

# 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. Omer Khalid

### COMPANY SECRETARY

Mr. Muhammed 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 Islamic Bank B.S.C. (E.C)  
Arif Habib Bank Limited  
Askari Bank Limited  
Atlas Bank Limited  
Bank Alfalah 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  
Silk Bank Limited  
Standard Chartered Bank (Pakistan) Ltd  
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. 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 nine months ended on March 31, 2010.

Your company earned profit before tax of Rs.188.3 (M) as compared to 71.8 (M) in the corresponding period last year. Turnover for the nine months was Rs.6.411 (B), as compared to corresponding Rs.5.167 (B) in March '2009, showing an increase of 24%. The increase in prices of yarns and fabrics in the local and export markets have resulted in improved profitability from Rs.22.537 (M) to Rs.131.546 (M) in the nine months ended on March 31, 2010.

Local and international cotton prices have increased substantially, and have reached new levels which have never been seen before. Similarly yarn prices have also increased to new levels, thereby contributing to the profitability in the company. However, gas load-shedding in Bhai Pheru is forcing us to run our mills on HFO which have increased our energy costs substantially. In the past years, gas load-shedding was done only in the winter months, but now it is being done twice weekly.

We are continuing the policy of BMR to produce value added yarn to meet quality expectations of our local and foreign buyers.

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

KHALID IQBAL  
Chief Executive

Karachi: April 29, 2010

**QUETTA TEXTILE MILLS LTD**

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)**

**AS AT MARCH 31, 2010**

NOTE	31, MARCH 2010 RUPEES (UN-AUDITED)	30 JUNE 2009 RUPEES (AUDITED)
<b><u>EQUITY AND LIABILITIES</u></b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorised Capital		
	200,000,000	200,000,000
	150,000,000	150,000,000
	<u>350,000,000</u>	<u>350,000,000</u>
Issued, subscribed and paid up capital	130,000,000	31,250,000
Reserves	52,521,172	42,111,612
Share premium reserve	651,750,000	-
Unappropriated profit	574,194,120	416,831,269
Shareholders equity	<u>1,408,465,292</u>	<u>490,192,881</u>
Surplus on revaluation of property , plant and equipment	769,157,832	785,938,486
<b><u>NON-CURRENT LIABILITIES</u></b>		
Loans from directors and associates-subordinated	23,900,024	773,161,770
Loans from financial institutions	339,980,604	496,845,950
Redeemable capital	1,292,666,667	1,361,916,667
Finance lease	211,009,140	264,940,143
Deferred liabilities	347,625,530	330,051,562
<b><u>CURRENT LIABILITIES</u></b>		
Short term borrowings	4,271,870,599	3,713,509,816
Current maturity of long term liabilities	503,344,370	401,682,973
Trade and other payables	225,361,816	180,562,222
Accrued mark-up on loans	126,721,068	113,243,574
	<u>5,127,297,853</u>	<u>4,408,998,585</u>
Contingencies and commitments	5	
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>9,520,102,942</u></u>	<u><u>8,912,046,044</u></u>
<b><u>ASSETS</u></b>		
<b><u>NON-CURRENT ASSETS</u></b>		
Property, plant and equipment	4,815,841,535	4,871,287,897
Capital work in progress	99,374,187	117,382,655
	<u>4,915,215,722</u>	<u>4,988,670,552</u>
Long term investments	41,830,114	48,486,269
Long term deposits	17,503,512	17,503,512
<b><u>CURRENT ASSETS</u></b>		
Stores, spares, and loose tools	374,211,592	301,911,812
Stock in trade	2,940,406,152	2,229,193,897
Trade debts	767,793,195	886,019,035
Other financial assets	29,840,553	101,951,705
Loans and advances	305,249,903	246,023,629
Short term prepayments	5,301,080	106,155
Other receivables	111,461,290	89,066,392
Cash and bank balances	11,289,829	3,113,086
	<u>4,545,553,594</u>	<u>3,857,385,711</u>
<b>TOTAL ASSETS</b>	<u><u>9,520,102,942</u></u>	<u><u>8,912,046,044</u></u>

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

KARACHI:  
April 29, 2010

**KHALID IQBAL**  
Chief Executive

**OMER KHALID**  
Director

**QUETTA TEXTILE MILLS LTD**  
**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)**  
**FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2010**

	FOR THE QUARTER ENDED		FOR THE NINE MONTHS ENDED	
	MARCH 31, 2010 RUPEES	MARCH 31, 2009 RUPEES	MARCH 31, 2010 RUPEES	MARCH 31, 2009 RUPEES
Turnover-net	2,302,772,919	1,666,642,918	6,411,658,213	5,167,605,680
Less: cost of goods sold	1,885,702,736	1,406,504,445	5,542,919,049	4,396,420,159
<b>Gross profit</b>	417,070,183	260,138,473	868,739,164	771,185,521
<b>Operating expenses</b>				
Administrative expenses	(9,055,669)	(8,482,168)	(23,581,038)	(25,059,966)
Other operating expenses	(18,291,157)	(27,945,729)	(38,027,840)	(127,471,554)
Other operating income	7,754,219	1,198,140	52,359,366	3,627,031
	(19,592,607)	(35,229,757)	(9,249,512)	(148,904,489)
<b>Operating profit</b>	397,477,576	224,908,716	859,489,652	622,281,032
Finance cost - net	(282,258,163)	(211,368,906)	(671,166,803)	(550,407,379)
<b>Net profit before taxation</b>	115,219,413	13,539,810	188,322,849	71,873,653
Taxation				
Current year	(10,043,033)	(12,086,250)	(36,656,260)	(29,777,774)
Deferred	1,499,890	313,684	(20,120,129)	(19,738,419)
	(8,543,143)	(11,772,566)	(56,776,389)	(49,516,193)
<b>Net profit after taxation</b>	106,676,270	1,767,244	131,546,460	22,357,460
Earnings per share - basic and diluted	19.07	0.32	16.32	2.77

Karachi:  
April 29, 2010

**KHALID IQBAL**  
Chief Executive

**OMER KHALID**  
Director

# QUETTA TEXTILE MILLS LTD

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARACH 31,2010

Note	For the Quarter Ended		For the Nine Monts Ended	
	31-Mar-10 Rupees	31-Mar-09 Rupees	31-Mar-10 Rupees	31-Mar-09 Rupees
<b>Profit for the period after taxation</b>	106,676,270	1,767,244	131,546,460	22,357,460
<b>Other comprehensive income:</b>				
Unrealized gain on remeasurement of available for sales investments	7,786,166	2,838,935	10,409,560	12,611,285
Transfer from surplus on revaluation of property, plant & equipment - incremental depreciation	8,605,464	3,588,282	25,816,391	10,764,846
<b>Other comprehensive income for the period</b>	16,391,630	6,427,217	36,225,951	23,376,131
<b>Total comprehensive income for the period</b>	123,067,900	8,194,461	167,772,411	45,733,591

The annexed notes form an integrated part of these financial statements

**Karachi:**  
April 29, 2010

**KHALID IQBAL**  
Chief Executive

**OMER KHALID**  
Director

**QUETTA TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT CASH FLOW (UN-AUDITED)**  
**FOR THE NINE MONTH ENDED MARCH 31, 2010**

	Ended March - 31, 2010 RUPEES	Ended March - 31, 2009 RUPEES
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Profit before taxation	188,322,849	71,873,653
<b>Adjustments for non cash charges and other items:</b>		
Depreciation	176,583,225	159,063,049
Finance cost - net	671,166,803	550,407,379
Gain on sale of property, plant & equipment	-	(149,581)
Dividend income	(1,805,808)	(1,900,950)
Provision for gratuity	19,801,887	14,156,613
Provision for diminution in the value of investment	2,078,441	28,829,456
Provision for workers profit participation fund	9,911,729	3,773,683
	<u>877,736,277</u>	<u>754,179,649</u>
Profit before working capital changes	1,066,059,126	826,053,302
<b>Effects on cash flow due to working capital changes:</b>		
(Increase)/ decrease in current assets:		
Stocks, stores and spares	(783,512,035)	(1,237,393,481)
Trade debts	118,225,840	4,987,014
Loans, advances, short term prepayments and other receivables	(48,914,558)	(78,293,886)
	<u>(714,200,753)</u>	<u>(1,310,700,353)</u>
<b>Increase / (decrease) in current liabilities:</b>		
Trade and other payables	39,959,079	24,684,510
Cash generated from operations	<u>391,817,452</u>	<u>(459,962,541)</u>
<b>Payment for:</b>		
Taxes	(47,602,838)	(33,574,358)
Gratuity	(13,312,315)	(4,982,362)
Workers profit participation fund	(5,071,214)	(3,169,078)
Long term deposit	-	(10,990,989)
Finance cost - net	(684,644,297)	(542,762,584)
	<u>(750,630,664)</u>	<u>(595,479,371)</u>
<b>Net Cash Outflow From Operating Activities</b>	<b>(358,813,212)</b>	<b>(1,055,441,912)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Dividend received	1,805,808	1,900,950
Fixed capital expenditure	(103,128,395)	(272,762,927)
Long term investment	17,065,716	93,324,743
Proceeds against sale of property, plant & equipment	-	160,000
Short term investments	70,032,711	15,720,364
<b>Net Cash Outflow From Investing Activities</b>	<b>(14,224,160)</b>	<b>(161,656,870)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES :</b>		
Long term loans - net	(115,790,146)	(1,790,080,277)
Short term loan- net	558,360,783	1,500,984,818
Redeemable capital	(23,083,333)	1,385,000,000
Finance lease	(39,511,443)	110,390,299
Right share issued during the period	98,750,000	-
share premium reserve	651,750,000	-
Long term loans from directors and associates	(749,261,746)	20,000,000
Dividend paid	-	-
<b>Net Cash Inflow From Financing Activities</b>	<b>381,214,115</b>	<b>1,226,294,840</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>8,176,743</b>	<b>9,196,058</b>
Cash and cash equivalents at beginning of the period	3,113,086	2,855,264
<b>Cash and bank balances at the end of the period</b>	<b>11,289,829</b>	<b>12,051,322</b>

KARACHI: April 29, 2010

KHALID IQBAL  
Chief Executive

OMER KHALID  
Director

QUETTA TEXTILE MILLS LIMITED  
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE NINE MONTH ENDED MARCH 31,2010

	RESERVES						Un-appropriated	Total	
	Paid-up Capital	Share Premium Reserve.	Capital Reserves	Unrealised gain / (loss) in value of securities available for sale	General reserves	Reserves for Power Generation	Sub Total		Profit
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Balance as at June 30, 2008	31,250,000	-	1,200	(98,445,663)	65,000,000	50,000,000	16,555,537	366,096,969	413,902,507
Total comprehensive income for the Nine month ended March 31, 2009	-	-	-	12,611,285	-	-	12,611,285	33,122,306	45,733,591
Transferred to General Reserve					50,000,000	(50,000,000)	-	-	-
<b>Balance as at March 31, 2009</b>	<b>31,250,000</b>	<b>-</b>	<b>1,200</b>	<b>(85,834,378)</b>	<b>115,000,000</b>	<b>50,000,000</b>	<b>29,166,822</b>	<b>399,219,275</b>	<b>459,636,098</b>
<b>Balance as at June 30, 2009</b>	<b>31,250,000</b>	<b>-</b>	<b>1,200</b>	<b>(72,889,588)</b>	<b>115,000,000</b>	<b>-</b>	<b>42,111,612</b>	<b>416,831,269</b>	<b>490,192,881</b>
Total comprehensive income for the Nine month ended March 31, 2010	-	-	-	10,409,560	-	-	10,409,560	157,362,851	167,772,411
Right shares issued during the year	98,750,000	-	-	-	-	-	-	-	98,750,000
Share Premium Reserve	-	651,750,000	-	-	-	-	651,750,000	-	651,750,000
<b>Balance as at March 31, 2010</b>	<b>130,000,000</b>	<b>651,750,000</b>	<b>1,200</b>	<b>(62,480,028)</b>	<b>115,000,000</b>	<b>-</b>	<b>704,271,172</b>	<b>574,194,120</b>	<b>1,408,465,292</b>

karachi : April 29, 2010

KHALID IQBAL  
Chief Executive

OMER KHALID  
Director

# QUETTA TEXTILE MILLS LIMITED

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

FOR THE NINE MONTH ENDED MARCH 31, 2010

### 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. The registered address of the company is Nadir House, Ground Floor, I.I. Chundrigar Road, Karachi.

### 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 Finance Reporting Standard (IFRS) 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, 2009.

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 statements comprise of condensed interim statement of financial position, condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flow and condensed interim statement of changes in equity together with the notes for the Nine months ended March 31, 2010 . These condensed interim financial statements also include the condensed interim income statement for the quarter and nine months ended March 31, 2010.

### 3. SIGNIFICANT ACCOUNTING POLICIE

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, 2009 except amendments in International Accounting Standard 1 (Revised) 'Presentation of Financial Statements' which became applicable from the financial periods beginning on or after 1 January 2009. The application of this standard has resulted in certain increased disclosures including the statement of other comprehensive income which has been reflected in the Company's condensed interim financial information.

### 4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements 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.

Judgements and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended 30 June, 2009.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2009.

### 5. CONTINGENCIES AND COMMITMENTS

#### Contingencies

There has been no significant changes in contingencies as disclosed in the audited financial statement for the year ended June 30, 2009.

	31-Mar 2010	31-Mar 2009
<b>Commitments</b>		
<b>Capital commitment</b>		
Civil works	103,749,621	167,454,933
Plant and Machinery under Letter of Credit	8,075,392	71,451,961
<b>Other commitment</b>	111,825,013	238,906,894
Stores, spares and packing material under letter of credit	10,364,219	20,521,144
	<u>122,189,232</u>	<u>259,428,038</u>



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

	MARCH R 31, 2010		MARCH R 31, 2009		
	ADDITIONS	DISPOSALS	ADDITIONS	REVALUATION	DISPOSAL
	RUPEES		RUPEES		
<b>OWN:</b>					
<b>Land</b>					
Leasehold	-	-	-	-	-
Freehold	-	-	-	-	-
<b>Building</b>					
Leasehold					
Land	535,710	-	-	154,907,755	-
Building - freehold	74,159,967	-	899,897	452,987,480.00	-
<b>Labour Colony</b>					
Leasehold					
Plant and machinery	41,798,237	-	240,769,103	-	-
Electrical fitting	2,463,667	-	10,861,907	-	-
Factory equipment	433,018	-	1,776,374	-	-
Office premises (H/O)					
Office equipment	936,766	-	956,169	-	-
Furniture and fixture	84,500	-	286,191	-	-
Vehicles	725,000	-	4,497,567	-	(370,149)
	<u>121,136,865</u>	<u>-</u>	<u>260,047,208</u>	<u>607,895,235</u>	<u>(370,149)</u>

7. STOCK IN TRADE

The carrying value of pledge stock amount to Rs. 1,480,121,241

8. 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 and bank borrowings.

9. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on April 29, 2010 by Board of Directors of the Company.

10. GENERAL

Figures have been rounded off to the nearest rupee.

Karchi :April 29, 2010

KHALID IQBAL  
Chief Executive

OMER KHALID  
Director