



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

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COMPANY INFORMATION

BOARD OF DIRECTORS	Anwar Saifullah Khan Salim Saifullah Khan Osman Saifullah Khan Jehangir Saifullah Khan Hoor Yousafzai Assad Saifullah Khan Asif Saifullah Khan	- Chairman - Chief Executive
AUDIT COMMITTEE	Hoor Yousafzai Jehangir Saifullah Khan Assad Saifullah Khan	- Chairpreson - Member - Member
HR & REMUNERATION COMMITTEE	Anwar Saifullah Khan Salim Saifullah Khan Hoor Yousafzai	- Chairman - Member - Member
CHIEF FINANCIAL OFFICER	Noman Ahmad	
COMPANY SECRETARY	Sabir Khan	
AUDITORS	Hameed Chaudhri & Co., Chartered Accountants	
LEGAL ADVISORS	Dr. Pervez Hassan Hassan & Hassan, Advocates Salahuddin Saif & Aslam (Attorney's at Law)	
BANKERS	Albaraka Bank (Pakistan) Limited Dubai Islamic Bank Meezan Bank Limited 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) 2822564, 2278537 Email : ktm@saifgroup.com	
REGISTERED OFFICE	APTMA House, Tehkal Payan, Jamrud Road, Peshawar Phone : (091) 5843870, 5702941 Fax : (091) 5840273 Email : Peshawar@saifgroup.com	
SHARES REGISTRAR	M/s Hameed Majeed Associates (Pvt.) Ltd., HM House, 7-Bank Square, Lahore Phone : + 92-42-37235081-37235082 Fax : + 92-42-37358817 E-mail : info@hmaconsultants.com	
MILLS	Saifabad, Kohat Phone : (0922) 862065, 862091 Fax : (0922) 862057-58 Email : ktmkht@saifgroup.com	
WEB SITE	www.kohattextile.com	

DIRECTORS' REVIEW REPORT

The un-audited financial statements of the Company for the First Quarter ended on September 30, 2014 are being presented to you with the following observations.

FINANCIAL HIGHLIGHTS

During the first quarter, your Company has managed to earn a gross profit of Rs 89 million on sales of Rs 0.704 billion (gross profit margin: 13%) compared to gross profit of Rs 99 million on sales of Rs 0.613 billion (gross profit margin: 16%) in the corresponding period last year. The decrease in gross profitability is due to dampened demand for yarn in the local market.

Your Company closed the period with Profit before tax of Rs 43 million against a profit of Rs 60 million in the same period last year. Reasons for decline in profits include volatile market conditions, high energy and operating costs and worsening Rupee-Dollar parity.

GENERAL MARKET CONDITIONS AND FUTURE OUTLOOK

The textile sector will not be able to achieve the growth and profitability of yesteryears. Major factors hampering sector profitability include uncertain domestic and regional political situation, rising energy costs and instable exchange rate.

Your Company's management is very hopeful that in the coming days we will be able to show better performance by using our resources efficiently and putting the best efforts to deal with operationally challenging environment.

Your Company's management is cognizant of the challenges that lie ahead and will be making all out efforts to ensure growth and better results.

ACKNOWLEDGMENT

The Board places on record its appreciation for the support of our bankers and our valued customers. We would also like to highlight the hard work put in by the members of our corporate family.

We look forward to the same dedication and cooperation in the days ahead.

for and on behalf of the Board

Dated: 28 October, 2014

Salim Saifullah Khan
Chief Executive

**CONDENSED INTERIM BALANCE SHEET
AS AT 30 SEPTEMBER, 2014**

	Note	Un-audited 30 Sep., 2014	Audited 30 June, 2014
(Rupees in thousand)			
EQUITY AND LIABILITIES			
SHARE CAPITAL			
Authorised Capital		220,000	220,000
Issued, subscribed and paid-up		208,000	208,000
ACCUMULATED PROFIT		180,295	156,501
		388,295	364,501
SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS		307,416	309,899
NON-CURRENT LIABILITIES			
Loan from an associated company	6	100,000	100,000
Long term financing	7	187,442	202,088
Long term deposits		1,086	965
Deferred liability - Staff retirement benefits		65,504	62,137
Deferred taxation - net		77,615	63,028
		431,647	428,218
CURRENT LIABILITIES			
Trade and other payables		267,810	234,946
Accrued interest / mark-up		20,107	27,837
Short term borrowings		218,706	354,561
Current portion of long term financing	7	89,292	87,146
		595,915	704,490
CONTINGENCIES AND COMMITMENTS	8		
		1,723,273	1,807,108
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	9	1,049,157	1,060,402
Intangible assets		313	342
Long term loans		1,403	1,466
Long term deposits		1,137	1,137
		1,052,010	1,063,347
CURRENT ASSETS			
Stores, spares and loose tools		27,013	26,087
Stock-in-trade		406,142	432,863
Trade debts		104,509	157,724
Loans and advances		4,824	5,425
Deposits and short term prepayments		5,855	2,365
Other receivables		1,933	1,924
Taxation - net		79,258	76,674
Sales tax refundable		40,940	36,171
Cash and bank balances		789	4,528
		671,263	743,761
		1,723,273	1,807,108

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

SALIM SAIFULLAH KHAN
Chief Executive

ASSAD SAIFULLAH KHAN
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED 30 SEPTEMBER, 2014 (UN-AUDITED)**

	Jul - Sep., 2014	Jul - Sep., 2013
	(Rupees in thousand)	
SALES	704,118	613,357
COST OF SALES	615,117	513,516
GROSS PROFIT	89,001	99,841
DISTRIBUTION COST	3,275	2,321
ADMINISTRATIVE EXPENSES	16,449	14,243
OTHER OPERATING EXPENSE	5,990	4,650
OTHER OPERATING INCOME	0	(889)
	25,714	20,325
OPERATING PROFIT	63,287	79,516
FINANCE COST	20,347	19,350
PROFIT BEFORE TAXATION	42,940	60,166
TAXATION		
Current	7,041	6,134
Deferred	14,588	20,046
	21,629	26,180
PROFIT AFTER TAXATION	21,311	33,986
OTHER COMPREHENSIVE INCOME	0	0
TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD	21,311	33,986
	(Rupees)	
EARNING PER SHARE	1.02	1.63

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

SALIM SAIFULLAH KHAN
Chief Executive

ASSAD SAIFULLAH KHAN
Director

**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE QUARTER ENDED 30 SEPTEMBER, 2014 (UN-AUDITED)**

	30 Sep., 2014	30 Sep., 2013
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period - before taxation	42,940	60,166
Adjustments for non cash and other charges:		
Depreciation	16,885	12,952
Amortisation	29	29
Staff retirement benefits gratuity - (net)	3,367	3,294
Gain / (Loss) on sale of operating fixed assets	0	(24)
Finance cost	20,347	19,350
CASH INFLOW FROM OPERATING ACTIVITIES	83,568	95,767
-Before working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(926)	(657)
Stock-in-trade	26,721	147,166
Trade debts	53,215	10,789
Loans and advances	601	(216)
Deposits and short term prepayments	(3,490)	769
Other receivables	(9)	(637)
Sales tax refundable	(4,769)	2,531
Decrease in trade and other payables	32,864	(66,396)
	104,207	93,349
CASH INFLOW FROM OPERATING ACTIVITIES		
-After working capital changes	187,775	189,116
Income Tax paid	(9,626)	(1,647)
CASH INFLOW FROM OPERATING ACTIVITIES - After taxation	178,149	187,469
Long term loans - net	63	(144)
NET CASH INFLOW FROM OPERATING ACTIVITIES	178,212	187,325
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(5,641)	(10,566)
Sale proceeds of vehicles	0	476
NET CASH USED IN INVESTING ACTIVITIES	(5,641)	(10,090)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing -net	(12,500)	(12,500)
Long term deposits	121	(312)
Short term borrowings - net	(135,855)	(147,471)
Finance cost paid	(28,077)	(19,401)
NET CASH (OUTFLOW) FROM FINANCING ACTIVITIES	(176,311)	(179,684)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(3,740)	(2,449)
CASH AND CASH EQUIVALENTS - At the beginning of the period	4,528	5,829
CASH AND CASH EQUIVALENTS - At the end of the period	787	3,380

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

SALIM SAIFULLAH KHAN
Chief Executive

ASSAD SAIFULLAH KHAN
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER, 2014 (UN-AUDITED)**

	Share Capital	Accumulated Profit	Total equity
	------(Rupees In thousand)-----		
Balance as at 30 June, 2013 (re-stated)	208,000	105,407	313,407
Profit after taxation for the period ended 30 September, 2013	0	33,986	33,986
Surplus on revaluation of property, plant and equipment realised during the period (net of deferred taxation):			
- on account of incremental depreciation for the year	0	2,684	2,684
Balance as at 30 September, 2013	208,000	142,077	350,077
Profit after taxation for the period	0	31,979	31,979
Cash dividend for the year ended June 30, 2013 at the rate of Rs. 1.25 per share	0	(26,000)	(26,000)
Surplus on revaluation of property, plant and equipment realised during the period (net of deferred taxation):			
- on account of incremental depreciation for the year	0	7,991	7,991
- upon sale of revalued assets	0	454	454
Balance as at 30 June, 2014	208,000	156,501	364,501
Profit after taxation for the period from 01 July, 2014 to 30 September, 2014	0	21,311	21,311
Surplus on revaluation of property, plant and equipment realised during the period (net of deferred taxation):	0	2,483	2,483
Balance as at 30 September, 2014	208,000	180,295	388,295

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

SALIM SAIFULLAH KHAN
Chief Executive

ASSAD SAIFULLAH KHAN
Director

**NOTES TO AND FORMING PART OF THE
CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER ENDED 30 SEPTEMBER, 2014 (UN-AUDITED)**

1. 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. This condensed interim financial information is un-audited; it has been prepared and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984 and International Accounting Standard (IAS) 34 (Interim Financial Reporting).
3. This condensed interim financial information does not include all the information required for full financial statements and should be read in conjunction with the preceding published annual financial statements of the Company for the year ended 30 June, 2014.
4. The accounting policies and methods of computation of balances adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of the annual published financial statements of the Company for the year ended 30 June, 2014.
5. The significant judgement, estimates and assumptions used by the management in preparation of this condensed interim financial information are the same as those applied to the preceding published annual financial statements of the Company for the year ended 30 June, 2014.

6. **SUB-ORDINATED LOAN** - Unsecured

	(Un-audited) 30 Sep., 2014	(Audited) 30 June, 2014
(Rupees in thousand)		
Sub-ordinated loan	100,000	100,000
Other loan	0	0
	100,000	100,000

The Company and Saif Holdings Ltd. (SHL) entered into a loan agreement on 21 October, 2009, however, the terms of loan agreement are effective from 09 April, 2009.

7. **LONG TERM FINANCING - Secured**

The Bank of Punjab (BoP)		
Term finance - I	37,500	50,000
Term finance - III	135,000	135,000
United Bank Limited (UBL)		
Demand finance	104,234	104,234
	276,734	289,234
Less : current portion grouped under current liabilities	89,292	87,146
	187,442	202,088

8. CONTINGENCIES AND COMMITMENTS

There has been no significant change in the status of contingencies and commitments as reported in the preceding published annual financial statements of the Company for the year ended 30 June, 2014.

9. PROPERTY, PLANT AND EQUIPMENT

	(Un-audited) 30 Sep., 2014	(Audited) 30 June, 2014
Note	(Rupees in thousand)	
Operating fixed assets	1,036,056	1,048,788
Capital work-in-progress	2,670	458
Store held for capital expenditure	10,430	11,156
	<u>1,049,157</u>	<u>1,060,402</u>
9.1 Operating fixed assets - tangible		
Opening book value	1,048,788	814,017
Additions during the period / year:		
Owned:		
- Building	479	24,628
- plant and machinery	3,305	157,087
- Gas power plant	0	103,364
- Electric installation	0	7,583
- equipment & appliances	309	1,368
- furniture & fixtures	60	346
- vehicles	0	3,962
Disposal:	4,153	298,338
- Cost / revaluation surplus	0	(23,618)
- Depreciation	0	18,142
Depreciation charge for the period / year	(16,885)	(58,091)
Closing book value	<u>1,036,056</u>	<u>1,048,788</u>

10. TRANSACTIONS WITH RELATED PARTIES

10.1 Aggregate significant transactions made during the period with the Associated Companies were as follows:

	(Un-audited) July - Sep., 2014	(Un-audited) July - Sep., 2013
	(Rupees in thousand)	
Sale of goods and services	7,510	0
Purchase of goods and services	0	0
Mark-up accrued on loans	3,112	3,997

No other transactions, other than remuneration and benefits to key management personnel under the terms of their employment, were executed with other related parties during the period.

11. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue in the Board of Directors' meeting held on 28 October, 2014.

12. CORRESPONDING FIGURES

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

SALIM SAIFULLAH KHAN
Chief Executive

ASSAD SAIFULLAH KHAN
Director