



SAIF GROUP



First Quarterly Report
(Un-audited)
30 September, 2017

Kohat Textile Mills Limited

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COMPANY INFORMATION

BOARD OF DIRECTORS

Osman Saifullah Khan - **Chairman**
 Jehangir Saifullah Khan
 Ms. Hoor Yousafzai
 Assad Saifullah Khan - **Chief Executive**
 Abdul Rehman Qureshi
 Rana Muhammad Shafi
 Zaheen Ud Din Qureshi

AUDIT COMMITTEE

Abdul Rehman Qureshi - **Chairman**
 Ms. Hoor Yousafzai - **Member**
 Jahangir Saifullah Khan - **Member**

HR & REMUNERATION COMMITTEE

Ms. Hoor Yousafzai - **Chairperson**
 Jahangir Saifullah Khan - **Member**
 Assad Saifullah Khan - **Member**

CHIEF FINANCIAL OFFICER

Nouman Ahmad

COMPANY SECRETARY

Sabir Khan

HEAD OF INTERNAL AUDIT

Salman Shafiq

AUDITORS

M/s Shinewing Hameed Chaudhri & Co.
 Chartered Accountants

LEGAL ADVISORS

Salahuddin Saif & Aslam
 (Attorney's at Law)

BANKERS

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

HEAD OFFICE

3rd Floor, City Centre, 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

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' REPORT TO THE SHAREHOLDERS**DEAR SHAREHOLDERS,**

On behalf of the Board of Directors of Kohat Textile Mills Limited (the "Company"), it is my pleasure to present the un-audited financial information of the Company for the first quarter ended September 30, 2017.

OPERATING RESULTS

During the first quarter, your Company has earned gross profit of Rs. 38.65 million as compared to Rs. 60.01 million in the corresponding period last year. The Company posted a profit before tax of Rs.2.80 million, compared to a profit of Rs.21.49 million in the same period of last year. The profitability has declined due to the bearish trend in the local yarn market which started in the 4th quarter of financial year ended June 30, 2017. The ever increasing cost of doing business and lack of competitiveness in the region continues to pose challenges to the domestic textile industry, as evident from the export slide and increased imports of cheaper textile products. Company's Management is continuously rationalizing its operating costs and has been able to reduce administrative and financial expenses by 6.91% as compared to similar period last year.

FUTURE OUTLOOK

The capital expenditure for the current year is in progress which will not only help the Company to further reduce the operational expenses but will also enable the Company to enter into new markets by increasing the yarn product range, thus, ultimately adding to the revenues/profitability, Insha Allah.

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

Place: Islamabad
Dated: October 30, 2017

ASSAD SAIFULLAH KHAN
Chief Executive Officer

ڈائریکٹرز جائزہ رپورٹ برائے شیئر ہولڈرز

محترم شیئر ہولڈرز

یہ میرے لئے خوشی کا موقع ہے کہ میں بورڈ آف ڈائریکٹر کو ہاٹ ٹیکسٹائل ملز لمیٹڈ (بعد ازاں "کمپنی" کہلاتا ہے) کی جانب سے پہلے سہ ماہی کی اختتامی مدت ستمبر 30، 2017 کیلئے کمپنی ہذا کے غیر آڈٹ شدہ مالیاتی معلومات / رپورٹ پیش کر رہا ہوں۔

آپریٹنگ (جاری کاروبار) کے نتائج:

زیر جائزہ مدت کی پہلی سال کے دوران، کمپنی ہذا نے گزشتہ تقابلی سال میں مجموعی منافع مبلغ 60.01 ملین روپے کی نسبت اس سال مبلغ 38.65 ملین روپے کا مجموعی منافع حاصل کیا۔ کمپنی نے گزشتہ سال ٹیکس کی کٹوتی سے قبل منافع مبلغ 21.49 ملین روپے کی نسبت اس سال ٹیکس کی کٹوتی سے پہلے منافع مبلغ 2.80 ملین روپے حاصل کیا۔ منافع کی شرح میں کمی مقامی سوت مارکیٹ میں قیمتوں کی گرنے کے رجحان کی وجہ سے ہے جو کہ اختتامی مالیاتی سال 30 جون 2017 کے چوتھی سہ ماہی سے شروع ہوئی۔ کاروباری لاگت میں ہمہ جہت اضافہ اور علاقے میں مقابلے کے رجحان میں کمی کی وجہ سے مقامی ٹیکسٹائل کی صنعت چیلنجوں کی خطرات سے دوچار ہے جس کا ثبوت برآمدات میں کمی اور سستی ٹیکسٹائل کی مصنوعات کی درآمدات میں اضافہ ہے۔ کمپنی کی انتظامیہ مسلسل اپنی آپریشن کی لاگت میں (کمی کر رہی ہے یا) غیر معاشی پیداوار کو ختم کر رہی ہے اور کمپنی گزشتہ سال کی نسبت اسی مدت میں اپنی انتظامی اور مالیاتی اخراجات میں 6.91% کمی کر چکی ہے۔

مستقبل کا نقطہ نظر

جاری سال کیلئے سرمایہ کاری کا خرچہ عمل میں ہے جس سے نہ صرف کمپنی اپنی آپریشن لاگت میں مزید کمی کر سکے گی بلکہ سوت کی پیداوار کی ریخ میں اضافہ کر کے کمپنی نئے مارکیٹس میں داخل

ہو جائے گی اس سے آمدنی / منافع کی شرح میں خود بخود اضافہ ہوگا، انشاء اللہ
اظہار تشکر

بورڈ ہذا کمپنی کے کارکنان، سٹاف اور ایگزیکٹوز کی کارکردگی کو خراج تحسین پیش کرتا ہے۔ مزید
براں ہمارے مینکمز اور معزز صارفین کی معاونت کو بھی خراج تحسین پیش کرتا ہے۔ ہم آئندہ آنے
والے دنوں میں اسی لگن اور تعاون کی امید کرتے ہیں۔

منجانب بورڈ ہذا

اسد سیف اللہ خان

چیف ایگزیکٹو آفیسر

مقام: اسلام آباد

تاریخ: 30 اکتوبر 2017

CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER, 2017

		(Un-audited) 30 Sep., 2017	(Audited) 30 June, 2017
	Note	(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Capital		220,000	220,000
22,000,000 ordinary shares of Rs.10 each			
Issued, subscribed and paid-up		208,000	208,000
UNAPPROPRIATED PROFIT		189,479	182,992
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		397,479	390,992
		445,342	449,723
NON-CURRENT LIABILITIES			
Loan from the Holding Company		100,000	100,000
Long term financing	5	51,515	65,529
Liabilities against assets subject to finance lease		1,865	1,968
Long term deposits		2,477	2,320
Deferred liability - Staff retirement benefits		97,122	95,125
Deferred taxation - net		108,676	113,768
		361,655	378,710
CURRENT LIABILITIES			
Trade and other payables		90,053	350,771
Accrued mark-up / profit		15,113	13,065
Short term borrowings		587,577	471,767
Current portion of non-current liabilities		79,020	81,417
		771,763	917,020
CONTINGENCIES AND COMMITMENTS	6	1,976,239	2,136,445
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	7	1,245,068	1,270,674
Intangible assets		2,591	2,767
Long term loans		1,609	1,770
Long term deposits		1,137	1,137
		1,250,405	1,276,348
CURRENT ASSETS			
Stores, spares and loose tools		33,621	34,150
Stock-in-trade	8	312,687	414,162
Trade debts		243,702	254,242
Loans and advances		8,916	18,677
Deposits, other receivables and prepayments		12,494	16,088
Taxation - net		76,646	77,590
Sales tax refundable		32,420	40,349
Cash and bank balances		5,348	4,839
		725,834	860,097
		1,976,239	2,136,445

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

ASSAD SAIFULLAH KHAN
Chief Executive Officer

RANA MUHAMMAD SHAFI
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED 30 SEPTEMBER, 2017 (UN-AUDITED)**

	Jul-Sep., 2017	Jul-Sep., 2016
	(Rupees in thousand)	
SALES	463,384	473,490
COST OF SALES	424,730	413,484
GROSS PROFIT	38,654	60,006
DISTRIBUTION COST	4,499	3,265
ADMINISTRATIVE EXPENSES	15,962	16,980
OTHER OPERATING EXPENSE	900	900
OTHER OPERATING INCOME	0	(218)
	21,361	20,927
OPERATING PROFIT	17,293	39,079
FINANCE COST	14,488	17,585
PROFIT BEFORE TAXATION	2,805	21,494
TAXATION		
Current	5,792	5,073
Deferred	(5,092)	(761)
	700	4,312
PROFIT AFTER TAXATION	2,105	17,182
OTHER COMPREHENSIVE INCOME	0	0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,105	17,182
	Rupees	
EARNING PER SHARE	0.10	0.83

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

ASSAD SAIFULLAH KHAN
Chief Executive Officer

RANA MUHAMMAD SHAFI
Director

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED 30 SEPTEMBER, 2017 (UN-AUDITED)

	Jul-Sep., 2017	Jul-Sep., 2016
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period - before taxation	2,805	21,494
Adjustments for non cash and other charges:		
Depreciation	20,831	20,837
Amortisation	176	203
Staff retirement benefits gratuity - (net)	1,997	1,838
Gain on sale of operating fixed assets	0	(218)
Finance cost	14,488	17,585
PROFIT BEFORE WORKING CAPITAL CHANGES	40,297	61,739
EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	529	(5,696)
Stock-in-trade	101,475	(59,218)
Trade debts	10,540	(16,006)
Loans and advances	9,761	(19,735)
Deposits and short term prepayments	3,594	(2,404)
Other receivables	0	(654)
Sales tax refundable	7,929	3,548
Decrease in trade and other payables	(260,718)	(3,676)
	(126,890)	(103,841)
CASH USED IN OPERATIONS	(86,593)	(42,102)
Income Tax paid	(4,848)	(4,441)
Long term loans - net	161	178
NET CASH USED IN OPERATING ACTIVITIES	(91,280)	(46,365)
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	4,776	(26,787)
Sale proceeds of vehicles	0	450
NET CASH GENERATED FORM / (USED IN) INVESTING ACTIVITIES	4,776	(26,337)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing -net	(16,411)	(11,514)
Liability against asset subject to finance lease	(103)	0
Long term deposits	157	145
Short term borrowings - net	115,810	93,824
Finance cost paid	(12,440)	(12,672)
NET CASH GENERATED FROM FINANCING ACTIVITIES	87,013	69,783
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	509	(2,919)
CASH AND CASH EQUIVALENTS - At the beginning of the period	4,839	12,880
CASH AND CASH EQUIVALENTS - At the end of the period	5,348	9,961

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

ASSAD SAIFULLAH KHAN
Chief Executive Officer

RANA MUHAMMAD SHAFI
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER, 2017 (UN-AUDITED)**

	Share capital	Un-Appropriated Profit	Total Equity
	----- (Rupees in thousand) -----		
Balance as at 30 June, 2016	208,000	133,318	341,318
Profit after taxation for the period from 01 July, 2016 to 30 September, 2017	0	17,182	17,182
Surplus on revaluation of property, plant and equipment realised during the period (net of deferred taxation):			
- on account of incremental depreciation for the period	0	4,658	4,658
Balance as at 30 September, 2016	208,000	155,158	363,158
Profit after taxation for the period	0	12,421	12,421
Surplus on revaluation of property, plant and equipment realised during the period (net of deferred taxation):			
- on account of incremental depreciation for the period	0	14,185	14,185
- upon sale of revalued assets		1,228	1,228
Balance as at 30 June, 2017	208,000	182,992	390,992
Profit after taxation for the period from 01 July, 2017 to 30 September, 2017	0	2,105	2,105
Surplus on revaluation of property, plant and equipment realised during the period (net of deferred taxation):	0	4,382	4,382
Balance as at 30 September, 2017	208,000	189,479	397,479

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

**NOTES TO AND FORMING PART OF THE CONDENSED
INTERIM FINANCIAL INFORMATION
FOR THE QUARTER ENDED 30 SEPTEMBER, 2017 (UN-AUDITED)**

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. The Company 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 period ended September 30, 2017 is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and section 245 of the Companies Ordinance, 1984. Securities and Exchange Commission of Pakistan (SECP) vide its circular no.23 of 2017 dated October 04, 2017 communicated Commission's decision that the companies which have financial year closing on or before December 31, 2017 shall prepare the financial statements in accordance with the provisions of the repealed Companies Ordinance 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance, have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2017.

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2017.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires 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. In preparing this condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the audited annual financial statements for the year ended June 30, 2017.

5. LONG TERM FINANCING - Secured

	Un-audited 30 Sep., 2017	Audited 30 June, 2017
	(Rupees in thousand)	
The Bank of Punjab		
Term finance	22,500	22,500
United Bank Limited		
Demand finance	32,573	39,087
Askari Bank Limited		
Diminishing Musharakah	75,000	85,000
	130,073	146,587
Less : current portion grouped under current liabilities	78,558	81,058
	51,515	65,529

6. 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, 2017.

7. PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited 30 Sep., 2017	Audited 30 June, 2017
(Rupees in thousand)			
Operating fixed assets - Tangible	7.1	1,218,221	1,232,881
Capital work-in-progress		21,223	20,000
Store held for capital expenditure		5,623	17,793
		1,245,068	1,270,674
7.1 Operating fixed assets - tangible			
Book Value at beginning of the period / year		1,232,881	1,296,447
Additions during the period / year:			
- Factory Building		331	315
- Non Factory Building		0	946
- Plant and machinery		5,820	17,500
- Electric installation		0	551
- Equipment & appliances		20	1,840
- Furniture & fixtures		0	326
- Vehicles		0	2,633
		6,171	24,111
Book value of operating fixed assets disposed-off during the period / year		0	(2,172)
Depreciation charge for the period / year		(20,831)	(85,505)
Book Value at end of the period / year		1,218,221	1,232,881

8. STOCK-IN-TRADE

Raw materials			
- at mills		172,956	237,821
- in-transit		0	136,660
		172,956	374,481
Work-in-process		29,297	39,545
Finished goods		110,434	136
		312,687	414,162

9. TRANSACTIONS WITH RELATED PARTIES

- 9.1** Aggregate significant transactions made during the period with the Holding Company and Associated undertaking were as follows:

Relationship	Nature of transactions	Un-audited Jul-Sep.	
		2017 (Rupees in thousand)	2016
Holding Company	Mark-up accrued on loan	1,619	1,923
Associated Companies	Sale of goods and services	6,266	0

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.

10. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue in the Board of Directors' meeting held on October 30, 2017.

11. GENERAL

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

