

KARIM COTTON MILLS LTD.

DIRECTOR'S BRIEF REVIEW ON THE HALF YEARLY ACCOUNTS FOR THE PERIOD ENDED 31st, DECEMBER, 2016

Dear Shareholders,

Assalam-O-Alaikum

Yours Directors present the half yearly accounts of the Company for the Half Year ended December' 31, 2016 along with auditor's review report.

During the period under report there is only operating expenses as no production activities is possible because the Company has sold out all its fixed assets in December, 1999.

Directors are pleased to inform you that by grace of all mighty ALLAH, Hon'ble High Court of Sindh sanctioned / approved the merger of the two companies i.e. to merge M/s Agro Allianz (Private) Limited (AAPL) with the company (KCML) against issuance of shares to shareholders of AAPL by the company. The merger formalities are now under process and would be completed in near future.

FOR AND ON BEHALF OF THE BOARD

Muhammad Idrees Haji Ebrahim
Chief Executive

Abu Talib M. Younus
Director

Karachi 27th, Feb, 2017

KARIM COTTON MILLS LTD.

CONDENSED INTERIM BALANCE SHEET (UNAUDITED) AS AT DECEMBER 31, 2016

ASSETS	Un-Audited		JUNE 30, 2016 RUPEES
	DECEMBER 31, 2016 RUPEES	RUPEES	
CURRENT ASSETS	13,397	14,027	14,027
Cash and Bank Balances	13,397	14,027	
Total Current Assets	13,397	14,027	
TOTAL ASSETS	13,397	14,027	14,027

EQUITY & LIABILITIES EQUITY	Un-Audited		JUNE 30, 2016 RUPEES
	DECEMBER 31, 2016 RUPEES	RUPEES	
Authorized Share Capital	50,000,000	50,000,000	
5,000,000 Ordinary Shares of Rs. 10/- each			
Issued, Subscribed and Paid-up capital	11,832,940	11,832,940	
1,183,294 Ordinary Shares of Rs. 10/- each	(13,061,458)	(12,887,828)	
Fully paid in cash	(1,228,518)	(1,054,888)	
Accumulated (Loss)			
Total Equity	11,832,940	11,832,940	
Current Liabilities	307,000	184,000	
Loan from Directors	934,915	884,915	
Accrued and other Liabilities	1,241,915	1,068,915	
Total Current Liabilities	1,339,915	1,068,915	
Total Equity & Liabilities	13,397	14,027	14,027

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

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF-YEAR ENDED 31st DECEMBER, 2016

REVENUE	HALF YEAR ENDED		QUARTER ENDED	
	DECEMBER 31st, 2016 Rupees	DECEMBER 31st, 2015 Rupees	DECEMBER 31st, 2016 Rupees	DECEMBER 31st, 2015 Rupees
Sales - Net	-	-	-	-
Less: Cost of Sales	-	-	-	-
OPERATING EXPENSES	(173,630)	(166,880)	(158,345)	(152,480)
Administrative Expenses	(173,630)	(166,880)	(158,345)	(152,480)
(Loss) FOR THE PERIOD	(173,630)	(166,880)	(158,345)	(152,480)
(Loss) Per Share - Basic	(0.15)	(0.14)	(0.13)	(0.13)

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

KARIM COTTON MILLS LTD.

Muhammad Idrees Haji Ebrahim
Chief Executive

Abu Talib M. Younus
Director

Karachi 27th, Feb, 2017

KARIM COTTON MILLS LTD.

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED DECEMBER 31st, 2016 (UN-AUDITED)

PARTICULARS	DECEMBER 31, 2016 RUPEES	DECEMBER 31, 2015 RUPEES
Cash Flow From Operating Activities (Loss) before Taxation	(173,630)	(166,880)
Adjustments for non-cash charges & other items		
Operating (Loss) before Working Capital Changes	(173,630)	(166,880)
CHANGES IN WORKING CAPITAL		
Increase/(Decrease) in Current liabilities: Accrued and other liabilities	50,000	50,000
Cash generated from operations	50,000	50,000
Net cash out flow from operating activities	(123,630)	(116,880)
CASH FLOWS FROM FINANCING		
ACTIVITIES		
Loan received from Directors	123,000	117,000
Net cash inflow from financing activities	123,000	117,000
Net (decrease)/increase in cash and cash equivalents	(630)	120
Cash and Cash Equivalent at the beginning of the period	14,027	13,452
Cash and Cash Equivalent at the end of the period	13,397	13,572

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

KARIM COTTON MILLS LTD.

Muhammad Idrees Haji Ebrahim
Chief Executive

Abu Talib M. Younus
Director

Karachi 27th, Feb, 2017

KARIM COTTI CONDENSED IN OF CHANGES IN EQU ENDED 31st, DECEM

PARTICULARS	DECEMBER 31, 2015	DECEMBER 31, 2016
Balance as at July 01, 2015		
Total Comprehensive loss for the half year ended 31st Dec. 2015		
Balance as at December 31, 2015		
Balance as at July 01, 2016		
Total Comprehensive loss for the Half Year ended June 30, 2016		
Balance as at June 30, 2016		
Balance as at July 1, 2016		
Total comprehensive loss for the half year ended December 31, 2016		
Balance as at December 31, 2016		

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KARIM COTTI CONDENSED IN OF COMPREHENSIVE HALF YEAR ENDEI (UN-

REVENUE	HALF YEAR ENDED 2015	HALF YEAR ENDED 2016
(Loss) for the Period	(173,630)	(173,630)
Other Comprehensive Income for Period		
Total Comprehensive (Loss) for the period	(173,630)	(173,630)

The annexed notes form an integral part of these interim condensed financial Statements

Karachi 27th, Feb, 2017

KARIM COTTON MILLS LTD.

MANAGEMENT'S BRIEF REVIEW ON THE YEARLY ACCOUNTS FOR THE PERIOD ENDED 31st DECEMBER, 2016

The management presents the half yearly financial statements of the Company for the Half Year ended 31st December, 2016 along with the report. The management is pleased to inform you that the Company has sold out all its production activities in December, 1999.

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BEHALF OF THE BOARD

Haji Ebrahim
Chief Executive

Abu Talib M. Younus
Director

KARIM COTTON MILLS LTD.

CONDENSED INTERIM BALANCE SHEET (UNAUDITED) AS AT DECEMBER 31, 2016

ASSETS	Un-Audited	
	DECEMBER 31, 2016 RUPEES	JUNE 30, 2016 RUPEES
CURRENT ASSETS		
Cash and Bank Balances	13,397	14,027
Total Current Assets	13,397	14,027
TOTAL ASSETS	13,397	14,027

EQUITY & LIABILITIES	Un-Audited	
	DECEMBER 31, 2016 RUPEES	JUNE 30, 2016 RUPEES
Authorized Share Capital		
5,000,000 Ordinary Shares of Rs. 10/- each	50,000,000	50,000,000
Issued, Subscribed and Paid-up Capital		
1,181,294 Ordinary Shares of Rs. 10/- each	11,832,940	11,832,940
Fully paid in cash	(13,961,458)	(12,887,828)
Accumulated (Loss)	(1,228,518)	(1,054,888)
Total Equity	307,000	184,000
Current Liabilities		
Loan from Directors	934,915	884,915
Accrued and other Liabilities	1,241,915	1,068,915
Total Current Liabilities	13,397	14,027
Total Equity & Liabilities	13,397	14,027

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

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF-YEAR ENDED 31st DECEMBER, 2016

REVENUE	HALF YEAR ENDED		QUARTER ENDED	
	DECEMBER 31st, 2016 Rupees	DECEMBER 31st, 2015 Rupees	DECEMBER 31st, 2016 Rupees	DECEMBER 31st, 2015 Rupees
Sales - Net	-	-	-	-
Less: Cost of Sales	-	-	-	-
OPERATING EXPENSES				
Administrative Expenses	(173,630)	(166,880)	(158,345)	(152,480)
(Loss) FOR THE PERIOD	(173,630)	(166,880)	(158,345)	(152,480)
(Loss) Per Share - Basic	(0.15)	(0.14)	(0.13)	(0.13)

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

KARIM COTTON MILLS LTD.

Muhammad Idrees Haji Ebrahim
Chief Executive

Abu Talib M. Younus
Director

KARIM COTTON MILLS LTD.

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED DECEMBER 31st, 2016 (UN-AUDITED)

PARTICULARS	DECEMBER 31, 2016 RUPEES	DECEMBER 31, 2015 RUPEES
Cash Flow From Operating Activities (Loss) before Taxation	(173,630)	(166,880)
Adjustments for non-cash charges & other items	-	-
Operating (Loss) before Working Capital Changes	(173,630)	(166,880)
CHANGES IN WORKING CAPITAL		
Increase/(Decrease) in Current liabilities:		
Accrued and other liabilities	50,000	50,000
Cash generated from operations	50,000	50,000
Net cash out flow from operating activities	(123,630)	(116,880)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan received from Directors	123,000	117,000
Net cash inflow from financing activities	123,000	117,000
Net (decrease)/increase in cash and cash equivalents	(630)	120
Cash and Cash Equivalent at the beginning of the period	14,027	13,452
Cash and Cash Equivalent at the end of the period	13,397	13,572

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

KARIM COTTON MILLS LTD.

Muhammad Idrees Haji Ebrahim
Chief Executive

Abu Talib M. Younus
Director

KARIM COTTON MILLS LTD.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31st, DECEMBER, 2016 (UN-AUDITED)

PARTICULARS	Issued Subscribed & Paid-up Capital	Accumulated Losses - RUPEES	Shareholders' Equity
Balance as at July 01, 2015	11,832,940	(12,579,403)	(746,463)
Total Comprehensive loss for the half year ended 31st Dec. 2015	-	(166,880)	(166,880)
Balance as at December 31, 2015	11,832,940	(12,746,283)	(913,343)
Balance as at July 01, 2016	11,832,940	(12,746,283)	(913,343)
Total Comprehensive loss for the Half Year ended June 30, 2016	-	(141,545)	(141,545)
Balance as at June 30, 2016	11,832,940	(12,887,828)	(1,054,888)
Balance as at July 1, 2016	11,832,940	(12,887,828)	(1,054,888)
Total comprehensive loss for the half year ended December 31, 2016	-	(173,630)	(173,630)
Balance as at December 31, 2016	11,832,940	(13,061,458)	(1,228,518)

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

KARIM COTTON MILLS LTD.

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31st, DECEMBER, 2016 (UN-AUDITED)

REVENUE	HALF YEAR ENDED		QUARTER ENDED	
	DECEMBER 2016 Rupees	DECEMBER 2015 Rupees	DECEMBER 2016 Rupees	DECEMBER 2015 Rupees
(Loss) for the Period	(173,630)	(166,880)	(158,345)	(152,480)
Other Comprehensive Income for Period	-	-	-	-
Total Comprehensive (Loss) for the period	(173,630)	(166,880)	(158,345)	(152,480)

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

**AUDITOR'S REPORT TO THE MEMBERS
ON REVIEW OF INTERIM FINANCIAL INFORMATION**

INTRODUCTION

We have reviewed the accompanying condensed interim balance sheet of Karim Cotton Mills Limited ("The Company") as at 31st December 2016 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months period then ended (here-in-after referred as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for the interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for quarters ended December 31, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2016.

SCOPE OF REVIEW

We conducted our review in accordance with International Standards on Review Engagement 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of person 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 condensed financial information as of and for the six months period ended December 31, 2016 is not prepared in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

OTHER MATTERS

The condensed interim financial information of the Company for the six months period ended December 31, 2015 has been reviewed by another auditor whose report dated February 8, 2016 expressed an unmodified conclusion.

Emphasis of Matters

Without qualifying our review report:-

We draw attention to the matter disclosed in Note 1.2 to the financial information which indicates that pursuant to order passed by the Appellate Tribunal of the Commission, Management has executed an MOU dated May 3, 2014 with the M/s Agro Allianz (Pvt.) Limited with the object to revival of the Company through a scheme of arrangement. The High Court of Sindh has passed the order on August 18, 2016 and allowed petition as prayed subject to compliance formalities of Pakistan Stock Exchange however no further actions is yet taken by the management.

S.M. Suhail & Co.
Chartered Accountants
Karachi.
Engagement Partner: S.M. Suhail

Our Ref: SMS-A-2132017
Date: 27th, February 2017

KARIM COTTO MILLS LIMITED

Notes to the condensed interim financial information (unaudited)
for the half year ended December 31, 2016

Note STATUS AND NATURE OF BUSINESS

1.1 Karim Cotton Mills Limited (the Company) was originally incorporated as a private limited company, on March 28, 1968 and was later converted into a public limited company, on December 14, 1968. Its shares are quoted on stock exchanges of Karachi and Lahore. It remains engaged in the manufacturing of yarn and fabrics, till its operations were closed on 30th April 1995. The registered office of the Company is situated at 14/E, writers chamber Mumtaz Hassan Road, Karachi. Subsequent to the closure of its operating on April 30, 1995 it sold its operating assets in 1999 and the management is making continuous efforts to revive its operations. Since then directors have been meeting its expenses from own resources.

1.2 Pursuant to order dated August 31, 2004 passed by Appellate Tribunal of the Commission in the year 2004 on Company's appeal suspending impugned winding up order passed on June 16, 2004 by Enforcement & Monitoring Department of SECP, the sponsors holding majority shares executed a MOU dated May 3, 2014 with MS Agro Allianz (Private) Limited for the long awaited revival of the company subject to the condition that a scheme shall be presented to shareholders of both companies to merge Agro Allianz (Private) Limited (APPL) with the company. Shareholders of both of the companies have approved the scheme and the matter is before the High Court of Sindh which has passed the order on August 18, 2016 and allowed petition as prayed subject to compliance of objections as referred in statement of PSX. The management expect that it shall be able to satisfactorily comply with the requirements of Pakistan Stock Exchange as for the merger petition allowed by the High Court in due course of time. In view of the above, these financial statements have been prepared under going concern basis.

Note STATEMENT OF COMPLIANCE

This condensed interim financial information of the Company for the half year ended December 31, 2016 has been prepared in accordance with the requirements of International Accounting Standard 34 - "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

The disclosures in this condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements of the Company for the year ended June 30, 2016. Comparative condensed interim balance sheet is extracted from annual financial statements as of June 30, 2016 where as comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are extracted from unaudited condensed interim financial information of the Company for the half year ended December 31, 2015.

This condensed interim financial information is unaudited and is being submitted to the members as required under Section 245 of the Companies Ordinance, 1984 and the listing regulations of the Pakistan Stock Exchange.

Note SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENT AND ESTIMATES

The accounting policies, significant judgments made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of this condensed interim financial information and financial risk management policy are the same as those applied in preparation of financial statements of the Company for the year ended June 30, 2016.

KARIM COTTON MILLS LTD.
**NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED
DECEMBER 31, 2016**

Note	CASH AND BANK BALANCES	DECEMBER 31st, 2016 Rupees (Unaudited)	JUNE 30th, 2016 Rupees (Audited)
4	Cash in Hand United Bank Ltd. Habib Metropolitan Bank Ltd. Total Cash & Bank Balances	25 11,255 2,117 13,397	655 11,255 2,117 14,027

Note	ACCRUED AND OTHER LIABILITIES	DECEMBER 31st, 2016 Rupees (Unaudited)	JUNE 30th, 2016 Rupees (Audited)
5	Un-Claimed Dividend AUDIT FEES PAYABLE Opening Balance Provision Total Accrued and Other Liabilities	9,915 875,000 50,000 934,915	9,915 875,000 - 884,915

Note	ADMINISTRATION EXPENSES	HALF YEAR 2016		QUARTER 2015	
		31st Dec. 2016	31st Dec. 2015	31st Dec. 2016	31st Dec. 2015
6	Rent Advertisement Filing Fees Printing & Stationary Audit fees (Half Year) Postage Expenses Total Administration Expenses	28,800 13,300 4,410 72,250 50,000 4,870 173,630	28,800 14,400 3,640 65,550 50,000 4,490 166,880	14,400 14,400 3,775 72,000 50,000 4,870 152,480	14,400 14,400 3,640 65,550 50,000 4,490 152,480

Note	LOSS PER SHARE-BASIC	31st Dec. 2016	31st Dec. 2015
7	The basic loss per share of the Company, which is based on (Amount in Rupees) Loss after taxation for the year Weighted average number of Total loss per share - Basic	(173,630) 1,183,294 (0.15)	(166,880) 1,183,294 (0.14)

Note	TRANSACTIONS WITH RELATED PARTIES	31st Dec. 2016	31st Dec. 2015
8	The Related Parties Comprise Holding Company, Associated Undertakings, Directors And Key Management personnel. There have been no transactions with related parties during the period except loan extended by the directors to the company amounting to Rs. 123,000.	(158,345) (0.13)	(152,480) (0.13)

Note	DATE OF AUTHORIZATION FOR ISSUE
9	These financial statements have been authorized for issue on 27th Feb. 2017 by the Board of Directors of the Company.

Note	GENERAL
10	Figures have been rounded off to the nearest a rupee.

KARIM COTTON MILLS LTD.

Muhammad Idrees Haji Ebrahim
Chief Executive
Abu Talib M. Younus
Director

Karachi 27th, Feb, 2017

HALF YEARLY PERIOD ENDS

KARIM COTTON MILLS LTD.

KARIM COTTON MILLS LIMITED
14/E, 2nd Floor, Writers Chamber,
Mumtaz Hassan Road,
Karachi - 74000.