



**In The Name Of Allah
The Merciful
The Compassionate**

CONTENTS	Page No.
COMPANY INFORMATION	2
DIRECTORS' REVIEW REPORT TO THE MEMBERS	3
CONDENSED INTERIM BALANCE SHEET	4
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT	5
CONDENSED INTERIM CASH FLOW STATEMENT	6
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY	7
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION	8

COMPANY INFORMATION

BOARD OF DIRECTORS

Javed Saifullah Khan - **Chairman/Director**
 Osman Saifullah Khan - **Chief Executive/Director**
 Jehangir Saifullah Khan
 Hoor Yousafzai
 Assad Saifullah Khan
 Asif Saifullah Khan
 Rana Muhammad Shafi

AUDIT COMMITTEE

Hoor Yousafzai - **Chairperson**
 Jehangir Saifullah Khan - **Member**
 Assad Saifullah Khan - **Member**

HR & REMUNERATION COMMITTEE

Anwar Saifullah Khan - **Chairman**
 Salim Saifullah Khan - **Member**
 Hoor Yousafzai - **Member**

CHIEF FINANCIAL OFFICER

Noman Ahmed

COMPANY SECRETARY

Sabir Khan

AUDITORS

Hameed Chaudhri & Co.,
 Chartered Accountants

LEGAL ADVISOR

Dr. Pervez Hassan
 Hassan & Hassan, Advocates

Salahuddin Saif & Aslam
 (Attorney's at law)

BANKERS

Albaraka Bank (Pakistan) Limited
 First National Bank Modaraba
 National Bank of Pakistan
 The Bank of Punjab
 United Bank Limited

HEAD OFFICE

Kulsum Plaza, 4th Floor,
 2020 - Blue Area, Islamabad
 Phone : (051) 2823924, 2829415
 Fax : (051) 2278537, 2822564
 E-mail : ktm@saifgroup.com

REGISTERED OFFICE

APTMA House, Tehkal Payan,
 Jamrud Road, Peshawar
 Phone : (091) 5843870, 5702941
 Fax : (091) 5840273
 E-mail : peshawar@saifgroup.com

MILLS

Saifabad, Kohat
 Phone : (0922) 518615, 518712
 Fax : (0922) 512295
 E-mail : ktmkht@saifgroup.com

WEB SITE

www.kohattextile.com

Director's Review Report

The un-audited financial statements of the Company for the third quarter and nine months ended March 31, 2013 are being presented to you with the following observations.

During the nine-month period under review your Company's performance improved substantially as evident by Gross Profit margin expansion to 14.74 % (Rs. 258 million) from 11.18 % (Rs. 209 million) in the same period last year. This improved profitability primarily came on back of efficient production planning and increase in demand of synthetic fiber yarns.

Your company closed the period with a Profit Before Tax Rs. 147.7 million compared to a Profit Before Tax of Rs. 104.1 million for the corresponding period last year. The operating profitability was, however, dampened by mounting energy and operational costs brought about by increasing fuel and electricity rates and the depreciating Pak Rupee against US Dollar.

The Management of your Company remained committed to business growth and opportunities for new investment. We have worked out options including utilization of idle space in production hall and automation of machinery having dual effect by reducing operational cost alongwith increase in profitability

We would like to conclude with heartfelt appreciation for the support of our bankers and our valued customers. We would also like to highlight the hard work put in by the management and staff. We look forward to the same dedication and cooperation in the days ahead.

For and on behalf of the Board

OSMAN SAIFULLAH KHAN
Chief Executive

Dated: 29 April, 2013

**CONDENSED INTERIM BALANCE SHEET
AS AT 31 MARCH, 2013**

	Note	Un-audited 31 Mar., 2013 (Rupees in thousand)	Audited 30 June, 2012
EQUITY AND LIABILITIES			
SHARE CAPITAL			
Authorised Capital 22,000,000 ordinary shares of Rs. 10 each		220,000	220,000
Issued, subscribed and paid-up		208,000	208,000
Unappropriated profit / (accumulated loss)		80,883	(1,103)
		288,883	206,897
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		319,559	328,766
NON-CURRENT LIABILITIES			
Loan from an Associated Company		131,678	131,678
Long term financing		62,500	112,500
Long term deposits		1,294	1,037
Deferred taxation	5	292	0
Deferred liability - Staff retirement benefits		37,731	34,659
		233,495	279,874
CURRENT LIABILITIES			
Trade and other payables		158,959	191,492
Accrued interest / mark-up		15,544	19,096
Short term borrowings		401,547	175,942
Current portion of:- Long term financing		68,750	75,000
		644,800	461,530
CONTINGENCIES AND COMMITMENTS	7	1,486,737	1,277,067
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	8	852,277	812,383
Intangible assets		498	576
Long term loans		904	1,096
Long term deposits		1,137	1,137
Deferred taxation		0	45,095
		854,816	860,287
CURRENT ASSETS			
Stores, spares and loose tools		25,659	25,249
Stock-in-trade		423,649	318,780
Trade debts		96,851	4,653
Loans and advances		6,516	2,740
Deposits and short term prepayments		6,588	4,992
Other receivables		5,502	4,755
Taxation	6	46,249	38,131
Sales tax refundable		17,779	16,749
Cash and bank balances		3,128	731
		631,921	416,780
		1,486,737	1,277,067

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

OSMAN SAIFULLAH KHAN
Chief Executive

ASSAD SAIFULLAH KHAN
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE QUARTER AND NINE MONTHS ENDED 31 MARCH, 2013 (UN-AUDITED)**

	For the 3rd Quarter		Cumulative	
	Jan. - Mar. 2013	Jan. - Mar. 2012	July - 2012 Mar. - 2013	July - 2011 Mar. - 2012
	------(Rupees in thousand)-----			
SALES	555,721	684,576	1,752,557	1,869,446
COST OF SALES	462,578	589,586	1,494,167	1,660,504
GROSS PROFIT	93,143	94,990	258,390	208,942
DISTRIBUTION COST	2,196	2,115	6,548	5,770
ADMINISTRATIVE EXPENSES	13,029	9,625	38,702	29,402
OTHER OPERATING EXPENSES	5,034	3,491	15,133	3,991
OTHER OPERATING INCOME	0	(9)	(879)	(1,484)
	20,259	15,222	59,504	37,679
PROFIT FROM OPERATIONS	72,884	79,768	198,886	171,263
FINANCE COST	15,988	23,963	51,157	67,135
PROFIT BEFORE TAXATION	56,896	55,805	147,729	104,128
TAXATION				
Current	2,768	6,988	8,763	18,837
Prior	0	2	0	0
Deferred	0	0	45,388	(31,609)
	2,768	6,990	54,151	(12,772)
PROFIT AFTER TAXATION	54,128	48,815	93,578	116,900
OTHER COMPREHENSIVE INCOME	0	0	0	0
TOTAL COMPREHENSIVE INCOME	54,128	48,815	93,578	116,900
	------(Rupees)-----			
EARNINGS PER SHARE	1.80	1.84	4.50	5.62

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

OSMAN SAIFULLAH KHAN
Chief Executive

ASSAD SAIFULLAH KHAN
Director

CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE PERIOD OF NINE MONTHS ENDED 31 MARCH, 2013 (UN-AUDITED)

	Nine Months ended	
	31, March 2013	31, March 2012
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period - before taxation	147,729	104,128
Adjustments for non cash and other charges		
Depreciation and amortisation	37,550	29,416
Staff retirement benefits (gratuity) - net	3,072	7,150
Unclaimed balances written-back	(879)	0
Gain / (Loss) on disposal of operating assets	1,198	(764)
Finance cost	51,157	67,135
PROFIT BEFORE WORKING CAPITAL CHANGES		
EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES	239,827	207,065
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(410)	(1,931)
Stock-in-trade	(104,869)	113,131
Trade debts	(92,198)	63,666
Loans and advances	(3,776)	3,426
Deposits and short term prepayments	(1,596)	(5,850)
Mark-up subsidy receivable	0	15,301
Other receivables	(747)	(5,460)
Sales tax refundable	(1,030)	(7,956)
Decrease in trade and other payables	(34,567)	(116,563)
	(239,193)	57,764
CASH GENERATED FROM OPERATIONS	634	264,829
Taxes paid	(16,881)	(4,229)
Long term loans - net	192	(255)
NET CASH GENERATED FROM OPERATING ACTIVITIES	(16,055)	260,345
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(80,644)	(15,637)
Sale proceeds of vehicles	2,081	1,241
NET CASH USED IN INVESTING ACTIVITIES	(78,563)	(14,396)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing obtained	(56,250)	(56,250)
Long term loan obtain from an Associated Company	0	20,000
Long term deposits	257	16
Short term borrowings - net	225,605	(160,153)
Dividend Paid	(17,888)	0
Finance cost paid	(54,709)	(49,256)
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES	97,016	(245,643)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,397	306
CASH AND CASH EQUIVALENTS - At the beginning of the period	731	477
CASH AND CASH EQUIVALENTS - At the end of the period	3,128	783

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

OSMAN SAIFULLAH KHAN
Chief Executive

ASSAD SAIFULLAH KHAN
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD OF NINE MONTHS ENDED 31 MARCH, 2013 (UN-AUDITED)**

	Share Capital	(Accumulated Loss) / unappropriated Profit	Total equity
------(Rupees In thousand)-----			
Balance as at 30 June, 2011	208,000	(180,957)	27,043
Profit after taxation for the period from 01 July, 2011 to 31 March, 2012	0	116,901	116,901
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation -net of deferred taxation	0	5,516	5,516
Balance as at 31 March, 2012	208,000	(58,540)	149,460
Profit after taxation for the quarter ended 30 June, 2012	0	49,877	49,877
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation -net of deferred taxation	0	7,560	7,560
Balance as at 30 June, 2012	208,000	(1,103)	206,897
Profit after taxation for the period from 01 July, 2012 to 31 March, 2013	0	93,579	93,579
Cash dividend for the year ended June 30, 2012 at the rate of Rs. 1 per share	0	(20,800)	(20,800)
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation -net of deferred taxation	0	9,207	9,207
Balance as at 31 March, 2013	208,000	80,883	288,883

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

OSMAN SAIFULLAH KHAN
Chief Executive

ASSAD SAIFULLAH KHAN
Director

**NOTES TO AND FORMING PART OF THE
CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD OF NINE MONTHS ENDED 31 MARCH, 2013 (UN-AUDITED)**

1. CORPORATE INFORMATION

Kohat Textile Mills Limited (the Company) is a public limited Company incorporated in Pakistan during the year 1967 and its shares are quoted on Karachi and Islamabad Stock Exchanges. It is principally engaged in manufacture and sale of yarn. The Company's Mills are located in Saifabad, Kohat and the Registered Office of the Company is located at APTMA House, Tehkal Payan, Jamrud Road, Peshawar.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984. It has 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 Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

3. ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended June 30, 2012.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. However, actual results may differ from these estimates.

During the preparation of this condensed interim financial information, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the audited annual financial statements for the year ended June 30, 2012.

5. DEFERRED TAXATION - Net

This comprises of the following:

Deductible temporary differences arising in respect of:

- unused tax losses
- minimum tax recoverable against normal tax charge in future years

Taxable temporary differences arising in respect of:

- accelerated tax depreciation allowances
- surplus on revaluation of property, plant and equipment

	(Un-audited)	(Audited)
	31 March,	30 June,
	2013	2012
	(Rupees in thousand)	
185,214	185,214	238,116
15,941	15,941	7,178
201,155	201,155	245,294
(106,552)	(106,552)	(100,346)
(94,895)	(94,895)	(99,853)
(201,447)	(201,447)	(200,199)
(292)	(292)	45,095

6. TAXATION - Net

6.1 Provision for the current period represents minimum tax payable under section 113 of the Income Tax Ordinance, 2001 (the Ordinance). Income tax assessments of the Company have been completed upto the Tax Year 2012.

6.2 As fully explained in note 27.2 to the audited annual financial statements of the Company for the year ended June 30, 2012, the Honourable Peshawar High Court, Peshawar, vide its judgment delivered on July 18, 2012, admitted and allowed the Company's writ petition and directed the concerned authorities to extend the benefit of clause 126F of the Second Schedule of the Ordinance to the Company in the light of clarification given by the Federal Board of Revenue. Accordingly, no provision for minimum tax for the financial year ended June 30, 2012 amounting Rs.23.681 million was made in the books of account as well as provisions for minimum tax made during the financial years ended June 30, 2010 and June 30, 2011 aggregating Rs.29.770 million were written-back. However, subsequent to the balance sheet date, the Income Tax Department, against the said order, has filed an appeal with the Honourable Supreme Court of Pakistan, which is pending for adjudication.

7. CONTINGENCIES AND COMMITMENTS

There has been no significant change in the status of contingencies as reported in the preceding published annual audited financial statements of the Company for the year ended 30 June, 2012.

8. PROPERTY, PLANT AND EQUIPMENT

	Note	(Un-audited) 31 March, 2013 (Rupees in thousand)	(Audited) 30 June, 2012
Operating fixed assets	8.1	812,955	793,359
Capital work-in-progress		2,186	17,382
Stores held for capital expenditure		37,136	1,642
		<u>852,277</u>	<u>812,383</u>
8.1 Operating fixed assets			
Book value at the beginning of the period / year		793,359	726,104
Additions during the period / year:			
- buildings on freehold land:			
- factory		0	1,001
- non-factory		0	0
- plant & machinery		43,618	19,155
- gas fired power plant		0	0
- electric installation		48	409
- equipment & appliances		1,961	1,882
- furniture & fixtures		187	107
- vehicles		14,533	600
		<u>60,347</u>	<u>23,154</u>
Book value of operating fixed assets disposed-off during the period / year		(3,279)	(1,543)
Depreciation charge for the period / year		(37,472)	(44,668)
Revaluation surplus arisen during the period		0	90,312
Book value at the end of the period / year		<u>812,955</u>	<u>793,359</u>

9. TRANSACTIONS WITH RELATED PARTIES

9.1 Significant transactions with related parties are as follows:

Relationship	Nature of transactions	(Un-audited) Jul-March,	
		2013	2012
		(Rupees in thousand)	
Associated Companies	- sale of goods and services	49,583	39,933
	- sale of fixed assets	430	0
	- purchase of goods and services	0	5,117
	- long term loan obtained	0	20,000
	- short term loan repaid	8,000	0
	- mark-up accrued on:		
	- sub-ordinated loan	9,377	10,934
	- short term borrowing	283	532

10. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors and authorised for issue on 29 April, 2013.

11. CORRESPONDING FIGURES

11.1 Figure in this condensed interim financial information have been rounded-off to the nearest thousand Rupees except stated otherwise.

11.2 Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison; however, no material re-arrangements re-classifications have been made in this condensed interim financial information.

OSMAN SAIFULLAH KHAN
Chief Executive

ASSAD SAIFULLAH KHAN
Director

