



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

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COMPANY INFORMATION**BOARD OF DIRECTORS**

Anwar Saifullah Khan - **Chairman**
Osman Saifullah Khan - **Chief Executive**
Kulsum Saifullah Khan
Jehangir Saifullah Khan
Hoor Yousafzai
Assad Saifullah Khan
Asif Saifullah Khan

AUDIT COMMITTEE

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

CHIEF FINANCIAL OFFICER

Zaheen-ud-Din Qureshi

COMPANY SECRETARY

Mumtaz H. Chaudhry

AUDITORS

Hameed Chaudhri & Co.,
Chartered Accountants

LEGAL ADVISOR

Dr. Pervez Hassan
Hassan & Hassan, Advocates
Salahuddin Saif & Aslam
(Attorney's at law)

BANKERS

Albaraka Islamic Bank
First National Bank Modaraba
National Bank of Pakistan
The Bank of Punjab
United Bank Limited

HEAD OFFICE

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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

CYBER

www.kohattextile.com

Director's Review Report

We are pleased to present the un-audited financial statements of your Company for the quarter and nine months ended 31 March, 2011.

OPERATING FINANCIAL RESULTS

During the period under review your Company has continued to remain profitable despite the operational challenges facing it. The Company has earned a profit after tax of Rs.51.771 million as compared to a loss of Rs.30.319 million during the corresponding period of last year. Sales revenue has grown by 55% in comparison to the previous corresponding period. This substantial growth in sales is mainly due to the rise in yarn prices.

The Gross Profit Margin has climbed to 9.5% as compared to 6.40% for the comparable corresponding period. Your Company's Net Profit Margin has improved to 3.05% as compared to a net loss for the previous corresponding period.

This profitability of your Company was brought about by the large rise in sales revenue coupled with the mark-up rate subsidy provided by the Federal Government for the revival of economic life of the Khyber Pakhtunkhwa Province.

FUTURE PROSPECTS

Presently raw material prices both in domestic and international markets are sky high which would have its impact on the profitability of the company in the remaining period of the year. Demand for yarn is also likely to be adversely effected by the recent imposition of the GST regime on this market segment. Your Company continues to face operational challenges in the form of rising fuel and energy costs, elevated interest rates, disruptions in electric supply and the high rate of domestic inflation.

Your Management is determined in maintaining the health and growth of the Company and to generate value for our stockholders.

ACKNOWLEDGEMENT

The Board takes this opportunity to express its appreciation for the dedication of the executive management, staff and workers of your Company.

For and on behalf of the Board

OSMAN SAIFULLAH KHAN
Chief Executive

Dated: 28 April, 2011

**CONDENSED INTERIM BALANCE SHEET
AS AT 31 MARCH, 2011**

	Note	Un-audited 31 Mar., 2011 (Rupees in thousand)	Audited 30 June, 2010
EQUITY AND LIABILITIES			
SHARE CAPITAL			
Authorised Capital		220,000	220,000
Issued, subscribed and paid-up		208,000	208,000
ACCUMULATED LOSS		(137,584)	(195,256)
		70,416	12,744
SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS			
		295,570	301,470
NON-CURRENT LIABILITIES			
Sub-ordinated loan		100,000	100,000
Long term financing		206,250	262,500
Long term deposits		890	1,263
Deferred liability - Staff retirement benefits		28,669	23,906
		335,809	387,669
CURRENT LIABILITIES			
Trade and other payables		379,767	143,645
Accrued interest / mark-up		51,182	46,534
Short term borrowings		423,553	553,799
Current portion of:			
- Long term financing		75,000	81,250
- Liabilities against assets subject to finance lease		1,857	7,971
Taxation		324	0
		931,683	833,199
CONTINGENCIES AND COMMITMENTS	3	1,633,478	1,535,082
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	4	749,786	759,674
Long term loans		1,045	1,275
Long term deposits		1,137	1,137
Deferred taxation	5	66,784	66,784
		818,752	828,870
CURRENT ASSETS			
Stores, spares and loose tools		19,070	20,934
Stock-in-trade		371,364	421,020
Trade debts		397,195	221,283
Loans and advances		4,148	2,552
Deposits and short term prepayments		2,269	998
Mark-up subsidy receivable		7,624	24,859
Other receivables	6	1,075	400
Taxation		0	3,079
Sales tax refundable		10,276	10,512
Cash and bank balances		1,704	575
		814,726	706,212
		1,633,478	1,535,082

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

OSMAN SAIFULLAH KHAN
Chief Executive

HOOR YOUSAFZAI
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE QUARTER AND NINE MONTHS ENDED 31 MARCH, 2011 (UN-AUDITED)**

	For the 3rd Quarter		Cumulative	
	Jan. - Mar. 2011	Jan. - Mar. 2010	July - 2010 Mar. - 2011	July - 2009 Mar. - 2010
	----- (Rupees in thousand) -----			
SALES	602,515	418,373	1,696,013	1,091,324
COST OF SALES	550,636	385,332	1,534,763	1,021,478
GROSS PROFIT	51,878	33,041	161,249	69,846
DISTRIBUTION COST	1,327	1,355	4,142	4,983
ADMINISTRATIVE EXPENSES	8,734	9,217	27,952	28,929
OTHER OPERATING EXPENSES	502	0	3,221	0
OTHER OPERATING INCOME	(146)	(323)	(448)	(323)
	10,417	10,249	34,867	33,589
PROFIT FROM OPERATIONS	41,461	22,792	126,382	36,257
FINANCE COST	16,277	28,291	57,649	87,242
PROFIT/(LOSS) BEFORE TAXATION	25,184	(5,499)	68,733	(50,985)
TAXATION				
Current	6,025	2,095	16,960	5,463
Prior	2	0	2	18
Deferred	0	(2,913)	0	(26,147)
	6,027	(818)	16,962	(20,666)
PROFIT/(LOSS) AFTER TAXATION	19,157	(4,681)	51,771	(30,319)
OTHER COMPREHENSIVE INCOME	0	0	0	0
TOTAL COMPREHENSIVE INCOME/ (LOSS)	19,157	(4,681)	51,771	(30,319)
	----- (Rupees) -----			
EARNINGS / (LOSS) PER SHARE	0.92	(0.23)	2.49	(1.46)

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

OSMAN SAIFULLAH KHAN
Chief Executive

HOOR YOUSAFZAI
Director

CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE PERIOD OF NINE MONTHS ENDED 31 MARCH, 2011 (UN-AUDITED)

	Nine Months ended	
	31, March 2011	31, March 2010
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) for the period - before taxation	68,733	(50,985)
Adjustments for non cash and other charges		
Depreciation and amortisation	31,949	44,988
Staff retirement benefits (gratuity) - net	4,763	6,060
Loss on disposal of operating assets	2,271	0
Finance cost	57,649	87,242
CASH FLOW FROM OPERATING ACTIVITIES	165,366	87,305
- Before working capital changes		
Decrease / (Increase) in current assets:		
Stores, spare parts and loose tools	1,864	(1,466)
Stock-in-trade	49,656	(336,445)
Trade debts	(175,912)	49,071
Loans and advances	(1,596)	(65)
Deposits and short term prepayments	(1,271)	(1,132)
Mark-up subsidy receivable - net	17,235	0
Other receivables	(675)	(1,260)
Sales tax refundable	236	131
Increase in trade and other payables	236,122	116,139
	125,658	(175,027)
CASH INFLOW /(OUTFLOW) FROM OPERATING ACTIVITIES		
-Before taxation	291,024	(87,722)
Income tax paid	(13,559)	(5,822)
CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES		
- After taxation	277,465	(93,544)
Long term loans - net	230	106
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	277,695	(93,438)
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(25,357)	(8,799)
Sale proceeds of vehicles	1,025	0
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(24,332)	(8,799)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing - repaid	(62,500)	(6,250)
Long term deposits	(373)	174
Liabilities against assets subject to finance lease - repaid	(6,114)	(23,114)
Short term borrowings - net	(130,246)	205,230
Finance cost paid	(53,001)	(71,074)
NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES	(252,234)	104,966
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,129	2,729
CASH AND CASH EQUIVALENTS - At the beginning of the period	575	811
CASH AND CASH EQUIVALENTS - At the end of the period	1,704	3,540

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

OSMAN SAIFULLAH KHAN
Chief Executive

HOOR YOUSAFZAI
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD OF NINE MONTHS ENDED 31 MARCH, 2011 (UN-AUDITED)**

	Share Capital	Accmulated Loss	Total equity
	------(Rupees In thousand)-----		
Balance as at 30 June, 2009	208,000	(226,094)	(18,094)
Loss after taxation for the period from 01 July, 2009 to 31 March, 2010	0	(30,319)	(30,319)
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred taxation	0	3,736	3,736
Surplus realised on disposal of revalued fixed assets - net of deferred taxation	0	5,592	5,592
Balance as at 31 March, 2010	208,000	(247,085)	(39,085)
Profit after taxation for the quarter ended 30 June, 2010	0	46,778	46,778
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred taxation	0	5,051	5,051
Balance as at 30 June, 2010	208,000	(195,256)	12,744
Profit after taxation for the period from 01 July, 2010 to 31 March, 2011	0	51,771	51,771
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred taxation	0	5,901	5,901
Balance as at 31 March, 2011	208,000	(137,584)	70,416

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

OSMAN SAIFULLAH KHAN
Chief Executive

HOOR YOUSAFZAI
Director

**NOTES TO AND FORMING PART OF THE
CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD OF NINE MONTHS ENDED 31 MARCH, 2011 (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 of the Company for the Quarter ended 31 March, 2011 is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 (Interim Financial Reporting) and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where the requirements differ, the provisions of or directives issued under the Ordinance have been followed. These are required to be presented to the shareholders under section 245 of the Ordinance.

This condensed interim financial information is un-audited but subject to limited scope review by the Auditors and do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 30 June, 2010.

3. 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, 2010.

4. PROPERTY, PLANT AND EQUIPMENT

		(Un-audited) 31 March, 2011	(Audited) 30 June, 2010
	Note	(Rupees in thousand)	
Operating fixed assets - tangible	4.1	736,089	748,745
Capital work-in-progress - at cost	4.2	5,228	10,316
Stores held for capital expenditure - in transit		8,469	613
		<u>749,786</u>	<u>759,674</u>
4.1 Operating fixed assets			
Opening book value		748,745	792,683
Additions during the period / year:			
Owned:			
- buildings on freehold land:			
- factory		217	4,887
- non-factory		0	3,333
- plant and machinery		8,821	12,451
- gas fired power plant		10,316	0
- equipment & appliances		940	1,024
- furniture & fixtures		34	0
- vehicles		2,261	840
		<u>22,589</u>	<u>22,535</u>
Book value of operating fixed assets disposed-off during the period / year		(3,296)	(23,023)
Depreciation charge for the period / year		(31,949)	(43,450)
Closing book value		<u>736,089</u>	<u>748,745</u>
4.2 Capital work-in-progress			
Residential building		5,228	0
Gas fired power plant		0	10,316
		<u>5,228</u>	<u>10,316</u>

5. DEFERRED TAXATION - Net

- 5.1** The Company's income is exempt from tax for a period of three years under clause 126F of the second schedule to the Income Tax Ordinance, 2001 started from tax year 2010 due to location of mills premises in the most effected area. As of balance sheet date, no adjustment has been reflected in deferred tax asset for the period as taxable profits will not be available during the exempted tax periods against which the unused tax losses will be utilised.
- 5.2** Deferred tax asset, upto financial year ended 30 June, 2010, 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 utilised.

6. MARK-UP SUBSIDY RECEIVABLE

- 6.1** The Federal Government has included the entire Textile Sector of Khyber Pakhtunkhwa in the Prime Minister's Fiscal Relief Package to rehabilitate the economic life in FATA / PATA / Khyber Pakhtunkhwa. The Company, in terms of SMEFD Circular No.11 dated 01 July, 2010 read with SMEFD Circular Letter No.13 of 2010 dated 31 August, 2010 and SMEFD Circular Letter No.01 of 2011 dated 15 January, 2011, is eligible to avail mark-up rate differential on business loans comprising of long term financing and short term borrowings outstanding as at 31 December, 2009.

7. TRANSACTIONS WITH RELATED PARTIES

- 7.1** Aggregate transactions made during the period with the Associated Companies were as follows:

	Un-audited July - Mar. 2011	Un-audited July - Mar. 2010
	(Rupees in thousand)	
- sale of goods and services	0	16,032
- purchase of goods and services	85,672	20,456
- mark-up accrued on:		
- sub-ordinated loan	11,253	10,812
- short term borrowing	601	0

- 7.2** Trade and other payables include due to Associated Companies aggregating Rs.9.94 million (30 June, 2010: Rs.5.720 million).
- 7.3** Short term borrowings include Rs.10 million; a short term loan obtained from Saif Holdings Ltd. (An associated Company).
- 7.4** 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.

8. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue in the Board of Directors' meeting held on 28 April, 2011.

9. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim balance sheet comprise of balances as per the annual audited financial statements of the Company for the year ended 30 June, 2010 and the corresponding figures in the condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity comprise of balances of comparative period as per the condensed interim financial information of the Company. Corresponding figures have been re-arranged, whenever, necessary, for the purpose of comparison. However no significant re-arrangements have been made.

OSMAN SAIFULLAH KHAN
Chief Executive

HOOR YOUSAFZAI
Director