us, this interim condensed financial information does not give a true and fair view of the financial position of the entity as at December 31, 2018, and of its financial performance and its cash flow for the six months period ended in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

Kamran & Co.

KAMRAN & CO.
CHARTERED ACCOUNTANTS
ENGAGEMENT PARTNER: KAMIL FATAH (FCA)



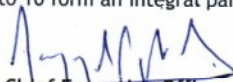
LAHORE

22 FEBRUARY 2019

KHALID SIRAJ TEXTILE MILLS LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	Un-Audited 31/Dec/2018 Rupees	Audited 30/Jun/2018 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
12,000,000 (30 June 2018: 12,000,000) ordinary shares of Rs. 10 each		120,000,000	120,000,000
Share capital	5	107,000,000	107,000,000
Accumulated loss		(435,510,398)	(429,101,703)
Surplus on revaluation of property, plant and equipment		225,911,674	234,279,097
		(102,598,724)	(87,822,606)
Non-current liabilities			
Long term finances	6	226,769,487	226,682,011
Deferred liabilities		32,951,069	32,951,069
		259,720,556	259,633,080
Current liabilities			
Trade and other payables		113,863,493	113,808,350
Unclaimed dividend	7	24,058,182	24,058,182
Mark-up accrued		16,790,575	16,790,575
Short term borrowings	8	68,180,179	68,180,179
		222,892,429	222,837,286
CONTINGENCIES AND COMMITMENTS			
		380,014,261	394,647,760
ASSETS			
Non-current assets			
Property, plant and equipment	9	348,196,739	362,837,330
Long-term deposits		2,001,000	2,001,000
Long-term advances		15,650,727	15,650,727
		365,848,466	380,489,057
Current assets			
Stores, spare parts and loose tools		12,147,495	12,147,495
Trade debts		820,284	820,284
Trade deposits and short-term prepayments		507,100	507,100
Cash and bank balances		690,916	683,824
		14,165,795	14,158,703
		380,014,261	394,647,760

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.


Chief Executive Officer


Director

KHALID SIRAJ TEXTILE MILLS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT /
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2018

Note	Half year ended		Quarter ended	
	31/Dec/2018	31/Dec/2017	31/Dec/2018	31/Dec/2017
	Rupees		Rupees	
Sales	-	4,343,092	-	-
Cost of sales	-	(20,329,733)	-	(7,788,455)
Gross profit/(loss)	-	(15,986,641)	-	(7,788,455)
Operating expenses				
Distribution and marketing cost	-	(29,736)	-	(29,736)
Administrative and selling expenses	(14,774,810)	(870,703)	(7,320,297)	(238,613)
	(14,774,810)	(900,439)	(7,320,297)	(268,349)
Finance cost	(1,308)	(21,788)	-	(383)
Loss before taxation	(14,776,118)	(16,908,868)	(7,320,297)	(8,057,187)
Taxation	-	(43,870)	-	-
Loss after taxation	(14,776,118)	(16,952,738)	(7,320,297)	(8,057,187)
Total comprehensive loss	(14,776,118)	(16,952,738)	(7,320,297)	(8,057,187)
Loss per share - basic and diluted	(1.38)	(1.58)	(0.68)	(0.75)

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.


Chief Executive Officer


Director

KHALID SIRAJ TEXTILE MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2018

	----- Six months ended -----	
	31/Dec/2017	31/Dec/2016
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	(14,776,118)	(16,908,868)
Adjustments for non-cash charges / items:		
Depreciation of property, plant and equipment	14,640,591	16,252,658
Finance cost	1,308	21,788
	14,641,899	16,274,446
Loss before working capital changes	(134,219)	(634,422)
Working capital changes		
(Increase) / Decrease in current assets		
Stores, spare parts and loose tools	-	(91,000)
Stock in trade	-	3,236,446
Trade debts	-	(3,491,648)
Loans and advances	-	20,706
(Decrease) in trade and other payables	55,143	(7,756,669)
	55,143	(8,082,165)
Cash (used in) / generated from operations	(79,076)	(8,716,587)
Income tax paid	-	(57,498)
Finance cost paid	(1,308)	(21,788)
Net cash (used in) / generated from operating activities	(80,384)	(8,795,873)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds (net) of long term finances	87,476	6,774,204
(Repayment) / Proceeds (net) of short-term borrowings	-	915,664
Net cash in / (out) flow from financing activities	87,476	7,689,868
Net decrease in cash and cash equivalents	7,092	(1,106,005)
Cash and cash equivalents at beginning of period	683,824	1,873,803
Cash and cash equivalents at end of period	690,916	767,798

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.


Chief Executive Officer


Director

KHALID SIRAJ TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2018

	Share capital	Accumulated Loss	surplus on property,	Total Equity
	-----Rupees-----			
Balance as at 30 June 2017	107,000,000	(371,898,720)	250,143,965	(14,754,755)
<i>Total comprehensive loss for the six months period ended 31 December 2017</i>				
Loss for the period	-	(16,952,738)		(16,952,738)
Incremental depreciation on revaluation of property, plant and equipment for the period (net of deferred taxation)	-	9,286,479	(9,286,479)	-
Balance as at 31 December 2017	107,000,000	(379,564,979)	240,857,486	(31,707,493)
<i>Total comprehensive income for the six months period ended 30 June 2018</i>				-
Loss for the period	-	(58,823,204)		(58,823,204)
Incremental depreciation on revaluation of property, plant and equipment for the period (net of deferred taxation)	-	9,286,480	(9,286,480)	-
Revaluation surplus on property, plant and equipment for the year (net of tax)			2,708,091	2,708,091
Balance as at 30 June 2018	107,000,000	(429,101,703)	234,279,097	(87,822,606)
<i>Total comprehensive income for the six months period ended 31 December 2018</i>				-
Loss for the period	-	(14,776,118)		(14,776,118)
Incremental depreciation on revaluation of property, plant and equipment for the period (net of deferred taxation)	-	8,367,423	(8,367,423)	-
Balance as at 31 December 2018	<u>107,000,000</u>	<u>(435,510,398)</u>	<u>225,911,674</u>	<u>(102,598,724)</u>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.


Chief Executive Officer


Director



KHALID SIRAJ TEXTILE MILLS LIMITED
SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL
INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2018

1 STATUS AND ACTIVITIES

1.1 Khalid Siraj Textile Mills Limited (the "Company") was incorporated in Pakistan as a public limited company on 17 January 1988 under the Companies Ordinance, 1984 and is quoted on Karachi and Lahore Stock Exchanges in Pakistan.

Registered office of the Company is situated at 135, Upper Mall, Lahore. The project of the Company is located at 48 KM, Lahore Multan Road, Phool Nagar (Bhai Pheru), Tehsil Pattoki, District Kasur.

The principle business of the Company is manufacturing and sale of yarn and the other related / allied operations.

1.2 Going concern assumption

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business.

The Company incurred a net loss for the period ended of Rs. 14,776,118 (Dec 2017: Rs. 16,952,738) resulting in accumulated losses at the end of the period of Rs. 435,510,398 (June 2018: Rs. 429,101,703). The Company's current liabilities exceed its current assets at reporting date by Rs. 208,726,634 (June 2018: Rs. 208,678,583).

The Company had ceased its operations since November 2013 due to working capital. However, subsequent to the balance sheet date, the management is taking steps to recommence operations and the Company is in negotiations with financial institutions / sponsors of the Company for borrowing of funds to manage working capital requirements. The Company managed its liquidity constraints largely thru financing from its sponsors. The Company's ability to continue as a going concern is dependent on continued financing from sponsors. Management's efforts for obtaining finances from financial institutions are not so far materIALIZED, however, management is confident that efforts will be realized and that the Company will be able to continue as a going concern.

2 STATEMENT OF COMPLIANCE

This condensed interim financial information is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard 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 provisions of and directives issued under the Companies Act, 2017 differ from the IAS 34 and IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information has, however, been subjected to limited scope review by the auditors, as required by the Code of Corporate Governance, and should be read in conjunction with the audited annual financial statements of the Company for the year ended 30 June 2018.

3 BASIS OF MEASUREMENT

This condensed interim financial information has been prepared under the historical cost convention modified by adjustment of revaluation of certain assets. In this condensed interim financial information, except for the cash flow statements, all the transactions have been accounted for on accrual basis.



KHALID SIRAJ TEXTILE MILLS LIMITED
SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL
INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2018

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method for computation adopted for the preparation of this condensed interim financial information is the same as those applied in preparation of the financial statements for the year ended June 30, 2018.

	(Un-audited) Decembere 31, 2018.	(Audited) June 30, 2018.
	(Rupees)	
5 SHARE CAPITAL		
Authorized capital		
Ordinary shares of Rs. 10 each	120,000,000	120,000,000
Issued, subscribed and paid-up share capital		
10,000,000 (June 30, 2018: 10,000,000) ordinary shares of Rs 10/- each fully paid in cash	100,000,000	100,000,000
700,000 (June 30, 2018: 700,000) ordinary shares of Rs 10/- each fully paid as bonus shares	7,000,000	7,000,000
	107,000,000	107,000,000

6 LONG TERM FINANCES

From related parties (current and prior) - unsecured

Sponsors	- note 6.1	30,400,000	30,400,000
Previous associated undertakings	- note 6.2	32,329,798	32,329,798
Ex-directors		164,039,689	163,952,213
		226,769,487	226,682,011

6.1 Loan from sponsors

These represents unsecured loan from sponsors of the Company. The terms of repayment has not yet been decided so far. (also refer note 6.2)

6.2 Previous associated undertakings

This represents unsecured loans from various companies which were previously associated undertakings but had been allocated by the Honorable Lahore High Court, Lahore to other families of ex-Ittefaq group. This amount includes principal amount of Rs. 13.440 million (June 2018: Rs. 13.440 million) and mark-up accrued on said loans amounting to Rs. 18.890 million (June 2018: Rs. 18.890 million). Furtherance to same, the parties in dispute have entered into a settlement agreement dated 6 April 2014 which was accorded by Lahore High Court, Lahore in its order dated 16 April 2014. However, no steps had been taken by the parties to execute the settlement agreement till date.

6.3 These represents unsecured and interest free loans from chief executive officer, directors and sponsors. The terms of repayment has not yet been decided so far, however, the directors and sponsors have given undertaking that they have no intention to demand such loan within period of next twelve months, as such the current maturity has not been presented.

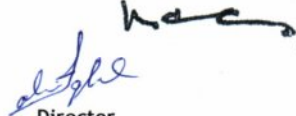
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KHALID SIRAJ TEXTILE MILLS LIMITED
SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL
INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2018

6.4 These are classified as 'financial liabilities' under IAS 39 'Financial Instruments - Recognition and Measurement' which are required to be carried at amortized cost. However, these long term loans have no fixed maturity date as discussed above, are carried at cost as their amortized cost is impracticable to determine.

		(Un-audited) Decembere 31, 2018.	(Audited) June 30, 2018.
		(Rupees)	
7 UNCLAIMED DIVIDEND			
Sponsors' uncalled dividends	- note 7.1	<u>24,058,182</u>	<u>24,058,182</u>
7.1	These represents uncalled dividends by sponsors of the Company. The above uncalled dividend alongwith loans from sponsors is subjudice before the Honorable Lahore High Court, Lahore.		
8 SHORT TERM BORROWINGS - SECURED			
Cash finances		60,680,179	60,680,179
FATR		<u>7,500,000</u>	<u>7,500,000</u>
		<u>68,180,179</u>	<u>68,180,179</u>
9 PROPERTY, PLANT AND EQUIPMENT			
Opening WDV		362,837,330	395,342,650
Addition		-	-
Less: Depreciation		<u>(14,640,591)</u>	<u>(32,505,320)</u>
Book value as at		<u>348,196,739</u>	<u>362,837,330</u>
10 AUTHORIZATION FOR ISSUE			
These financial statements have been approved by the board of directors of the Company and authorized for issue on <u>22-02-2019</u> .			
11 CORRESPONDING FIGURES			
11.1	Corresponding figures have been re-arranged, wherever necessary to the facilitation of comparison.		
11.2	Figures have been rounded off to the nearest of rupees.		


Chief Executive Officer


Director

KHALID SIRAJ TEXTILE MILLS LIMITED
SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL
INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2018

9 PROPERTY, PLANT AND EQUIPMENT

9.1 Reconciliation of carrying values at end of the period - 31 December 2018

PARTICULARS	COST / REVALUED AMOUNTS			DEPRECIATION			BOOK VALUE		Annual rate of dep. % age
	As at 1/July/2018	As at 31/Dec./2018	Additions / (Disposals)	As at 1/July/2018	Adjustments in depreciation	Charge for the year	As at 31/Dec./2018	As at 31/Dec./2018	
	Rupees								
.....									
Freehold land									
Cost	1,064,297	1,064,297	-	-	-	-	-	1,064,297	-
Revaluation	63,285,703	63,285,703	-	-	-	-	-	63,285,703	-
	64,350,000	64,350,000	-	-	-	-	-	64,350,000	-
Factory building on freehold land									
Cost	34,577,413	34,577,413	-	27,804,789	-	338,631	28,143,420	6,433,993	10
Revaluation	160,286,583	160,286,583	-	77,609,896	-	4,133,834	81,743,730	78,542,853	10
	194,863,996	194,863,996	-	105,414,685	-	4,472,465	109,887,150	84,976,846	-
Non-factory building on freehold land									
Cost	7,380,828	7,380,828	-	5,883,986	-	37,421	5,921,407	1,459,421	5
Revaluation	16,869,044	16,869,044	-	6,454,948	-	260,352	6,715,300	10,153,744	5
	24,249,872	24,249,872	-	12,338,934	-	297,773	12,636,707	11,613,165	-
Plant and machinery									
Cost	317,571,940	317,571,940	-	276,118,458	-	2,072,674	278,191,132	39,380,808	10
Revaluation	377,591,629	377,591,629	-	234,446,111	-	7,157,276	241,603,387	135,988,242	10
	695,163,569	695,163,569	-	510,564,569	-	9,229,950	519,794,519	175,369,050	-
Electric installations									
Cost	6,881,121	6,881,121	-	5,444,741	-	71,819	5,516,560	1,364,561	10
Revaluation	16,214,684	16,214,684	-	12,588,043	-	181,332	12,769,375	3,445,309	10
	23,095,805	23,095,805	-	18,032,784	-	253,151	18,285,935	4,809,870	-
Laboratory equipment									
Cost	6,692,987	6,692,987	-	6,371,180	-	16,090	6,387,270	305,717	10
Revaluation	18,295,338	18,295,338	-	13,882,004	-	220,667	14,102,671	4,192,667	10
	24,988,325	24,988,325	-	20,253,184	-	236,757	20,489,941	4,498,384	-
Tools and equipment									
Concrete mixer	154,960	154,960	-	147,693	-	363	148,056	6,904	10
Concrete mixer	300,000	300,000	-	286,051	-	697	286,748	13,252	10
Weighting scales	233,200	233,200	-	221,442	-	588	222,030	11,170	10
Furniture and fixtures	7,609,088	7,609,088	-	5,849,260	-	87,991	5,937,251	1,671,837	10
Tube well	1,292,880	1,292,880	-	918,638	-	18,712	937,350	355,530	10
Arms and ammunition	27,350	27,350	-	24,347	-	150	24,497	2,853	10
Bicycles	11,880	11,880	-	11,734	-	15	11,749	131	20
Motor vehicles	13,263,417	13,263,417	-	12,703,691	-	41,979	12,745,670	517,747	15
Total - 31/Dec/2018	1,049,604,342	1,049,604,342	-	686,767,012	-	14,640,591	701,407,603	348,196,739	-

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