KHYBER TEXTILE MILLS LIMITED

QUARTERLY ACCOUNTS (Reviewed)

As on December 31, 2022

Baldher, District Haripur, Khyber Pakhtunkhawa

COMPANY INFORMATION

CHAIRMAN	Mr. Aurangzeb Khan
CHIEF EXECUTIVE	Mr. Adam Jadoon
DIRECTORS	Mr. Aurangzeb Khan Mr. Adam Jadoon Mr. Hassan Ovais Mr. Amanullah Khan Jadoon Mr. Muhammad Bahauddin Mr. Nusrat Iqbal Mrs. Aamna Jadoon
AUDIT COMMITTEE	
CHAIRMAN	Mr. Nusrat Iqbal
MEMBER	Mrs. Aamna Jadoon
MEMBER	Mr. Muhammad Bahauddin
HR & R COMMITTEE	
CHAIRMAN	Mr. Nusrat Iqbal
MEMBER	Mr. Muhammad Bahauddin
MEMBER	Mr. Adam Jadoon
SECRETARY	Mr. Sadaqat Khan
C.F.O	Mr. Taj Muhammad
AUDITORS	M/s Clarkson Hyde Saud Ansari Chartered Acnts
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 Pakhunkhawa

Website address:- **www.khybertextile.com**
Email Address:- **info@khybertextile.com**
Phone 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 2022. The BOD reviewed the current business activities, the operations of the Company, further they discussed the restriction on access to credit due to the on-going banking litigation and the closure of textile production.

As per the decisions made during previous AGMs 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 let some of its empty buildings for warehousing and rental purposes, using this funding 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. Therefore, 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 were delaying the finalization of litigation to extend their financial constraints and pressurize the Company to give into their unjust demands. Nonetheless, efforts are being made to defend the Company's interest before the Courts to end this litigation.

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 in the High Courts.

For and on Behalf of Board of Director,

Chief Executive	Director
Adam Jadoon	Muhammad Bahauddin

Baldher, Haripur

Dated: 21st February, 2023

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز (BOD) کی جانب سے ہمیں 31 دسمبر 2022 کو ختم ہونے والی مدت کے لیے ششماہی جائزہ شدہ اکاؤنٹس پیش کرتے ہوئے خوشی ہو رہی ہے۔ BOD نے موجودہ کاروباری سرگرمیوں، کمپنی کے آپریشنز کا جائزہ لیا، مزید انہوں نے جاری بینکنگ قانونی چارہ جوئی اور ٹیکسٹائل کی پیداوار کی بندش کی وجہ سے کریڈٹ تک رسائی پر پابندی پر تبادلہ خیال کیا۔

گزشتہ AGM کے دوران کیے گئے فیصلوں کے مطابق اور BOD کی ہدایات اور منظوری کے مطابق، مینجمنٹ اپنی زیادہ تر خالی زمین کو زرعی، سرگرمیوں کے لیے استعمال کر رہی ہے، جس میں مویشیوں کی پرورش اور فروخت کے لیے لائیو سٹاک فارم بھی شامل ہے۔ انتظامیہ نے مویشیوں کے استعمال کے لیے کمپنی کی زرعی زمین پر چارہ اگانے سے ان پٹ لاگت کو بھی کم کیا ہے۔ مینجمنٹ نے اپنی کچھ خالی عمارتوں کو گودام اور کرائے کے مقصد میں استعمال کر رہی ہے، اس فنڈ کو کمپنی کے آپریشنز میں دوبارہ سرمایہ کاری کے لیے استعمال کیا۔ ان کوششوں کے ذریعے کمپنی نے لائیو سٹاک کی فروخت میں اضافہ کیا ہے اور زیر جائزہ مدت کے دوران آمدنی حاصل کی ہے، جس کی عکاسی اس کے ساتھ منسلک مالی بیانات (Financial Accounts) میں ہوئی ہے۔

اس بات پر بھی تبادلہ خیال کیا گیا کہ ٹیکسٹائل کی پیداوار دوبارہ شروع کرنے میں سب سے بڑی رکاوٹ بینکوں کی جانب سے قرضی واجبات کی وصولی کے لیے ہائی کورٹس میں زیر التوا قانونی چارہ جوئی کی وجہ سے قرض کی سہولیات تک رسائی پر پابندی ہے۔ لہذا، کریڈٹ کی پابندیوں کی وجہ سے کمپنی BMR کو مکمل کرنے اور ٹیکسٹائل کی پیداوار کو دوبارہ شروع کرنے کے لیے درکار ورکنگ کیپیٹل تک رسائی حاصل کرنے سے قاصر ہے۔ BOD کی طرف سے یہ بھی نوٹ کیا گیا کہ بینک قانونی چارہ جوئی کو حتمی شکل دینے میں تاخیر کر رہے ہیں تاکہ ان کی مالی مجبوریوں کو بڑھایا جا سکے اور کمپنی پر دباؤ ڈالا جا سکے کہ وہ اپنے ناجائز مطالبات کو تسلیم کرے۔ اس کے باوجود، اس قانونی چارہ جوئی کو ختم کرنے کے لیے عدالتوں کے سامنے کمپنی کے مفاد کا دفاع کرنے کی کوششیں کی جا رہی ہیں۔

تمام تر مشکلات کے باوجود، انتظامیہ اخراجات کو پورا کر رہی ہے، کمپنی اپنی موجودہ کاروباری سرگرمیوں میں سرمایہ کاری کر رہی ہے اور اس سے آمدنی پیدا کر رہی ہے، کمپنی ایک فعال ٹیکس دہندہ کے طور پر کام کر رہی ہے اور ہائی کورٹس میں اپنا دفاع کر رہی ہے۔

بورڈ آف ڈائریکٹر کے لیے اور اس کی جانب سے،

چیف ایگزیکٹو
آدم جدون

ڈائریکٹر
محمد بہاؤالدین

بالڈھیر ہری پور مورخہ: 21 فروری 2023

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, 2022, 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, 2022.

We have qualified our audit opinion on the financial statements for the year ended June 30, 2022, 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.

Emphasis of Matter

We draw attention to Note 2.4 to the condensed interim financial statements, which states that these financial statements have been prepared on going concern basis, yet there were factors which had affected the Company's ability to continue as a going concern in the past. Textile operations have been suspended since July 2007. However, the Company changed its line of operations few years back and has been able to generate net cash inflows. The Company is solvent and the Management has concluded that no material uncertainty exists which cast significant doubt on the Company's ability to continue as going concern. A detailed explanation is given in the aforesaid note.

Other Matter

The figures of the condensed interim statement profit or loss and other comprehensive income for the quarters ended December 31, 2021 and 2022 have not been reviewed as we were required to review only the cumulative figures for the half year ended December 31, 2022.

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: February 21, 2023

UDIN: RR202210149OWj4lmlqs

KHYBER TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	Note	Dec. 31, 2022 Unaudited	June 30, 2022 Audited
		Rupees	
NON CURRENT ASSETS			
Property, Plant and Equipment	3	957,780,421	962,873,700
Long Term Deposits		88,983	88,983
		957,869,404	962,962,683
CURRENT ASSETS			
Inventory - Livestock (Biological Assets)		1,436,400	7,890,000
Inventory - Animal Feed and Medicines		351,880	238,440
Stores and Spares	4	-	-
Advance Income Tax		1,857,750	1,247,000
Cash and Bank Balances	5	9,998,118	2,006,927
		13,644,148	11,382,367
		971,513,552	974,345,050
SHARE CAPITAL AND RESERVES			
Share Capital		12,275,030	12,275,030
Capital Reserve			
Statutory Reserve		257,782	257,782
Revaluation Surplus		922,762,252	927,295,959
Revenue Reserve			
Unappropriated Profit		(12,439,611)	(16,786,696)
		922,855,453	923,042,075
NON CURRENT LIABILITIES			
Loan from Director	6	16,500,757	16,500,757
Deferred Taxation		22,593,142	24,175,818
		39,093,899	40,676,575
CURRENT LIABILITIES			
Short Term Loan from Directors	7	8,209,718	8,959,718
Trade and Other Payables	8	120,358	432,558
Provision for Taxation		1,234,124	1,234,124
		9,564,200	10,626,400
CONTINGENCIES AND COMMITMENTS	9		
		971,513,552	974,345,050
		-	-

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

Chief Executive | Director | Chief Financial Officer

KHYBER TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Note	Half Year ended Dec. 31		Quarter ended Dec. 31	
		2022	2021	2022	2021
		Rupees		Rupees	
SALES		12,280,000	10,554,500	-	-
Less: COST OF SALES		8,300,656	7,967,012	56,548	115,162
GROSS PROFIT		3,979,344	2,587,488	(56,548)	(115,162)
Less: Administrative, Selling and General Expenses		8,592,810	8,086,121	4,507,619	6,730,886
		(4,613,466)	(5,498,633)	(4,564,167)	(6,846,048)
OTHER INCOME					
Rent		2,760,680	2,601,850	1,415,750	1,179,700
Agricultural Income		84,500	151,250	184,500	81,250
OPERATING (LOSS)		(1,768,286)	(2,745,533)	(2,963,917)	(5,585,098)
Less: Financial Expenses		1,012	1,207	374	1,207
(LOSS) BEFORE TAXATION		(1,769,298)	(2,746,740)	(2,964,291)	(5,586,305)
TAXATION					
Current	12	-	-	-	-
Deferred		(1,582,676)	(1,429,861)	-	(1,429,861)
		(1,582,676)	(1,429,861)	-	(1,429,861)
NET (LOSS) FOR THE PERIOD		(186,622)	(1,316,879)	(2,964,291)	(4,156,444)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE / (LOSS) FOR THE PERIOD		(186,622)	(1,316,879)	(2,964,291)	(4,156,444)
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED		(0.15)	(1.07)	(2.41)	(3.39)

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

Chief Executive | Director | Chief Financial Officer

KHYBER TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	SHARE CAPITAL	CAPITAL RESERVE		REVENUE RESERVE	
	Issued, Subscribed & Paid Up Capital	Statutory Reserve	Revaluation Surplus	Unappropriated Profit	Total
	' ---------- Rupees ----------				
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 (net of tax)	-	-	(4,930,557)	4,930,557	-
Total Comprehensive Income / (Loss) 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**
Balance as at July 1, 2022	12,275,030	257,782	927,295,959	(16,786,696)	923,042,075
Transfer due to Incremental Depreciation on Revaluation of Property, Plant and Equipment	-	-	(4,533,707)	4,533,707	-
Total Comprehensive Income / (Loss) for the Half Year	-	-	-	(186,622)	(186,622)
Balance as at December 31, 2022	**12,275,030**	**257,782**	**922,762,252**	**(12,439,611)**	**922,855,453**

Chief Executive Director Chief Financial Officer

KHYBER TEXTILE MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Note	Half Year ended Dec. 31	
		2022	2021
		Rupees	
CASH FROM OPERATING ACTIVITIES			
(Loss) after Taxation		(1,769,298)	(2,746,740)
Adjustments for:			
Depreciation		5,093,279	5,549,531
Financial Expenses		1,012	1,207
Operating profit before working capital changes		3,324,993	2,803,998
(Increase)/Decrease in Operating Assets			
Inventory - Livestock		6,453,600	6,292,130
Inventory - Animal Feed and Medicines		(113,440)	(376,340)
		9,665,153	8,719,788
Increase/(Decrease) in Operating Liabilities			
Trade and Other Payables		(312,200)	81,000
Cash generated from/(used in) operations		9,352,953	8,800,788
Financial Expenses		(1,012)	(1,207)
Income Tax Paid		(610,750)	(621,456)
Net Cash from/(used in) Operating Activities		8,741,191	8,178,125
CASH FROM INVESTING ACTIVITIES		-	-
CASH FROM FINANCING ACTIVITIES			
Repayment of Director's Loan		(750,000)	(535,000)
Net Cash from/(used in) Financing Activities		(750,000)	(535,000)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		7,991,191	7,643,125
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		2,006,927	54,372
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		9,998,118	7,697,497

Chief Executive | Director | Chief Financial Officer

KHYBER TEXTILE MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2022

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, the production facility and agricultural farms are located at Baldher, District Haripur, Khyber Pakhtunkhwa

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, 2022. 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, 2022, 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, 2021.

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 were factors which had affected the Company's ability to continue as a going concern in the past. Textile operations have been suspended since July 2007. The core reasons for the adverse situation is the continued financial squeeze resulting from ongoing litigation in the High Courts. Due to this the Company continues to appear on the SBP Credit Information Bureau Report as a defaulter of National Bank of Pakistan, which has caused a complete ban on access to credit. The continued litigation also restricts the Company to dispose-off its excess land to meet the BMR and working capital requirements to restart the textile unit. Consequently, most of the employees got laid-off and production of yarn was completely stopped in the financial year 2008 to avoid further losses. Nonetheless, Board of Directors, and Management are determined to rehabilitate and restart the textile unit once the funding is available from the Banks, for which Company's Management is diligently pursuing the High Court cases so that they may reach finality and the credit facilities are restored.

* Subsequent to the closure of textile operations the Company has made investments in an Agricultural Livestock Farm, while irrigation and water storage systems were constructed on the Company's vacant land to facilitate fodder production. Further, Management has dedicated a substantial amount of the Company's vacant land for the agricultural business i.e. livestock farm and for the production of crops/fodder for its cattle. The Company also successfully rented vacant buildings for warehousing etc. to reputable organizations and local distributers.

* Financial support is also available from the directors. During the year ended June 30, 2022 one of the directors has also deferred his right to claim repayment of his loan for at least twelve months from the date of the financial statements, as a result, the Company's current assets exceed the current liabilities. The equity is positive and the Company has been generating positive cash flows from operations by way of its livestock business and renting out of empty buildings, for the last few years. The main cause of loss is the charging of depreciation on idle items of property, plant and equipment which had been revalued upward in 2019. This is a non cash expense which does not affect liquidity position of the Company. The Management has concluded that no material uncertainty exists which cast significant doubt on the Company's ability to continue as going concern.

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, 2022.

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 June 30, 2022.

2.7 Functional and Presentation Currency

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

	Dec. 31, 2022	June 30, 2022
	-------- Rupees --------	
3 PROPERTY, PLANT AND EQUIPMENT		
Cost - Opening	1,274,600,879	1,274,600,879
Addition / (Deletion) during the period	-	-
	1,274,600,879	1,274,600,879
Accumulated Depreciation - Opening	311,727,179	300,628,117
Depreciation for the period	5,093,279	11,099,062
	316,820,458	311,727,179
	957,780,421	962,873,700
4 STORES AND SPARES		
General Stores	3,000,000	3,000,000
Less: Provision for Obsolescence	(3,000,000)	(3,000,000)
	-	-
5 CASH AND BANK BALANCES		
Cash in Hand	579,392	88,732
Cash at Bank - Current Account	9,418,726	1,918,195
	9,998,118	2,006,927

	Dec. 31, 2022	June 30, 2022
	-------- Rupees --------	

6 LOAN FROM DIRECTORS 16,500,757 16,500,757

This represents the amount received from one of the directors of the Company for the purpose of working capital requirements. The loan is interest free, unsecured and the director has deferred his right to repayment at least twelve months from the date of the these financial statements.

7 SHORT TERM LOAN FROM DIRECTORS 8,209,718 8,959,718

This represents the amount received from a director of the Company for the purpose of working capital requirements. The loan is interest free, unsecured and repayable on demand.

8 TRADE AND OTHER PAYABLES

Advance against rent	-	80,000
Accrued Liabilities	91,800	324,000
Other Liabilities	28,558	28,558
	120,358	432,558

9 CONTINGENCIES AND COMMITMENTS

Contingencies reported in the annual audited financial statements for the year ended June 30, 2022 remain-unchanged.

10 TAXATION

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

11 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:

Name of Related Party	Nature of Transaction		
Mr. Adam Jadoon - Director	Loan repaid	750,000	1,100,000

12 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, 2022.

13 FIGURES

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

14 DATE OF AUTHORISATION

These financial statements were authorised for issue on 21st February, 2023 by the Board of Directors of the Company.

CHIEF EXECUTIVE **DIRECTOR** **CHIEF FINANCIAL OFFICER**