



Saif Group

# Kohat Textile Mills Limited



Half-Yearly Report  
(Reviewed)  
31 December, 2018



# Contents

---

02	Corporate Information
03	Directors' Report to the Members
05	Independent Auditor's review Report to the Members on Condensed Interim Financial Information
06	Condensed Interim Statement of Financial Position
07	Condensed Interim Statement of Profit or loss and other Comprehensive Income
08	Condensed Interim Statement of Cash Flow
09	Condensed Interim Statement of Changes in Equity
10	Notes to the Condensed Interim Financial Statement

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Osman Saifullah Khan (Chairman)  
Assad Saifullah Khan (Chief Executive Officer)  
Hoor Yousafzai  
Jehangir Saifullah Khan  
Abdul Rehman Qureshi  
Rana Muhammad Shafi  
Zaheen Ud Din Qureshi

## AUDIT COMMITTEE

Abdul Rehman Qureshi (Chairman)  
Hoor Yousafzai  
Jehangir Saifullah Khan

## HR & REMUNERATION COMMITTEE

Abdul Rehman Qureshi (Chairman)  
Assad Saifullah Khan  
Hoor Yousafzai

## CHIEF FINANCIAL OFFICER

Nouman Ahmad

## COMPANY SECRETARY

Saad Gul Karori

## HEAD OF INTERNAL AUDIT

Meesam Habib Butt

## AUDITORS

Shinewing Hameed Chaudhri & Co.,  
Chartered Accountants

## LEGAL ADVISORS

Salahuddin Saif & Aslam  
(Attorneys at Law)

## BANKERS

Askari Bank Limited  
Dubai Islamic Bank  
Meezan Bank Limited  
National Bank of Pakistan  
Soneri Bank Limited  
The Bank of Punjab  
The Bank of Khyber  
United Bank Limited

## HEAD OFFICE

3rd Floor, City Center, Plot No. 40,  
Main Bank Road, Saddar,  
Rawalpindi  
Phone : (051) 5700824-8  
Fax : (051) 5700829  
email : ktm@saifgroup.com

## REGISTERED OFFICE

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

## SHARE REGISTRAR

Hameed Majeed Associates (Pvt.) Ltd.,  
HM House, 7-Bank Square, Lahore  
Phone : +92-42-37235081  
+92-42-37325082  
Fax : +92-42-37358817  
email : info@hmaconsultants.com

## MILLS SAIFABAD, KOHAT

Phone : (0922) 862309,  
862065, 862091  
Fax : (0922) 862057-58  
email : ktmkht@saifgroup.com

## WEB SITE

www.kohattextile.com

# DIRECTORS' REVIEW REPORT TO THE MEMBERS

## Dear Members,

The Directors of your Company take pleasure in presenting before you the financial information of the Company for the first half year ended December 31, 2018, duly reviewed by the statutory auditors.

## Financial highlights

During the period under review, your Company recorded turnover of Rs.1.3 billion against Rs.1.0 billion for the same period last year. The gross margin increased to 10% from 9% in the corresponding period last year.

Your Company posted a pretax profit of Rs.41 million- twice more than that of same period last year. The profitability of the company was impacted during last two months of reporting period where we witnessed a slowdown in yarn demand.

## Future outlook

The new Government is trying to reduce the cost of doing business of textile industry. We are also hopeful that synthetic fiber yarn prices will keep pace with the rising raw material costs. We expect next quarter to be better than second quarter of period under review.

## Acknowledgement

The Board records its appreciation of the performance of the Company's workers, staff and executives. Also, the Board appreciates for the support of our bankers and our valued customers. We look forward to the same dedication and cooperation in the days ahead.

## For and on Behalf of the Board



**ASSAD SAIFULLAH KHAN**  
Chief Executive Officer



**ZAHEEN UD DIN QURESHI**  
Director

Place : Islamabad  
Dated : February 26, 2019

# ڈائریکٹرز کی جائزہ رپورٹ برائے ممبران

محترم ممبران

آپ کی کمپنی کے ڈائریکٹرز کیلئے یہ بات خوشی کا باعث ہے کہ وہ ششماہی اختتامی دسمبر 31، 2018 کی مالیاتی رپورٹ پیش کر رہے ہیں جس کا قانونی آڈیٹر نے باقاعدہ جائزہ لیا ہے۔

مالیاتی سرخیاں

ششماہی مہینے کی زیر جائزہ مدت کے دوران، آپ کی کمپنی کی فروخت 1.3 بلین روپے رہی برعکس گزشتہ سال جو کہ 1 بلین روپے رہی تھی۔ مجموعی منافع کی شرح گزشتہ سال کے 9 فیصد سے بڑھ کر 10 فیصد رہی۔

آپ کی کمپنی نے ٹیکس کی کٹوتی سے قبل منافع 41 بلین روپے کمایا جو کہ گزشتہ سال کے مقابل دو گنا ہے۔ کمپنی کا منافع زیر جائزہ ششماہی مہینوں کی مدت کے آخری دو ماہ میں دھاگے کی مانگ میں کمی کی وجہ سے سست روی کا شکار ہوا۔

مستقبل کا نقطہ نظر

نئی حکومت ٹیکسٹائل کی صنعت کے کاروباری لاگت میں کمی کی کوشش کر رہی ہے۔ ہم امید کرتے ہیں کہ مصنوعی دھاگے کی قیمتیں خام مال کی قیمتوں میں اضافے کے ساتھ بڑھیں گی۔ ہمیں توقع ہے کہ اگلے سہ ماہی کے نتائج گزشتہ سہ ماہی کے نتائج سے بہتر ہوں گے۔

انہماز تھکر

بورڈ معزز کا رکنان، سٹاف اور ایگزیکٹوز کی کارکردگی پر ان کو خراج تحسین پیش کرتا ہے۔ مزید برآں بورڈ ہمارے بینکرز اور معزز گاہکوں کے تعاون کا شکر گزار ہے۔ ہم آئندہ آنے والے دنوں میں اسی لگن اور تعاون کی امید کرتے ہیں۔

منجانب بورڈ ہذا



ڈین الدین قریشی  
ڈائریکٹر



اسد سیف اللہ خان  
چیف ایگزیکٹو آفیسر

مقام: اسلام آباد

تاریخ: 26 فروری 2018

# INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS ON CONDENSED INTERIM FINANCIAL INFORMATION

## Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Kohat Textile Mills Limited** (the Company) as at December 31, 2018 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six months period then ended (herein-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2018.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

## Emphasis of Matter

Without qualifying our conclusion, we draw your attention to the note 7.1.2 to the interim financial statements, which describes the matter regarding non-provisioning of Gas Infrastructure Development Cess aggregating Rs.477.280 million.

The engagement partner on the review resulting in this independent auditors' review report is Mr. Nafees ud din.

*ShineWing Hameed Chaudhri & Co.*

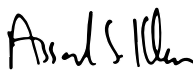
**SHINEWING HAMEED CHAUDHRI & CO.,**  
**CHARTERED ACCOUNTANTS**  
**LAHORE: February 26, 2019**

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	Note	Un-audited 31 December, 2018 (Rupees in thousand)	Audited 30 June, 2018
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	1,472,371	1,474,298
Intangible assets		1,707	2,061
Long term loans		1,659	2,051
Long term deposits		1,137	1,137
		<b>1,476,874</b>	<b>1,479,547</b>
<b>Current Assets</b>			
Stores, spare parts and loose tools		34,328	35,476
Stock-in-trade		528,930	482,571
Trade debts		269,960	335,508
Loans and advances		5,570	9,133
Deposits, other receivables and prepayments		16,203	17,351
Taxation - net		73,464	64,299
Sales tax refundable		28,145	22,994
Cash and bank balances		9,381	9,066
		<b>965,981</b>	<b>976,398</b>
		<b>2,442,855</b>	<b>2,455,945</b>
<b>Equity and Liabilities</b>			
<b>Share Capital and Reserves</b>			
<b>Authorized capital</b>			
22,000,000 ordinary shares of Rs.10 each		220,000	220,000
Issued, subscribed and paid up capital		208,000	208,000
Revenue reserve			
- Unappropriated profit		210,894	181,864
Capital reserve			
- Surplus on revaluation of Property, Plant and Equipment		431,232	438,263
		<b>850,126</b>	<b>828,127</b>
<b>Non-Current Liabilities</b>			
Loan from the Holding Company		100,000	100,000
Long term financing		217,489	198,749
Long term deposits		3,286	3,066
Liability against asset subject to finance lease		2,960	3,379
Deferred liability - staff retirement benefits		117,037	108,126
Deferred taxation - net		141,333	138,369
		<b>582,105</b>	<b>551,689</b>
<b>Current Liabilities</b>			
Trade and other payables		173,274	300,251
Contract liabilities		9,801	5,006
Accrued interest / mark-up		21,968	15,346
Short term borrowings		718,400	688,336
Current portion of non-current liabilities		83,352	63,456
Unclaimed dividend		3,829	3,734
		<b>1,010,624</b>	<b>1,076,129</b>
<b>Contingencies and commitments</b>	7		
		<b>2,442,855</b>	<b>2,455,945</b>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.



ASSAD SAIFULLAH KHAN  
Chief Executive Officer



ZAHEEN UD DIN QURESHI  
Director



NOUMAN AHMAD  
Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME(UN-AUDITED)

FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

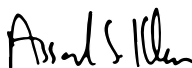
		Quarter ended		Six months period ended	
		31 Dec., 2018	31 Dec., 2017	31 Dec., 2018	31 Dec., 2017
Note		(Rupees in thousand)			
Sales - net	8	745,649	531,021	1,341,200	994,405
Cost of sales		(687,163)	(482,668)	(1,208,772)	(907,398)
<b>Gross profit</b>		58,486	48,353	132,428	87,007
Distribution cost		(6,690)	(3,325)	(10,607)	(7,824)
Administrative expenses		(16,548)	(14,352)	(32,121)	(30,314)
Other expenses		(2,546)	(1,693)	(5,211)	(2,593)
Other income		439	91	439	91
<b>Profit from operations</b>		33,141	29,074	84,928	46,367
Finance cost		(26,115)	(16,018)	(44,365)	(30,506)
<b>Profit before taxation</b>		7,026	13,056	40,563	15,861
Taxation	9	(16,012)	(42,393)	(2,964)	(43,093)
<b>(Loss) / profit before taxation</b>		(8,986)	(29,337)	37,599	(27,232)
Other comprehensive income		-	-	-	-
<b>Total comprehensive (loss) / income</b>		(8,986)	(29,337)	37,599	(27,232)

----- Rupees -----

## (Loss) / profit per share

- basic and diluted	(0.43)	(1.41)	1.81	(1.31)
---------------------	--------	--------	------	--------

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.



ASSAD SAIFULLAH KHAN  
Chief Executive Officer



ZAHEEN UD DIN QURESHI  
Director



NOUMAN AHMAD  
Chief Financial Officer

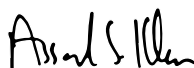


# CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

	Six months period ended	
	31 December, 2018	31 December, 2017
	(Rupees in thousand)	
<b>Cash flows from operating activities</b>		
Profit for the period - before taxation	40,563	15,861
Adjustments for non-cash charges and other items:		
Depreciation	34,304	30,959
Amortisation	354	353
Staff retirement benefits - gratuity (net)	8,911	5,928
Loss / (gain) on sale of operating fixed assets	786	(91)
Finance cost	44,365	30,506
<b>Profit before working capital changes</b>	<b>129,283</b>	<b>83,516</b>
<b>Effect on cash flows due to working capital changes</b>		
<b>(Increase) / decrease in current assets:</b>		
Stores, spare parts and loose tools	1,148	(1,998)
Stock-in-trade	(46,359)	37,388
Trade debts	65,548	40,105
Loans and advances	3,563	6,105
Deposits, other receivables and prepayments	1,148	2,707
Sales tax refundable	(5,151)	12,518
<b>Increase / (decrease) in current liabilities:</b>		
Trade and other payables	(126,977)	(177,719)
Contract liabilities	4,795	-
	<b>(102,285)</b>	<b>(80,894)</b>
<b>Cash generated from operations</b>	<b>26,998</b>	<b>2,622</b>
Income taxes paid	(9,165)	(7,419)
Long term loans - net	392	274
<b>Net cash generated from / (used in) operating activities</b>	<b>18,225</b>	<b>(4,523)</b>
<b>Cash flow from investing activities</b>		
Additions in property, plant and equipment	(34,473)	(51,687)
Sale proceeds of operating fixed assets	1,310	1,250
<b>Net cash used in investing activities</b>	<b>(33,163)</b>	<b>(50,437)</b>
<b>Cash flows from financing activities</b>		
Long term financing - obtained	66,654	1,815
- repaid	(28,029)	(53,029)
Liability against asset subject to finance lease	(408)	1,624
Long term deposits	220	375
Short term borrowings - net	30,064	161,704
Dividend paid	(15,505)	(20,665)
Finance cost paid	(37,743)	(32,005)
<b>Net cash generated from financing activities</b>	<b>15,253</b>	<b>59,819</b>
<b>Net increase in cash and cash equivalents</b>	<b>315</b>	<b>4,859</b>
<b>Cash and cash equivalents - at beginning of the period</b>	<b>9,066</b>	<b>4,839</b>
<b>Cash and cash equivalents - at end of the period</b>	<b>9,381</b>	<b>9,698</b>


The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.



ASSAD SAIFULLAH KHAN  
Chief Executive Officer



ZAHEEN UD DIN QURESHI  
Director



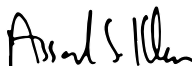
NOUMAN AHMAD  
Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER, 2018

	Share capital	Revenue reserves Unappropriated profit	Capital reserve Revaluation surplus on property, plant and equipment	Total
(Rupees in thousand)				
Balance as at July 01, 2017	208,000	182,992	449,723	840,715
<b>Transaction with owners</b>				
Cash dividend for the year ended June 30, 2017 at the rate of Re.1.00 per share	-	(20,800)	-	(20,800)
<b>Total comprehensive loss for the six months period ended December 31, 2017</b>	-	(27,232)	-	(27,232)
Surplus on revaluation of property, plant and equipment for the six months realised during the period on account of incremental depreciation for the period - net of deferred taxation	-	7,314	(7,314)	-
<b>Balance as at December 31, 2017</b>	<b>208,000</b>	<b>142,274</b>	<b>442,409</b>	<b>792,683</b>
Balance as at July 01, 2018	208,000	181,864	438,263	828,127
<b>Transaction with owners</b>				
Cash dividend for the year ended June 30, 2018 at the rate of Re.0.75 per share	-	(15,600)	-	(15,600)
<b>Total comprehensive income for the six months period ended December 31, 2018</b>	-	37,599	-	37,599
Surplus on revaluation of property, plant and equipment for the six months realised during the period (net of deferred taxation):				
- on account of incremental depreciation	-	6,997	(6,997)	-
- upon sale of revalued assets	-	34	(34)	-
<b>Balance as at December 31, 2018</b>	<b>208,000</b>	<b>210,894</b>	<b>431,232</b>	<b>850,126</b>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.



ASSAD SAIFULLAH KHAN  
Chief Executive Officer



ZAHEEN UD DIN QURESHI  
Director



NOUMAN AHMAD  
Chief Financial Officer

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

## 1. LEGAL STATUS AND NATURE OF BUSINESS

Kohat Textile Mills Limited (the Company) is a public limited Company incorporated in Pakistan during the year 1967 and its shares are quoted on Pakistan Stock Exchange Limited. The Company is principally engaged in manufacture and sale of yarn.

### 1.1 Geographical location and addresses of major business units including mills / plant of the Company are as under:

<b>Kohat</b>	<b>Purpose</b>
Saifabad	Mills / factory
<b>Peshawar</b>	
APTMA House, Tehkal Payan, Jamrud Road	Registered office
<b>Rawalpindi</b>	
City centre, Main Bank Road, Saddar Cantt	Head office
<b>Karachi</b>	
2nd Floor, The Plaza, Block-9, Clifton	Marketing office

### 1.2 The Company is a Subsidiary Company of Saif Holding Limited (the Holding Company) as 77.98% (2018: 77.98%) of the Company's issued, subscribed and paid-up capital is held by the Holding Company.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Statement of compliance

#### 2.1.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard ('IAS') 34, 'Interim Financial Reporting', issued by International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017, and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

#### 2.1.2 These condensed interim financial statements does not include all the information and disclosures as required in an annual audited financial statements, and these should be read in conjunction with the Company's annual audited financial statements for the

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

year ended June 30, 2018. These condensed interim financial statements are being submitted to the shareholders as required by the section 237 of the Companies Act, 2017.

**2.2** New standards, amendments to approved accounting standards and interpretations that are effective during the period and are relevant to the Company

**2.2.1** During the period, the Company has adopted following new standards / interpretations:

- IFRS 15, 'Revenue from contracts with customers' which is effective for the annual period beginning on July 01, 2018. IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.
- IFRS 9, 'Financial Instruments' which is effective for the annual period beginning on July 01, 2018. IFRS 9 sets out requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today.

## **2.3 Accounting policies**

All the accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2018, except for the change specified in note 3 below.

## **3. CHANGE IN ACCOUNTING POLICY**

### **3.1 IFRS 15 'Revenue from Contracts with Customers'**

**3.1.1** Following the application of IFRS 15, the Company policy for revenue recognition under different contracts with customers stands amended as follows:

#### **Sale of goods**

The Company sold its products in separately identifiable contracts. The contracts entered into with the customers generally includes one performance obligation i.e. the provision of goods to the customer.

Revenue from local sale of goods is recognised when the Company satisfies a performance obligation under a contract by transferring promised goods to the customer. Goods are considered to be transferred at the point in time when the customer obtains control over the goods (i.e. on dispatch of goods from the mills to the customer). Revenue from the export sale of goods is recognised at the point in

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

time when the customer obtains control over the goods dependent on the relevant incoterms of shipment. Generally it is on the date of bill of lading or at the time of delivery of goods to the destination port.

## 3.1.2 Effect of change in accounting policy

- The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entity to recognise the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of unappropriated profit in the period of initial application. The above mentioned revised policy do not have any significant impact on these condensed interim financial statements as the revised policy do not have an impact on the timing or the amount of revenue recognition from the contracts with customers.
- The adoption of IFRS 15 also resulted in reclassification of "Advances payments from customers", previously grouped under trade and other payables, to the statement financial position as 'Contract liabilities'. The affect of which is presented below:

	As previously reported	Re-statement	As restated
	----- Rupees in '000 -----		
<b>As at June 30, 2018</b>			
<b>Effect on statement of financial position</b>			
Trade and other payable	305,257	(5,006)	300,251
Contract liabilities	-	5,006	5,006
<b>As at July 01, 2017</b>			
Trade and other payable	347,172	(1,023)	346,149
Contract liabilities	-	1,023	1,023

## 3.2 IFRS 9 'Financial Instruments'

The Company has adopted IFRS 9 and has amended its accountings policies accordingly; however, the changes laid down by the standard do not have any significant impact on these condensed interim financial statements of the Company.

## 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to the financial statements as at and for the year ended June 30, 2018.

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

## 5. PROPERTY, PLANT AND EQUIPMENT

		Un-audited 31 December, 2018 (Rupees in thousand)	Audited 30 June, 2018
	<b>Note</b>		
Operating fixed assets - tangible	5.1	<b>1,452,882</b>	1,227,789
Capital work-in-progress		<b>3,067</b>	202,928
Stores held for capital expenditure		<b>16,422</b>	43,581
		<b>1,472,371</b>	1,474,298
<b>5.1 Operating fixed assets - tangible</b>			
Book value at beginning of the period / year		<b>1,227,789</b>	1,232,881
Additions during the period / year	5.1.1	<b>261,493</b>	60,546
Disposals costing Rs.3.725 million (June 30, 2018: Rs.19.956 million) - at net book value		<b>(2,096)</b>	(3,166)
Depreciation charge for the period / year		<b>(34,304)</b>	(62,472)
Book value at end of the period / year		<b>1,452,882</b>	1,227,789
<b>5.1.1 Additions during the period / year:</b>			
Freehold land		-	20,000
Buildings on freehold land			
- factory		<b>16,477</b>	1,967
- residential		<b>564</b>	-
Plant & machinery	5.1.2	<b>219,926</b>	28,955
Gas fired power plant		<b>21,131</b>	-
Electric installations		<b>938</b>	146
Equipment & appliances		<b>2,046</b>	4,403
Fire extinguishing equipment		<b>100</b>	-
Furniture & fixtures		<b>311</b>	2,196
Vehicles - leased		-	2,879
		<b>261,493</b>	60,546

**5.1.2** Borrowing cost at the rate of 8.14% (June 30, 2018: 7.31%) per annum amounting Rs.4.096 million (June 30, 2018: Rs.3.037 million) has been included in the cost of plant and machinery.

## 6. SHORT TERM BORROWINGS

Short term finance facilities available from various commercial banks aggregate to Rs.1,075 million (June 30, 2018: Rs.1,050 million). These facilities, during the current period, carried mark-up / profit at the rates ranging from 6.49% to 11.40% (June 30, 2018: 3.40% to 8.03%) per annum payable on quarterly basis.

Facilities available for opening letters of credit / guarantee from various commercial banks aggregate to Rs.670.000 million (2018: Rs.670.000 million) of which the amounts aggregating Rs.514.334 million (2018: Rs.385.330 million) remained unutilized at the reporting date. The aggregate facilities are secured against pledge of raw materials & finished goods, charge on fixed and current assets of the Company, lien on documents of title to imported goods. These facilities are expiring on various dates by October, 2019.

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

## 7. CONTINGENCIES AND COMMITMENTS

### 7.1 Contingencies

**7.1.1** Guarantees aggregating Rs.78.962 million (June 30, 2018: Rs.78.962 million) have been issued by the banks of the Company to Sui Northern Gas Pipeline Limited and Excise and Taxation Department, Karachi. These guarantees are secured against pari passu charge over the Company's fixed and current assets.

**7.1.2** The Company had challenged the levy of Gas Infrastructure Development Cess (GIDC) by filing a petition before the Peshawar High Court, Peshawar (PHC). GIDC was levied on supply of natural gas under the GIDC Act, 2011. Constitutionality of the said Act was challenged before the PHC, which had declared the same as constitutional. The order of the PHC was assailed before the Supreme Court of Pakistan (SCP), which met the same fate there. After enactment of the GIDC Act, 2015, it was challenged before the PHC, which dismissed the said petition. The Company, thereafter, has filed a petition before the SCP, which is pending adjudication.

Sui Northern Gas Pipelines Ltd., along with gas bill for the month of December, 2018, has raised GIDC demands aggregating Rs.477.280 million (June 30, 2018: Rs.417.356 million), which are payable in case of an adverse judgment by the SCP. No provision with respect to these GIDC demands has been made in the books of account as the management expects a favourable judgment by the SCP due to meritorious legal grounds.

### 7.2 Commitments

- letters of credit for purchase of raw materials and stores, spare parts & chemicals

**Un-audited**  
**31 December,**  
**2018**  
(Rupees in thousand)

**Audited**  
**30 June,**  
**2018**

**15,828**

-

## 8. SALES - Net

**8.1** Detail of the Company's revenue from contracts with customers is as follows:

	<b>Quarter ended</b>		<b>Six months period ended</b>	
	<b>31 Dec., 2018</b>	<b>31 Dec., 2017</b>	<b>31 Dec., 2018</b>	<b>31 Dec., 2017</b>
	(Rupees in thousand)			
<b>Own manufactured goods:</b>				
- yarn	<b>741,673</b>	531,021	<b>1,334,940</b>	982,468
- waste	<b>3,976</b>	-	<b>6,260</b>	5,671
	<b>745,649</b>	531,021	<b>1,341,200</b>	988,139
<b>Trading activities:</b>				
- raw materials	-	-	-	6,266
	<b>745,649</b>	531,021	<b>1,341,200</b>	994,405

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

- 8.2** All the contacts were with the local customers under one performance obligation and the revenue has been recognised at the point in time when the goods have been transferred to the customers.

## 9. TAXATION - net

No provision for current tax expense has been made in these condensed interim financial statements due to availability of tax credit under section 65B of the Income Tax Ordinance, 2001.

## 10. TRANSACTIONS WITH RELATED PARTIES

- 10.1** Significant transactions with related parties are as follows:

Relationship	Nature of transactions	Un-audited Six months period ended	
		31 December, 2018	31 December, 2017
(Rupees in thousand)			
<b>i) Holding Company</b>			
- dividend paid		12,165	16,220
- mark-up accrued on loan		4,436	3,589
- shared expenses		103	-
<b>ii) Associated Companies</b>			
- sale of fixed assets		1,310	1,250
- sale of goods and services		-	6,266
<b>iii) Key management personnel</b>		12,491	10,660
		Un-audited 31 December, 2018	Audited 30 June, 2018
(Rupees in thousand)			

- 10.2** Period / year end balances are as follows:

Loan from the Holding Company	100,000	100,000
Trade and other payables	103	-

## 11. FINANCIAL RISK MANAGEMENT

- 11.1** The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

There has been no change in the Company's sensitivity to these risks since June 30, 2018, except for the change in exposure from liquidity risks due to increase in borrowings and general exposure due to fluctuations in foreign currency and interest rates. There have been no change in risk management objectives and policies of the Company during the period.

These condensed interim financial statements does not include all financial risk management information and disclosures as are required in the audited annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended June 30, 2018.



# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

## 11.2 Fair value estimation

The carrying values of financial assets and liabilities reflected in the financial statements approximate their fair values.

## 11.3 Financial instruments by category

Financial assets as per statement of financial position	Financial liabilities measured at amortised cost		Financial liabilities as per statement of financial position	Financial liabilities measured at amortised cost	
	Un-audited	Audited		Un-audited	Audited
	Dec 31, 2018	June 30, 2017		Dec 31, 2018	June 30, 2017
	(Rupees in thousand)			(Rupees in thousand)	
Long term loans	1,659	2,051	Loan from the Holding Company	100,000	100,000
Long term deposits	1,137	1,137	Long term financing	299,987	261,361
Trade debts	269,960	335,508	Liability against asset subject to finance lease	3,810	4,223
Loans and advances	480	1,748	Long term deposits	3,285	3,066
Deposits and other receivables	4,570	6,150	Trade and other payables	171,149	297,037
Bank balances	9,381	9,066	Accrued mark-up / profit	21,968	15,346
	287,187	355,660	Short term borrowings	718,399	638,336
			Unclaimed dividends	3,829	3,734
				1,322,427	1,323,103

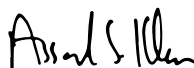
## 12. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of audited annual financial statements of the Company for the year ended June 30, 2018, whereas, the condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity have been compared with the balances of comparable period of condensed interim financial statements of the Company for the six months period ended December 31, 2017.

## 13. GENERAL

13.1 These condensed interim financial statements were approved by the Board of Directors and authorised for issue on February 26, 2019.

13.2 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.



ASSAD SAIFULLAH KHAN  
Chief Executive Officer



ZAHEEN UD DIN QURESHI  
Director



NOUMAN AHMAD  
Chief Financial Officer



## **Kohat Textile Mills Limited**

3<sup>rd</sup> Floor, City Centre, Plot#40, Main Bank Road,  
Saddar Cantt., Rawalpindi  
Tel: +92-51-5700824-8, Cell: +92-300-5000395