



**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

Noman Ahmad

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 Bank (Pakistan) Limited
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
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REGISTERED OFFICE

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Jamrud Road, Peshawar
Phone : (091) 5843870, 5702941
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E-mail : peshawar@saifgroup.com

MILLS

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

CYBER

www.kohattextile.com

DIRECTORS' REVIEW REPORT

The un-audited financial statements along with our observations on the performance of the company for the First Quarter ended September 30, 2011 are presented to you below.

FINANCIAL HIGHLIGHTS

The major highlights of your Company as compared to the corresponding period of the preceding Financial Year are as follows:

| | Quarter Ended 30 September, 2011 | Quarter Ended 30 September, 2010 |
|-------------------|---|--|
| | (Rupees in thousand) | |
| Sales | 700,668 | 478,189 |
| Gross Profit | 63,787 | 53,252 |
| Operating Profit | 52,039 | 42,189 |
| Finance Cost | 21,071 | 21,432 |
| Profit Before Tax | 30,968 | 20,757 |
| Profit After Tax | 23,951 | 9,728 |
| Earning per share | 1.15 | 0.47 |

Your Company has earned profit during the period under review despite of the fact that spinning sector is facing difficult challenges in the shape of unprecedented prices of raw material and increased cost of utilities.

Sales have grown by 46.25% as compared to last comparable period of previous year. This surge in yarn sales is due to increase in demand of viscose fiber yarns. Gross profit margin has decreased from 11.14% to 9.10% due increase in salaries & wages and hike in power tariff. The Company is still entitled for reduced mark up rate under the Governments' package for KPK which has enabled the company to manage its liquidity position.

FUTURE PROSPECTS

Although it is impossible to divine the future, we expect that market conditions will remain stable in the remaining quarters. Currently, the industry is facing challenges in shape of inflation, unpredictable hike in power tariff coupled with gas and electricity load shedding, prevail economic situation and unprecedented variation in raw material prices. Such factors may affect the profitability of the company in remaining period of this financial year.

Continued domestic uncertainty and the fall out of the war in Afghanistan make the Khyber Pakhtunkhwa Province a very challenging place do business. Given this environment it is very important that the Federal Government extends the tenure of the package announced by the Honorable Prime Minister's for fiscal relief to rehabilitate the economic life in Khyber Pakhtunkhwa, FATA and PATA. Further measures that need to be taken by Government expeditiously include the reduction in input costs including power and energy costs, and better market access for Pakistani exports so that our manufacturing industry can compete globally

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.

ACKNOWLEDGEMENT

The Board is pleased about the loyalty and efforts of the management, staff and workers.

for and on behalf of the Board

Dated: 28 October, 2011

Anwar Saifullah Khan
Chairman / Director

CONDENSED INTERIM BALANCE SHEET
AS AT 30 SEPTEMBER, 2011

| | Note | (Un-audited) 30 Sep., 2011 | (Audited) 30 June, 2011 |
|--|------|----------------------------------|-------------------------------|
| (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 | | (155,167) | (180,957) |
| | | 52,833 | 27,043 |
| SURPLUS ON REVALUATION OF OPERATING | | | |
| FIXED ASSETS | | 291,765 | 293,604 |
| NON-CURRENT LIABILITIES | | | |
| Loan from an associated company | 6 | 180,000 | 160,000 |
| Long term financing | 7 | 175,000 | 187,500 |
| Long term deposits | | 1,031 | 952 |
| Deferred liability - Staff retirement benefits | | 30,747 | 28,310 |
| | | 386,778 | 376,762 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 105,732 | 165,257 |
| Accrued interest / mark-up | | 61,374 | 57,121 |
| Short term borrowings | | 345,851 | 517,319 |
| Current portion of long term financing | 7 | 75,000 | 75,000 |
| Taxation | | 4,800 | 0 |
| | | 592,757 | 814,697 |
| CONTINGENCIES AND COMMITMENTS | 8 | 1,324,133 | 1,512,106 |
| ASSETS | | | |
| NON - CURRENT ASSETS | | | |
| Property, plant and equipment | 9 | 715,209 | 727,438 |
| Long term loans | | 1,239 | 1,016 |
| Long term deposits | | 1,137 | 1,137 |
| Deferred taxation | | 66,784 | 66,784 |
| | | 784,369 | 796,375 |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | | 20,391 | 20,555 |
| Stock-in-trade | | 332,577 | 442,184 |
| Trade debts | | 157,363 | 216,050 |
| Loans and advances | | 4,897 | 5,367 |
| Deposits and short term prepayments | | 3,635 | 1,672 |
| Mark-up subsidy rceivable | | 6,888 | 15,301 |
| Other rceivables | | 1,651 | 3,478 |
| Taxation | | 0 | 1,925 |
| Sales tax refundable | | 11,870 | 8,722 |
| Cash and bank balances | | 492 | 477 |
| | | 539,764 | 715,731 |
| | | 1,324,133 | 1,512,106 |

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

OSMAN SAIFULLAH KHAN
Chief Executive

JEHANGIR SAIFULLAH KHAN
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED 30 SEPTEMBER, 2011 (UN-AUDITED)**

| | Jul - Sep., 2011 | Jul - Sep., 2010 |
|--|-----------------------------|-----------------------------|
| | (Rupees in thousand) | |
| SALES | 700,668 | 478,189 |
| COST OF SALES | 636,881 | 424,937 |
| GROSS PROFIT | 63,787 | 53,252 |
| DISTRIBUTION COST | 1,789 | 1,445 |
| ADMINISTRATIVE EXPENSES | 10,334 | 9,623 |
| OTHER OPERATING EXPENSE | 390 | 145 |
| OTHER OPERATING INCOME | (755) | (194) |
| | 11,758 | 11,019 |
| OPERATING PROFIT | 52,029 | 42,233 |
| FINANCE COST | 21,071 | 21,476 |
| PROFIT BEFORE TAXATION | 30,958 | 20,757 |
| TAXATION | | |
| Current | 7,007 | 4,782 |
| Deferred | 0 | 6,248 |
| | 7,007 | 11,030 |
| PROFIT AFTER TAXATION | 23,951 | 9,727 |
| OTHER COMPREHENSIVE INCOME | 0 | 0 |
| TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD | 23,951 | 9,727 |
| EARNING PER SHARE | 1.15 | 0.47 |

Rupee

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

OSMAN SAIFULLAH KHAN
Chief Executive

JEHANGIR SAIFULLAH KHAN
Director

**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE QUARTER ENDED 30 SEPTEMBER, 2011 (UN-AUDITED)**

| | 30 Sep., 2011 | 30 Sep., 2010 |
|---|----------------------|------------------|
| | (Rupees in thousand) | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit for the period - before taxation | 30,958 | 20,757 |
| Adjustments for non cash and other charges: | | |
| Depreciation and amortisation | 11,439 | 10,247 |
| Staff retirement benefits gratuity - (net) | 2,437 | 2,339 |
| Gain on disposal of operating fixed assets | (755) | (194) |
| Finance cost (excluding bank charges and subsidy) | 21,071 | 21,237 |
| CASH INFLOW FROM OPERATING ACTIVITIES | 65,150 | 54,386 |
| - Before working capital changes | | |
| (Increase) / decrease in current assets: | | |
| Stores, spare parts and loose tools | 164 | (32) |
| Stock-in-trade | 109,607 | 5,257 |
| Trade debts | 58,687 | 27,090 |
| Loans and advances | 470 | (551) |
| Deposits and short term prepayments | (1,963) | (1,881) |
| Mark-up subsidy receivables - (net) | 8,413 | 12,282 |
| Other receivables | 1,827 | (1,088) |
| Sales tax refundable | (3,148) | (64) |
| Decrease in trade and other payables | (59,525) | (40,767) |
| | 114,532 | 246 |
| CASH INFLOW FROM OPERATING ACTIVITIES | 179,682 | 54,632 |
| - After working capital changes | | |
| Income taxes paid | (282) | (1,292) |
| CASH INFLOW FROM OPERATING ACTIVITIES - After taxation | 179,400 | 53,340 |
| Long term loans - net | (223) | 60 |
| NET CASH INFLOW FROM OPERATING ACTIVITIES | 179,177 | 53,400 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Additions to property, plant and equipment | 545 | (9,895) |
| Sale proceeds of vehicles | 1,000 | 600 |
| NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES | 1,545 | (9,295) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Long term loan obtained from Associated Company | 20,000 | 0 |
| Long term financing -net | (12,500) | (25,000) |
| Long term deposits | 79 | (3,914) |
| Liabilities against assets subject to finance lease-net | 0 | (528) |
| Short term borrowings - net | (171,468) | 9,332 |
| Finance cost paid | (16,818) | (21,560) |
| NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES | (180,707) | (41,670) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 15 | 2,435 |
| CASH AND CASH EQUIVALENTS - At the beginning of the period | 477 | 575 |
| CASH AND CASH EQUIVALENTS - At the end of the period | 492 | 3,010 |

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

OSMAN SAIFULLAH KHAN
Chief Executive

JEHANGIR SAIFULLAH KHAN
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER, 2011 (UN-AUDITED)**

| | Share Capital | Accmulated Loss | Total equity |
|---|---------------------------------|--------------------|-----------------|
| | ------(Rupees In thousand)----- | | |
| Balance as at 30 June, 2010 | 208,000 | (195,256) | 12,744 |
| Profit after taxation for the period ended 30 September, 2010 | 0 | 9,727 | 9,727 |
| Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation for the period - net of deferred taxation | 0 | 1,967 | 1,967 |
| Balance as at 30 September, 2010 | 208,000 | (183,562) | 24,438 |
| Profit after taxation for the period | 0 | (3,294) | (3,294) |
| Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation for the period - net of deferred taxation | 0 | 5,899 | 5,899 |
| Balance as at 30 June, 2011 | 208,000 | (180,957) | 27,043 |
| Profit after taxation for the period | 0 | 23,951 | 23,951 |
| Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation for the period - net of deferred taxation | 0 | 1,839 | 1,839 |
| Balance as at 30 September, 2011 | 208,000 | (155,167) | 52,833 |

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

OSMAN SAIFULLAH KHAN
Chief Executive

JEHANGIR SAIFULLAH KHAN
Director

**NOTES TO AND FORMING PART OF THE
CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER ENDED 30 SEPTEMBER, 2011 (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, 2011.
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, 2011.
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, 2011.

| | | |
|--|-----------------------------|------------------|
| 6. SUB-ORDINATED LOAN - Unsecured | (Un-audited) | (Audited) |
| | 30 Sep., | 30 June, |
| | 2011 | 2011 |
| | (Rupees in thousand) | |
| Sub-ordinated loan | 100,000 | 100,000 |
| Other loan | 60,000 | 0 |
| | 160,000 | 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 | 187,500 | 200,000 |
| Term finance - II | 62,500 | 62,500 |
| | 250,000 | 262,500 |
| Less : current portion grouped under current liabilities | 75,000 | 75,000 |
| | 175,000 | 187,500 |

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, 2011.

| 9. PROPERTY, PLANT AND EQUIPMENT | Note | (Un-audited) 30 Sep., 2011 | (Audited) 30 June, 2011 |
|---|------|----------------------------------|-------------------------------|
| (Rupees in thousand) | | | |
| Operating fixed assets | 9.1 | 715,209 | 726,104 |
| Capital work-in-progress | | 0 | 584 |
| Store held for capital expenditure | | 0 | 750 |
| | | 715,209 | 727,438 |
| 9.1 Operating fixed assets - tangible | | | |
| Opening book value | | 726,104 | 748,744 |
| Additions during the period / year: | | | |
| Owned: | | | |
| - Building | | 0 | 7,486 |
| - plant and machinery | | 61 | 22,116 |
| - gas fired power plant | | 0 | 10,316 |
| - equipment & appliances | | 78 | 1,976 |
| - furniture & fixtures | | 33 | 378 |
| - vehicles | | 617 | 2,262 |
| Disposal: | | | |
| - Cost / revaluation surplus | | (1,540) | 44,534 |
| - Depreciation | | 1,295 | (48,363) |
| Depreciation charge for the period / year | | (11,439) | 25,272 |
| Closing book value | | 715,209 | 726,104 |

10. TRANSACTIONS WITH RELATED PARTIES

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

| | (Un-audited) 30 Sep., 2011 | (Audited) 30 June, 2011 |
|--------------------------------|----------------------------------|-------------------------------|
| (Rupees in thousand) | | |
| Sale of goods and services | 35,948 | 8 |
| Purchase of goods and services | 0 | 24,595 |
| Mark-up accrued on loans | 6,137 | 3,668 |

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, 2011.

12. GENERAL

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

OSMAN SAIFULLAH KHAN
Chief Executive

JEHANGIR SAIFULLAH KHAN
Director

