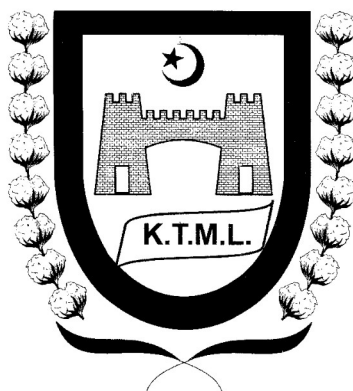

**HALF YEARLY ACCOUNTS
(REVIEWED)**



December 31, 2018

KHYBER TEXTILE MILLS LTD.

**BOOK POST
PRINTED MATTER**



If undelivered please return to:

Khyber Textile Mills Limited
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 management of your Company is placing before you the half yearly Accounts of KTML for the period ended 31st December 2018. Due to the on-going High Court litigation our Company is facing a complete restriction on access to credit facility by the banks and 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 significant revenue generation activities on the Company's premises through approved additional business activities.

The Board of Directors reviewed the closure of the production facilities at the Mill. They also discussed the on going court litigation, the restrictions on access to credit and the possible measures to be taken to overcome the litigation. In addition, they reviewed the constraints caused by the constant electrical load shedding in the Mill's locality, the ban on installation of industrial gas meters and the requirements of resuming textile production activities.

As per the decisions made during AGMs and per the BODs instructions & approval, 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, its assets and reinstate business activity on the 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 excess warehouses, buildings and land in order to generate additional income. Furthermore, KTML has made an investment in a Livestock Farm for the purchase & sale of cattle on its excess land and has been successful in making livestock sales in FY 2019. Management has also repurposed the majority of its empty land for agricultural activity in order to grow fodder for the livestock thereby reducing costs of running a livestock business.

In addition, KTML has planted high yield olive saplings throughout the Mill for long term olive harvesting; therefore Management is striving to utilize all

excess areas separate from the textile unit, for additional business activity. During the FY 2018 AGM the Members of KTML have approved the alteration of the name of the Company to reflect the additional business-taking place on the Company's premises to "Khyber Textile Mills and Agricultural Business Limited". In addition, the Members have also approved the changes to the Articles and Memorandum of Association to be updated in line with the additional business being undertaken and to be consistent with the Company's Act 2017. Management has therefore applied to the Registrar of Joint Stock Companies to have the required documentary changes implemented. In spite of all odds, the Management is successfully defending the Company's position in the High Court, protecting the rights of its shareholders, maintaining the assets of the Company and is paying the regular day-to-day expenses of the Mill. Moreover, the Company is investing in and creating alternative business activity on the Mill's premises and has once again become an active taxpayer, which has been reflected in the financial statements annexed herewith.

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

Baldher, Haripur.
Dated: 21st February, 2019


Chief Executive

AUDITORS REPORT TO THE MEMBERS**Introduction:**

We have reviewed the accompanying condensed interim statement of financial position of **Khyber Textile Mills Limited** (the Company) as at December 31, 2018, the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six-months' 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 financial statements based on our review.

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

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 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.

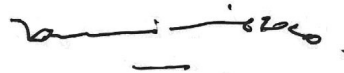
Conclusion

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 accounting and reporting 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 since 2007, the Company has incurred loss before tax of Rs. 3.542 million. The accumulated losses amount to Rs. 12.726 million and the Company's current liabilities exceed its current assets by Rs. 19.438 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. Our opinion is not modified in respect of this matter.

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



Tanwir Arif

Tanvir Arif & Co.
Chartered Accountants

Date :21st February, 2019
Place: Karachi:

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at December 31, 2018
(UNAUDITED)

| | Dec, 2018 | June, 2018 | | Dec, 2018 | June, 2018 |
|--|--------------------|--------------------|--------------------------------|--------------------|--------------------|
| Notes | (Rupees) | | Notes | (Rupees) | |
| CAPITAL AND LIABILITIES | | | PROPERTY & ASSETS | | |
| SHARE CAPITAL & RESERVE | | | NON CURRENT ASSETS | | |
| SHARE CAPITAL | | | FIXED ASSETS - Tangible | | |
| Authorised: | | | Property, Plant & Equipment | 423,370,763 | 428,151,828 |
| 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 | | 423,459,746 | 428,240,811 |
| Rs. 10/- each | | | | | |
| Subscribed & paid-up | 12,275,030 | 12,275,030 | | | |
| RESERVE | | | CURRENT ASSETS | | |
| Capital - Statutory Reserve | 257,782 | 257,782 | Livestock | 1,752,400 | 3,822,500 |
| U/s 15-BB | | | Animal food, bhosa & daana | 52,160 | 185,120 |
| Unappropriated Profit / Loss | (12,725,900) | (15,472,199) | Stores & Spares 7 | - | - |
| Surplus On Revaluation of | 342,959,130 | 346,856,455 | Taxes Refundable | 695,000 | 1,487,984 |
| Fixed Assets | | | Cash and Bank Balances 8 | 2,517,168 | 192,784 |
| Shareholders' Equity | 342,766,042 | 343,917,068 | | 5,016,728 | 5,688,388 |
| NON CURRENT LIABILITIES | | | | | |
| Deferred Tax Liability | 32,905,565 | 35,222,909 | | | |
| Long Term Loan | 28,350,475 | 28,700,475 | | | |
| CURRENT LIABILITIES | | | | | |
| Trade & Others Payable 4 | 24,454,392 | 24,577,484 | | | |
| Provision for taxation | - | 1,511,263 | | | |
| | 24,454,392 | 26,088,747 | | | |
| CONTINGENCIES & COMMITMENTS 5 | - | - | | | |
| | 428,476,474 | 433,929,199 | | 428,476,474 | 433,929,199 |

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


Chief Executive


Chief Financial Officer


Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
For the Half Year Ended December 31, 2018
(UNAUDITED)

| Notes | Half year ended December 31 | | Quarter Ended December 31 | |
|---------------------------------|-----------------------------|-------------|---------------------------|-------------|
| | 2018 | 2017 | 2018 | 2017 |
| | (Rupees) | | (Rupees) | |
| Sales (Net) | 2,944,000 | 650,000 | 209,500 | - |
| Cost of Sales | 2,165,550 | 471,878 | 151,400 | - |
| Gross Loss | 778,450 | 178,122 | 58,100 | - |
| Operating Expenses: | | | | |
| Administrative | 7,788,013 | 6,885,291 | 6,055,428 | 6,010,223 |
| Operating Loss | (7,009,563) | (6,707,169) | (5,997,328) | (6,010,223) |
| Other Income/Rent | 3,472,600 | 3,112,980 | 1,484,500 | 1,320,600 |
| Finance Cost | 4,907 | 4,805 | 2,827 | 1,386 |
| Profit/(Loss) Before Tax | (3,541,870) | (3,598,994) | (4,515,655) | (4,691,009) |
| Provision for Taxation-Deferred | (2,317,344) | (2,539,693) | (2,317,344) | (2,539,693) |
| Profit/(Loss) After Tax | (1,224,526) | (1,059,301) | (2,198,311) | (2,151,316) |

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the Half Year Ended December 31, 2018
(UNAUDITED)

| | | | | |
|---|-------------|-----------|-------------|-------------|
| Other Comprehensive Income/ (Loss) | | | | |
| Depreciation relating to mills | - | - | - | - |
| Income from Agriculture | 73,500 | 158,356 | 23,500 | 40,000 |
| | (1,151,026) | (900,945) | (2,174,811) | (2,111,316) |
| Total Comprehensive Loss for the period | (1,151,026) | (900,945) | (2,174,811) | (2,111,316) |
| (Loss) per share | (0.94) | (0.73) | (1.77) | (1.72) |

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


Chief Executive


Chief Financial Officer


Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS
For the Half Year Ended December 31, 2018
(UNAUDITED)

| | Dec 31, 2018 | Dec 31, 2017 |
|---|-------------------------|-----------------------|
| | (Rupees) | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| (Loss) after tax | 1,151,026 | (900,945) |
| Adjustment of Non Fund Items: | | |
| Provision for Taxation- Deferred | (2,317,344) | (2,539,693) |
| Depreciation | 4,781,065 | 5,196,135 |
| | <u>2,463,721</u> | <u>2,656,442</u> |
| | 1,312,695 | 1,755,497 |
| (Increase)/Decrease in Current Assets | | |
| Live Stock | 2,070,100 | (406,572) |
| Animal food bhosa & daana | 132,960 | (20,260) |
| | <u>2,203,060</u> | <u>(426,832)</u> |
| Increase/(Decrease) in Current Liabilities | | |
| Trade & Other Payabale | (123,092) | (36,700) |
| | <u>(123,092)</u> | <u>(36,700)</u> |
| | 2,079,968 | (463,532) |
| Cash generated from operations | 3,392,663 | 1,291,965 |
| Taxes paid | (718,279) | (1,421,532) |
| | <u>2,674,384</u> | <u>(129,567)</u> |
| CASH OUT FLOW FROM FINANCING ACTIVITIES | | |
| Long Term Loan | (350,000) | - |
| Net (Decrease) Increase in Cash | <u>2,324,384</u> | <u>(129,567)</u> |
| Cash and Cash Equivalents at the beginning of the period | <u>192,7584</u> | <u>275,644</u> |
| Cash and Cash Equivalents as at 31st Dec. 2017 | <u><u>2,517,168</u></u> | <u><u>146,077</u></u> |


Chief Executive


Chief Financial Officer


Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
For the Half Year Ended December 31, 2018
(UNAUDITED)

| | Share Capital | Capital Reserve | Unappropriated Profit & Loss | Revaluation surplus on fixed assets | Total |
|--|--------------------|-----------------|------------------------------|-------------------------------------|--------------------|
| | (.....Rupees.....) | | | | |
| Balance as on June 30, 2017 | 12,275,030 | 257,782 | (34,957,302) | - | (22,424,490) |
| Total comprehensive loss for the period | - | - | - | 355,391,435 | 355,391,435 |
| Impact statement | - | - | - | 355,391,435 | 355,391,435 |
| Balance as on Dec 31, 2017 | 12,275,030 | 257,782 | (34,957,302) | 355,391,435 | 332,966,945 |
| Loss for the period | - | - | (1,059,301) | - | (1,059,301) |
| Other Comprehensive income for the period | - | - | 158,356 | - | 158,356 |
| Total comprehensive loss | - | - | (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 June 30, 2018 | 12,275,030 | 257,782 | (31,590,757) | 351,123,945 | 322,066,000 |
| Balance as on June 30, 2018 | 12,275,030 | 257,782 | (15,472,199) | 0346,856,455 | 0343,917,068 |
| Loss for the period | - | - | (1,224,526) | - | (1,224,526) |
| Other Comprehensive income for the period | - | - | 73,500 | - | 73,500 |
| Total comprehensive loss | - | - | (1,151,026) | - | (1,151,026) |
| Transferred from surplus on revaluation of fixed assets on account of incremental depreciation, net of deferred tax. | - | - | 3,897,325 | (3,897,325) | - |
| Balance as on Dec 31, 2018 | 12,275,030 | 257,782 | (12,725,900) | 342,959,130 | 342,766,042 |

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


Chief Executive


Chief Financial Officer


Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the Half Year Ended December 31, 2018
(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 Act, 2017). 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. The Company has initiated alternative business activities of renting its excess building/warehouses from FY 2016 and has also started a live stock farming business on its excess land in FY 2017.

2 BASIS FOR PREPARATION OF ACCOUNTS

- 2.1 These condensed interim unconsolidated 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 financial reporting comprise of:
- * International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by International Accounting Standard 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 These interim financial statements have been prepared on the basis of historical cost convention.
- 2.3 Comparative figures of statement of financial position are extracted from the annual financial statement of the Company for the year ended 30 June 2018, whereas comparative profit or loss account, statement of comprehensive income, statement of cash flows and statement of changes in equity are stated from unaudited Condensed interim financial statements of the Company for the six months period ended 31 December 2017.
- 2.4 The accounting policies and methods of computation adopted in the preparation of annual financial statements for the preceding year ended June 30, 2018 have been consistently applied in the preparation of these interim financial statements.
- 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, 2018.

3 GOING CONCERN

Despite of the uncertainties given here under, that may cast significant doubt about the Company's ability to continue as a going concern, these financial statements have been prepared on going concern basis:

During the period under review the Mill remained closed and textile production activity could not be resumed due to the complete restrictions on access to credit from the banks, on account of the ongoing High Court Litigation.

Unfavorable conditions such as the constant electrical load shedding in Hazara, low electrical voltage, increasing trend of power tariff, ban on installation and use of industrial gas meter and generators have also lead to the prolonged closure of the Company's textile productions.

There are accumulated losses amounting to Rs.12.726 million and the current liabilities of the Company exceed its current assets by Rs.19.438 million, therefore the financial ratios are adverse.

The reasons for preparing the interim financial information on a going concern basis by the Management are mentioned below:

- The BOD and the Management of the Company do not have any intention to liquidate KTML and there is a need to keep KTML in existence till the final decisions of the Banking cases in the High Court.
- To that end Management has successfully revived business activities on the Company's premises, by initiating steps to secure other sources of legitimate revenue within its limited resources as an additional measure in order to maintain the Company.
- The Management has been successful in renting its excess buildings as a storage facility to reputable organizations and distributors of packaged foods, goods, milk and bottled water. Using these funds KTML has been repairing and maintaining its excess warehouses, buildings and land in order to generate further additional income.
- Moreover with this income the Company has established a farm on its excess agricultural land for the rearing of livestock. The Company has been successful in making substantial livestock sales in FY 2019 and intends to expand its livestock farm in the current financial year. Management has also repurposed the majority of its empty land for agricultural activity in order to grow fodder for the livestock thereby reducing costs of running a livestock business. Consequently, Management is focusing on utilizing all excess areas separate from the textile unit, for additional business activity.
- Finally, during the FY 2018 Annual General Meeting the Members of KTML have approved the alteration of the name of the Company to reflect the above-mentioned additional business-taking place to "Khyber Textile Mills and Agricultural Business Limited". Members have also approved the changes to the Articles and Memorandum of Association to be updated in line with the additional business being undertaken and to be consistent with the Company's Act 2017. Management has applied to the Registrar of Joint Stock Companies to have the required documentary changes implemented.

| | December 31 2018 | June 30, 2018 |
|--|-----------------------------|--------------------------|
| | (Rupees) | |
| 4. TRADE AND OTHERS PAYABLE | | |
| Trade Creditors | 24,249,834 | 24,249,834 |
| Advance against rent | - | 73,700 |
| Accrued Liabilities | 176,000 | 225,392 |
| Other Liabilities | 28,558 | 28,558 |
| | 24,454,392 | 24,577,484 |
| 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 | 693,913,408 |
| Revaluation During the year | - | - |
| Addition / Deletion during the year | - | - |
| | 693,913,408 | 693,913,408 |
| Accumulated Depreciation - Opening Balance | 265,761,580 | 255,369,310 |
| Adjustment on disposal | - | - |
| Depreciation for the period | 4,781,065 | 10,392,270 |
| | 270,542,645 | 265,761,580 |
| Written down value | 423,370,763 | 428,151,828 |
| 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 | 72,733 | 174,314 |
| Cash at bank - Current Account | 2,444,435 | 18,470 |
| | 2,517,168 | 192,784 |

Dec 31, 2018

June 30, 2018

(Rupees)

1,151,026)

**09 TRANSACTIONS WITH
RELATED PARTIES**

| | | |
|---|-----------|---------|
| i) Purchase of goods and services | - | - |
| ii) Sales of goods and services | - | - |
| iii) Brokerage, discount and commission | - | - |
| iv) Loans and advances | | |
| a) loan received /(returned) | | |
| Mr. Adam Jadoon | (350,000) | 200,000 |
| v) Any other transaction | - | - |

10 DATE OF AUTHORIZATION

*These interim financial statements were authorized for issue on February 21st, 2019
By the Board of Directors of the Company.*

11 GENERAL

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

**Chief Executive****Chief Financial Officer****Director**