

# 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 EXECUTIVES REVIEW**

Dear Shareholders:

It is a pleasure to present the half-yearly results of your company as on 31<sup>st</sup> December 2009.

Your company earned profit before tax of Rs.73.103 (M) as compared to the corresponding last year's half yearly profit of Rs.58.33 (M). Turnover for the half year was Rs.4.1 (B) as compared to corresponding last year's half year turnover of Rs.3.5 (B), showing an increase of 17.37% as compared to corresponding last half year. The profit margins suffered, due to increase in prices of cotton along-with rising wages & salaries, electricity and financial cost. Early and prolonged gas load-shedding this year has very heavily burdened the profitability of the company.

Since last 18 months, the textile industry was passing through turmoil. This was partly due to world recession and partly due to excess production in the spinning industry. During this period, global excessive obsolete textile machineries has been scrapped, and on the other hand no additional spindles have been added. Hence, demand for yarns has increased due to world population increase and due to increase in buying power. Yarn prices have started to improve, and margins have gradually started to increase. The spinning industry is now coming out of the crisis. We hope that this will continue for at-least the next 3-4 years.

We are continuing the policy of BMR to remain competitive in the export and local markets. We are increasing our capacities to produce value-added yarns to meet the quality expectations of our foreign and local 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

Karachi: 26<sup>th</sup> February 2010

CHIEF EXECUTIVE

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

**Introduction**

We have reviewed the accompanying condensed interim Statement of Financial Position of **Quetta Textile Mills Limited** as at December 31, 2009, and the related condensed interim Income Statement and condensed interim statement of comprehensive income, condensed interim Statement of Cash Flow 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 condensed interim financial information based on our review. The figures for the quarter ended December 31, 2009 and 2008 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2009.

**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 and audit opinion.

**Conclusion**

Based on our review nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2009 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**MUSHTAQ & COMPANY**

Chartered Accountants

Name of engagement partner:

**Shahabuddin Ahmed Siddiqui**

**Karachi**

Date: \_\_\_\_\_

**QUETTA TEXTILE MILLS LTD**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)**  
**AS AT DECEMBER 31, 2009**

NOTE	31 DECEMBER 2009 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	44,735,006	42,111,612
Share premium reserve	651,750,000	-
Unappropriated profit	458,912,386	416,831,269
Shareholders equity	<u>1,285,397,392</u>	<u>490,192,881</u>
Surplus on revaluation of property , plant and equipment	774,259,734	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	413,991,398	496,845,950
Redeemable capital	1,338,833,334	1,361,916,667
Finance lease	224,687,741	264,940,143
Deferred liabilities	341,639,694	330,051,562
<b><u>CURRENT LIABILITIES</u></b>		
Short term borrowings	4,354,991,208	3,713,509,816
Current maturity of long term liabilities	460,896,910	401,682,973
Trade and other payables	299,789,792	180,562,222
Accrued mark-up on loans	127,264,919	113,243,574
	<u>5,242,942,829</u>	<u>4,408,998,585</u>
Contingencies and commitments	5	
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>9,645,652,146</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	4,850,586,374	4,871,287,897
Capital work in progress	86,782,852	117,382,655
	<u>4,937,369,226</u>	<u>4,988,670,552</u>
Long term investments	42,935,131	48,486,269
Long term deposits	17,503,512	17,503,512
<b><u>CURRENT ASSETS</u></b>		
Stores, spares, and loose tools	332,603,842	301,911,812
Stock in trade	3,416,149,382	2,229,193,897
Trade debts	522,424,893	886,019,035
Other financial assets	27,635,978	101,951,705
Loans and advances	231,715,623	246,023,629
Short term prepayments	8,510,411	106,155
Other receivables	99,323,214	89,066,392
Cash and bank balances	9,480,934	3,113,086
	<u>4,647,844,277</u>	<u>3,857,385,711</u>
<b>TOTAL ASSETS</b>	<u><u>9,645,652,146</u></u>	<u><u>8,912,046,044</u></u>

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

**KHALID IQBAL**  
Chief Executive

**OMER KHALID**  
Director

KARACHI:  
February 26, 2010

**QUETTA TEXTILE MILLS LTD**  
**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)**  
**FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2009**

	QUARTER ENDED		HALF YEAR ENDED	
	DECEMBER 31,	DECEMBER 31,	DECEMBER 31,	DECEMBER 31,
	2009	2008	2009	2008
	RUPEES	RUPEES	RUPEES	RUPEES
Turnover-net	2,163,273,528	1,670,216,029	4,108,885,294	3,500,962,762
Less: cost of goods sold	1,973,567,453	1,362,841,866	3,703,216,313	2,989,915,714
<b>Gross profit</b>	<b>189,706,075</b>	<b>307,374,163</b>	<b>405,668,981</b>	<b>511,047,048</b>
<b>Operating expenses</b>				
Administrative expenses	(4,875,452)	(8,369,119)	(14,525,369)	(16,577,798)
Other operating expenses	(11,625,762)	(64,021,111)	(19,736,683)	(99,525,825)
Other operating income	43,835,781	1,263,981	90,605,147	2,428,891
	<u>27,334,567</u>	<u>(71,126,249)</u>	<u>56,343,095</u>	<u>(113,674,732)</u>
<b>Operating profit</b>	<b>217,040,642</b>	<b>236,247,914</b>	<b>462,012,076</b>	<b>397,372,316</b>
Finance cost - net	(184,355,894)	(235,885,385)	(388,908,640)	(339,038,473)
<b>Net profit before taxation</b>	<b>32,684,748</b>	<b>362,529</b>	<b>73,103,436</b>	<b>58,333,843</b>
Taxation				
Current year	(13,465,992)	(13,241,782)	(26,613,227)	(17,691,524)
Deferred	(7,999,890)	(1,492,337)	(21,620,019)	(20,052,103)
	<u>(21,465,882)</u>	<u>(14,734,119)</u>	<u>(48,233,246)</u>	<u>(37,743,627)</u>
<b>Net profit/(loss) after taxation</b>	<b>11,218,866</b>	<b>(14,371,590)</b>	<b>24,870,190</b>	<b>20,590,216</b>
Earnings per share - basic and diluted	<u>2.00</u>	<u>(2.56)</u>	<u>4.15</u>	<u>3.43</u>

KHALID IQBAL  
Chief Executive

OMER KHALID  
Director

Karachi:  
February 26, 2010

**QUETTA TEXTILE MILLS LIMITED**

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2009**

Note	Quarter Ended		Half Year Ended	
	31-Dec-09 Rupees	31-Dce-08 Rupees	31-Dec-09 Rupees	31-Dce-08 Rupees
Profit / (loss) for the period after taxation	11,218,866	(14,371,590)	24,870,190	20,590,216
<b>Other comprehensive income / (loss)</b>				
Unrealized gain / (loss) on remeasurement of available for sales investments	(10,408,241)	(15,450,220)	2,623,394	(28,686,833)
Transfer from surplus on revaluation of property, plant & equipment - incremental depreciation	9,382,805	3,588,282	17,210,927	7,176,564
Other comprehensive income / (loss) for the period	(1,025,436)	(11,861,938)	19,834,321	(21,510,269)
<b>Total comprehensive income/(loss) for the period</b>	<b>10,193,430</b>	<b>(26,233,528)</b>	<b>44,704,511</b>	<b>(920,053)</b>

The annexed form an integral part of these financial statements.

Karachi:  
February 26, 2010

**KHALID IQBAL**  
Chief Executive

**OMER KHALID**  
Director

**QUETTA TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT CASH FLOW (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2009**

	Ended Dec - 31, 2009 RUPEES	Ended Dec - 31, 2008 RUPEES
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Profit before taxation	73,103,436	58,333,843
<b>Adjustments for non cash charges and other items:</b>		
Depreciation	115,902,868	102,990,260
Finance cost - net	388,908,640	339,038,473
Gain on sale of property, plant & equipment	-	(149,581)
Dividend income	(1,705,808)	(1,900,950)
Provision for gratuity	5,927,462	3,660,608
Provision for diminution in the value of investment	(1,635,768)	31,544,690
Provision for workers profit participation fund	3,848,099	2,421,238
	<u>511,245,493</u>	<u>477,604,738</u>
Profit before working capital changes	584,348,929	535,938,581
<b>Effects on cash flow due to working capital changes:</b>		
<b>(Increase)/decrease in current assets:</b>		
Stocks, stores and spares	(1,217,647,515)	(1,128,267,936)
Trade debts	363,594,142	(361,124,548)
Loans, advances, short term prepayments and other receivables	5,221,947	(223,145,646)
	<u>(848,831,426)</u>	<u>(1,712,538,130)</u>
<b>Increase / (decrease) in current liabilities:</b>		
Trade and other payables	120,450,685	150,356,815
Cash generated from operations	<u>(144,031,812)</u>	<u>(1,026,242,734)</u>
<b>Payment for:</b>		
Taxes	(35,982,196)	(56,292,093)
Gratuity	(10,419,595)	(4,738,971)
Workers profit participation fund	(5,284,844)	-
Long term deposit	-	(10,540,989)
Finance cost - net	(374,887,295)	(287,035,267)
	<u>(426,573,930)</u>	<u>(358,607,320)</u>
<b>Net Cash Outflow From Operating Activities</b>	<b>(570,605,742)</b>	<b>(1,384,850,054)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Dividend received	1,705,808	1,900,950
Fixed capital expenditure	(64,601,542)	(265,535,134)
Long term investment	8,174,532	55,189,233
Proceeds against sale of property, plant & equipment	-	160,000
Short term investments	75,951,496	(9,455,474)
<b>Net Cash Outflow From Investing Activities</b>	<b>21,230,294</b>	<b>(217,740,425)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES :</b>		
Long term loans - net	(55,881,427)	(1,746,469,906)
Short term loan- net	641,481,392	1,911,521,367
Redeemable capital	-	1,385,000,000
Finance lease	(31,094,923)	175,701,051
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)	-
Dividend paid	-	-
<b>Net Cash Inflow From Financing Activities</b>	<b>555,743,296</b>	<b>1,725,752,512</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>6,367,848</b>	<b>123,162,033</b>
Cash and cash equivalents at beginning of the period	<u>3,113,086</u>	<u>2,855,264</u>
<b>Cash and bank balances at the end of the period</b>	<b><u>9,480,934</u></b>	<b><u>126,017,297</u></b>

**KHALID IQBAL**  
Chief Executive

**OMER KHALID**  
Director

QUETTA TEXTILE MILLS LIMITED  
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2009

	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
	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 / (loss) for the half year ended December 31, 2008	-	-	-	(28,686,833)	-	-	(28,686,833)	27,766,780	(920,053)
<b>Balance as at December 31, 2008</b>	<b>31,250,000</b>	<b>-</b>	<b>1,200</b>	<b>(127,132,496)</b>	<b>65,000,000</b>	<b>50,000,000</b>	<b>(12,131,296)</b>	<b>393,863,749</b>	<b>412,982,454</b>
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
Total comprehensive income / (loss) for the half year ended December 31, 2009	-	-	-	2,623,394	-	-	2,623,394	42,081,117	44,704,511
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 December 31, 2009</b>	<b>130,000,000</b>	<b>651,750,000</b>	<b>1,200</b>	<b>(70,266,194)</b>	<b>115,000,000</b>	<b>-</b>	<b>696,485,006</b>	<b>458,912,386</b>	<b>1,285,397,392</b>

KHALID IQBAL  
Chief Executive

OMER KHALID  
Director

KARACHI  
February 26, 2010



## QUETTA TEXTILE MILLS LIMITED

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

FOR THE HALF YEAR ENDED DECEMBER 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. 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 half year ended December 31, 2009 which have been subjected to a review but not audited. These condensed interim financial statements also include the condensed interim income statement for the quarter ended December 31, 2009.

**3. SIGNIFICANT ACCOUNTING POLIC**

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-Dec 2009	31-Dec 2008
<b>Commitments</b>		
<b>Capital commitment</b>		
Civil works	167,454,933	164,000,000
Plant and Machinery under Letter of Credit	<u>71,451,961</u>	<u>71,451,961</u>
<b>Other commitment</b>	<u>238,906,894</u>	<u>235,451,961</u>
Stores, spares and packing material under letter of credit		
	<u>20,521,144</u>	<u>5,124,891</u>
	<u>259,428,038</u>	<u>240,576,852</u>

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

	DECEMBER 31, 2009		DECEMBER 31, 2008	
	ADDITIONS	DISPOSALS	ADDITIONS	DISPOSALS
	RUPEES		RUPEES	
<b>OWN:</b>				
<b>Land</b>				
Leasehold	-	-	-	-
Freehold	-	-	-	-
<b>Building</b>				
Leasehold	-	-	-	-
Building - freehold	67,133,564	-	899,897	-
<b>Labour Colony</b>				
Leasehold	-	-	-	-
Plant and machinery	24,429,532	-	239,840,335	-
Electrical fitting	2,305,867	-	8,302,348	-
Factory equipment	1,317,084	-	111,799	-
Office premises (H/I)	-	-	-	-
Office equipment	-	-	874,272	-
Furniture and fixtur	15,300	-	252,491	-
Vehicles	-	-	4,497,567	(370,149)
	<u>95,201,347</u>	<u>-</u>	<u>254,778,709</u>	<u>(370,149)</u>

7. STOCK IN TRADE

The carrying value of pledge stock amount to Rs. 1,903,827,234.

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 February 26, 2010 by Board of Directors of the Company.

10. GENERAL

Figures have been rounded off to the nearest rupee.

Karachi February 26, 2010

KHALID IQBAL  
Chief Executive

OMER KHALID  
Director