

QUETTA TEXTILE MILLS LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Khalid Iqbal (Chief Executive)
Mr. Tariq Iqbal
Mr. Daanish Javed
Mr. Asim Khalid
Mr. Omer Khalid
Mrs. Najma Javed
Mrs. Tabbasum Tariq

AUDIT COMMITTEE

Mr. Asim Khalid (Chairman)
Mrs. Najma Javed (Member)
Mrs. Tabbasum Tariq (Member)

CHIEF FINANCIAL OFFICER

Mr. Daanish Javed

COMPANY SECRETARY

Mr. Muhammed Sohrab Ghani

AUDITORS

Mushtaq and Company
Chartered Accountants
407 / 4th Floor, Commerce Centre
Hasrat Mohani Road, Karachi

BANKERS

Allied Bank Limited
Al-Baraka Islamic Bank B.S.C. (E.C)
Askari Bank Limited
Atlas Bank Limited
Bank Al-Falah Limited
Dawood Islamic Bank Limited.
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited.
Habib Bank Limited
Habib Metropolitan Bank Limited
KASB Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Royal Bank of Scotland
Soneri Bank Limited
Saudi Pak Commercial Bank Limited
Standard Chartered Bank (Pakistan) Ltd
United Bank Limited

REGISTERED OFFICE

Nadir House (Ground Floor)

MILLS

I. I. Chundrigar Road, Karachi
P/3 & B/4, S.I.T.E., Kotri
47.5 K.M. Multan Road, Bhai Pheru

QUETTA TEXTILE MILLS LTD

DIRECTOR'S REVIEW

Dear Shareholders

It is our pleasure to present to you the results of your company for the nine months ended on 31st March 2009.

Your company earned a pre-tax profit of Rs.71.873 (M) in nine months as compared to Rs.88.891 (M) in the corresponding period last year. Turnover for the nine months was Rs.5.167 (B) as compared to Rs.4.126 (B) in March '2008 showing an increase of 25.23%. The Gross Profit margin for the nine months improved to 14.92% of sales as compared to 9.26% in the corresponding period of last year.

Financial cost has increased sharply which has eroded the profit margins of the company despite improvement in Gross Profit margin. Prices of local and imported cotton have remained at high level as compared to corresponding period and high markup rates has put pressure on bank borrowings.

The global economy is under severe recessionary pressure and showing no signs of recovery in the near future. Cost of doing business in Pakistan has gone up tremendously. The cost push factors continue to exert tremendous strain on textile industry with all cost rising e.g. wages and salaries, finance cost, electricity and fuel prices, etc. However, the management of the company is doing its best efforts to reduce costs to remain competitive in the market.

In the absence of timely and adequate measures from the government to provide relief to the textile sector, this year is going to be very challenging for the company.

In the end, I would like to thank all the financial institutions/banks for their continued support and confidence they have shown in the company. To the workers, staff and officers, I extend my gratitude for their dedication and honesty to the company.

On behalf of the Board of Directors

KHALID IQBAL
CHIEF EXECUTIVE

Karachi: 29th April 2009

QUETTA TEXTILE MILLS LTD
CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2009
(UN-AUDITED)

NOTE	31 MARCH 2009 RUPEES UNAUDITED	30 JUNE 2008 RUPEES AUDITED
<u>Capital and Liabilities</u>		
Share Capital and Reserves		
<u>Authorised Capital</u>		
	200,000,000	200,000,000
	150,000,000	150,000,000
	350,000,000	350,000,000
Issued, subscribed and paid up capital		
	31,250,000	31,250,000
Reserves		
	29,166,822	16,555,537
	399,219,276	366,096,970
	459,636,098	413,902,507
Surplus on revaluation of Property, Plant and Equipment		
	941,289,770	340,391,684
Loan from directors -Subordinated		
	758,661,770	738,661,770
<u>Non - Current Liabilities</u>		
	483,872,006	2,164,689,452
	1,385,000,000	-
	264,595,110	154,204,811
	157,949,221	132,804,248
<u>Current Liabilities:</u>		
	4,245,264,219	2,744,279,401
	331,612,514	440,875,345
	266,389,138	240,926,340
	150,146,580	142,501,785
	4,993,412,451	3,568,582,871
Contingencies and commitments	4	-
TOTAL EQUITY AND LIABILITIES	9,444,416,426	7,513,237,343
ASSETS		
<u>Non - Current Assets</u>		
Property, plant and equipment	5	4,680,978,679
Capital work in progress		160,228,536
Long term investment		51,575,629
Long term deposits		17,503,512
<u>Current Assets:</u>		
Stores, spares, and loose tools		292,554,020
Stock in trade		3,300,113,051
Trade debts		550,633,368
Other financial assets		40,109,911
Loans and advances		218,900,064
Short term prepayments		7,317,614
Other receivables		112,450,720
Cash and bank balances		12,051,322
		4,534,130,070
TOTAL ASSETS		9,444,416,426

The annexed notes form an integral part of these financial statements.

KARACHI: April 29, 2009

KHALID IQBAL
Chief Executive

OMER KHALID
DIRECTOR

QUETTA TEXTILE MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2009

	FOR THE QUARTER ENDED		FOR THE NINE MONTHS ENDED	
	MARCH 31, 2009 RUPEES	MARCH 31, 2008 RUPEES	MARCH 31, 2009 RUPEES	MARCH 31, 2008 RUPEES
Turn over - net	1,666,642,918	1,469,016,479	5,167,605,680	4,126,272,871
Less: Cost of goods sold	1,406,504,445	1,332,020,711	4,396,420,159	3,744,097,915
Gross profit	260,138,473	136,995,768	771,185,521	382,174,956
Operating expenses				
Administrative expenses	(8,482,168)	(9,210,014)	(25,059,966)	(26,383,194)
Other operating expenses	(27,945,729)	(9,682,933)	(127,471,554)	(35,327,878)
Other operating income/(loss)	1,198,140	(8,852,489)	3,627,031	10,124,825
	(35,229,757)	(27,745,436)	(148,904,489)	(51,586,247)
Operating profit	224,908,716	109,250,332	622,281,032	330,588,709
Finance cost - net	(211,368,906)	(96,337,470)	(550,407,379)	(241,697,910)
Net profit before taxation	13,539,810	12,912,862	71,873,653	88,890,799
Taxation				
Current year	(12,086,250)	(8,531,360)	(29,777,774)	(24,919,125)
Deferred	313,684	522,305	(19,738,419)	(20,850,700)
	(11,772,566)	(8,009,055)	(49,516,193)	(45,769,825)
Net profit after taxation	1,767,244	4,903,807	22,357,460	43,120,974
Earnings per share - basic and diluted	0.57	1.57	7.15	13.80

KARACHI: April 29, 2009

**KHALID IQBAL
CHIEF EXECUTIVE**

**OMER KHALID
DIRECTOR**

QUETTA TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE NINE MONTH PERIOD ENDED MARCH 31, 2009

	RESERVES					Sub Total	Un-appropriated Profit	Total
	Paid-up Capital	Capital Reserves	Unrealised gain /(loss) in value of securities available for sale	General reserves	Reserves for Power Generation			
Balance as at June 30, 2007	31,250,000	1,200	716,437	65,000,000	50,000,000	115,717,637	465,930,301	612,897,938
Net profit for the nine months period ended March 31, 2008						-	43,120,974	43,120,974
Dividend for the year ended June 30, 2007						-	(4,687,502)	(4,687,502)
Available for sale investment - valuation gain taken to equity			34,921			34,921	-	34,921
Balance as at March 31, 2008	31,250,000	1,200	751,358	65,000,000	50,000,000	115,752,558	504,363,773	651,366,330
Balance as at June 30, 2008	31,250,000	1,200	(98,445,663)	65,000,000	50,000,000	16,555,537	366,096,970	413,902,507
Net profit for the nine months period ended March 31, 2009						-	22,357,460	22,357,460
Transferred to General Reserve				50,000,000	(50,000,000)			
Available for sale investment - valuation gain taken to equity						-		-
Transferred from surplus on revaluation of property, Plant and equipment								
on account incremental depreciation charged in current period							10,764,846	10,764,846
Available for sale investment - valuation gain taken to equity						12,611,285	-	12,611,285
Balance as at March 31, 2009	31,250,000	1,200	(98,445,663)	115,000,000	-	29,166,822	399,219,276	459,636,098

KARACHI: April 29, 2009

KHALID IQBAL
Chief Executive

OMER KHALID
Director

QUETTA TEXTILE MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED MARCH 31, 2009
(UNAUDITED)

	For the nine months ended March 31, 2009 RUPEES	For the nine months ended March 31, 2008 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before taxation	71,873,653	88,890,799
Adjustment for non cash charges and other items:		
Depreciation	159,063,049	126,389,234
Financial charges - net	550,407,379	241,697,910
Gain / Loss on Sale of Property Plant and Equipment	(149,581)	-
Dividend Income	(1,900,950)	(7,921,410)
Provision for gratuity	14,156,613	11,373,096
Provision for diminution in the value of investment	28,829,456	30,419,668
Provision for workers profit participation fund	3,773,683	5,496,172
Profit before working capital changes	754,179,649	407,454,670
Effects on cash flow due to working capital changes:		
(Increase)/decrease in current assets:		
Stocks, stores and spares and stock in trade	(1,237,393,481)	(831,143,280)
Trade debts	4,987,014	(49,062,886)
Loans, advances, short term prepayments and other receivables	(78,293,886)	(109,758,224)
	(1,310,700,353)	(989,964,390)
Increase / (decrease) in current liabilities:		
Trade and other payables	24,684,510	(18,720,605)
Cash generated from operations	(459,962,541)	(512,339,526)
Payment for:		
Taxes	(33,574,358)	(41,939,244)
Gratuity	(4,982,362)	(5,596,888)
Workers profit participation fund	(3,169,078)	(7,690,140)
Long term deposit	(10,990,989)	(10,458)
Financial charges - net	(542,762,584)	(282,322,197)
	(595,479,371)	(337,558,927)
Net Cash Outflow From Operating Activities	(1,055,441,912)	(849,898,453)
CASH FLOW FROM INVESTING ACTIVITIES:		
Dividend Received	1,900,950	7,921,410
Fixed capital expenditure	(272,762,927)	(201,271,960)
Proceed against sale of Property, Plant and equipment	160,000	-
Long term investments	93,324,743	-
Short term investments	15,720,364	(249,706,714)
Net Cash Outflow From Investing Activities	(161,656,870)	(443,057,264)
CASH FLOW FROM FINANCING ACTIVITIES :		
Long term loans - net	(1,790,080,277)	(169,377,987)
Finance Lease -net	110,390,299	58,701,730
Redeemable Capital	1,385,000,000	-
Long term loans - Directors	20,000,000	158,820,000
Short term loans - net	1,500,984,818	1,262,602,643
Dividend paid	-	(4,558,604)
Net Cash Inflow From Financing Activities	1,226,294,840	1,306,187,782
Net (decrease) / increase in cash and cash equivalents	9,196,058	13,232,065
Cash and cash equivalents at beginning of the period	2,855,264	5,733,408
CASH AND BANK BALANCES AT THE END OF PERIOD	12,051,322	18,965,473

KHALID IQBAL

Chief Executive

OMER KHALID

Director

KARACHI: April 29, 2009

QUETTA TEXTILE MILLS LIMITED

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2009

1. THE COMPANY AND ITS OPERATIONS

The company was incorporated as a public limited company on January 29, 1970. Its shares are quoted on the Karachi Stock Exchange. The main business of the company is manufacturing and sale of yarn and fabric.

2. BASIS OF PREPARATION

2.1 These financial statements have been prepared under historical cost convention, except that certain fixed assets have been included at revalued amount.

2.2 These financial statements have been prepared in compliance with the International Accounting Standard (IAS) 34 Interim Financial Reporting and in compliance with the requirements of section 245 of the Companies Ordinance, 1984.

3. ACCOUNTING POLICIES

The accounting policies and method of computation adopted for the preparation of the financial statements for the nine months period ended March 31, 2009 are the same as those applied in the preparation of the audited financial statements for the year ended June 30, 2008.

4. CONTINGENCIES AND COMMITMENTS

Contingencies

There is no change in the contingencies as disclosed in the audited financial statements for the year ended June 30, 2008.

	NINE MONTH PERIOD ENDED	
	March 31, 2009	June 30, 2008
Commitments		
Capital commitment	164,000,000	164,000,000
Civil Works	71,451,961	76,991,480
Other Commitment	235,451,961	240,991,480
Stores, spare raw packing Material and letter of credit	5,291,784	7,856,421

5. ACQUISITION AND DISPOSAL OF FIXED ASSETS - (AT COST)

	For the Nine months ended			For the Nine months ended	
	MARCH 31, 2009			MARCH 31, 2008	
	ADDITIONS	Revaluation RUPEES	DISPOSALS	ADDITIONS	DISPOSALS
Land	-	154,907,755			
Building - Freehold	899,897	452,987,480	-	18,140,226	-
Plant and Machinery	240,769,103		-	155,585,990	-
Electrical fittings	10,861,907		-	3,935,966	-
Factory equipments	1,776,374		-	850,709	-
Office equipments	956,169		-	850,709	-
Furniture and fixtures	286,191		-	362,700	
Vehicles	4,497,567		(370,149)	4,715,500	
	260,047,208	607,895,235	(370,149)	184,441,800	-

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6. RELATED PARTY TRANSACTIONS

	QUARTER ENDED		NINE MONTHS PERIOD ENDED	
	MAR- 31 2009	MAR- 31 2008	MAR- 31 2009	MAR- 31 2008
	RUPEES	RUPEES	RUPEES	RUPEES
Purchase of yarn from subsidiary	-	49,949,900	-	96,479,288
Purchase of waste from subsidiary	-	2,467,095	-	3,176,375
Interest on loan provided to subsidiary	-	5,410,191	-	7,816,502

7. CYCLICALITY OF OPERATIONS

The textile business is an all year business however, major raw material purchases i.e. cotton, takes place during the four months from October to January. This leads to higher figures in respect of stocks, bank borrowings.

8. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on April 29, 2009 by Board of Directors of the Company.

9. GENERAL

Figures have been rounded off to the nearest rupee.

KARACHI: April 29, 2009

KHALID IQBAL
Chief Executive

OMER KHALID
Director