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COMPANY INFORMATION

BOARD OF DIRECTORS	Javed Saifullah Khan Anwar Saifullah Khan Osman Saifullah Khan Kulsum Saifullah Khan Omar Saifullah Khan Jehangir Saifullah Khan Hoor Yousafzai	- Chairman/Chief Executive
AUDIT COMMITTEE	Osman Saifullah Khan Jehangir Saifullah Khan Hoor Yousafzai	- Chairman - Member - Member
CHIEF FINANCIAL OFFICER	Zaheen-ud-Din Qureshi	
COMPANY SECRETARY	Mumtaz H. Chaudhry	
AUDITORS	Hameed Chaudhri & Co., Chartered Accountants	
LEGAL ADVISORS	Dr. Pervez Hassan Hassan & Hassan, Advocates Abdul Latif Yousafzai, Advocate	
BANKERS	The Bank of Punjab United Bank Limited National Bank of Pakistan Albaraka Islamic Bank First National Bank Modaraba	
HEAD OFFICE	Kulsum Plaza, 4th Floor, 2020 - Blue Area, Islamabad-44000 Phone : (051) 2823924, 2829415 Fax : (051) 2822564 email : ktm@saifgroup.com	
REGISTERED OFFICE	APTMA House, Tehkal Payan, Jamrud Road, Peshawar Phone : (091) 5843870, 5702941 Fax : (091) 5840273 email : peshawar@saifgroup.com	
MILLS	Saifabad, Kohat Phone : (0922) 518615, 518712 Fax : (0922) 512295 email : ktmkht@saifgroup.com	
WEB SITE	www.kohattextile.com	

DIRECTORS' REVIEW REPORT

The un-audited financial statements of the company for the quarter and nine months ended on March 31, 2009 are being presented to you with the following observations.

FINANCIAL HIGHLIGHTS

The Company suffered a gross loss amounting to Rs. 22.431 million as compared to earning a gross profit of Rs. 60.775 million for the corresponding period of last year.

This was primarily due to the depressed economic conditions in the domestic and export textiles market that caused both demand and prices for intermediate and finished goods to fall. Moreover, a number of factors caused an increase in operating costs, including the unprecedented increase in energy costs, higher financing charges resulting from the restrictive monetary policy and consequent rise in KIBOR coupled with an increase in raw material prices despite the sub-par quality of the cotton crop.

The cumulative effect of all these factors resulted in the Company suffering a net loss of Rs. 106.667 million as compared to a net loss of Rs. 32.002 million for the corresponding period of last year.

GENERAL MARKET CONDITIONS

The global financial crisis has badly jolted Pakistan's economy, and the country is going through a severe liquidity crisis. Amongst the major difficulties facing the textile industry are:

- Increase in prices of energy inputs and the shortage of Electricity and Gas in the country, despite significant price reductions in international energy markets.
- Major increase in raw material prices without improvements in crop quality.
- Rising interest rates and financial charges.
- Province wide socio-economic uncertainty.

FUTURE OUTLOOK

Pakistan's industrial sector and specifically the textile sector bears the brunt of the worsening cost competitiveness. In these circumstances, the absence of any significant improvements by the government in the regulatory, infrastructure and operational framework will result in the continued loss of export market share and the deterioration of Pakistan's balance of trade. Measures need to be taken immediately to reduce financial, power and energy costs.

Manufacturers based in the NWFP face the very substantial challenge of the deteriorating law and order situation. This issue has to be tackled on an emergency footing in order to secure the jobs and future opportunities of all the communities dependant on the textile manufacturing sector.

Aware of the responsibility to shareholders and to the local economies that depend upon your Company for their livelihood and wellbeing, your management is dedicated to overcoming the challenges on the road to profitability.

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

Place: Islamabad
Dated: 29 April, 2009

Anwar Saifullah Khan
Director

CONDENSED INTERIM BALANCE SHEET AS AT 31 MARCH, 2009

	Note	(Un-audited) 31 March, 2009	(Audited) 30 June, 2008
(Rupees in thousand)			
EQUITY AND LIABILITIES			
SHARE CAPITAL			
Authorised Capital		220,000	220,000
Issued, subscribed and paid-up		208,000	208,000
ACCUMULATED LOSS			
		(206,179)	(106,553)
		1,821	101,447
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
	6	322,736	264,599
NON-CURRENT LIABILITIES			
Long term financing	7	306,250	250,000
Liabilities against assets subject to finance lease		15,554	32,660
Long term deposits		957	1,526
Deferred liabilities - staff retirement benefits		18,355	20,339
		341,116	304,525
CURRENT LIABILITIES			
Trade and other payables		233,144	71,489
Accrued interest / mark-up		34,533	26,241
Short term finances		395,798	501,734
Current portion of:			
- Long term finances	7	43,750	0
- Liabilities against assets subject to finance lease		30,163	31,403
		737,388	630,867
CONTINGENCIES AND COMMITMENTS			
	8	1,403,061	1,301,438
NON - CURRENT ASSETS			
Property, plant and equipment	9	819,460	752,160
Long term loans		1,177	2,421
Long term deposits		1,137	1,137
Deferred taxation	10	59,647	41,588
		881,421	797,306
CURRENT ASSETS			
Stores, spares and loose tools		24,468	25,356
Stock-in-trade		217,045	188,602
Trade debtors		255,061	267,681
Loans and advances		8,063	2,900
Deposits and short term prepayments		465	844
Other receivables		589	1,448
Taxation - net		1,028	847
Sales tax refundable		14,217	16,397
Cash and bank balances		704	57
		521,640	504,132
		1,403,061	1,301,438

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

These financial statements are not signed by the Chief Executive as he is out of country. This information is disclosed as required under Section 241(2) of the Companies Ordinance, 1984.

Anwar Saifullah Khan
Director

Hoor Yousafzai
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE QUARTER AND NINE MONTHS ENDED ON 31 MARCH, 2009 (UN-AUDITED)

	For the 3rd Quarter		Cumulative	
	Jan. - Mar. 2009	Jan. - Mar. 2008	Jul. 2008 Mar. 2009	Jul. 2007 Mar. 2008
------(Rupees in thousand)-----				
Sales	448,428	232,467	1,010,322	910,722
Cost of sales	453,697	220,041	1,032,753	849,947
Gross (Loss) / Profit	(5,269)	12,426	(22,431)	60,775
Distribution cost	3,320	1,659	7,984	5,864
Administrative Expenses	9,109	9,391	29,860	26,488
	12,429	11,050	37,844	32,352
	(17,698)	1,376	(60,275)	28,423
Other operating income	47	282	525	596
Operating (Loss) / Profit	(17,651)	1,658	(59,750)	29,019
Finance cost	32,489	25,016	99,820	78,583
Loss before taxation	(50,140)	(23,358)	(159,570)	(49,564)
Taxation				
Current	0	1,138	0	4,547
Prior	0	0	252	14
Deferred	(17,488)	(9,356)	(53,155)	(22,123)
	(17,488)	(8,218)	(52,903)	(17,562)
Loss after taxation	(32,652)	(15,140)	(106,667)	(32,002)
Loss per share (Rupees)	(1.57)	(0.73)	(5.13)	(1.54)

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Anwar Saifullah Khan
Director

Hoor Yousafzai
Director

CONDENSED INTERIM CASH FLOW STATEMENT**FOR THE PERIOD OF NINE MONTHS ENDED 31 MARCH, 2009 (UN-AUDITED)**

	Nine Months Ended	
	31 Mar, 2009	31 Mar, 2008
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the period	(159,570)	(49,564)
Adjustments for:		
Depreciation and amortisation	42,451	39,730
Staff retirement benefits (gratuity) - (net)	(1,984)	(190)
Gain on sale of vehicles	(296)	(165)
Finance cost	99,820	76,414
CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES		
-Before working capital changes	(19,579)	66,225
(Increase) / decrease in current assets:		
Stores, spares and loose tools	888	(3,094)
Stock-in-trade	(28,443)	39,750
Trade debtors	12,620	35,262
Loans and advances	(5,163)	(368)
Deposits and prepayments	379	(685)
Sales tax refundable	2,180	(3,766)
Other receivables	859	(431)
Increase / (Decrease) in trade and other payables	161,655	(23,281)
	144,975	43,387
CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		
- After working capital changes	125,396	109,612
Taxes paid	(433)	(5,802)
CASH FLOW FROM OPERATING ACTIVITIES - After taxation	124,963	103,810
Long term loans - net	1,244	(917)
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	126,207	102,893
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(10,401)	(24,928)
Sale proceeds of vehicles	1,220	1,066
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(9,181)	(23,862)
CASH FLOW FROM FINANCING ACTIVITIES		
Demand finances	100,000	0
Long term deposits	(569)	(40)
Lease finance-net	(18,346)	(23,180)
Short term borrowings - net	(105,936)	20,733
Finance cost paid	(91,528)	(66,964)
NET CASH (OUTFLOW) FROM FINANCING ACTIVITIES	(116,379)	(69,451)
NET INCREASE IN CASH AND CASH EQUIVALENTS	647	9,580
CASH AND CASH EQUIVALENTS - At the beginning of the period	57	115
CASH AND CASH EQUIVALENTS - At the end of the period	704	9,695

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

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Anwar Saifullah Khan
Director

Hoor Yousafzai
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD OF NINE MONTHS ENDED 31 MARCH, 2009 (UN-AUDITED)

	Share capital	Accumulated Loss	Total Equity
	(R u p e e s i n t h o u s a n d)		
Balance as at 30 June, 2007	208,000	(54,554)	153,446
Loss after taxation for the period from 01 July, 2007 to 31 March, 2008	0	(32,002)	(32,002)
Transferred from surplus on revaluation of property, plant and equipment account of incremental on account of incremental depreciation for the period from 01 July, 2007 to 31 March, 2008 - net of deferred taxation	0	2,127	2,127
Balance as at 31 March, 2008	208,000	(84,429)	123,571
Loss after taxation for the period from 01 Apr, 2008 to 30 Jun, 2008	0	(23,219)	(23,219)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period from 01 Apr, 2008 to 30 Jun, 2008 - net of deferred taxation	0	1,095	1,095
Balance as at 30 Jun, 2008	208,000	(106,553)	101,447
Loss after taxation for the period from 01 July, 2008 to 31 March, 2009	0	(106,667)	(106,667)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period ended 31 March, 2009 - net of deferred taxation	0	7,041	7,041
Balance as at 31 March, 2009	208,000	(206,179)	1,821

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

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Anwar Saifullah Khan
Director

Hoor Yousafzai
Director

**SELECTED EXPLANATORY NOTES TO THE
CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD OF NINE MONTHS ENDED 31 MARCH, 2009 (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 and is being submitted to the members as required by section 245 of the Companies Ordinance, 1984. The condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard 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, 2008.
4. The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding published annual financial statements of the Company for the year ended 30 June, 2008.

Effective from the current period, owned and leased plant & machinery, diesel generators & fuel reservoir, and gas fired power plant, electric installations and equipments and appliances are also being shown at fair value, based on valuations carried-out with sufficient regularity by external independent Valuers, less subsequent depreciation. Accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

5. The significant judgment, 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, 2008.

6. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

The Company at 31 December, 2008 has revalued operating fixed assets (as detailed in note 4). The revaluation exercise has been carried-out by an independent valuer M/s Indus Surveyors (Pvt) Ltd. to replace the carrying amounts of these assets with their depreciated market values. The period-end balance has been arrived at as follows:

	(Un-audited) 31 March, 2009 (Rupees in thousand)
Balance at beginning of the period	264,599
Add: surplus arisen on revaluation carried-out during the period	100,274
Less: related deferred taxation	35,096
	65,178
Less: transferred to accumulated loss on account of incremental depreciation for the period - net of deferred taxation	7,041
	322,736

		(Un-audited) 31 March, 2009	(Audited) 30 June, 2008
	Note	(Rupees in thousand)	
7. LONG TERM FINANCING - Secured			
The Bank of Punjab (BoP)			
Term finance - I	7.1	250,000	250,000
Term finance - II		100,000	0
		<u>350,000</u>	<u>250,000</u>
Less: Current portion grouped under current liabilities		43,750	0
		<u>306,250</u>	<u>250,000</u>

7.1 BoP, during the current period for balance sheet reprofiling of the Company, has converted short term running finance facility of Rs.100 million into term finance - II facility Term finance - II is repayable in 16 equal quarterly instalments of Rs.6.250 million commencing March, 2010 and is secured against registered first pari passu hypothecation charge on fixed assets of the Company valuing Rs.133.334 million.

8. CONTINGENCIES AND COMMITMENTS

- 8.1 There is no significant change in the status of contingencies as reported in the preceding published annual financial statements of the Company for the year ended 30 June, 2008.
- 8.2 Guarantees issued by commercial banks, on behalf of the Company, in favour of Sui Northern Gas Pipelines Ltd. were outstanding for Rs.11 million (30 June 2008: Rs.11 million).
- 8.3 Commitments for irrevocable letters of credit outstanding as at 31 March, 2009 amounted to Rs.68,867 thousand (30 June, 2008: Rs.55,068 thousand).

9. PROPERTY, PLANT AND EQUIPMENT

Opening book value	752,160	644,698
Additions during the period/year:		
Owened:		
- buildings on freehold land-factory	0	187
- plant & machinery	8,265	9,337
- electric installations	10	0
- equipment & appliances	297	1,556
- furniture & fixtures	54	74
- vehicles	1,775	2,314
Leased:		
- plant & machinery	0	400
- vehicle	0	2,207
	<u>10,401</u>	<u>16,075</u>
Revaluation (deficit)/surplus	(19,197)	91,652
Elimination of accumulated depreciation against gross carrying amount upon revaluation	119,471	53,284
Book value of vehicles disposed-off during the period/year	(924)	(940)
Depreciation / amortisation charge for the period/year	<u>(42,451)</u>	<u>(52,609)</u>
Closing book value	<u>819,460</u>	<u>752,160</u>

10. DEFERRED TAXATION

	(Un-audited) 31 March, 2009	(Audited) 30 June, 2008
Note	(Rupees in thousand)	
Dererred tax asset comprises of temporary differences arising due to:		
Debit balances arising in respect of:		
- Unused tax losses	199,686	147,968
- minimum tax recoverable against normal charge in future years	26,724	26,739
	226,410	174,707
Credit balances arising in respect of:		
- accelerated tax depreciation allowances	(148,701)	(115,232)
- lease finance	(18,062)	(17,887)
	(166,763)	(133,119)
	59,647	41,588

10.1 Deferred tax asset has been recognised based on the projections prepared by the management indicating reasonable probability that taxable profits will be available in the foreseeable future against which the unused tax losses will be utilized.

11. TRANSACTIONS WITH RELATED PARTIES

11.1 Aggregate transactions made during the period / year with Associates were as follows:

	(Un-audited) July - Mar. 2009	(Un-audited) July - Mar. 2008
	(Rupees in thousand)	
- sale of goods and services	151,515	561,806
- purchase of fixed assets	1,265	0
- purchase of goods and services	119,410	123,752

11.2 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.

11.3 Sales, purchases and other transactions with related parties are made at arm's length prices determined in accordance with the comparable uncontrolled price method except for the allocation of expenses relating to combined offices shared with the Associates, which are on the actual basis.

12. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information has been authorised for issue by the Board of Directors' of the Company in its meeting held on 29 April, 2009.

13. GENERAL

- Figures in the condensed interim financial information have been rounded-off to the nearest thousand Rupees except stated otherwise.
- Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison; however, no material rearrangements / reclassification have been made in this condensed financial information.

These financial statements are not signed by the Chief Executive as he is out of country. This information is disclosed as required under Section 241(2) of the Companies Ordinance, 1984.

Anwar Saifullah Khan
Director

Hoor Yousafzai
Director