

QUETTA TEXTILE MILLS LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Tariq Iqbal	Chief Executive & Executive Director
Mr. Tauqir Tariq	Executive Director
Mr. Asim Khalid	Executive Director
Mr. Omer Khalid	Executive Director
Mrs. Saima Asim	Non Executive Director
Mrs. Tabbasum Tariq	Non Executive Director
Mrs. Sadaf Khalid	Non Executive Director
Mr. Farhan Saleem	Non Executive Independent Director

AUDIT COMMITTEE

Mrs. Tabbasum Tariq	(Chairman)
Mrs. Sadaf Khalid	(Member)
Mr. Farhan Saleem	(Member)

CHIEF FINANCIAL OFFICER

Mr. Omer Khalid

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 Bank (Pakistan) Limited
Bank Alfalah Limited
Burj Bank Limited
Dubai Islamic Bank (Pakistan) Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
KASB 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

QUETTA TEXTILE MILLS LIMITED

CHIEF EXECUTIVE'S REVIEW

Dear Shareholders:

It is a pleasure to present the results of the company for the half year ended December 31, 2013.

Your company earned a profit before tax of Rs. 133.51 (M) as compared to the corresponding last year's half yearly profit of Rs. 99.13 (M). Turnover for the half year ended was Rs. 6.31 (B), as compared to corresponding last year's half yearly sales of Rs. 6.06 (B), showing an increase of 4.1% which is mainly due to increase in production efficiencies.

After November '2013, yarn prices dropped abruptly and kept declining till end-December '2014 due to slack in world-wide demand for cotton yarns. On the contrary, cotton prices have remained firm causing pressure on profitability. We expect yarn prices to remain stable in the coming quarters.

Textile industry in Pakistan still continues to suffer from acute gas/electricity shortages and severe lawlessness. These problems have continued to be the main hurdle in our business. This has adversely affected productions, and has increased productions costs due to usage of stand-by HFO-fired generators. However, our Grid Station is expected to come online by end-February or early-March '2014.

I would like to thank all the staff and workers of the company and the supporting financial institutions for their confidence and efforts.



TARIQ IQBAL

Chief Executive

Karachi: February 28, 2014

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 Fax: 32639843

Branch Office: 501-B, City Towers, Gulberg-II, Lahore. Tel: 35788637 Fax: 35788626

Email Address: mushtaq_vohra@hotmail.com

Member of



Illinois, USA

Auditor's Report to the Members on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Quetta Textile Mills Limited** as at December 31, 2013, and the related condensed interim 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 forming part thereof (here-in-after referred to as the "interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this 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 interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2013 and December 31, 2012 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2013.

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 the 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 interim financial information for the half year ended December 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

KARACHI:

Date: February 28, 2014

MUSHTAQ & COMPANY

Chartered Accountants

Engagement Partner:

Mushtaq Ahmed Vohra

F.C.A

QUETTA TEXTILE MILLS LIMITED

Condensed Interim Balance Sheet (Un-audited)

As at December 31, 2013

	Note	31-Dec-13 Rupees	30-Jun-13 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	5,000,260,133	5,056,794,377
Long term deposits		33,413,278	40,480,940
		5,033,673,411	5,097,275,317
CURRENT ASSETS			
Stores, spare and loose tools		495,949,656	439,274,908
Stock in trade	6	3,757,702,091	3,139,023,151
Trade debts		406,726,048	415,051,612
Other financial assets		3,606,494	4,510,225
Loans and advances		87,672,948	99,672,881
Trade deposits and short term prepayments		16,899,981	15,319,625
Income tax and sales tax refundable		292,089,919	251,361,945
Cash and bank balances		31,667,438	37,974,217
		5,092,314,575	4,402,188,564
		<u>10,125,987,986</u>	<u>9,499,463,880</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
20,000,000 (June 30, 2013: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
15,000,000 (June 30, 2013: 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		2,356,519,315	2,294,932,948
		2,486,519,315	2,424,932,948
Surplus on revaluation of property, plant and equipment		698,156,560	706,438,811
NON CURRENT LIABILITIES			
Long term finance		107,376,888	99,470,332
Redeemable capital - Sukuk		801,989,095	879,146,550
Loan from directors and others - subordinated		162,979,820	148,457,000
Liabilities against assets subject to finance lease		22,554,958	36,699,118
Deferred liabilities		506,694,988	502,191,333
		1,601,595,749	1,665,964,333
CURRENT LIABILITIES			
Trade and other payables		776,264,923	694,221,666
Accrued interest / mark-up		200,150,956	156,721,629
Short term borrowings		4,044,689,913	3,421,422,671
Current portion of			
Long term finances		103,099,387	176,069,486
Redeemable capital - Sukuk		188,275,862	191,034,485
Liabilities against assets subject to finance lease		27,235,321	62,657,851
		5,339,716,362	4,702,127,788
CONTINGENCIES AND COMMITMENTS			
	7		
		<u>10,125,987,986</u>	<u>9,499,463,880</u>

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

QUETTA TEXTILE MILLS LIMITED

Condensed Interim Profit and Loss Account (Un-audited)
For the half year ended December 31, 2013

	Half Year Ended		Quarter Ended	
	31-Dec-13 Rupees	31-Dec-12 Rupees	31-Dec-13 Rupees	31-Dec-12 Rupees
Sales	6,309,706,378	6,062,747,369	2,928,411,088	3,164,357,825
Cost of sales	(5,607,792,519)	(5,369,498,943)	(2,610,292,725)	(2,790,356,773)
Gross profit	701,913,859	693,248,426	318,118,363	374,001,052
Distribution cost	(177,510,951)	(170,661,067)	(90,633,826)	(79,638,300)
Administrative expenses	(23,817,558)	(19,645,615)	(11,445,075)	(9,734,539)
Other operating expenses	(11,628,674)	(7,074,404)	(3,925,003)	(4,109,428)
Finance cost	(358,644,628)	(400,384,321)	(182,357,323)	(208,866,096)
	(571,601,811)	(597,765,407)	(288,361,227)	(302,348,363)
Profit from operations	130,312,048	95,483,019	29,757,136	71,652,689
Other income	3,197,140	3,643,358	2,300,872	968,054
Profit before taxation	133,509,188	99,126,377	32,058,008	72,620,743
Taxation	(65,164,745)	(56,244,027)	(14,964,571)	(33,535,680)
Profit after taxation	68,344,443	42,882,350	17,093,437	39,085,063
Earnings per share - basic and diluted	5.26	3.30	1.31	3.01

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

Karachi:

Dated: February 28, 2014


TARIQ IQBAL
Chief Executive


OMER KHALID
Director

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QUETTA TEXTILE MILLS LIMITED

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the half year ended December 31, 2013

	Half Year Ended		Quarter Ended	
	31-Dec-13 Rupees	31-Dec-12 Rupees	31-Dec-13 Rupees	31-Dec-12 Rupees
Profit after taxation	68,344,443	42,882,350	17,093,437	39,085,063
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	68,344,443	42,882,350	17,093,437	39,085,063

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

Karachi:

Dated: February 28, 2014



TARIQ IQBAL
Chief Executive



OMER KHALID
Director

QUETTA TEXTILE MILLS LIMITED

Condensed Interim Cash Flow Statement (Un-audited)

For the half year ended December 31, 2013

	31-Dec-13 Rupees	31-Dec-12 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	133,509,188	99,126,377
Adjustments for:		
Depreciation	116,928,273	121,134,955
Finance cost	358,644,628	400,384,321
Dividend income	(294,000)	(228,000)
Provision for gratuity	18,723,907	26,772,332
Provision for appreciation/diminution in the value of investment	(1,578,880)	(2,060,248)
Provision for workers profit participation fund	7,170,203	5,217,178
Gain on disposal of property, plant and equipment	-	(30,850)
	499,594,131	551,189,688
Profit before working capital changes	633,103,319	650,316,065
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(56,674,748)	12,968,320
Stock in trade	(618,678,940)	(371,555,788)
Trade debts	8,325,564	(16,665,723)
Loans and advances	11,999,933	47,817,834
Trade deposits and short term prepayments and Sales tax	(43,488,349)	(35,029,561)
	(698,516,540)	(362,464,918)
(Decrease) / increase in current liabilities		
Trade and other payables	90,432,656	46,386,251
Cash generated from operations	25,019,435	334,237,398
Finance cost paid	(315,215,301)	(397,600,659)
Workers Profit Participation Fund Paid	(14,532,295)	(8,712,400)
Taxes paid	(60,413,741)	(43,425,753)
Long term deposits	7,067,662	(5,001)
Staff retirement benefits - gratuity	(14,358,868)	(9,075,136)
	(397,452,543)	(458,818,949)
Net cash (used)/ generated from operating activities	(372,433,108)	(124,581,551)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	-	890,000
Dividend received	294,000	228,000
Fixed capital expenditure	(60,394,032)	(130,472,234)
Short Term Investment	2,482,610	5,653,907
Net cash used in investing activities	(57,617,422)	(123,700,327)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	(65,063,543)	(7,655,584)
Loan from Director and others - net	14,522,820	18,771,000
Liabilities against assets subject to finance lease	(49,566,690)	(53,607,358)
Redeemable Capital	(79,916,078)	(69,250,000)
Short term borrowings - net	623,267,242	390,226,911
Dividend paid	(19,500,000)	-
Net cash used in financing activities	423,743,751	278,484,969
Net increase / (decrease) in cash and cash equivalents	(6,306,779)	30,203,091
Cash and cash equivalents at the beginning of the period	37,974,217	8,408,728
Cash and cash equivalents at the end of the period	31,667,438	38,611,819

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

Karachi:
Dated: February 28, 2014


TARIQ IQBAL
Chief Executive


OMER KHALID
Director

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QUETTA TEXTILE MILLS LIMITED

Condensed Interim Statement of Changes in Equity (Un-audited) For the half year ended December 31, 2013

Particulars	Share capital	Reserves				Sub total	Total
		Share premium	Capital reserves	General reserves	Unappropriated profit		
Rupees							
Balance as at July 01, 2012	130,000,000	651,750,000	1,200	115,000,000	1,341,938,731	2,108,689,931	2,238,689,931
Total comprehensive income for the half year ended December 31, 2012	-	-	-	-	42,882,350	42,882,350	42,882,350
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	-	-	13,612,618	13,612,618	13,612,618
Balance as at December 31, 2012	130,000,000	651,750,000	1,200	115,000,000	1,398,433,699	2,165,184,899	2,295,184,899
Profit for the remaining period	-	-	-	-	116,391,606	116,391,606	116,391,606
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - remaining period	-	-	-	-	13,356,443	13,356,443	13,356,443
Balance as at June 30, 2013	130,000,000	651,750,000	1,200	115,000,000	1,528,181,748	2,294,932,948	2,424,932,948
Total comprehensive income for the half year ended December 31, 2013	-	-	-	-	68,344,443	68,344,443	68,344,443
Final dividend for the year ended June 30, 2013 PKR 1.5 per share	-	-	-	-	(19,500,000)	(19,500,000)	(19,500,000)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	-	-	12,741,924	12,741,924	12,741,924
Balance as at December 31, 2013	130,000,000	651,750,000	1,200	115,000,000	1,589,768,115	2,356,519,315	2,486,519,315

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

Karachi:

Dated: February 28, 2014


TARIQ IQBAL
Chief Executive


OMER KHALID
Director

QUETTA TEXTILE MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2013

1 LEGAL STATUS AND NATURE OF BUSINESS

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 Karachi Stock Exchange. The main business of the company is manufacturing and sale of yarn and fabric. The registered office and factories of the company is situated at ground floor Nadir House I.I Chundrigar road Karachi and S.I.T.E Kotri at Sindh & Bhai Pheru at Punjab respectively.

2 BASIS OF PREPARATION

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, 2013.

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Karachi, Lahore and Islamabad Stock Exchanges 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 half year ended December 31, 2012 which have been subjected to a review but not audited. These condensed interim financial information also include the condensed interim profit and loss account for the quarter ended December 31, 2013.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 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 30 June, 2013 except for adoption of IAS-19, as more described in note 3.2 below.

3.2 Change in accounting policy for employee benefits - defined benefit plan

IAS 19 (revised) 'Employee benefits' amends the accounting for employment benefits which became effective to the Company from July 1, 2013. The changes introduced by the IAS 19 (revised) are as follows:

- (a) The standard requires past service cost to be recognised immediately in profit and loss account;
- (b) The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit assets or liability and the discount rate, measured at the beginning of the year;
- (c) There is a new term "remeasurement". This is made up of actuarial gains and losses, the differences between actual investment returns and return implied by the net interest cost; and
- (d) The amendment requires an entity to recognise remeasurements immediately in other comprehensive income. Actuarial gains or losses beyond corridor limits were previously amortised over the expected future services of the employees.

The management believes that the effects of these changes would not have any effect on this condensed interim financial information as the cumulative balance for unrecognised actuarial losses as at June 30, 2013 was Nil.

4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

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 June 30, 2013.

The company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2013.

5 PROPERTY, PLANT AND EQUIPMENT

	Note	(Un-audited)	(Audited)
		31-Dec-13	30-Jun-13
		Rupees	
Operating assets	5.1	4,898,441,559	4,978,445,907
Capital work in progress-at cost	5.2	101,818,574	78,348,470
		<u>5,000,260,133</u>	<u>5,056,794,377</u>

5.1 The cost of acquisition and disposal to operating assets during the half year ended December 31, 2013 were as follows:

	(Un-audited)		(Audited)	
	31-Dec-13		30-Jun-13	
	Acquisition	Disposal	Acquisition	Disposal
	Cost		Cost	
Rupees		Rupees		
Owned assets				
Lease hold land	-	-	1,702,382	-
Building on leasehold land	791,532	-	11,218,004	-
Plant & machinery	35,100,824	-	144,185,043	-
Electrical fittings	187,040	-	2,296,590	-
Factory equipment	140,000	-	642,040	-
Office equipment	435,900	-	687,053	-
Furniture and fixture	268,632	-	145,833	-
Vehicles	-	-	3,873,360	3,756,400
Total	<u>36,923,928</u>	<u>-</u>	<u>164,750,305</u>	<u>3,756,400</u>

5.2 Capital work in progress-at cost

	(Un-audited)	(Audited)
	31-Dec-13	30-Jun-13
	Rupees	
Building - civil works	11,255,493	11,002,965
Building Grid station	22,827,660	20,410,084
Electrical installation -grid station	67,735,421	46,935,421
	<u>101,818,574</u>	<u>78,348,470</u>

6 STOCK IN TRADE

The carrying value of pledged stock is Rs. 1,837,769,621 (June 30, 2013: Rs. 1,128,675,520).

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)
	31-Dec-13	30-Jun-13
	-----Rupees-----	
7.1 Contingencies		
Bank Guarantee issued by bank on behalf of the company	<u>224,755,248</u>	<u>214,475,248</u>
7.2 Commitments		
Civil works	<u>110,000,000</u>	<u>101,000,000</u>
Confirmed letter of credit in respect of:		
Raw material	347,628,960	341,841,375
Stores and spares	<u>27,482,972</u>	<u>23,086,331</u>
	<u>375,111,932</u>	<u>364,927,706</u>

8 TRANSACTIONS WITH RELATED PARTIES

	(Un-audited)	(Un-audited)	
	31-Dec-13	31-Dec-12	
	-----Rupees-----		
Transactions with related parties	Relationship		
Loan received/(repaid) - net	Key management personnel	14,522,820	18,770,000
Salaries and other employees benefits	Key management personnel	2,000,796	1,940,117

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 half year and quarter.

10 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information have been authorized for issue on February 28, 2013 by the board of directors of the company.

11 GENERAL

Figures have been rounded off to the nearest rupees.

Karachi:
Dated: February 28, 2014


TARIQ IQBAL
Chief Executive


OMER KHALID
Director