

CONDENSED INTERIM FINANCIAL
INFORMATION
(UN-AUDITED)

FOR THE HALY YEAR ENDED
DECEMBER 31, 2017

KARIM COTTON MILLS LIMITED

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KARIM COTTON MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. A. Majeed Ghaziani - Chief Executive
Mr. Muhammad Farrukh - Chairman
Mr. Safdar Sajjad
Mr. Abu talib Muhammad Yunus
Mr. Abdul Hafeez
Mr. Sheikh Ali Baakza
Mr. Muhammad Zain Sardar

AUDIT COMMITTEE

Mr. Abu talib Muhammad Yunus - Chairman
Mr. Safdar Sajjad - Member
Mr. Abdul Hafeez - Member

HR COMMITTEE

Mr. Safdar Sajjad - Chairman
Mr. Abdul Hafeez - Member
Mr. Abu talib Muhammad Yunus - Member

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Yousuf Hamdani

REGISTERED OFFICE

Unit # 1, 38-E, Shamsi Road, P.E.C.H.S
Block-6, Karachi 75400, Pakistan

AUDITORS

S.M SUHAIL & CO.
Chartered Accountants
Office# 1001-1014, Uni Center, I.I Chundrigar Road,
Karachi-74000

SHARE REGISTRAR

Technology Trade (Pvt.) Ltd.
Dagja House, 241-C, Block-2, P.E.C.H.S.,
off. Shahrah-e-Qauideen, Karachi.

Directors' Report

On behalf of the Board of Directors I am pleased to present the Directors' Report for the half-year ended December 31, 2017.

During the period the operations of the Company remained suspended.

Board has evaluated business opportunity that can bring the company on the track of success. Negotiations are being made to procure the assets from the funds available to the company. Banks have been approached to obtain the working capital lines for the proposed business. Board is determined to commence the operations of the company upon completion of acquisition process of assets and activation of working capital lines.

The Company has no holding or subsidiary company.

Summary of financial operations of the Company for financial period ended December 31, 2017 is provided below:

	Rupees.
Other Income	6,610,329
Administrative & General Expenses	1,347,229
Profit Before Taxation	5,263,100
Income Tax	1,477,785
Profit After Tax	3,785,315
EPS	0.16

Acknowledgements

We would like to take this opportunity to thank the Pakistan Stock Exchange, the SECP and the CDC for their continued support and cooperation towards the Company. We hope that this support would continue in the future as well.

We would also like to thank our dedicated and talented team of executives, staff and workers for the hard work put in during the period and expect their support going forward.

For and on behalf of the Board

Abdul Majeed Ghaziani
Chief Executive

Karachi:
March 1, 2018

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 2017 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.

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 condensed interim financial information as of and for the six months period ended December 31, 2017 is not prepared in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matters

Without qualifying our conclusion:-

We draw attention to the note "1" to these condensed interim financial information wherein it is stated that after the merger no business activity has yet been commenced by the Company. The Company does not hold or obtain on rent any premises to re-commence its business, and also it has not yet appointed any staff to arrange resources for the re-commencement of the Company's business and there is no employee on payroll of the Company.

The Board of directors has not yet achieved any tangible milestone towards re-commencement of the business and its related issues. Furthermore, subsequent to the period end there is no change in status of availability of resources to mitigate the uncertainty related to the re-commencement of business by the Company. Presently, the only source of income is earning of profits on loan which is provided to a related party. The underlying going concern assumption will depend upon the recoverability of loan together with markup thereon and early commencement of business activities by the Company.

Other matters

The figures for the condensed interim financial information for the quarters ended 31 December 2017 and 31 December 2016 have not been reviewed by us and consequently we do not express a conclusion on them.

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

Our Ref: SMS-A-1142018
Date: March 1, 2018

KARIM COTTON MILLS LIMITED
Condensed Interim Balance Sheet (Un-audited)
As at December 31, 2017

ASSETS		31-Dec-17	30-Jun-17
		(Un-audited)	(Audited)
Non-Current Assets	Note	(Amounts in Rupees)	
Property, plant and equipment	5	13,160,234	14,227,280
Total Non-Current Assets		13,160,234	14,227,280
Current Assets			
Short term loan	6	205,454,937	198,895,535
Taxation - net		16,536,089	18,013,600
Cash and bank balances	7	126,655	113,385
Total Current Assets		222,117,681	217,022,520
TOTAL ASSETS		235,277,915	231,249,800
EQUITY AND LIABILITIES			
Equity			
Authorized Share Capital 25,000,000 Ordinary Shares of Rs. 10/- each		250,000,000	250,000,000
Issued, subscribed and paid-up capital		229,932,940	229,932,940
Accumulated profit /(loss)		3,408,260	(377,055)
Loan from directors	8	1,876,800	1,484,000
Total Equity		235,218,000	231,039,885
Current Liabilities			
Accrued liabilities		50,000	200,000
Unclaimed dividend		9,915	9,915
Total Current Liabilities		59,915	209,915
Contingencies and commitments	9		
TOTAL EQUITY AND LIABILITIES		235,277,915	231,249,800

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

Chief Executive

Director

Chief Financial Officer

KARIM COTTON MILLS LIMITED
Condensed Interim Profit and Loss Account (Un-audited)
For the half year ended on December 31, 2017

REVENUE	Note	Quarter Ended		Half Year Ended	
		31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
		(Amounts in Rupees)			
Other income	10	3,330,164	-	6,610,329	-
Total Revenue		3,330,164	-	6,610,329	-
ADMINISTRATIVE AND GENERAL EXPENSES					
Auditor's remuneration		50,000	50,000	50,000	50,000
Rent, rate and taxes		-	14,400	-	28,800
Fees and subscription charges		65,970	3,775	65,970	4,410
General postage and courier		15,000	4,870	15,000	4,870
Legal and professional expenses		64,800	-	64,800	-
Printing expenses		37,500	72,000	37,500	72,250
Advertisement expenses		34,913	13,300	34,913	13,300
Depreciation		533,523	-	1,067,046	-
Other expenses		12,000	-	12,000	-
Total administrative and general expenses		813,706	158,345	1,347,229	173,630
Net profit/ (loss) before taxation		2,516,458	(158,345)	5,263,100	(173,630)
Taxation		653,792	-	1,477,785	-
Net profit / (loss) after taxation		1,862,666	(158,345)	3,785,315	(173,630)
Basic & Diluted Earning/ (Loss) Per Share	11	0.08	(0.13)	0.16	(0.14)

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

Chief Executive

Director

Chief Financial Officer

KARIM COTTON MILLS LIMITED**Condensed Interim Statement of Comprehensive Income (Un-audited)****For the half year ended December 31, 2017**

COMPREHENSIVE INCOME	Quarter Ended		Half Year Ended	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	(all amounts in PKR)			
Profit /(Loss) for thr period	1,862,666	(158,345)	3,785,315	(173,630)
Other comprehensive income for the period	-	-	-	-
Total Comprehensive Income for the period	1,862,666	(158,345)	3,785,315	(173,630)

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

Chief Executive

Director

Chief Financial Officer

KARIM COTTON MILLS LIMITED
Condensed Interim Cash Flow Statement (Un-audited)
For the half year ended on December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	31-Dec-17	31-Dec-16
	(Amounts in Rupees)	
Profit/ (loss) before taxation	5,263,100	(173,630)
Adjustments for:		
Depreciation	1,067,046	-
Excess accrual written back	(50,000)	-
Operating Profit Before Working Capital Changes	6,280,146	(173,630)
Changes in working capital		
(Increase) / decrease in current assets:		
Accrued markup on short term loan	(6,559,402)	-
Increase / (decrease) in current liabilities:		
Accrued & other liabilities	(100,000)	50,000
Cash generated from operations	(6,659,402)	50,000
Taxes paid	(274)	-
Net cash flows (used in)/ generated from operations	(379,530)	(123,630)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contribution received from directors	392,800	123,000
Net cash flows generated investing activities	392,800	123,000
Net increase in cash and cash equivalent	13,270	(630)
Cash and cash equivalents at beginning of the period	113,385	14,027
Cash and cash equivalents at end of the period	126,655	13,397

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

Chief Executive

Director

Chief Financial Officer

KARIM COTTON MILLS LIMITED
Condensed Interim Statement of Changes in Equity (Un-audited)
For the half year ended on December 31, 2017

Particulars	(Rupees)			
	Issued, Subscribed and Paid-up Capital	Accumulated Profit/ (Loss)	Loan From Directors	Shareholders' Equity
Balance as at June 30, 2016	11,832,940	(12,887,828)	184,000	(870,888)
Total comprehensive income for the half year	-	(173,630)	-	(173,630)
Loan received during the half year	-	-	123,000	123,000
Balance as at December 31, 2016	11,832,940	(13,061,458)	307,000	(921,518)
Shares issued on merger	218,100,000	-	-	218,100,000
Total comprehensive income for the half year	-	7,051,501	-	7,051,501
Gain on merger	-	5,632,902	-	5,632,902
Loan received during the half year	-	-	1,177,000	1,177,000
Balance as at June 30, 2017	229,932,940	(377,055)	1,484,000	231,039,885
Total comprehensive income for the half year	-	3,785,315	-	3,785,315
Loan received during the half year	-	-	392,800	392,800
Balance as at December 31, 2017	229,932,940	3,408,260	1,876,800	235,218,000

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

Chief Executive

Director

Chief Financial Officer

KARIM COTTON MILLS LIMITED

Notes to the condensed interim financial information (un-audited)

For the half year ended December 31, 2017

Note 1 LEGAL STATUS AND BUSINESS ACTIVITIES OF THE COMPANY

Karim Cotton Mills Limited (the Company) was incorporated as private limited company on March 28, 1968 under the repealed Companies Act, 1913 now the Companies Act, 2017. It was later converted into a public limited company on December 14, 1968. Its shares are quoted on Pakistan Stock Exchange but presently trading of its securities has been suspended. The main business activity of the Company is to manufacture yarn and fabrics. On April 30, 1995 it ceased its operations which is still ceased. The registered office of the Company is situated in Karachi.

Subsequent to the closure of its operations on April 30, 1995 it sold its operating assets in the year 1999 and management is making continuous efforts to revive its operations. Since then directors have been meeting its expenses from their own resources.

Pursuant to the order dated August 31, 2004, passed by the Appellate Tribunal of the Commission, on Company's appeal suspending impugned winding up order passed on June 16, 2004 by Enforcement and Monitoring Department of SECP, the sponsors holding majority shares executed a MOU dated May 3, 2014 with M/s Agro Allianz (Private) Limited for the long awaited revival of the Company subject to the condition that the scheme shall be presented to shareholders of both the companies to merge the Agro Allianz (Private) Limited (AAPL) with the Company, against issuance of shares to the shareholders of AAPL by the Company. Shareholders of both the companies have approved the scheme and the matter as petition is presented before the High Court of Sindh for necessary sanctions. During prior year on August 18, 2016 the High Court of Sindh has allowed the petition as prayed through an order. Now, the Company stand merged and have acquired total net assets of AAPL. However the activities of the Company are not yet re-commenced as the controls of the Company has been transferred to the new management subsequent to the end of financial year 2017. Business activities shall be re-commenced in near future as soon as the resources are arranged.

These condensed interim financial statements have been prepared as that of the amalgamated company.

Note 2 BASIS OF MEASUREMENT

This condensed interim financial information of the Company for the half year ended December 31, 2017 has been prepared in accordance with the requirements of International Accounting Standard 34 - "Interim Financial Reporting" and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed 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, 2017. Comparative condensed interim balance sheet is extracted from annual financial statements as of June 30, 2017 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, 2016.

This condensed interim financial information is unaudited and is being submitted to the members as required under the listing regulations of the Pakistan Stock Exchange vide section 237 of the Companies Act, 2017.

Note 3 SIGNIFICANT ACCOUNTING POLICIES, JUDGMENT 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 LIMITED

Notes to the condensed interim financial information (un-audited)

For the half year ended December 31, 2017

Note	PROPERTY, PLANT AND EQUIPMENT	31-Dec-17		30-Jun-17	
		(Un-audited)		(Audited)	
4		(Amounts in Rupees)			
	Plant and equipments	12,778,778		13,814,895	
	Vehicle	381,456		412,385	
Total Short Term Loan - Unsecured		13,160,234		14,227,280	
Note	DEPRECIATION	Quarter ended		Half year ended	
		31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
4.1	Depreciation charged during the period/ year	533,523	-	1,067,046	-
Note	SHORT TERM LOAN	31-Dec-17		30-Jun-17	
		(Un-audited)		(Audited)	
6		(Amounts in Rupees)			
	Unsecured				
	Balance at beginning of the period	198,895,535		185,883,678	
	Markup accrued during the period/ year	6,559,402		13,011,857	
Total Short Term Loan		205,454,937		198,895,535	
	The above loan has been provided to Ayesha Solvent Plant (Pvt.) Limited (an associated company) at markup rate of 7% per annum on principal amount of loan. It is unsecured and repayable on demand. The Company has unconditional right to claim repayment of this loan including markup thereon.				
Note	CASH AND BANK BALANCES				
7					
	Cash in hand	3,074		3,123	
	Cash at banks				
	- Saving account	49,775		32,816	
	- Current account	73,806		77,446	
		123,581		110,262	
Total Cash And Bank Balances		126,655		113,385	
Note	LOAN FROM DIRECTORS				
8					
	Unsecured and interest free	1,876,800		1,484,000	
Total Loan From Directors		1,876,800		1,484,000	
	The sum is provided as long term loan to the Company by its directors to meet the routine and recurring expenses. However it is unsecured and repayable at the discretion of the Company on the availability of the funds, therefore it does not qualify to be accounted as liability because there is no contractual or otherwise binding obligation on the part of Company to repay. Therefore it has been taken as part of equity. Any repayment from the amount shall be considered as direct deduction from equity in the periods of repayment.				

KARIM COTTON MILLS LIMITED

Notes to the condensed interim financial information (un-audited)

For the half year ended December 31, 2017

Note	CONTINGENCIES AND COMMITMENTS				
9					
Contingency					
	The Company has complied with the requirements of law in respect of holding of meetings and filing of accounts with Pakistan Stock Exchange Limited. However there were some delay in filing of accounts for the year 2011 and 2012 with the PSX on which penalty @ 5,000 per day (aggregate Rs. 4.05 million) is leviable. The management has applied to PSX for waiver since the delay was not intentional, and there being no assets and liabilities left so it had no financial implication. The Company expects that PSX shall not burden the Company with penalty in view of successful revival of the Company expected to be completed in the near future and has not recognized any provision.				
Note		Quarter ended		Half year ended	
10	OTHER INCOME	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
		(Amounts in Rupees)			
	Markup on loan	3,279,700	-	6,559,402	-
	Excess accrual written back	50,000	-	50,000	-
	Markup on bank deposit	464	-	927	-
	Total Other Income	3,330,164	-	6,610,329	-
Note	BASIC AND DILUTED EARNING/ (LOSS) PER SHARE				
11					
	Weighted average number of shares	22,993,294	1,239,814	22,993,294	1,239,814
	Net profit/ (loss) for the period	1,862,666	(158,345)	3,785,315	(173,630)
	Total Basic and Diluted Earning / (loss) Per Share	0.08	(0.13)	0.16	(0.14)
	There is no dilutive effect on earning/ (loss) per share				
Note	REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS				
12					
	Chief executive and all the directors have consented to not to receive any remuneration during the period of discontinued operations. The remuneration shall be charged when the Company re-commences its business				
	There were no other executive appointed in the Company.				
Note	TRANSACTIONS WITH RELATED PARTIES	Quarter ended		Half year ended	
13		31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	Related parties comprises of subsidiaries and associated companies, directors of the Company, companies in which directors hold directorship, related group companies, key management personnel. All transactions with related parties are made at arms length basis except on agreed terms with consent of the Board of directors of the Company. Transactions with related parties are as follows:				
	Directors				
	Receipt of loan	392,800	-	392,800	123,000
	Associated Companies				
	Ayesha Solvent Plant (Pvt.) Ltd				
	Markup earned	3,279,700	-	6,559,402	-

KARIM COTTON MILLS LIMITED

Notes to the condensed interim financial information (un-audited)

For the half year ended December 31, 2017

Note	FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES			
14				
	Financial risk management objectives and policies are consistent with those disclosed in annual financial statements of the Company for the year ended June 30, 2017.			
		Maturity	Maturity	
	31-Dec-17 (Un-audited)	upto 1	after 1	TOTAL
		year	year	
	Financial Assets			
	Short term loan	205,454,937	-	205,454,937
	Cash and bank balances	126,655	-	126,655
	Total financial assets	205,581,592	-	205,581,592
	Financial Liabilities			
	Non Interest Bearing			
	Unclaimed dividend	9,915	-	9,915
	Other payable	50,000	-	50,000
	Total financial liabilities	59,915	-	59,915
	Net financial assets	205,521,677	-	205,521,677
		Maturity	Maturity	
	30-Jun-17 (Audited)	upto 1	after 1	TOTAL
		year	year	
	Financial Assets			
	Short term loan	198,895,535	-	198,895,535
	Cash and bank balances	113,385	-	113,385
	Total financial assets	199,008,920	-	199,008,920
	Financial Liabilities			
	Non Interest Bearing			
	Unclaimed dividend	9,915	-	9,915
	Other payable	200,000	-	-
	Total financial liabilities	209,915	-	9,915
	Net financial assets	198,799,005	-	198,999,005
	As all the financial assets and liabilities of the Company are current in nature therefore their carrying values are reasonable approximates of their fair values therefore, fair values of these financial assets and liabilities have not been disclosed.			
Note	DATE OF AUTHORIZATION FOR ISSUE			
15				
	These financial statements were authorized for issue on _____ by the Board of Directors of the Company.			
Note	GENERAL			
16				
	Figures have been rounded off to the nearest Rupee.			

Chief Executive

Director

Chief Financial Officer

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