

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 th 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 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 quarter ended September 30, 2010.

Your company earned a Profit Before Tax of Rs.246.799 (M) as compared to the corresponding last year's quarter profit of Rs. 40.419 (M). Turnover for this quarter was Rs.3.016 (B), as compared to corresponding last year's quarter amounting to Rs.2.005 (B), showing an increase of 50.40%. The increase in prices of yarns and fabrics in the export and local markets have resulted in improved profit after tax from Rs.13.651 (M) to Rs.200.237 (M).

During the period under review, cotton prices have been very bullish. Global inventories have been reduced. Yarn prices have also increased to match the cotton input cost. Due to this factor, the profitability of the company has been quite comfortable, much better than the corresponding last quarter ended on 30th September 2009.

Electricity and gas load-shedding have increased tremendously. It seems WAPDA and SSGC/SNGPL has been unable to supply power/gas to the industry. This has badly affected the productions. Resultantly, profitability has been affected.

The company is sticking to its policy of continuous BMR policy for its spinning and weaving units. The textile outlook seems bright for the next 3-4 years.

Banks are generally still reluctant to give a free hand to the spinning and weaving mills to cater their genuine requirements, in spite of their increased financial requirement due to increase in cotton and yarn prices. The Central Bank should lend a helping hand to make the required finance available so that the productions increases to enable the country earn the much-needed foreign exchange.

Your company is getting full support from all their banks which are the main contributor to the profitability of the company. The relationship between the management and their workers, staff and officers have been cordial, and all have contributed to increase the productions and improve the quality of our yarns and fabrics.

KHALID IQBAL

Chief Executive

Karachi: October 30, 2010

QUETTA TEXTILE MILLS LTD
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT SEPTEMBER 30, 2010

NOTES	SEPTEMBER 2010 RUPEES	JUNE 2010 RUPEES
<u>CAPITAL AND LIABILITIES</u>		
SHARE CAPITAL AND RESERVES:		
Authorised Capital		
20,000,000 Ordinary shares of Rs.10/= each	200,000,000	200,000,000
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	52,894,861	48,687,626
Share Premium Reserve	651,750,000	651,750,000
Unappropriated profit	915,130,033	706,287,162
Shareholders equity	1,749,774,894	1,536,724,788
Surplus on revaluation of property plant and equipment	754,958,817	763,564,281
Loans from directors and others -Subordinated	23,900,000	23,900,000
<u>Non - Current Liabilities</u>		
Loans from financial institutions	231,826,988	253,916,615
Redeemable Capital -Sukuk	1,246,499,999	1,292,666,667
Liabilities Against Assets Subject to Finance Lease	183,615,874	196,772,226
Deferred Liabilities	387,724,579	371,526,145
<u>Current Liabilities:</u>		
Short term borrowings	3,220,063,987	3,193,828,559
Current portion of		
Long term loan - financial institution	291,169,665	347,517,765
Redeemable Capital -Sukuk	92,333,334	69,250,000
Liabilities against assets subject to finance lease	87,443,786	84,358,911
Trade and other payables	417,974,443	256,851,871
Accrued mark-up on loans	130,771,022	117,223,936
Taxation - Income tax	1,568,830	-
	4,241,325,067	4,069,031,042
Contingencies and commitments	5 -	-
	8,819,626,218	8,508,101,764
<u>NON-CURRENT ASSETS</u>		
Property, plant and equipment	6 4,767,520,923	4,775,130,044
Capital Work in progress	89,296,067	136,121,413
Long term investment	26,428,978	26,988,433
Long term deposits	17,503,512	17,503,512
<u>Current Assets:</u>		
Stores,spares, and loose tools	369,961,293	436,830,375
Stock in Trade	2,430,116,348	2,269,203,857
Trade debts	673,040,731	524,062,248
Other financial assets	11,863,749	11,449,534
Loans and advances	279,849,764	184,707,178
Short term prepayments	17,575,163	-
Income tax and sales tax	132,332,654	122,886,770
Cash and bank balances	4,137,036	3,218,580
	3,918,876,738	3,552,358,362
	8,819,626,218	8,508,101,764

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

QUETTA TEXTILE MILLS LIMITED
CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	For Quarter ended Sep - 30, 2010 RUPEES	For Quarter ended Sep - 30, 2009 RUPEES
Sales - net	3,016,718,325	2,005,776,267
Cost of goods sold	2,428,033,386	1,729,648,860
Gross profit	<u>588,684,939</u>	<u>276,127,407</u>
Distribution Cost	(68,125,852)	(60,164,501)
Administrative expenses	(9,881,783)	(9,649,917)
Other operating expenses	(28,436,123)	(8,110,921)
Other operating income	1,112,125	46,769,366
Finance Cost	(236,554,059)	(204,552,746)
	<u>(341,885,692)</u>	<u>(235,708,719)</u>
Net profit before taxation	246,799,247	40,418,688
Taxation		
Current year	(30,243,395)	(13,147,235)
Deferred	(16,318,445)	(13,620,129)
	<u>(46,561,840)</u>	<u>(26,767,364)</u>
Net profit after taxation	<u>200,237,407</u>	<u>13,651,324</u>
Earnings per share - Basic and diluted	<u>15.40</u>	<u>3.96</u>

KHALID IQBAL
CHIEF EXECUTIVE

OMER KHALID
DIRECTOR

KARACHI: OCTOBER 30, 2010

QUETTA TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	For the Quarter Ended		
	Note	30-Sep-10 Rupees	30-Sep-10 Rupees
Profit for the period after taxation		200,237,407	13,651,324
Other comprehensive income:			
Unrealized gain on remeasurement of available for sales investments		4,207,235	13,031,635
Transfer from surplus on revaluation of property, plant & equipment - incremental depreciation		8,605,464	9,382,805
Other comprehensive income for the period		12,812,699	22,414,440
Total comprehensive income for the period		213,050,106	36,065,764

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

Karachi:
KARACHI: OCTOBER 30, 2010

KHALID IQBAL
Chief Executive

OMER KHALID
Director

QUETTA TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT CASH FLOW (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	For Quarter ended Sep - 30, 2010 RUPEES	For Quarter ended Sep - 30, 2009 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before taxation	246,799,247	40,418,688
Adjustment for non cash charges and other items:		
Depreciation	56,683,788	57,584,443
Financial charges - net	236,554,059	204,552,746
Dividend income	(15,411)	(248,140)
Provision for gratuity	4,929,649	2,995,133
Provision for Diminution / (Appreciation) in the value of investment	120,911	(2,895,109)
Workers profit participation fund	-	3,011,534
	<u>298,272,996</u>	<u>265,000,607</u>
Profit before working capital changes	545,072,243	305,419,295
Effects on cash flow due to working capital changes:		
(Increase)/decrease in current assets:		
Stocks, stores and spares	(94,043,409)	283,939,783
Trade debts	(148,978,483)	281,817,749
Loans, advances, short term prepayments and other receivables	(112,717,749)	81,134,891
	(355,739,641)	646,892,423
Increase / (decrease) in current liabilities:		
Trade and other payables	150,353,173	62,349,243
Cash (used)/ generated from operations	<u>339,685,775</u>	<u>1,014,660,961</u>
Payment for:		
Taxes	(27,351,053)	(18,930,811)
Gratuity	(5,049,660)	(5,541,596)
Long term deposit	-	(20,000)
Financial charges - net	(223,006,973)	(216,824,764)
	<u>(255,407,686)</u>	<u>(241,317,171)</u>
Net Cash Outflow From Operating Activities	84,278,089	773,343,790
CASH FLOW FROM INVESTING ACTIVITIES:		
Fixed capital expenditure	(2,249,319)	(15,042,769)
Dividend received	15,411	248,140
Long term investment	4,766,691	8,938,970
Short term investments	(535,306)	60,900,943
Net Cash Outflow From Investing Activities	1,997,477	55,045,284
CASH FLOW FROM FINANCING ACTIVITIES :		
Long term loans - net	(101,521,061)	(14,022,086)
Right share issue	-	98,750,000
Shared Premium reserve	-	651,750,000
Subordinated Loan	-	(749,261,410)
Short term loans - net	26,235,428	(796,172,605)
Lease Liability	(10,071,477)	(19,420,794)
Net Cash Inflow From Financing Activities	(85,357,110)	(828,376,895)
Net (decrease) / increase in cash and cash equivalents	918,456	12,179
Cash and cash equivalents at beginning of the year	<u>3,218,580</u>	<u>3,113,086</u>
CASH AND BANK BALANCES AT END OF THE QUARTER	<u>4,137,036</u>	<u>3,125,265</u>

KARACHI: OCTOBER 30, 2010

KHALID IQBAL
Chief Executive

OMER KHALID
Director

QUETTA TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	Paid-up Capital Rupees	R E S E R V E S				Sub- Total Rupees	Un-appropriated profit Rupees	Total Rupees
		Share premium Reserve Rupees	Capital Reserve Rupees	Gain / (Loss) on avail- able for sale investment Rupees	General Resrves Rupees			
Balance as at June 30, 2009	31,250,000		1,200	(72,889,588)	115,000,000	42,111,612	416,831,269	490,192,881
Right Shares issued during the year	98,750,000					-	-	98,750,000
Share premium Reserve		651,750,000				651,750,000		651,750,000
Toal comprehaensiv income for the period				13,031,635		13,031,635	23,034,129	36,065,764
Balance as at September 30, 2009	<u>130,000,000</u>	<u>651,750,000</u>	<u>1,200</u>	<u>(59,857,953)</u>	<u>115,000,000</u>	<u>706,893,247</u>	<u>439,865,398</u>	<u>1,276,758,645</u>
Balance as at June 30, 2010	130,000,000	651,750,000	1,200	(66,313,574)	115,000,000	48,687,626	706,287,162	1,536,724,788
Toal comprehaensiv income for the period				4,207,235		4,207,235	208,842,871	213,050,106
Balance as at September 30, 2010	<u>130,000,000</u>	<u>651,750,000</u>	<u>1,200</u>	<u>(62,106,339)</u>	<u>115,000,000</u>	<u>52,894,861</u>	<u>915,130,033</u>	<u>1,749,774,894</u>

KARACHI: OCTOBER 30, 2010

KHALID IQBAL
Chief Executive

OMER KHALID
Direcotr

QUETTA TEXTILE MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED FOR THE QUARTER ENDED SEPTEMBER 30, 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.

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, 2010.

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 quarter ended September 30, 2010 .

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 30 June, 2010.

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, 2010.

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 2010.

5. CONTINGENCIES AND COMMITMENTS

Contingencies

Contingent liabilities in respect of indemnities given to the financial institutions for guarantees issued by them in the normal course of business amounting to Rs. 206.10 million (June 30, 2010: Rs. 183.218 million).

Commitments

Total commitment of Rs 198.16 million (June 30, 2010: 249.28 million) including letters of credit opened by banks for Rs.108.16 million (June 30, 2010: Rs.159.28 million) for the import of plant and machinery and spares and commitments for building construction Rs.90 million (June 30, 2010: 90 million)

6 ACQUISITION AND DISPOSAL OF PROPERTY PLANT AND EQUIPMENT - (AT COST)

	For the quarter ended		For the quarter ended	
	SEPTEMBER 30, 2010		SEPTEMBER 30, 2009	
	ADDITIONS	DISPOSALS	ADDITIONS	DISPOSALS
<u>OWN:</u>	RUPEES		RUPEES	
<u>Land</u>				
Leasehold	333,500	-	-	-
<u>Building</u>				
Building - Freehold	-	-	247,875	-
Plant and Machinery	47,080,138	-	2,658,270	-
Electrical fittings	63,000	-	1,124,479	-
Factory equipments	153,750	-	-	-
Office equipments	1,351,577	-	112,476	-
Furniture and fixtures	92,700	-	-	-
	<u>49,074,665</u>	<u>-</u>	<u>4,143,100</u>	<u>-</u>

7 STOCK IN TRADE

The carrying vlaue of pledge stock amounts to Rs.701,121,524.

8 CYCLICALITY OF OPERATIONS

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

9 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on **October 30, 2010** by Board of Directors of the Company.

10 GENERAL

Figures have been rounded off to the nearest rupee.

11 CORRESPONDING FIGURES

The following prior period figures has been reclassified for the purpose of better presentation and comparision .

Material changes are as follows

Reclassification from net sales to Distribution cost amount Rs. 60,164,501.

KARACHI: OCTOBER 30, 2010

KHALID IQBAL
Chief Executive

OMER KHALID
Director