

1ST QUARTER ACCOUNTS
FOR THE PERIOD ENDED
SEPTEMBER 30, 2017
(UN-AUDITED)



QUETTA

QUETTA TEXTILE MILLS LIMITED



CONTENTS

Company Information	2
Chairman's Review to the Members (English / Urdu)	3
Condensed Interim Balance Sheet	5
Condensed Interim Profit and Loss Accounts (Un-audited)	6
Condensed Interim Statement of Comprehensive Income (Un-audited)	7
Condensed Interim Cash Flow Statement (Un-audited)	8
Condensed Interim Statement of Changes in Equity (Un-audited)	9
Selected Explanatory Notes to the Condensed Interim Financial Information (Un-audited)	10

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Tauqir Tariq	Chairman
Mr. Tariq Iqbal	Chief Executive
Mr. Asim Khalid	Director
Mr. Omer Khalid	Director
Mrs. Saima Asim	Director
Mrs. Tabbasum Tariq	Director
Mrs. Sadaf Khalid	Director
Mr. Major Rtd. Muhammad Saeed	Independent Director

AUDIT COMMITTEE

Chairman	Mr. Major Rtd. Muhammad Saeed
Member	Mrs. Tabbasum Tariq
Member	Mrs. Sadaf Khalid

HUMAN RESOURCE & REMUNERATION COMMITTEE

Chairman	Mrs. Tabbasum Tariq
Member	Mrs. Saima Asim
Member	Mrs. Sadaf Khalid

CHIEF FINANCIAL OFFICER

Mr. Omer Khalid

COMPANY SECRETARY

Mr. Muhammad Sohrab Ghani

AUDITORS

Mushtaq and Company
Chartered Accountants

BANKERS

Allied Bank Limited
Al-Baraka Bank (Pakistan) Limited
Bank Alfalah Limited
Bank Islami (Pakistan) Limited
Dubai Islamic Bank (Pakistan) Limited
Faysal Bank Limited
HBL Bank Limited
Habib Metro Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Silk Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
United Bank Limited

REGISTERED OFFICE

Nadir House (Ground Floor)
I. I. Chundrigar Road, Karachi

MILLS

P/3 & B/4, S.I.T.E., Kotri.
49 K.M., Lahore, Multan Road, Bhai Pheru

WEB SITE ADDRESS

www.quettagroup.com



QUETTA TEXTILE MILLS LIMITED

CHIEF EXECUTIVE'S REVIEW

Dear Shareholders:

We present to you the results of the company for the quarter ended September 30, 2017.

Your company made a pre-tax loss of Rs. 194.989 (M), as compared to the corresponding last year's quarterly pre-tax loss of Rs. 296.539 (M). Turnover for the quarter ended was Rs. 630.319 (M), as compared to corresponding last year's quarterly sales of Rs. 1,072 (M). Pre-tax loss as a percentage comes to 30.93% for, as compared to 27.66% which was corresponding last year's quarterly pre-tax loss as a percentage. This reflects an increase in loss by 3.27% as a percentage.

The textile industry has been going through a prolonged recessionary period. The global reduction in demand for yarns and fabrics, low finished product prices and low margins has hit the textile industry. Devaluation of regional currencies coupled by overvaluation of PKR has made it difficult of Pakistani textile industry to compete with our regional neighbors.

Growth prospects of the global economy and outlook for textiles in Pakistan is likely to remain weak in the short-term. Pakistani textile industry faces several other challenges too:

- Shortfall in cotton production;
- High cost of doing business;
- Over-valuation of PKR vis-à-vis US\$;
- No export incentives to down-stream industry (spinning & weaving);
- High energy costs;
- Local taxes, GIDC and surcharges;
- Roll-back/stuck-up of Income Tax and Sales Tax Refunds.

In the end, I would like to thank all the staff and workers of the company and the supporting financial institutions for their confidence and efforts shown towards the company in its difficult time.

TARIQ IQBAL
Chief Executive

Karachi: October 28, 2017

کوئٹہ ٹیکسٹائل ملز لمیٹڈ

چیف ایگزیکٹو کا جائزہ

محترم جنسٹس یافنگان!

ہم سہ ماہی پختہ 30 ستمبر 2017 کے کٹنی کے نتائج پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔


آپ کی کٹنی کو قبل از ٹیکس خسارہ 194.989 ملین روپے ہوا جبکہ گزشتہ سال اسی مدت میں قبل از ٹیکس خسارہ 296.539 ملین روپے تھا۔ سہ ماہی کے اختتام پر فروخت 630.319 ملین روپے رہی جبکہ گزشتہ سال اسی مدت میں فروخت 1,072 ملین تھی۔ قبل از ٹیکس کی شرح 30.93 فیصد رہی جبکہ گزشتہ سال اسی مدت میں قبل از ٹیکس کی شرح 27.66 فیصد تھی۔ جس سے اس بات کی عکاسی ہوتی ہے کہ خسارہ میں 3.27 فیصد اضافہ ہوا۔

ٹیکسٹائل کی صنعت ایک طویل عرصہ سے تنزلی کا شکار ہے۔ یارن اور کپڑے کی عالمی طلب میں کمی، تیار مصنوعات کی قیمتوں میں کمی اور کم منافع نے ٹیکسٹائل کی صنعت کو بری طرح متاثر کیا۔ علاقائی کرنسیوں کی مالیت میں گراوٹ کے مقابلے میں پاکستانی روپے کی مالیت میں اضافہ کی وجہ سے پاکستان کی ٹیکسٹائل مصنوعات کے لئے اپنے علاقائی پڑوسیوں سے مسابقت کرنا مشکل ہو گیا ہے۔

مستقبل قریب میں عالمی معیشت میں نمو اور پاکستان کی ٹیکسٹائل کا مستقل کمزور رہے گا۔ پاکستان کی ٹیکسٹائل کی صنعت کو کچھ اور بھی چیلنجز کا سامنا ہے:

- ☆ کپاس کی پیداوار میں کمی
- ☆ کاروبار چلانے کے لئے بھاری لاگت
- ☆ یو ایس ڈالر کے مقابلے میں پاکستانی روپے کی مالیت میں بہت زیادہ اضافہ
- ☆ زریں صنعت کو کوئی برآمدی ترغیبات نہیں دی گئیں
- ☆ توانائی کی اونچی لاگت
- ☆ مقامی ٹیکس، سی آئی ڈی سی اور سرچارج وغیرہ
- ☆ آکم ٹیکس ریفیڈ اور سیلز ٹیکس ریفیڈ کا خاتمہ/التوا

آخر میں، میں کٹنی کے تمام ملازمین اور مزدوروں اور معاون مالیاتی اداروں کا شکریہ ادا کرتا ہوں کہ انہوں نے ہم پر اعتماد کیا اور اس مشکل وقت میں کٹنی کے لئے انتھک جدوجہد کی۔


طارق اقبال
چیف ایگزیکٹو

کراچی: 28 اکتوبر 2017

**QUETTA TEXTILE MILLS LIMITED****Condensed Interim Balance Sheet (Un-audited)
As at September 30, 2017**

	Note	Audited	
		30-Sep-17 Rupees	30-Jun-17 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	5,439,088,177	5,503,696,678
Long term deposits		70,467,715	70,467,715
		5,509,555,892	5,574,164,393
CURRENT ASSETS			
Stores, spare and loose tools		384,816,347	387,077,985
Stock in trade	6	1,133,543,161	1,117,749,453
Trade debts		158,839,218	168,042,069
Other financial assets		130,720	139,553
Loans and advances		71,648,518	74,618,163
Trade deposits and short term prepayments		7,338,195	9,894,734
Income tax and sales tax refundable		170,720,992	169,679,572
Cash and bank balances		59,295,866	59,396,240
		1,986,333,017	1,986,597,770
		7,495,888,909	7,560,762,163
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
20,000,000 (June 30, 2017: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
15,000,000 (June 30, 2017: 15,000,000) preference shares of Rs. 10 each		150,000,000	150,000,000
		350,000,000	350,000,000
Issued, subscribed and paid-up capital		130,000,000	130,000,000
Reserves		(1,008,017,318)	(827,214,752)
		(878,017,318)	(697,214,752)
Surplus on revaluation of property, plant and equipment		1,401,523,598	1,407,091,643
		523,506,280	709,876,891
NON CURRENT LIABILITIES			
Long term finance		903,038,986	955,810,417
Redeemable capital - Sukuk		152,471,922	190,678,823
Liabilities against assets subject to finance lease		10,155,859	10,731,902
Deferred liabilities		711,315,341	729,300,150
		1,776,982,108	1,886,521,292
CURRENT LIABILITIES			
Trade and other payables		957,620,932	834,869,984
Accrued interest / mark-up		618,751,612	559,232,481
Short term borrowings		2,695,597,376	2,745,183,687
Loan from directors and others		26,541,540	25,816,588
Current portion of			
Long term finances		370,936,345	311,589,581
Redeemable capital - Sukuk		510,865,721	472,658,820
Liabilities against assets subject to finance lease		15,086,995	15,012,839
		5,195,400,521	4,964,363,980
CONTINGENCIES AND COMMITMENTS			
	7	7,495,888,908	7,560,762,163

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.


TARIQ IQBAL
Chief Executive


OMER KHALID
Director

Karachi:

Dated: October 28, 2017

**Condensed Interim Profit and Loss Account (Un-audited)
For the Quarter ended September 30, 2017**

	Note	30-Sep-17 Rupees	30-Sep-16 Rupees
Sales		630,319,534	1,072,072,890
Cost of sales		(722,313,522)	(1,255,731,238)
Gross (loss)		(91,993,987)	(183,658,348)
Distribution cost		(7,843,531)	(10,748,920)
Administrative expenses		(13,833,440)	(14,436,298)
Finance cost		(83,015,127)	(87,749,389)
(Loss) from operations		(104,692,098)	(112,934,607)
Other income		1,696,129	53,028
(Loss) before taxation		(194,989,957)	(296,539,927)
Taxation		216,947	8,560,607
(Loss) after taxation		(194,773,010)	(287,979,320)
(Loss) per share - basic and diluted		(14.98)	(22.15)

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

TARIQ IQBAL
Chief Executive

OMER KHALID
Director

Karachi:

Dated: October 28, 2017

Condensed Interim Statement of Comprehensive Income (Un-audited)
For the Quarter ended September 30, 2017

Note	30-Sep-17 Rupees	30-Sep-16 Rupees
(Loss) after taxation	(194,773,010)	(287,979,320)
Other comprehensive income for the quarter		
Items that may not be re-classified subsequently to Profit and loss :		
Actuarial loss on remeasurement of employees retirement benefits - gratuity	1,231,948	(7,155,729)
Related deferred tax on remeasurement of employees retirement benefits - gratuity	(253,609)	769,384
	978,339	(6,386,345)
Total comprehensive (loss) for the quarter	(193,794,671)	(294,365,665)

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.


TARIQ IQBAL
Chief Executive

OMER KHALID
Director

Karachi:

Dated: October 28, 2017



**Condensed Interim Cash Flow Statement (Un-audited)
For the Quarter ended September 30, 2017**

	30-Sep-17 Rupees	30-Sep-16 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) before taxation	(194,989,957)	(296,539,927)
Adjustments for:		
Depreciation	64,608,510	68,036,559
Finance cost	83,015,127	87,749,389
Provision for gratuity	6,200,000	6,491,171
	<u>153,823,637</u>	<u>162,277,119</u>
Profit before working capital changes	(41,166,320)	(134,262,808)
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	2,261,638	8,334,267
Stock in trade	(15,793,708)	35,312,826
Trade debts	9,202,851	(41,766,741)
Loans and advances	(599,144)	(10,077,153)
Trade deposits, short term prepayments and sales tax	2,556,539	7,120,823
	(2,371,824)	(1,075,978)
(Decrease) / increase in current liabilities		
Trade and other payables	122,750,948	108,342,102
Cash generated from operations	79,212,804	(26,996,684)
Finance cost paid	(16,920,663)	(8,166,348)
Taxes paid	(9,074,829)	(6,809,625)
Long term deposits	-	(47,320)
Staff retirement benefits - gratuity	(3,954,440)	(8,120,776)
	<u>(29,949,932)</u>	<u>(23,144,069)</u>
Net cash (used)/ generated from operating activities	49,262,872	(50,140,753)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	-	(2,198,960)
Net cash used in investing activities	-	(2,198,960)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	-	159,003,526
Loan from directors and others	724,952	15,048,795
Liabilities against assets subject to finance lease	(501,887)	(527,770)
Short term borrowings - net	(49,586,311)	(128,555,164)
Net cash used in financing activities	(49,363,246)	44,969,387
Net increase / (decrease) in cash and cash equivalents	(100,374)	(7,370,326)
Cash and cash equivalents at the beginning of the period	59,396,240	61,097,161
Cash and cash equivalents at the end of the period	<u>59,295,866</u>	<u>53,726,835</u>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.


TARIQ IQBAL
Chief Executive


OMER KHALID
Director

Karachi:

Dated: October 28, 2017



QUETTA TEXTILE MILLS LIMITED

Condensed Interim Statement of Changes in Equity (Un-audited)
For the Quarter ended September 30, 2017

Particulars	Share capital	Share premium	Reserves			Sub total	Unappropriated Profit	Total equity
			Capital reserves	General reserves	Loan from directors and others			

Rupees

Balance as at July 01, 2016 - Audited	130,000,000	651,750,000	1,200	115,000,000	-	786,751,200	(375,202,615)	521,548,585
Transfer from surplus on revaluation of property, plant and equipment (incremental depreciation) - net of deferred tax	-	-	-	-	-	19,537,001	-	19,537,001
Total comprehensive (loss)/income for the quarter ended September 30, 2016	-	-	-	-	-	-	(287,979,320)	(287,979,320)
Profit after taxation for the quarter	-	-	-	-	-	-	(6,386,345)	(6,386,345)
Total comprehensive loss for the quarter	-	-	-	-	-	-	(294,365,665)	(294,365,665)
Balance as at September 30, 2016	130,000,000	651,750,000	1,200	115,000,000	-	786,286,201	(669,568,280)	246,719,921
Balance as at July 01, 2017 - Audited	130,000,000	651,750,000	1,200	115,000,000	160,726,470	927,477,670	(1,754,692,422)	(697,214,752)
Transfer from surplus on revaluation of property, plant and equipment (incremental depreciation) - net of deferred tax	-	-	-	-	-	-	12,992,105	12,992,105
Total comprehensive (loss)/income for the quarter ended September 30, 2017	-	-	-	-	-	-	(194,773,010)	(194,773,010)
Profit after taxation for the quarter	-	-	-	-	-	-	978,339	978,339
Total comprehensive loss for the quarter	-	-	-	-	-	-	(193,794,671)	(193,794,671)
Balance as at September 30, 2017	130,000,000	651,750,000	1,200	115,000,000	160,726,470	927,477,670	(1,935,484,988)	(878,017,318)

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

TARIQ IQBAL
Chief Executive

OMIR KHALID
Director

Karachi:
Dated: October 28, 2017

(6)



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the Quarter ended September 30, 2017

1 THE COMPANY AND ITS OPERATIONS

- 1.1 The Company was incorporated in Pakistan as a public limited Company in January 29, 1970 under the Companies Act, 1913 (Now the Companies Ordinance, 1984). The shares of the Company are listed on Pakistan Stock Exchange. The registered office of the company is situated at ground floor Nadir House I.I Chundrigar road Karachi.
- 1.2 The company is principally engaged in manufacturing and sales of yarn and fabric. The production facilities are located at Kotri in the province of Sindh and 49 K.M, Multan Road Bhai, District Kasur in the province of Punjab.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Accounting Standards (IAS) 34 Interim Financial Reporting as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended 30th June, 2017.

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Pakistan Stock Exchange and section 245 of the Companies Ordinance, 1984.

These condensed interim financial information comprise of condensed interim balance sheet, condensed profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes for the quarter ended September 30, 2017

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended 30th June, 2017

4 ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of these condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

Judgments and estimates made by management in the preparation of these condensed interim financial information are the same as those that were applied to the financial statements for the year ended 30th June, 2017.

The company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 30th June, 2017.



5 PROPERTY, PLANT AND EQUIPMENT

	Note	(Un-audited)	(Audited)
		30-Sep-17	30-Jun-17
		Rupees	
Operating assets	5.1	5,436,589,267	5,501,197,768
Capital work in progress-at cost	5.2	2,498,910	2,498,910
		<u>5,439,088,177</u>	<u>5,503,696,678</u>

5.1 The cost of acquisition and disposal to operating assets during the quarter ended September 30, 2017 were as follows:

	(Un-audited)		(Audited)		
	30-Sep-17		30-Jun-17		
	Acquisition	Disposal	Acquisition	Disposal	
		Cost			
		Rupees		Rupees	
Owned assets					
Plant & machinery	-	-	8,971,119	-	-
Office equipment	-	-	59,500	-	-
Furniture and fixture	-	-	229,038	-	-
Vehicles	-	-	39,000	-	-
Leased assets					
Vehicles	-	-	3,720,000	-	-
Total	-	-	<u>13,018,657</u>	-	-

5.2 Capital work in progress-at cost

	(Un-audited)	(Audited)
	30-Sep-17	30-Jun-17
		Rupees
Computer software	2,498,910	2,498,910
		<u>2,498,910</u>

6 STOCK IN TRADE

The carrying value of pledged stock is Rs. 104,650,268 /- (June 30, 2017: Rs. 110,614,224/-).



7 CONTINGENCIES AND COMMITMENTS

There has been no significant change in the contingencies and commitments since the last audited financial statements except as disclosed in note 7.1 and 7.2 respectively.

	(Un-audited)	(Audited)
	30-Sep-17	30-Jun-17
	-----Rupees -----	

7.1 Contingencies

Bank Guarantee issued by bank on behalf of the company	<u>259,690,796</u>	<u>259,690,796</u>
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There is no changes in the legal cases other than those enclosed in the annual financial statement as on June 30, 2017

7.2 Commitments

Civil works	-	-
Confirmed letter of credit in respect of:		
Raw material	-	-
Stores and spares	-	-

8 TRANSACTIONS WITH RELATED PARTIES

	(Un-audited)	(Audited)
	30-Sep-17	30-Jun-17
	-----Rupees -----	

Transactions with related parties	Relationship		
Loan received/(repaid) - net	Key management personnel	724,952	14,400,420
Salaries and other employees benefits	Key management personnel	2,400,000	7,670,838

9 COMPARATIVE FIGURES

In order to comply with the requirements of International Accounting Standard 34 "Interim Financial Reporting", balance sheet has been compared with the balances of annual financial statements while profit & loss accounts has been compared with corresponding figures of last quarter.

10 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information have been authorized for issue on **October 28, 2017** by the board of directors of the company.

11 GENERAL

Figures have been rounded off to the nearest rupees.


TARIQ IQBAL
Chief Executive


OMER KHALID
Director

Karachi:

Dated: October 28, 2017

**BOOK POST
UNDER POSTAL CERTIFICATE**

If undelivered please return to:

Quetta Textile Mills Limited

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