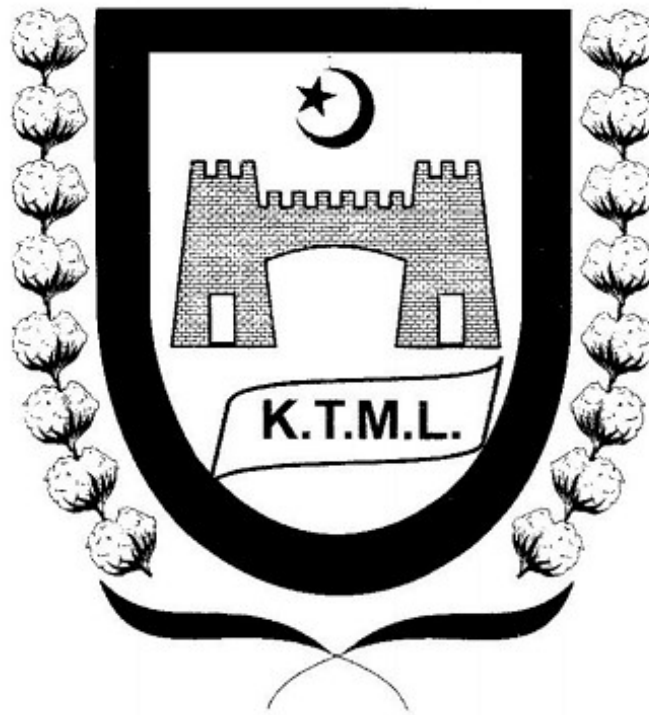


KHYBER TEXTILE MILLS LIMITED

Half Yearly Accounts (Reviewed) 31st December 2019



Address:

Khyber Textile Mills Limited. GT Road Baldher District Haripur

Web Site: www.khybertextile.com

Email : info@khybertextile.com

Ph No. 0995-6554048

COMPANY INFORMATION

**CHAIRMAN
CHIEF EXECUTIVE**

**Mr. Aurangzeb Khan
Mr. Adam Jadoon**

DIRECTORS

**Mr. Amanullah Khan
Mr. Aurangzeb Khan
Mr. Nasir Khan
Mr. Omar Farid Jadoon
Mr. Muhammad Bahauddin
Mrs. Aamna Jadoon**

**SECRETARY
C.F.O
AUDITORS**

**Mr. Sadaqat Khan
Mr. Taj Muhammad
Tanwir Arif & Co
Chartered Accountants**

**REGISTERED OFFICE
& HEAD OFFICE**

**Khyber Textile Mills Ltd.
Baldher, District Haripur,
Khyber Pakhtunkhawa**

MILLS

**Baldher, District Haripur,
Khyber Pakhtunkhawa**

Website address:- www.khybertextile.com

DIRECTORS' REPORT

The Management of your Company is placing before you the half yearly accounts of KTML for the period ended 31st December 2019. The Board of Directors reviewed the closure of textile production, the restrictions on access to credit, the ongoing banking litigation, the successful operation of alternative business activities and the possibility of creating additional revenue streams.

It was explained that the main obstacle in expanding the ongoing initiatives, reinitiating earlier initiatives and undertaking new initiatives such as BMR, has been the restriction on access to credit facilities due to the litigation pending in the High Courts initiated by the Banks to recover imaginary liabilities. It was noted by the BOD that the banks were intentionally delaying the finalization of litigation so as to extend their financial squeeze and pressurize the Company to give into their wrong demands. Hence the resumption of textiles operations is not possible in the current environment. Nonetheless, efforts are being made by the Company's attorneys to obtain further favorable decisions from the Courts in order to end the credit restrictions imposed.

As per decisions made during previous AGMs and per the BODs instructions and approval, we are pleased to report that the Company has secured other sources of revenue through alternative business in order to maintain the Company and reinitiate activity on the premises. Consequently, Management has been successful in renting some of its excess empty buildings for warehousing and storage. With this stream of funding Management has repurposed the majority of its empty land for agricultural activity and has established a Livestock Farm for the purchasing, rearing and sale of livestock. Through these endeavors we have successfully generated revenue during the period under review.

Furthermore, the Company's change of name application to the AGM approved "*Khyber Textile Mills and Agricultural Business Limited*" is under process and we are hopeful that this change will be approved by the Registrar of Companies in due course.

In spite of all odds, the Management is successfully defending the Company's interests in the High Courts, meeting day to-day expenses, generating revenue and operating as an active taxpayer. Moreover, the Company is investing in and creating business activity on its property which is reflected in these financial reports.

For and on behalf of Board of Directors



Adam Jadoon
Chief Executive Officer



Aurangzeb Khan
Director

Dated: 25th February 2020
Baldher Haripur

ڈائریکٹر رپورٹ

آپ کی کمپنی کی انتظامیہ آپ کے سامنے پہلے چھ ماہ کے اکاؤنٹس 31 دسمبر 2019 تک پیش کر رہی ہے۔ بورڈ آف ڈائریکٹرز نے کمپنی کی پیداوار کی بندش کا جائزہ لیا۔ اس بات پر بھی بحث کی گئی کہ کمپنی کی پیداوار کی بندش کی راہ میں سب سے بڑی رکاوٹ فنڈز کا نہ ہونا ہے۔ عدالت میں کیس کی وجہ سے بینکوں سے قرض لینے پر بھی پابندی ہے جس کی وجہ سے ٹیکسٹائل پیداوار شروع نہیں کی جاسکی۔ بورڈ کو یہ بھی بتایا گیا ہے کہ عدالتی کیسز میں بینک جان بوجھ کر التواء ڈال رہے ہیں۔ ہمارے وکلاء بھرپور کوشش کر رہے ہیں کہ ان کیسز کا فیصلہ ہو جائے۔ جیسا کہ کچھ سالانہ میٹنگز اور بورڈ میٹنگز میں یہ اجازت لی گئی تھی کوئی اور کاروبار کر کے روزمرہ کے امور چلائے جائیں۔ اس سلسلے میں ہمیں یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ کمپنی نے اپنے گودام کرائے پر دیئے اور ساتھ ہی زرعی کاروبار میں کامیابی حاصل ہو رہی ہے۔ مزید کمپنی نے نام کی تبدیلی (خیبر ٹیکسٹائل ملز اینڈ ایگریکلچرل بزنس لمیٹڈ) کی جو درخواست رجسٹر آف کمپنیز کو دی تھی اس پر امید ہے جلد ہی کوئی فیصلہ دیا جائے گا۔ تمام تر مشکلات کے باوجود کمپنی روزمرہ کے اخراجات عدالتی اخراجات تنخواہیں اور دیگر اخراجات کے ساتھ ساتھ زرعی کاروبار (لایوسٹاک فارم) میں بھی سرمایہ کاری کر رہی ہے۔



اورنگزیب خان
ڈائریکٹر



آدم جدون
چیف ایگزیکٹو آفیسر

مورخہ: 25/02/2020

بالڈھیر ہری پور

AUDITOR'S REVIEW REPORT TO THE MEMBERS

We have reviewed the accompanying condensed interim statement of financial position of **Khyber Textile Mills Limited** (the Company) as at December 31, 2019, the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows 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 quarters period ended December 31, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for six months period ended December 31, 2019.

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 textile operations of the Company are remained closed since 2007, the Company has incurred loss before tax of Rs. 4.826 million. The accumulated losses amount to Rs. 6.603 million and the Company's current liabilities exceed its current assets by Rs. 16.427 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.

**CHARTERED ACCOUNTANTS****HYDERABAD:****DATED: 25th February 2020**

KHYBER TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at December 31, 2019
(UNAUDITED)

5

		Dec, 2019 (Unaudited)	June, 2019 (Audited)
Notes		(Rupees)	
CAPITAL AND LIABILITIES			
SHARE CAPITAL & RESERVE			
SHARE CAPITAL			
Authorised:			
1,500,000 Ordinary Share of Rs. 10/- each		15,000,000	15,000,000
Issued:			
1,298,543 Ordinary Share of Rs. 10/- each.		12,985,430	12,985,430
Subscribed & Paid up			
		12,275,030	12,275,030
RESERVE			
Capital- Statutory Reserve U/s 15-BB		257,782	257,782
Unappropriated Loss		(6,602,917)	(10,917,218)
Surplus on revaluation of fixed assets		899,319,466	905,163,104
Shareholders' Equity		905,249,361	906,778,698
NON CURRENT LIABILITIES			
Deferred Tax Liability		43,027,340	46,258,685
Long Term Loan		28,060,475	28,350,475
CURRENT LIABILITIES			
Trade And Other Payables	4	24,459,192	24,644,252
Provision for taxation		-	1,590,282
		24,459,192	26,234,534
CONTINGENCIES & COMMITMENTS			
	5	-	-
		1,000,796,368	1,007,622,392

		Dec, 2019 (Unaudited)	June, 2019 (Audited)
Notes		(Rupees)	
PROPERTY & ASSETS			
NON CURRENT ASSETS			
Property Plant & Equipment at written down value	6	992,675,675	999,277,171
Long Term Deposits		88,983	88,983
		992,764,658	999,366,154
CURRENT ASSETS			
Livestock		-	6,500,000
Animal food - bhosa & daana		809,686	94,190
Stores & spares	7	-	-
Taxes Refundable		800,000	1,617,954
Cash & Bank Balances	8	6,422,024	44,094
		8,031,710	8,256,238
		1,000,796,368	1,007,622,392

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


Chief Executive


Chief Financial Officer


Director

KHYBER TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
For The Half Year Ended December 31, 2019
(UNAUDITED)

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<i>Six months ended Dec 31</i>		<i>Three months ended Dec 31</i>	
2019	2018	2019	2018
<i>(Rupees)</i>		<i>(Rupees)</i>	

Sales (Net)	7,776,100	2,944,000	-	209,500
Cost of Sales	6,917,169	2,165,550	-	151,400
Gross profit	858,931	778,450	-	58,100
Operating Expenses:				
Administrative	9,349,966	7,788,013	8,056,628	6,055,428
Operating Loss	(8,491,035)	(7,009,563)	(8,056,628)	(5,997,328)
Other Income - rent	3,669,145	3,472,600	1,565,650	1,484,500
Finance cost	3,792	4,907	387	2,827
Loss before tax	(4,825,682)	(3,541,870)	(6,491,365)	(4,515,655)
Provision for Taxation-Deferred	(3,231,345)	(2,317,344)	(3,231,345)	(2,317,344)
Loss after tax	(1,594,337)	(1,224,526)	(3,260,020)	(2,198,311)

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



Chief Executive



Chief Financial Officer



Director

KHYBER TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For The Half Year Ended December 31, 2019
(UNAUDITED)

7

<i>Six months ended Dec 31</i>		<i>Three months ended Dec 31</i>	
2019	2018	2019	2018
<i>(Rupees)</i>		<i>(Rupees)</i>	

Net loss after taxation	(1,594,337)	(1,224,526)	(3,260,020)	(2,198,311)
Other Comprehensive Income				
Income from agriculture	65,000	73,500	41,000	23,500
Total Comprehensive Loss for the Period	<u>(1,529,337)</u>	<u>(1,151,026)</u>	<u>(3,219,020)</u>	<u>(2,174,811)</u>
Loss per share	(1.24)	(0.94)	(2.62)	(1.77)

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



Chief Executive



Chief Financial Officer



Director

KHYBER TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
For The Half Year Ended December 31, 2019
(UNAUDITED)

8

	<i>Share Capital</i>	<i>Capital Reserves</i>	<i>Unappropriated Profit & Loss</i>	<i>Revaluation surplus on fixed assets</i>	<i>Total</i>
	(Rupees)				
Balance as on June 30, 2018	12,275,030	257,782	(15,472,199)	346,856,455	343,917,068
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
Balance as on June 30, 2019	12,275,030	257,782	(10,917,218)	905,163,104	906,778,698
Loss for the period	-	-	(1,594,337)	-	(1,594,337)
Other Comprehensive income for the period	-	-	65,000	-	65,000
Total comprehensive loss	-	-	(1,529,337)	-	(1,529,337)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation, net of deferred tax.	-	-	5,843,638	(5,843,638)	-
Balance as on Dec 31, 2019	12,275,030	257,782	(6,602,917)	899,319,466	905,249,361

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


Chief Executive


Chief Financial Officer


Director

KHYBER TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
For The Half Year Ended December 31, 2019
(UNAUDITED)

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	Dec, 2019	Dec, 2018
	(Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss after tax	(1,529,337)	(1,151,026)
Adjustment of Non Fund Items:		
Provision for Taxation-Deferred	(3,231,345)	(2,317,344)
Depreciation	6,601,496	4,781,065
	<u>3,370,151</u>	<u>2,463,721</u>
	1,840,814	1,312,695
(Increase)/Decrease in Current Assets		
Livestock	6,500,000	2,070,100
Animal food - bhosa & daana	(715,496)	132,960
	<u>5,784,504</u>	<u>2,203,060</u>
Increase/(Decrease) in Current Liabilities		
Trade & Other Payables	(185,060)	(123,092)
	<u>(185,060)</u>	<u>(123,092)</u>
	5,599,444	2,079,968
Cash generated from operations	7,440,258	3,392,663
Taxes paid	(772,328)	(718,279)
	<u>6,667,930</u>	<u>2,674,384</u>
CASH OUT FLOW DUE TO FINANCING ACTIVITIES		
Long Term Loan	(290,000)	(350,000)
Net Increase/(Decrease) in Cash	<u>6,377,930</u>	<u>2,324,384</u>
Cash and Cash Equivalents at the beginning of the year	44,094	192,784
Cash and Cash Equivalents as at 31st December	<u>6,422,024</u>	<u>2,517,168</u>

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



Chief Executive



Chief Financial Officer



Director

KHYBER TEXTILE MILLS LIMITED
NOTE TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For The Half Year Ended December 31, 2019
(UNAUDITED)

10

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 empty buildings and warehouses. In addition, it has also established an agricultural live stock business on its open land.

2 BASIS FOR PREPARATION OF ACCOUNTS

- 2.1** This condensed interim financial statements 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.

This condensed interim financial statements comprises the condensed interim financial position of the Company as at December 31, 2019 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity together with the notes forming part thereof.

This condensed interim financial statements of the Company for the six month period ended December 31, 2019 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 Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial statements does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2019.

- 2.2** Comparative financial position numbers are extracted from the annual financial statement of the Company from the year ended June 30, 2019, whereas comparative statement of profit or loss, 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 December 31, 2018.
- 2.3** 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, 2019.
- 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.

KHYBER TEXTILE MILLS LIMITED
NOTE TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For The Half Year Ended December 31, 2019
(UNAUDITED)

11

3 GOING CONCERN

Despite 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:

- the textile operations of the Company are closed since July 1, 2007, production has been unable to restart due to banking litigation and subsequent restriction on access to credit.
- there are accumulated losses amounting to Rs. 6.6 million and current liabilities of the Company exceed its current assets by Rs. 16.43 million and the financial ratios are adverse.

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.
- The Company has initiated steps to secure other sources of revenue within its limited resources 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 for distributors. 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 & 2020. Management has also repurposed the majority of its empty land for agricultural activity. In addition, KTML has planted 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 alternative business activity.
- During the FY 2018 AGM the Members of KTML, have approved changes to the Articles & Memorandum of Association and the name of the Company, to be updated in line with the alternative business being undertaken and to be consistent with the Company's Act 2017. As of 1st Quarter FY2020 the Company's amended Memorandum & Articles of Association have been approved by the SECP Registrar of Companies Peshawar, while the Company's change of name application to the AGM approved "*Khyber Textile Mills and Agricultural Business Limited*" is under process. KTML Management are hopeful that the change of name will be approved in due course by the Registrar.

KHYBER TEXTILE MILLS LIMITED

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NOTE TO THE CONDENSED INTERIM FINANCIAL STATEMENTS For The Half Year Ended December 31, 2019 (UNAUDITED)

December 31, 2019	June 30, 2019
(Rupees)	

4 TRADE AND OTHER PAYABLES

Trade Creditors	24,249,834	24,249,834
Advance against rent	-	81,070
Accrued Liabilities	180,800	284,790
Other Liabilities	28,558	28,558
	<u>24,459,192</u>	<u>24,644,252</u>

5 CONTINGENCIES & COMMITMENTS

Contingencies reported in the preceding annual financial statements remain un-changed.

6 PROPERTY PLANT & EQUIPMENT

Cost - Opening Balance	1,274,600,879	1,274,600,879
Revaluation during the period	-	-
Addition/ deletion during the period	-	-
	<u>1,274,600,879</u>	<u>1,274,600,879</u>
Accumulated Depreciation - Opening Balance	275,323,708	265,761,580
Adjustment on disposal	-	-
Depreciation for the period	6,601,496	9,562,128
	<u>281,925,204</u>	<u>275,323,708</u>
Written down value	<u>992,675,675</u>	<u>999,277,171</u>

7 STORES & SPARES

General Store	3,000,000	3,000,000
Less: Provision for diminution in value	<u>(3,000,000)</u>	<u>(3,000,000)</u>
	<u>-</u>	<u>-</u>

8 CASH & BANK BALANCES

Cash in hand	165,126	29,052
Cash at bank - Current Account	6,256,898	15,042
	<u>6,422,024</u>	<u>44,094</u>

KHYBER TEXTILE MILLS LIMITED
NOTE TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For The Half Year Ended December 31, 2019
(UNAUDITED)

13

9 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)		
<i>Mr. Adam Jadoon</i>	(290,000)	(350,000)
v) Any other transaction	-	-

10 DATE OF AUTHORIZATION

These interim financial statements were authorized for issue on 25th February, 2020 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