

**1<sup>ST</sup> QUARTER ACCOUNTS  
FOR THE PERIOD ENDED  
SEPTEMBER 30, 2016  
(UN-AUDITED)**



**QUETTA**

**QUETTA TEXTILE MILLS LIMITED**



# QUETTA TEXTILE MILLS LIMITED

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## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mr. Tariq Iqbal (Chief Executive)  
Mr. Asim Khalid  
Mr. Omer Khalid  
Mr. Tauqir Tariq  
Mrs. Saima Asim  
Mrs. Tabbasum Tariq  
Mrs. Sadaf Khalid  
Mr. Major Rtd. Muhammad Saeed

### AUDIT COMMITTEE

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

### HUMAN RESOURCE & REMUNERATION COMMITTEE

Chairman Mr. Asim Khalid  
Member Mrs. Tabbasum Tariq  
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  
Burj Bank 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](http://www.quettagroup.com)

# QUETTA TEXTILE MILLS LIMITED

## CHIEF EXECUTIVE'S REVIEW

Dear Shareholders:

It is a pleasure to present the results of the company for the quarter ended September 30, 2016.

Your company made a pre-tax loss of Rs. 296.539 (M), as compared to the corresponding last year's quarterly pre-tax loss of Rs. 224.815 (M). Turnover for the quarter ended was Rs. 1.07 (B), as compared to corresponding last year's quarterly sales of Rs. 1.73 (B).

Cost of doing business is still high in Pakistan due to:

- Increase in minimum wages/salaries of labour. Cost of labour is highest in Pakistan, as compared to India, Bangladesh, China and Vietnam. This has increased cost of doing business;
- No export incentives to down-stream industry (spinning & weaving), as compared to incentives given to the Indian and Vietnam textile industry;
- Increase in energy costs due to increase in gas/electric tariff rates. Increase in gas & electric load-shedding. Electricity tariff is the highest in Pakistan as compared to India, Bangladesh, China and Vietnam.

Due to the above-mentioned reasons, our costs have increased, and we are unable to offer competitive prices in the international markets. Further, textile markets still appear to be going through a slow-down mode, and the markets have still not shown any significant upward economic movement.

The textile industry is waiting for the bail-out package which is to be announced soon. It is to be seen whether the industry can benefit from this proposed textile package, as previous ones have not been able to jump-start this industry. Tax refunds continue to get stuck-up for long durations, adding to liquidity tightness.

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 31, 2016

**QUETTA TEXTILE MILLS LIMITED**

Condensed Interim Balance Sheet (Un-audited)

As at September 30, 2016

		Audited
	Note	30-Jun-18 Rupees
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	5	5,697,386,523
Long term deposits		67,437,881
		<u>5,764,824,404</u>
<b>CURRENT ASSETS</b>		
Stores, spare and loose tools		418,077,834
Stock in trade	6	2,510,537,575
Trade debts		161,932,926
Other financial assets		166,085
Loans and advances		73,817,541
Trade deposits and short term prepayments		18,425,174
Income tax and sales tax refundable		178,756,029
Cash and bank balances		53,726,835
		<u>3,415,439,999</u>
		<u>9,180,311,723</u>
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
<b>Authorised capital</b>		
20,000,000 (June 30, 2016: 20,000,000) ordinary shares of Rs. 10 each		200,000,000
15,000,000 (June 30, 2016: 15,000,000) preference shares of Rs. 10 each		150,000,000
		<u>350,000,000</u>
<b>Issued, subscribed and paid-up capital</b>		
Reserves		130,000,000
		<u>116,719,921</u>
		<u>246,719,921</u>
Surplus on revaluation of property, plant and equipment		1,461,935,088
		<u>1,461,795,244</u>
<b>NON CURRENT LIABILITIES</b>		
Long term finance		1,039,893,026
Redeemable capital - Sukuk		288,165,235
Loan from directors and others - subordinated		160,726,470
Liabilities against assets subject to finance lease		13,292,078
Deferred liabilities		742,030,362
		<u>2,244,107,171</u>
		<u>2,214,720,196</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables		1,338,564,069
Accrued interest / mark-up		435,912,702
Short term borrowings		2,890,252,160
Loan from directors and others		26,464,963
Current portion of		
Long term finances		150,661,408
Redeemable capital - Sukuk		375,172,408
Liabilities against assets subject to finance lease		10,521,834
		<u>5,227,549,544</u>
		<u>5,058,190,391</u>
<b>CONTINGENCIES AND COMMITMENTS</b>		
	7	
		<u>9,180,311,723</u>
		<u>9,256,254,416</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:

Date: October 31, 2016





**Condensed Interim Profit and Loss Account (Un-audited)**  
**For the Quarter ended September 30, 2016**

	Note	30-Sep-16 Rupees	30-Sep-15 Rupees
Sales		1,072,072,890	1,736,121,973
Cost of sales		(1,255,731,238)	(1,791,846,339)
Gross (loss)		(183,658,348)	(55,724,366)
Distribution cost		(10,748,920)	(38,199,865)
Administrative expenses		(14,436,298)	(15,687,567)
Finance cost		(87,749,389)	(115,565,571)
		(112,934,607)	(169,453,002)
<b>(Loss) from operations</b>		<b>(296,592,955)</b>	<b>(225,177,368)</b>
Other income		53,028	362,222
<b>(Loss) before taxation</b>		<b>(296,539,927)</b>	<b>(224,815,146)</b>
Taxation		8,560,607	(6,918,532)
<b>(Loss) after taxation</b>		<b>(287,979,320)</b>	<b>(231,733,678)</b>
<b>(Loss) per share - basic and diluted</b>		<b>(22.15)</b>	<b>(17.83)</b>

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 31, 2016

**Condensed Interim Statement of Comprehensive Income (Un-audited)**  
**For the Quarter ended September 30, 2016**

Note	30-Sep-16 Rupees	30-Sep-15 Rupees
(Loss) after taxation	(287,979,320)	(231,733,678)
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	(7,155,729)	(2,573,075)
Related deferred tax on remeasurement of employees retirement benefits - gratuity	769,384	294,772
	(6,386,345)	(2,278,303)
<b>Total comprehensive (loss) for the quarter</b>	<b>(294,365,665)</b>	<b>(234,011,981)</b>

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 31, 2016


**QUETTA TEXTILE MILLS LIMITED**

Condensed Interim Cash Flow Statement (Un-audited)  
For the Quarter ended September 30, 2016

	30-Sep-16 Rupees	30-Sep-15 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) before taxation	(296,539,927)	(224,815,146)
<b>Adjustments for:</b>		
Depreciation	68,036,559	71,626,748
Finance cost	87,749,389	115,565,571
Provision for gratuity	6,491,171	11,412,198
Provision for (appreciation) in the value of investment	-	(233,341)
Gain on disposal of property, plant and equipment	-	(38,586)
	<b>162,277,119</b>	<b>198,332,590</b>
Profit before working capital changes	<b>(134,262,808)</b>	<b>(26,482,556)</b>
<b>(Increase) / decrease in current assets</b>		
Stores, spare parts and loose tools	8,334,267	4,873,103
Stock in trade	35,312,826	468,775,330
Trade debts	(41,766,741)	23,851,483
Loans and advances	(10,077,153)	(1,875,125)
Trade deposits and short term prepayments	7,120,823	7,288,857
Other receivables	(0)	12,419,404
	<b>(1,075,978)</b>	<b>515,333,052</b>
<b>(Decrease) / increase in current liabilities</b>		
Trade and other payables	108,342,102	73,587,606
Cash generated from operations	<b>(26,996,685)</b>	<b>562,438,102</b>
Finance cost paid	(8,166,348)	(120,393,428)
Taxes paid	(6,809,625)	9,614,993
Long term deposits	(47,320)	466,245
Staff retirement benefits - gratuity	(8,120,776)	(7,691,196)
	<b>(23,144,069)</b>	<b>(118,003,386)</b>
Net cash (used)/ generated from operating activities	<b>(50,140,753)</b>	<b>444,434,716</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property, plant and equipment	-	250,000
Fixed capital expenditure	(2,198,960)	-
Net cash used in investing activities	<b>(2,198,960)</b>	<b>250,000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing	159,003,526	(9,926,891)
Loan from directors and others	15,048,795	29,000
Liabilities against assets subject to finance lease	(527,770)	(2,904,963)
Redeemable Capital	-	(13,792,621)
Short term borrowings - net	(128,555,164)	(409,453,708)
Net cash used in financing activities	<b>44,969,387</b>	<b>(436,049,183)</b>
Net increase / (decrease) in cash and cash equivalents	<b>(7,370,326)</b>	<b>8,635,533</b>
Cash and cash equivalents at the beginning of the period	<b>61,097,161</b>	<b>81,225,888</b>
Cash and cash equivalents at the end of the period	<b>53,726,835</b>	<b>89,861,421</b>

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 31, 2016



**Condensed Interim Statement of Changes in Equity (Un-audited)**  
**For the Quarter ended September 30, 2016**

Particulars	Share capital	Reserves				Sub total	Total
		Share premium	Capital reserves	General reserves	Unappropriated profit		
Rupees							
Balance as at July 01, 2015 - Audited	130,000,000	651,750,000	1,200	115,000,000	1,285,249,651	2,052,000,851	2,182,000,851
Transfer from surplus on revaluation of property, plant and equipment (incremental depreciation) - net of deferred tax	-	-	-	-	20,565,264	20,565,264	20,565,264
<b>Total comprehensive (loss)/income for the quarter ended September 30, 2015</b>							
Profit after taxation for the quarter	-	-	-	-	(231,733,678)	(231,733,678)	(231,733,678)
Total comprehensive loss for the quarter	-	-	-	-	(2,278,303)	(2,278,303)	(2,278,303)
	-	-	-	-	(234,011,981)	(234,011,981)	(234,011,981)
<b>Balance as at September 30, 2015</b>	<u>130,000,000</u>	<u>651,750,000</u>	<u>1,200</u>	<u>115,000,000</u>	<u>1,071,802,934</u>	<u>1,838,554,134</u>	<u>1,968,554,134</u>
Balance as at July 01, 2016 - Audited	130,000,000	651,750,000	1,200	115,000,000	(375,202,615)	391,548,585	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
<b>Total comprehensive (loss)/income for the quarter ended September 30, 2016</b>							
Profit after taxation for the quarter	-	-	-	-	(287,979,320)	(287,979,320)	(287,979,320)
Total comprehensive loss for the quarter	-	-	-	-	(6,386,345)	(6,386,345)	(6,386,345)
	-	-	-	-	(294,365,665)	(294,365,665)	(294,365,665)
<b>Balance as at September 30, 2016</b>	<u>130,000,000</u>	<u>651,750,000</u>	<u>1,200</u>	<u>115,000,000</u>	<u>(669,568,280)</u>	<u>116,719,921</u>	<u>246,719,921</u>

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

  
**TARIQ IQBAL**  
 Chief Executive

Karachi:  
 Dated: October 31, 2016

  
**OMER KHALID**  
 Director

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

For the Quarter ended September 30, 2016

**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, 2016.

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, 2016.

**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, 2016.

**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, 2016.

The company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 30th June, 2016.



## 5 PROPERTY, PLANT AND EQUIPMENT

	Note	(Un-audited)	(Audited)
		30-Sep-16	30-Jun-16
		Rupees	
Operating assets	5.1	5,694,887,613	5,760,725,210
Capital work in progress-at cost	5.2	2,498,910	2,498,910
		<u>5,697,386,523</u>	<u>5,763,224,120</u>

5.1 The cost of acquisition and disposal to operating assets during the quarter ended September 30, 2016 were as follows:

	(Un-audited)			(Audited)		
	30-Sep-16		Disposal	30-Jun-16		Disposal
	Acquisition	Cost		Acquisition	Cost	
		Rupees		Rupees		
<b>Owned assets</b>						
Lease hold land	-	-	-	-	-	5,416,118
Plant & machinery	2,136,716	-	-	14,274,422	-	-
Office equipment	-	-	-	244,220	-	-
Furniture and fixture	62,244	-	-	283,939	-	-
Vehicles	-	-	-	-	-	1,322,520
<b>Leased assets</b>						
Vehicles	-	-	-	1,872,500	-	-
<b>Total</b>	<u>2,198,960</u>	<u>-</u>	<u>-</u>	<u>16,675,081</u>	<u>-</u>	<u>6,738,638</u>

5.2 Capital work in progress-at cost

	(Un-audited)	(Audited)
	30-Sep-16	30-Jun-16
		Rupees
Computer software	2,498,910	2,498,910
	<u>2,498,910</u>	<u>2,498,910</u>

## 6 STOCK IN TRADE

The carrying value of pledged stock is Rs. 999500,000/- (June 30, 2016: Rs. 907,500,500/-).

**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-16	30-Jun-16
	Rupees	
<b>7.1 Contingencies</b>		
Bank Guarantee issued by bank on behalf of the company	257,455,245	257,255,245

There is no changes in the legal cases other than those enclosed in the annual financial statement as on June 30, 2016.

**7.2 Commitments**

	(Un-audited)	(Audited)
	30-Sep-16	30-Jun-16
	Rupees	
<b>7.2 Commitments</b>		
Civil works		
Confirmed letter of credit in respect of:		
Raw material		
Stores and spares	591,199	7,201,904
	591,199	7,201,904

**8 TRANSACTIONS WITH RELATED PARTIES**

		(Un-audited)	(Audited)
		30-Sep-16	30-Jun-16
		Rupees	
<b>8 TRANSACTIONS WITH RELATED PARTIES</b>			
Transactions with related parties	Relationship		
Loan received/(repaid) - net	Key management personnel	15,048,795	2,927,566
Salaries and other employees benefits	Key management personnel	1,429,679	5,484,807

**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 31, 2016 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 31, 2016

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Web: [www.quettagroup.com](http://www.quettagroup.com)