



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

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COMPANY INFORMATION

BOARD OF DIRECTORS	Anwar Saifullah Khan Salim Saifullah Khan Osman Saifullah Khan Jehangir Saifullah Khan Hoor Yousafzai Assad Saifullah Khan Asif Saifullah Khan	- Chairman - Chief Executive
AUDIT COMMITTEE	Hoor Yousafzai Jehangir Saifullah Khan Assad Saifullah Khan	- Chairpreson - Member - Member
HR & REMUNERATION COMMITTEE	Anwar Saifullah Khan Salim Saifullah Khan Hoor Yousafzai	- Chairman - Member - Member
CHIEF FINANCIAL OFFICER	Noman Ahmad	
COMPANY SECRETARY	Sabir Khan	
HEAD OF INTERNAL AUDIT	Salman Shafiq	
AUDITORS	Hameed Chaudhri & Co., Chartered Accountants	
LEGAL ADVISORS	Dr. Pervez Hassan Hassan & Hassan, Advocates Salahuddin Saif & Aslam (Attorney's at Law)	
BANKERS	Albaraka Bank (Pakistan) Limited Dubai Islamic Bank Meezan Bank Limited National Bank of Pakistan Soneri Bank Limited The Bank of Punjab United Bank Limited	
HEAD OFFICE	Kulsum Plaza, 4th Floor, 2020 – Blue Area, Islamabad Phone : (051) 2823924, 2829415 Fax : (051) 2822564, 2278537 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, it gives me pleasure to present the Company's un-audited financial statements for the half-year ended December 31, 2014. Our commentary on the salient features of the Company's performance follows below.

Your Company performed steadily in a difficult environment. Gross Profit was Rs. 130.749 Million (Gross Profit Margin: 11.70 %) compared to Rs. 163.271 Million (Gross Margin: 13.58 %) for the corresponding period of 2013. Our profitability was particularly impacted in the last quarter where we witnessed a slowdown in yarn demand.

Profit before tax decreased from Rs. 84.013 million to Rs. 42.321 million. The period under review saw significant increases in power & fuel cost and salaries & wages. The profitability of the Company would have been even better if the demand of local yarn was not hampered due to Indian yarns and slowdown in the demand of Fabric.

Your Company has planned to invest in value addition which is persistent to the policy of the management to find new opportunities to create value for the shareholders.

We would like to conclude with the customary, but very much heartfelt, appreciation for the support of our valued customers and our banking partners. 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. Finally we pray for peace and prosperity in our province and our country.

Place: Islamabad
Dated: 26 February, 2015

Salim Saifullah Khan
Chief Executive

**AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF
INTERIM FINANCIAL INFORMATION****Introduction**

We have reviewed the accompanying condensed interim balance sheet of **KOHAT TEXTILE MILLS LIMITED** (the Company) as at December 31, 2014 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half-year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The figures of the condensed interim profit and loss account for the quarters ended December 31, 2014 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the half-year ended December 31, 2014.

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 information 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 condensed interim financial information as of and for the half-year ended December 31, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Place: **LAHORE**
Dated: 26 February, 2015

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Engagement Partner: Osman Hameed Chaudhri

**CONDENSED INTERIM BALANCE SHEET
AS AT 31 DECEMBER, 2014**

	Note	Un-audited 31 Dec., 2014	Audited 30 June, 2014
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,048,294	1,060,402
Intangible assets		283	342
Long term loans		1,940	1,466
Long term deposits		1,137	1,137
		1,051,654	1,063,347
CURRENT ASSETS			
Stores, spares and loose tools		25,028	26,087
Stock-in-trade	6	417,384	432,863
Trade debts		153,802	157,724
Loans and advances		5,453	5,425
Deposits and short term prepayments		2,081	2,365
Other receivables		246	1,924
Taxation - net		83,663	76,674
Sales tax refundable		42,633	36,171
Cash and bank balances		2,238	4,528
		732,528	743,761
		1,784,182	1,807,108
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 22,000,000 ordinary shares of Rs.10 each		220,000	220,000
Issued, subscribed and paid up capital 20,800,000 ordinary shares of Rs.10 each		208,000	208,000
Unappropriated profit		158,027	156,501
		366,027	364,501
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
		304,858	309,899
NON-CURRENT LIABILITIES			
Loan from an Associated Company		100,000	100,000
Long term financing	7	168,176	202,088
Long term deposits		1,202	965
Deferred liability - staff retirement benefits		70,411	62,137
Deferred taxation - net		76,832	63,028
		416,621	428,218
CURRENT LIABILITIES			
Trade and other payables		136,070	234,946
Accrued interest / mark-up		19,104	27,837
Short term borrowings		445,444	354,561
Current portion of long term financing		96,058	87,146
		696,676	704,490
CONTINGENCIES AND COMMITMENTS			
	8	1,784,182	1,807,108

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Salim Saifullah Khan
Chief Executive

Hoor Yousafzai
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE QUARTER AND HALF-YEAR ENDED 31 DECEMBER, 2014 (UN-AUDITED)**

	Quarter ended		Half-year ended	
	31 Dec., 2014	31 Dec., 2013	31 Dec., 2014	31 Dec., 2013
	(Rupees in thousand)			
Note				
SALES - NET	417,471	588,184	1,121,589	1,201,541
COST OF SALES	(375,723)	(524,754)	(990,840)	(1,038,270)
GROSS PROFIT	41,748	63,430	130,749	163,271
DISTRIBUTION COST	(3,755)	(2,377)	(7,030)	(4,698)
ADMINISTRATIVE EXPENSES	(16,923)	(15,795)	(33,372)	(30,038)
OTHER INCOME	0	0	0	889
OTHER EXPENSES	(1,360)	(5,650)	(7,350)	(10,300)
PROFIT FROM OPERATIONS	19,710	39,608	82,997	119,124
FINANCE COST	(20,329)	(15,761)	(40,676)	(35,111)
(LOSS) / PROFIT BEFORE TAXATION	(619)	23,847	42,321	84,013
TAXATION ⁹	1,793	(3,994)	(19,836)	(30,174)
PROFIT AFTER TAXATION	1,174	19,853	22,485	53,839
OTHER COMPREHENSIVE INCOME	0	0	0	0
TOTAL COMPREHENSIVE INCOME	1,174	19,853	22,485	53,839
	(Rupees)			
BASIS AND DILUTED EARNINGS PER SHARE	0.06	0.95	1.08	2.59

The annexed notes I to 13 form an integral part of this condensed interim financial information.

Salim Saifullah Khan
Chief Executive

Hoor Yousafzai
Director

**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER, 2014 (UN-AUDITED)**

	Half-year ended	
	31 Dec., 2014	31 Dec., 2013
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period - before taxation	42,321	84,013
Adjustments for non-cash charges and other items:		
Depreciation	34,042	25,450
Amortisation	59	58
Staff retirement benefits - gratuity (net)	8,274	6,081
Gain on disposal of operating fixed assets	0	(24)
Finance cost	(40,676)	(35,111)
PROFIT BEFORE WORKING CAPITAL CHANGES	44,020	80,467
EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	1,059	(2,932)
Stock-in-trade	15,479	53,744
Trade debts	3,922	16,758
Loans and advances	(28)	(2,178)
Deposits and short term prepayments	284	(663)
Other receivables	1,678	(1,283)
Sales tax refundable	(6,462)	(2,777)
Decrease in trade and other payables	(99,207)	(70,092)
	(83,275)	(9,423)
CASH (USED IN) / GENERATED FROM OPERATIONS	(39,255)	71,044
Income tax paid	(13,021)	(7,160)
Long term loans - net	(474)	(46)
NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES	(52,750)	63,838
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(21,934)	(153,780)
Sale proceeds of operating fixed assets	0	476
NET CASH USED IN INVESTING ACTIVITIES	(21,934)	(153,304)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing - repaid	(25,000)	(37,500)
- obtained	0	108,039
Long term deposits	237	(192)
Short term borrowings - net	90,883	7,694
Dividend paid	(25,669)	(25,721)
Finance cost paid	31,943	34,247
NET CASH GENERATED FROM FINANCING ACTIVITIES	72,394	86,567
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,290)	(2,899)
CASH AND CASH EQUIVALENTS - at beginning of the period	4,528	5,829
CASH AND CASH EQUIVALENTS - at end of the period	2,238	2,930

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Salim Saifullah Khan
Chief Executive

Hoor Yousafzai
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER, 2014 (UN-AUDITED)**

	Share Capital	(Accumulated Loss) / unappropriated Profit	Total equity
------(Rupees In thousand)-----			
Balance as at July 01, 2013	208,000	105,407	313,407
Transaction with owners			
Cash dividend for the year ended June 30, 2013 at the rate of Rs.1.25 per share	0	(26,000)	(26,000)
Total comprehensive income for the half-year ended December 31, 2013			
Profit for the period	0	53,839	53,839
Other comprehensive income	0	0	0
	0	53,839	53,839
Surplus on revaluation of property, plant and equipment on account of incremental depreciation for the half-year realised during the period - net of deferred taxation	0	5,450	5,450
Balance as at December 31, 2013	208,000	138,696	346,696
Balance as at July 01, 2014	208,000	156,501	364,501
Transaction with owners			
Cash dividend for the year ended June 30, 2014 at the rate of Rs.1.25 per share	0	(26,000)	(26,000)
Total comprehensive income for the half-year ended December 31, 2014			
Profit for the period	0	22,485	22,485
Other comprehensive income	0	0	0
	0	22,485	22,485
Surplus on revaluation of property, plant and equipment on account of incremental depreciation for the half-year realised during the period - net of deferred taxation	0	5,041	5,041
Balance as at December 31, 2014	208,000	158,027	366,027

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Salim Saifullah Khan
Chief Executive

Hoor Yousafzai
Director

**NOTES TO AND FORMING PART OF THE
CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF-YEAR ENDED 31 DECEMBER, 2014 (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 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 is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984. It has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The figures for the half-year ended December 31, 2014 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. 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 for the year ended June 30, 2014.

3. ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2014.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of 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 financial statements for the year ended June 30, 2014.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	(Un-audited) 31 Dec, 2014 (Rupees in thousand)	(Audited) 30 June, 2014
Operating fixed assets - tangible	5.1	1,028,075	1,048,788
Capital work-in-progress	5.3	2,680	458
Stores held for capital expenditure		17,539	11,156
		<u>1,048,294</u>	<u>1,060,402</u>

5.1 Operating fixed assets - tangible

Book value at beginning of the period / year		1,048,788	814,017
Additions during the period / year	5.2	13,329	298,338
Book value of operating fixed assets disposed-off during the period / year		0	(5,476)
Depreciation charge for the period / year		(34,042)	(58,091)
Book value at end of the period / year		<u>1,028,075</u>	<u>1,048,788</u>

	Note	(Un-audited) 31 Dec, 2014	(Audited) 30 June, 2014
5.2 Additions during the period / year:			
- buildings on freehold land			
- factory		0	18,191
- non-factory		479	0
- residential		0	6,438
- plant & machinery		11,401	157,087
- gas fired power plant		0	103,364
- electric installations		729	7,582
- equipment & appliances		642	1,368
- furniture & fixtures		78	346
- vehicles		0	3,962
		<u>13,329</u>	<u>298,338</u>
5.3 Capital work-in-progress			
Buildings on freehold land			
- non-factory		0	458
Advance payments against purchase of computer software		2,680	0
		<u>2,680</u>	<u>458</u>
6. STOCK-IN-TRADE			
Raw materials			
- at mills		137,709	208,628
- in-transit		45,483	123,144
		<u>183,192</u>	<u>331,772</u>
Work-in-process		28,969	30,070
Finished goods	6.1	205,223	71,021
		<u>417,384</u>	<u>432,863</u>
6.1 Finished goods include items costing Rs.124.547 million (June 30, 2014: Nil) stated at their net realisable value aggregating Rs.122.098 million (June 30, 2014: Nil). The amount charged to the profit and loss account in respect of stocks written down to their realisable value is Rs.2.449 million (June 30, 2014: Nil).			
7. LONG TERM FINANCING			
Balance at the beginning of the period / year		289,234	112,500
Add: disbursement made during the period / year		0	239,234
Less: repayments made during the period / year		25,000	62,500
		<u>264,234</u>	<u>289,234</u>
Less: current portion grouped under current liabilities		96,058	87,146
		<u>168,176</u>	<u>202,088</u>
7.1 All the term and conditions of the long term financing are same as disclosed in audited annual financial statements of the Company for the year ended June 30, 2014.			
8. CONTINGENCIES AND COMMITMENTS			
8.1 Contingencies			
8.1.1 Guarantees aggregating Rs.49.562 million (June 30, 2014: Rs.49.562 million) have been issued by banks of the Company to a Government institution and Sui Northern Gas Pipeline Limited.			

8.1.2 Refer contents of note 9.2.

(Un-audited) 31 Dec, 2014	(Audited) 30 June, 2014
(Rupees in thousand)	

8.2 Commitments

- letters of credit for purchase of raw materials and stores and spare parts
- capital expenditure other than letters of credit

88,718	<u>0</u>
4,500	<u>0</u>

9. TAXATION - Net

	Un-audited			
	Quarter ended		Half-year ended	
	December 31,		December 31,	
	2014	2013	2014	2013
	----- Rupees in '000 -----			
Current	(1,009)	3,810	6,032	9,944
Deferred	(784)	184	13,804	20,230
	(1,793)	3,994	19,836	30,174

9.1 Income tax assessments of the Company have been completed upto the Tax Year 2014. No numeric tax rate reconciliation has been given as provisions made during the current period represents minimum tax payable under section 113 after adjusting tax credit under section 65B of the Income Tax Ordinance, 2001 (the Ordinance).

9.2 Due to location of the mills in the most affected area, the income of the Company was exempt from tax under clause 126F of the second schedule to the Ordinance starting from the tax year 2010. Exemption available under clause 126F was a specific exemption granted by the Federal Board of Revenue (FBR) to the specific areas of Khyber Pakhtunkhwa. The Company filed a writ petition before the Peshawar High Court, Peshawar, praying exemption from levy of minimum tax under section 113 of the Ordinance, who vide its judgment dated July 18, 2012 admitted and allowed the Company's writ petition and directed the concerned authorities to extend the benefit of clause 126F to the Company in the light of clarification given by the FBR. Accordingly, no provision for minimum tax for the financial year ended June 30, 2012 amounted Rs.23.681 million was made in the books of account as well as provision for minimum tax made during the financial years ended June 30, 2010 and 2011 aggregated Rs.29.770 million were written-back. The Department, against the said order, has filed an appeal with the Honourable Supreme Court of Pakistan, which is pending adjudication. An adverse judgment by the Honourable Supreme Court of Pakistan will create a tax liability amounting Rs.53.451 million.

10. TRANSACTIONS WITH RELATED PARTIES

10.1 Significant transactions with related parties are as follows:

Relationship	Nature of transactions	(Un-audited) Half-year ended December 31	
		2014	2013
		(Rupees in thousand)	
Associated Companies	Sale of goods and services	7,660	4,853
	Purchase of goods and services	1,343	0
	Mark-up accrued on loan	6,089	7,094
	Dividend paid	20,275	20,275
Key management personnel	Remuneration and other benefits	8,516	5,930

	(Un-audited) 31 Dec, 2014	(Audited) 30 June, 2014
	(Rupees in thousand)	
10.2 Period / year end balances are as follows: Loan from an Associated Company	<u>100,000</u>	<u>100,000</u>

11. FINANCIAL RISK MANAGEMENT

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, 2014, 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.

This condensed interim financial information 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 statement as at June 30, 2014.

12. CORRESPONDING FIGURES

In order to comply with the requirements of IAS 34 'Interim Financial Reporting', the condensed interim balance sheet has been compared with the balances of annual audited financial statements of the preceding financial year, whereas, the condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity have been compared with the balances of comparable period of the immediately preceding financial year.

13. GENERAL

13.1 This condensed interim financial information was approved by the Board of Directors and authorised for issue on 26 February, 2015.

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

Salim Saifullah Khan
Chief Executive

Hoor Yousafzai
Director