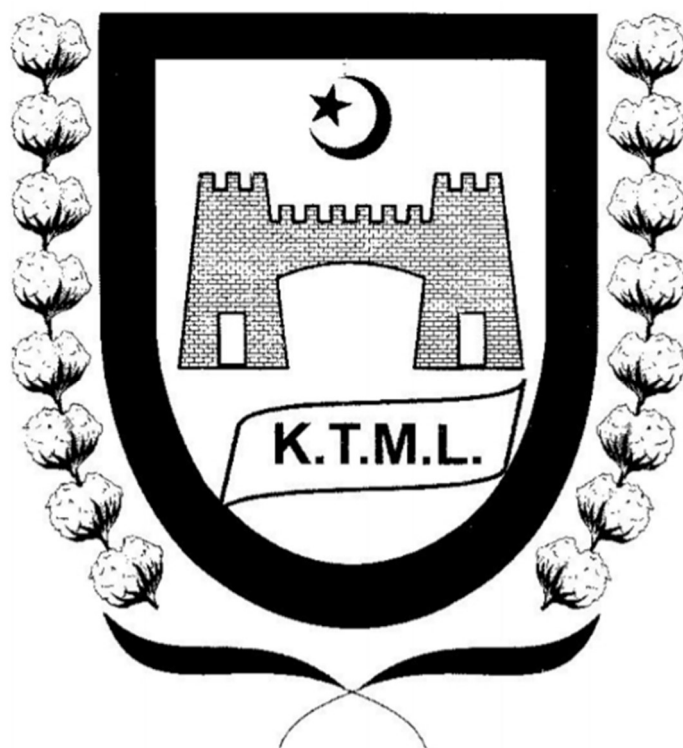


QUARTERLY ACCOUNTS

(Reviewed)



KHYBER TEXTILE MILLS LIMITED

AS ON 31st DECEMBER 2021

COMPANY INFORMATION

**CHAIRMAN
CHIEF EXECUTIVE**

Mr. Aurangzeb Khan
Mr. Adam Jadoon

DIRECTORS

Mr. Amanullah Khan
Mr. Adam Jadoon
Mr. Aurangzeb Khan
Mr. Omar Farid Jadoon
Mr. Muhammad Bahauddin
Mrs. Aamna Jadoon
Mr. Hassan Ovais

AUDIT COMMITTEE

**CHAIRMAN
MEMBER
MEMBER**

Mr. Hassan Ovais
Mr. Muhammad Bahauddin
Mrs. Aamna Jadoon

COMPANY SECRETARY

Mr. Sadaqat Khan

C.F.O

Mr. Taj Muhammad

AUDITORS

Clarkson Hyde Saud Ansari,
Chartered Accountant

SHARE REGISTRAR

F.D. Registrar Services
(SMC-Pvt) Ltd

**REGISTERED OFFICE
& HEAD OFFICE**

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

MILLS

Baldher, District Haripur,
Khyber Pakhtunkhawa

Website: www.khybertextile.com

Email: info@khybertextile.com

Contact No 0995-655048

Directors Report

On behalf of the Board of Directors (BOD) we are pleased to present the Half Yearly Reviewed Accounts for the period ending 31st December 2021. The Board of Directors reviewed the current business activities, the restrictions on access to credit due to the ongoing litigation, the closure of textile production and finally the negative effect of the COVID-19 pandemic on the Company.

As per the decisions made during previous AGM's and per the BOD's instruction and approval, Management has repurposed the majority of its empty land for agricultural activities, including a Company livestock farm for the rearing and sale of livestock. Management has also reduced input costs by growing fodder on the Company's agricultural land for consumption by the livestock. Finally, Management continued to lease some of its empty buildings for warehousing and rental purposes and has used this financial stream to reinvest in the Company's operations. Through these endeavors the Company has successfully increased sales and generated revenue during the period under review, which has been reflected in the Financial Statements annexed herewith.

It was also discussed that the main obstacle in restarting textile production has been the restriction on access to credit facilities due to the litigation pending in the High Courts by the banks to recover fictitious liabilities. Hence, due to the credit restrictions the Company is unable to complete BMR and access working capital required to restart textile production. It was also noted by the BOD that the Banks are delaying the finalization of litigation to extend their financial squeeze to pressurize the Company to give into their unjust demands. Nonetheless, efforts are being made to defend the Company's interest before the Courts in order to end this baseless litigation access to credit..

In spite of all odds, the Management is covering expenses, investing in and generating revenue from its current business activities, operating as an active taxpayer and defending the Company's interests in the High Courts.

For and on Behalf of Board of Director



Adam Jadoon
Chief Executive



Muhammad Bahauddin
Director

Dated: 22nd February 2022
Baldher Haripur

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے ہم آپکو 31 دسمبر 2021ء کو ختم ہونے والے ششماہی جائزہ شدہ اکاؤنٹس پیش کرنے پر خوشی محسوس کرتے ہیں۔ بورڈ آف ڈائریکٹرز نے موجودہ کاروباری سرگرمیوں، قرضوں تک رسائی پر پابندی اور قانونی چارہ جوئی، ٹیکسٹائل کی پیداوار کی بندش اور وبائی مرض (Covid-19) کے منفی اثرات کا بھی جائزہ لیا۔

جیسا کہ پچھلے سالانہ اجلاس (AGM) اور بورڈ آف ڈائریکٹرز کی ہدایات اور منظوری کے مطابق انتظامیہ نے کمپنی کی خالی زمین کا بیشتر حصہ زرعی سرگرمیوں کے لیے استعمال کیا، بشمول مویشیوں کی خریداری ان کی پرورش اور لائیو سٹاک فارم جیسے مویشیوں کی فروخت پر بھی کام کیا۔ کمپنی انتظامیہ نے کمپنی کی زرعی زمین پر مویشیوں کے لیے چارہ کی پیداوار سے ان پٹ کے اخراجات کم کیے۔ مزید یہ کہ کمپنی انتظامیہ نے اپنی کچھ خالی عمارتوں کو گودام اور کرایہ کے مقاصد کے لیے لیز پر دینا جاری رکھا اور اس مالیاتی سلسلہ کو کمپنی کے کاموں میں دوبارہ سرمایہ کاری کے لیے استعمال کیا۔ ان کوششوں کے ذریعہ کمپنی نے زیر جائزہ مدت کے دوران فروخت میں اضافہ کیا اور آمدنی میں بھی اضافہ کیا۔

بورڈ نے تبادلہ خیال کیا کہ ٹیکسٹائل کی پیداوار کو دوبارہ شروع کرنے میں بنیادی رکاوٹ قرضہ جات کی سہولیات تک رسائی ہے اور بنکوں کی جانب سے فرضی واجبات کی وصولی کے لیے ہائی کورٹس میں مقدمات زیر سماعت ہیں۔ کریڈٹ کی پابندیوں کی وجہ سے کمپنی تجدید اور تبدیلی (BMR) کو مکمل کرنے سے قاصر ہے اور ٹیکسٹائل کی پیداوار کو دوبارہ بحال کرنے کے لیے (ورکنگ کپیٹل) سرمایہ درکار ہے۔ بورڈ آف ڈائریکٹرز کی طرف سے نوٹ کیا گیا تھا کہ بینک اپنی مالی رکاوٹوں کو بڑھانے کے لیے قانونی چارہ جوئی کو حتمی شکل دینے میں تاخیر کر رہے ہیں اور اپنے ناجائز مطالبات منوانے کے لیے کمپنی پر دباؤ ڈال رہے ہیں۔ بہر حال اس بے بنیاد چارہ جوئی کو ختم کرنے کے لیے عدالتوں کے سامنے کمپنی کے مفادات کا دفاع کرنے کی کوشش کی جا رہی ہے۔

تمام تر مشکلات کے باوجود انتظامیہ ہائی کورٹس میں کمپنی کے مفادات کا دفاع کر رہی ہے۔ کمپنی ایک فعال ٹیکس دہندہ کے طور پر کام کر رہی ہے اور موجودہ کاروبار میں سرمایہ کاری کر رہی ہے اور اپنی کاروباری سرگرمیوں سے آمدنی میں اضافہ کر رہی ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے



ڈائریکٹر



چیف ایگزیکٹو

بالذہیر ہری پور

بتاریخ 22-02-2022

INDEPENDENT AUDITOR’S REVIEW REPORT

To the Members of : KHYBER TEXTILE MILLS LIMITED

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **KHYBER TEXTILE MILLS LIMITED** (the Company) as at December 31, 2021, the related condensed interim statement of profit or loss and statement of other 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 half year 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.

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 statement 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 for Qualified Conclusion

During the year ended June 30, 2021, the Company wrote back creditors amounting to Rs.18,122,154. The Company had been making efforts to contact the creditors for verification of balances, but there was no response in spite of repeated reminders, therefore the Company decided to write back the same, as they have been outstanding for a very long time. In our opinion this write back, constitutes a departure from the International Financial Reporting Standards (Paragraph 3.3.1 of IFRS-9). Had this write back not been made the current liabilities would have been higher and the shareholder’s equity would have been lower by this amount in the interim statement of financial position as on December 31, 2021.

We have qualified our audit opinion on the financial statements for the year ended June 30, 2021, owing to this matter, therefore our conclusion on the condensed interim financial statements is also qualified because of the effect of this matter on the comparability of the interim statement of financial position and the corresponding statement of financial position.

Qualified Conclusion

Based on our review, *with the exception of the matter described in the preceding paragraph*, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Material Uncertainty relating to Going Concern

We draw attention to Note No 2.4 to the condensed interim financial statements, which states that the textile operations of the Company have been closed since FY 2008 and textile production has been unable to restart due to banking litigation and subsequent restrictions on access to credit, denying the Company of the working capital and BMR funds it requires and that the current liabilities of the Company exceed its current assets by Rs.16.50 million and the financial ratios are adverse. These condensed interim financial statements have been prepared on going concern basis, but the aforesaid conditions indicate the existence of a material uncertainty which cast significant doubt about the Company's ability to continue as a going concern. Management's plans, the Company's current operations and other mitigating factors to this matter have also been discussed in Note No.2.4. Our conclusion is not modified in respect of this matter.

Other Matter

The figures of the condensed interim statement profit or loss and other comprehensive income for the quarters ended December 31, 2020 and 2021 have not been reviewed as we were required to review only the cumulative figures for the half year ended December 31, 2021.

The engagement partner on the review resulting in this independent auditor's review report is **SAUD ANSARI**.



Clarkson Hyde Saud Ansari

Chartered Accountants

Karachi.

Dated: 22nd Feb 2021

UDIN: RR2021101492lfXpdT9K

KHYBER TEXTILE MILLS LIMITED
CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

AS AT DECEMBER 31, 2021

	Note	Dec. 31, 2021 Unaudited	June 30, 2021 Audited
Rupees			
NON CURRENT ASSETS			
Property, Plant and Equipment	3	968,423,231	973,972,762
Long Term Deposits		88,983	88,983
		968,512,214	974,061,745
CURRENT ASSETS			
Inventory - Livestock (Biological Assets)		1,148,870	7,441,000
Inventory - Animal Feed and Medicines		582,090	205,750
Stores and Spares	4	-	-
Advance Income Tax		607,000	1,200,000
Cash and Bank Balances	5	7,697,497	54,372
		10,035,457	8,901,122
		978,547,671	982,962,867
SHARE CAPITAL AND RESERVES			
Share Capital		12,275,030	12,275,030
Capital Reserve			
Statutory Reserve		257,782	257,782
Revaluation Surplus		877,813,520	882,744,077
Revenue Reserve			
Unappropriated Profit		23,334,999	19,721,321
		913,681,331	914,998,210
NON CURRENT LIABILITIES			
Deferred Taxation		38,327,307	39,757,168
CURRENT LIABILITIES			
Loan from Directors		26,025,475	26,560,475
Trade and Other Payables	6	513,558	432,558
Provision for Taxation		-	1,214,456
		26,539,033	28,207,489
CONTINGENCIES AND COMMITMENTS			
	7		
		978,547,671	982,962,867

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



Chief Executive



Director



Chief Financial Officer

KHYBER TEXTILE MILLS LIMITED
CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Note	Half Year ended Dec. 31		Quarter ended Dec. 31	
		2021	2020	2021	2020
		Rupees		Rupees	
SALES		10,554,500	8,601,700	-	-
Less: COST OF SALES		7,967,012	7,552,161	115,162	99,078
GROSS PROFIT		2,587,488	1,049,539	(115,162)	(99,078)
Less: Administrative, Selling and General Expenses		8,086,121	8,833,208	6,730,886	7,350,908
		(5,498,633)	(7,783,669)	(6,846,048)	(7,449,986)
OTHER INCOME					
Rent		2,601,850	2,730,505	1,179,700	1,151,175
Agricultural Income		151,250	50,500	81,250	29,500
OPERATING PROFIT / (LOSS)		(2,745,533)	(5,002,664)	(5,585,098)	(6,269,311)
Less: Financial Expenses		1,207	2,354	1,207	1,278
PROFIT / (LOSS) BEFORE TAXATION		(2,746,740)	(5,005,018)	(5,586,305)	(6,270,589)
TAXATION					
Current	8	-	-	-	-
Deferred		(1,429,861)	(1,556,104)	(1,429,861)	(1,556,104)
		(1,429,861)	(1,556,104)	(1,429,861)	(1,556,104)
NET PROFIT / (LOSS) FOR THE PERIOD		(1,316,879)	(3,448,914)	(4,156,444)	(4,714,485)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		(1,316,879)	(3,448,914)	(4,156,444)	(4,714,485)
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED		(1.07)	(2.81)	(3.39)	(3.84)

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



Chief Executive



Director



Chief Financial Officer

KHYBER TEXTILE MILLS LIMITED
CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

SHARE CAPITAL	CAPITAL RESERVE		REVENUE RESERVE	Total
Issued, Subscribed & Paid Up Capital	Statutory Reserve	Revaluation Surplus	Unappropriated Profit	

' ----- Rupees -----

Balance as at July 1, 2020	12,275,030	257,782	893,475,826	(1,150,047)	904,858,591
Transfer due to Incremental Depreciation on Revaluation of Property, Plant and Equipment (net of tax)	-	-	(5,365,875)	5,365,875	-
Total Comprehensive Loss for the Half Year	-	-	-	(3,448,914)	(3,448,914)
Balance as at December 31, 2020	12,275,030	257,782	888,109,951	766,914	901,409,677
Balance as at July 1, 2021	12,275,030	257,782	882,744,077	19,721,321	914,998,210
Transfer due to Incremental Depreciation on Revaluation of Property, Plant and Equipment	-	-	(4,930,557)	4,930,557	-
Total Comprehensive Income for the Half Year	-	-	-	(1,316,879)	(1,316,879)
Balance as at December 31, 2021	12,275,030	257,782	877,813,520	23,334,999	913,681,331



Chief Executive



Director



Chief Financial Officer

KHYBER TEXTILE MILLS LIMITED
CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Note	Half Year ended Dec. 31	
		2021	2020
		Rupees	
CASH FROM OPERATING ACTIVITIES			
(Loss) after Taxation		(1,316,879)	(3,448,914)
Adjustments for:			
Depreciation		5,549,531	6,050,708
Taxation		(1,429,861)	(1,556,104)
Operating profit before working capital changes		2,802,791	1,045,690
(Increase)/Decrease in Operating Assets			
Inventory - Livestock		6,292,130	6,786,360
Inventory - Animal Feed and Medicines		(376,340)	(454,560)
		8,718,581	7,377,490
Increase/(Decrease) in Operating Liabilities			
Trade and Other Payables		81,000	(222,070)
Cash generated from/(used in) operations		8,799,581	7,155,420
Income Tax Paid		(621,456)	(653,937)
Net Cash from/(used in) Operating Activities		8,178,125	6,501,483
CASH FROM INVESTING ACTIVITIES		-	-
CASH FROM FINANCING ACTIVITIES			
Repayment of Director's Loan		(535,000)	(555,000)
Net Cash from/(used in) Financing Activities		(535,000)	(555,000)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		7,643,125	5,946,483
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		54,372	206,590
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		7,697,497	6,153,073



Chief Executive



Director



Chief Financial Officer

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2021

1 CORPORATE AND GENERAL INFORMATION

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 the Pakistan Stock Exchange Limited. The activities of the Company were the manufacture and sale of cotton/polyester yarn and cloth, however due to external factors production was halted. Consequently, the Company has been operating an agricultural livestock business on its vacant land since 2017, as a revised principal line of business of the Company, that is agricultural, which was approved by the Registrar of Companies in 2019. It has also been carrying out alternative business activities of renting excess buildings for warehousing and rental purposes since 2016.

The geographical locations and addresses of Company's premises are as under:

- The Registered Office of the Company is situated at Baldher, District Haripur, Khyber Pakhtunkhwa .
- The production facility and agricultural farms are also located at Baldher, District Haripur, Khyber

2 BASIS OF PRESENTATION**2.1 Purpose of Issuance**

These condensed interim financial statements have been issued to the shareholders to comply with Section 237 of the Companies Act, 2017 are un-audited but subject to limited scope review by the external auditors as required by the Companies Act, 2017 and Code of Corporate Governance.

2.2 Statement of Compliance

These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard 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. These condensed interim financial statements do not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended June 30, 2021. These condensed interim financial statements are unaudited.

2.3 Comparative Financial Information

The comparative statement of financial position presented in these condensed interim financial statements has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2021, whereas the comparative condensed interim profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement, are extracted from the unaudited condensed interim financial statements for the half year ended December 31, 2020.

2.4 Basis of Measurement

These condensed interim financial statements have been prepared under the historical cost convention except for certain items of property, plant and equipment, which are carried at revalued amounts, less accumulated depreciation .

Going Concern Assumption

These financial statements have been prepared on going concern basis, yet there are uncertainties which cast significant doubt about the Company's ability to continue as a going concern. The same are as follows:

- * The textile operations of the Company have been closed since FY 2008 and textile production has been unable to restart due to banking litigation and subsequent restrictions on access to credit, denying the Company of the working capital and BMR funds it requires.
- * The current liabilities of the Company exceed its current assets by Rs.16.50 million and the financial ratios are adverse.

Mitigating Factors to the Uncertainty relating to 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 textile production, once banking litigation has ended and credit facilities restored. Further, despite the constrained financial resources the Company has created alternative business activities that have led to a significant increase in revenue. Hence, the Management's decision to prepare the financial statements on a going concern assumption.
- * In order, to make the Company compliant of the various legal provisions and to generate revenue, the Management approached the Board of Directors (BOD) and thereafter the Members (through General Meetings) to allow it to undertake livestock rearing and agricultural activities as an alternate business on the Company's abundant vacant land. These initiatives met with positive results encouraging the stakeholders to approach regulators to convert the activity into its principal line of business. Applications were moved for effecting the requisite changes; subsequently amendments in the Memorandum and Articles of Association have been approved by the Registrar of Companies.
- * Since FY 2017 the Management has made investments in a Company Livestock Farm for the rearing and sale of cattle on its excess land and has been successful in increasing livestock sales. The Management has also repurposed the majority of its empty land for agricultural activity, i.e. the growing of fodder in support of the livestock farm. The Company has also rented some its empty buildings for warehousing and rental purposes, this has led to further generation of revenue for the Company. Therefore, Management is striving to utilize all excess areas separate from the textile unit, for business activities.

2.5 Accounting Policies

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the audited financial statements for the year ended June 30, 2021.

2.6 Accounting Estimates and Judgements

Estimates and judgments made by management in the preparation of these condensed interim financial statements are the same as those that were applied to the audited annual financial statements of the Company as at and for the year ended

2.7 Functional and Presentation Currency

These financial statements are presented in Pakistan Rupees, which is the company's functional and presentation

Dec. 31, 2021

June 30, 2021

----- Rupees -----

3 PROPERTY, PLANT AND EQUIPMENT

Cost - Opening	1,274,600,879	1,274,600,879
Addition / (Deletion) during the period	-	-
	<u>1,274,600,879</u>	<u>1,274,600,879</u>
Accumulated Depreciation - Opening	300,628,117	288,526,701
Depreciation for the period	5,549,531	12,101,416
	<u>306,177,648</u>	<u>300,628,117</u>
	<u>968,423,231</u>	<u>973,972,762</u>

4 STORES AND SPARES

General Stores	3,000,000	3,000,000
Less: Provision for Obsolescence	<u>(3,000,000)</u>	<u>(3,000,000)</u>
	<u>-</u>	<u>-</u>

----- Rupees -----

5 CASH AND BANK BALANCES

Cash in Hand	549,501	8,726
Cash at Bank - Current Account	7,147,996	45,646
	<u>7,697,497</u>	<u>54,372</u>

6 TRADE AND OTHER PAYABLES

Advance against rent	80,000	80,000
Accrued Liabilities	405,000	324,000
Other Liabilities	28,558	28,558
	<u>513,558</u>	<u>432,558</u>

7 CONTINGENCIES AND COMMITMENTS

Contingencies reported in the annual audited financial statements for the year ended June 30, 2021 remain-unchanged.

8 TAXATION

No provision for current taxation has been made in these condensed interim financial statements.

9 RELATED PARTY TRANSACTIONS

Related parties comprise of group companies (associates), directors, major shareholders, their close family members and key management personnel. Transactions with related parties during the year, other than and including those which have been disclosed elsewhere in these financial statements, are given below:

<u>Name of Related Party</u>	<u>Nature of Transaction</u>		
Mr. Adam Jadoon - Director	Loan repaid	<u>555,000</u>	<u>900,000</u>

10 FINANCIAL RISK EXPOSURE AND RISK MANAGEMENT

The Company's financial risk exposures and risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended June 30, 2021.

11 FIGURES

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

12 DATE OF AUTHORISATION

These financial statements were authorised for issue on 22nd February 2022 by the Board of Directors of the Company.



Chief Executive



Director



Chief Financial Officer