

**REVIEWED FINANCIAL  
STATEMENTS  
FOR THE HALF YEAR ENDED  
DECEMBER 31, 2014  
(UN-AUDITED)**



**QUETTA**

**QUETTA TEXTILE MILLS LIMITED**

# QUETTA TEXTILE MILLS LIMITED

## CORPORATE INFORMATION

### **BOARD OF DIRECTORS**

Executive Director	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 Independent Director	Mr. Farhan Saleem

### **AUDIT COMMITTEE**

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

### **HUMAN RESOURCE & REMUNERATION COMMITTEE**

Chairman	Mr. Asim Khalid
Member	Mrs. Tabasum Tariq
Member	Mrs. Sadaf Khalid

**CHIEF FINANCIAL OFFICER** Mr. Omer Khalid

**COMPANY SECRETARY** Mr. Muhammad Sohrab Ghani

**AUDITORS** Mushtaq and Company  
Chartered Accountants  
407 / 4<sup>th</sup> 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, 2014.

Your company made a pre-tax loss of Rs. 65.4 (M) as compared to the corresponding last year's half yearly pre-tax profit of Rs. 140.7 (M). Turnover for the half year ended was Rs. 5.4 (B), as compared to corresponding last year's half yearly sales of Rs. 6.3 (B), showing a decrease of 14% which is mainly due to abrupt decrease in prices of yarns and fabrics, which followed the oil and general commodity price fall.

Bottom line of the company has primarily suffered due to cotton inventory procured at high rates. The last 6 months have been most difficult for the entire textile industry. Textile markets have been in a slump since more than a year now.

The overall performance of the company suffered due to un-stable economic policies of the government. The loss had been mainly due to slowdown in the international markets and PKR appreciation against US\$. Due to the global economic slowdown, it is expected that global demand for finished products will remain sluggish during the coming months. The textile industry continues to suffer from acute gas & electricity shortages.

The company has re-paid the following long-term debts during the periods mentioned below:

	<u>July 2012 to June 2013</u>	<u>July 2013 to June 2014</u>	<u>July 2014 to Dec 2014</u>	<u>TOTAL</u>
Amounts Re-Paid	Rs. 333 (M)	Rs. 398 (M)	Rs. 124 (M)	Rs. 855 (M)

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, 2015

# 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

Leading Edge

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, 2014, 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, 2014 and December 31, 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 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, 2014 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, 2015

**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, 2014

	Note	Audited	
		31-Dec-14 Rupees	30-Jun-14 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	4,930,778,426	5,008,146,385
Long term deposits		31,380,424	31,205,049
		<b>4,962,158,850</b>	<b>5,039,351,434</b>
<b>CURRENT ASSETS</b>			
Stores, spare and loose tools		534,709,996	529,949,869
Stock in trade	6	4,024,320,189	3,769,952,643
Trade debts		358,377,341	410,865,919
Other financial assets		1,141,368	3,227,989
Loans and advances		101,640,403	69,758,035
Trade deposits and short term prepayments		14,596,116	8,765,196
Income tax and sales tax refundable		255,830,016	289,977,522
Cash and bank balances		52,888,658	46,136,058
		<b>5,343,504,087</b>	<b>5,128,633,231</b>
		<b>10,305,662,937</b>	<b>10,167,984,665</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorised capital</b>			
20,000,000 (June 30, 2014: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
15,000,000 (June 30, 2014: 15,000,000) preference shares of Rs. 10 each		150,000,000	150,000,000
		<b>350,000,000</b>	<b>350,000,000</b>
<b>Issued, subscribed and paid-up capital</b>			
Reserves		130,000,000	130,000,000
		<b>2,241,583,907</b>	<b>2,358,036,006</b>
		<b>2,371,583,907</b>	<b>2,488,036,006</b>
Surplus on revaluation of property, plant and equipment		680,680,413	689,329,460
<b>NON CURRENT LIABILITIES</b>			
Long term finance		108,103,969	108,859,446
Redeemable capital - Sukuk		599,449,077	654,434,534
Loan from directors and others - subordinated		160,726,470	160,726,470
Liabilities against assets subject to finance lease		11,070,298	17,735,744
Deferred liabilities		499,136,961	516,109,062
		<b>1,378,486,775</b>	<b>1,457,865,256</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		959,540,228	902,698,608
Accrued interest / mark-up		193,947,642	159,417,657
Short term borrowings		4,442,587,724	4,162,591,963
<b>Current portion of</b>			
Long term finances		65,570,708	78,310,038
Redeemable capital - Sukuk		192,413,793	204,413,793
Liabilities against assets subject to finance lease		20,851,747	25,321,884
		<b>5,874,911,842</b>	<b>5,532,753,943</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7		
		<b>10,305,662,937</b>	<b>10,167,984,665</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: February 28, 2015

# QUETTA TEXTILE MILLS LIMITED

Condensed Interim Profit and Loss Account (Un-audited)  
For the half year ended December 31, 2014

	Half Year Ended		Quarter Ended	
	31-Dec-14 Rupees	31-Dec-13 Rupees	31-Dec-14 Rupees	31-Dec-13 Rupees
		Restated		Restated
Sales	5,425,880,272	6,309,706,378	2,832,329,934	2,928,411,088
Cost of sales	(4,997,595,531)	(5,600,583,713)	(2,688,625,471)	(2,607,409,203)
Gross profit	428,284,741	709,122,665	143,704,463	321,001,885
Distribution cost	(158,475,836)	(177,510,951)	(80,688,883)	(90,633,826)
Administrative expenses	(25,457,041)	(23,817,558)	(11,256,631)	(11,445,075)
Other operating expenses	(866,908)	(11,628,674)	1,586,103	(3,925,003)
Finance cost	(315,105,492)	(358,644,628)	(155,543,616)	(182,357,323)
	(499,905,277)	(571,601,811)	(245,903,027)	(288,361,227)
(Loss)/Profit from operations	(71,620,536)	137,520,854	(102,198,564)	32,640,658
Other income	6,246,761	3,197,140	5,082,207	2,300,872
(Loss)/Profit before taxation	(65,373,775)	140,717,994	(97,116,357)	34,941,530
Taxation	(59,811,146)	(65,164,745)	(28,960,501)	(14,964,571)
(Loss)/ Profit after taxation	(125,184,921)	75,553,249	(126,076,858)	19,976,959
(Loss)/Earnings per share - basic and diluted	(9.63)	5.81	(9.70)	1.54

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: February 28, 2015

# QUETTA TEXTILE MILLS LIMITED

Condensed Interim Statement of Comprehensive Income (Un-audited)  
For the half year ended December 31, 2014

	Half Year Ended		Quarter Ended	
	31-Dec-14 Rupees	31-Dec-13 Rupees	31-Dec-14 Rupees	31-Dec-13 Rupees
(Loss) / Profit after taxation	(125,184,921)	Re- Stated 75,553,249	(126,076,858)	Re- Stated 19,976,959

Other comprehensive income for the period  
Items that may not be re-classified subsequently to Profit and loss :

Loss on remeasurement of staff retirement benefit	(4,795,614)	(8,278,136)	(2,267,446)	(3,311,254)
Impact of deferred tax	619,411	1,069,330	319,047	427,732
	(4,176,203)	(7,208,806)	(1,948,399)	(2,883,522)

Total comprehensive (Loss)/ income for the period

	(129,361,124)	68,344,443	(128,025,257)	17,093,437
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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: February 28, 2015

# QUETTA TEXTILE MILLS LIMITED

Condensed Interim Cash Flow Statement (Un-audited)  
For the half year ended December 31, 2014

	31-Dec-14 Rupees	31-Dec-13 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/ Profit Form operation	(65,373,775)	140,717,994
<b>Adjustments for:</b>		
Depreciation	116,907,030	116,928,273
Finance cost	315,105,492	358,644,628
Dividend income	(252,901)	(294,000)
Provision for gratuity	13,893,781	18,723,907
Provision for appreciation/diminution in the value of investment	866,908	(1,578,880)
Provision for workers profit participation fund	-	7,170,203
Gain on sale of shares	(1,069,805)	-
Gain on disposal of property, plant and equipment	(3,373,242)	-
	<b>442,077,263</b>	<b>499,594,131</b>
Profit before working capital changes	376,703,488	640,312,125
<b>(Increase) / decrease in current assets</b>		
Stores, spare parts and loose tools	(4,760,127)	(56,674,748)
Stock in trade	(254,367,546)	(618,678,940)
Trade debts	52,488,578	8,325,564
Loans and advances	(30,344,235)	11,999,933
Trade deposits and short term prepayments and Sales tax	23,633,897	(43,488,349)
	<b>(213,349,433)</b>	<b>(698,516,540)</b>
<b>(Decrease) / Increase in current liabilities</b>		
Trade and other payables	64,340,926	90,432,656
Cash generated from operations	227,694,981	32,228,241
Finance cost paid	(280,575,507)	(315,215,301)
Workers Profit Participation Fund Paid	(12,057,940)	(14,532,295)
Taxes paid	(46,864,629)	(60,413,741)
Long term deposits	(175,375)	7,067,662
Staff retirement benefits - gratuity	(34,869,733)	(21,567,674)
	<b>(374,543,184)</b>	<b>(404,661,349)</b>
<b>Net cash (used)/ generated from operating activities</b>	<b>(146,848,203)</b>	<b>(372,433,108)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property, plant and equipment	5,350,000	-
Dividend received	252,901	294,000
Fixed capital expenditure	(41,515,830)	(60,394,032)
Short Term Investment	1,219,713	2,482,610
<b>Net cash used in Investing activities</b>	<b>(34,693,216)</b>	<b>(57,617,422)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing	(13,494,807)	(65,063,543)
Loan from Sponsors	-	14,522,820
Liabilities against assets subject to finance lease	(11,135,583)	(49,566,690)
Redeemable Capital	(66,985,457)	(79,916,078)
Short term borrowings - net	279,995,761	623,267,242
Dividend paid	(85,895)	(19,500,000)
<b>Net cash used in financing activities</b>	<b>188,294,019</b>	<b>423,743,751</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>6,752,600</b>	<b>(6,306,779)</b>
Cash and cash equivalents at the beginning of the period	46,136,058	37,974,217
Cash and cash equivalents at the end of the period	<b>52,888,658</b>	<b>31,667,438</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: February 28, 2015



# QUETTA TEXTILE MILLS LIMITED

Condensed Interim Statement of Changes in Equity (Un-audited)  
For the half year ended December 31, 2014

Particulars	Share capital	Share premium	Capital reserves	Reserves		Sub total	Total
				General reserves	Unappropriated profit		
Rupees							
Balance as at July 01, 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
Loss for the remaining period	-	-	-	-	(12,063,464)	(12,063,464)	(12,063,464)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation remaining period	-	-	-	-	13,580,155	13,580,155	13,580,155
Balance as at June 30, 2014	130,000,000	651,750,000	1,200	115,000,000	1,591,284,806	2,358,036,006	2,488,036,006
Total comprehensive loss for the half year ended December 31, 2014	-	-	-	-	(129,361,124)	(129,361,124)	(129,361,124)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	-	-	12,909,025	12,909,025	12,909,025
Balance as at December 31, 2014	130,000,000	651,750,000	1,200	115,000,000	1,474,832,707	2,241,583,907	2,371,583,907

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

  
TARIQ IQBAL  
Chief Executive

  
OMER KHALID  
Director

Karachi:  
Dated: February 28, 2015

# QUETTA TEXTILE MILLS LIMITED

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

### FOR THE HALF YEAR ENDED DECEMBER 31, 2014

#### 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

##### 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, 2014

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Karachi 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 half year ended December 31, 2014 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, 2014.

#### 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, 2014.

#### 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 June 30, 2014.

The company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2014.

# QUETTA TEXTILE MILLS LIMITED

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

### FOR THE HALF YEAR ENDED DECEMBER 31, 2014

#### 5 PROPERTY, PLANT AND EQUIPMENT

	Note	(Un-audited)	(Audited)
		31-Dec-14	30-Jun-14
		Rupees	
Operating assets	5.1	4,918,440,783	4,995,808,742
Capital work in progress-at cost	5.2	12,337,643	12,337,643
		<u>4,930,778,426</u>	<u>5,008,146,385</u>

5.1 The cost of acquisition and disposal to operating assets during the half year ended December 31, 2014 were as follows:

	(Un-audited)		(Audited)		
	31-Dec-14		30-Jun-14		
	Acquisition	Disposal	Acquisition	Disposal	
		Cost		Cost	
		Rupees		Rupees	
<b>Owned assets</b>					
Lease hold land	-	1,639,060	-	-	-
Building on leasehold land	-	-	60,950,615	-	-
Plant & machinery	40,580,930	-	183,239,792	-	-
Electrical fittings	829,400	-	2,326,292	-	-
Factory equipment	-	-	140,000	-	-
Office equipment	46,000	-	435,900	-	-
Furniture and fixture	59,500	-	493,362	-	-
Vehicles	-	725,000	7,872,925	739,000	-
<b>Total</b>	<u>41,515,830</u>	<u>2,364,060</u>	<u>255,458,886</u>	<u>739,000</u>	

#### 5.2 Capital work in progress-at cost

	(Un-audited)	(Audited)
	31-Dec-14	30-Jun-14
		Rupees
Building - civil works	12,337,643	12,337,643
	<u>12,337,643</u>	<u>12,337,643</u>

#### 6 STOCK IN TRADE

The carrying value of pledged stock is Rs. 1,839,028,169 (June 30, 2014: Rs. 1,840,391,856).

# QUETTA TEXTILE MILLS LIMITED

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

### FOR THE HALF YEAR ENDED DECEMBER 31, 2014

#### 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-14	30-Jun-14
	Rupees	
<b>7.1 Contingencies</b>		
Bank Guarantee issued by bank on behalf of the company	241,879,302	277,255,245
<b>Legal Cases</b>		
There is no changes in the legal cases other than those enclosed in the annual financial statement as on June 30, 2014.		
<b>7.2 Commitments</b>		
Civil works	10,000,000	10,000,000
Confirmed letter of credit in respect of:		
Raw material	141,216,800	503,653,164
Stores and spares	36,388,557	18,624,231
	177,605,357	522,277,395

#### 8 TRANSACTIONS WITH RELATED PARTIES

	(Un-audited)	(Un-audited)	
	31-Dec-14	31-Dec-13	
	Rupees		
<b>Transactions with related parties</b>			
	<b>Relationship</b>		
Loan received/(repaid) - net	Key management personnel	1,113,100	14,522,820
Salaries and other employees benefits	Key management personnel	2,110,441	2,000,796

#### 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, 2014 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: February 28, 2015