

QUETTA TEXTILE MILLS LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS	Mr. Khalid Iqbal (Chief Executive) Mr. Tariq Iqbal Mr. Tauqir Tariq Mr. Asim Khalid Mr. Omer Khalid Mrs. Saima Asim Mrs. Tabbasum Tariq
AUDIT COMMITTEE	Mr. Asim Khalid (Chairman) Mrs. Saima Asim (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 AlBaraka Bank (Pakistan) Limited Askari 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 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

DIRECTOR'S REVIEW

Dear Shareholders:

It is my pleasure to present the financial results of the company for the nine months ended on March 31, 2011.

Your company earned profit before tax of Rs.905.6 (M), as compared to Rs.188.3 (M) in the corresponding period last year. Turnover for the nine months was Rs.10.798 (B), as compared to corresponding year's Rs.6.616 (B) in March 2010, showing an increase of 63.2%. The gross profit margins registered an increase from 16.22% to 18.07%, mainly due to rising yarn and fabric prices, supported by strong demand for textile sector worldwide. The bottom line profit after tax has increased from Rs.131.546 (M) to Rs.760.088 (M).

Cotton prices touched a phenomenal Rs.13,000 per md causing severe liquidity problems for all textile mills, as well as for the value-added industry. Banks have been uncomfortable in financing cotton procurement at these high rates.

Electricity and gas load-sheddings have increased tremendously with no solution in sight. This has adversely affected productions. Gas load-shedding has forced us to run our mills on HFO, thereby, drastically increasing our energy costs. It seems that such drawbacks are going to stay. In the past years, gas load-shedding was done only in the winter months, but now it is being done in the summer months also.

Your company is still giving priority to modernization in its spinning and weaving units. Import of new Ring Frames with Compact spinning and 12 new sets of Air Jet looms are on the cards. The banks must support the textile industry with enhanced working capital lines in proportion to the increase in raw material prices, and must also finance to modernize the production process which will greatly help the textile industry to meet the rising challenges. SBP must take the initiative to convince the banks for liberal financing against Balance Sheets acceptable to them.

Your company is getting increased support from all banks which are certainly the main contributor to the profitability. I would like to thank all financial institutions for their continued support and confidence in the company. I would also like to extend my gratitude to the workers, staff and officers for their honesty and dedication to the company.

On behalf of the Board of Directors

OMER KHALID
Director

Karachi: April 29, 2011

QUETTA TEXTILE MILLS LTD

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT MARCH 31, 2011

NOTE	31,MARCH 2011 RUPEES (UN-AUDITED)	30 JUNE 2010 RUPEES (AUDITED)
<u>EQUITY AND LIABILITIES</u>		
SHARE CAPITAL AND RESERVES		
Authorised Capital		
	200,000,000	200,000,000
	20,000,000 Ordinary shares of Rs.10/. = each	150,000,000
	15,000,000 Preference shares of Rs.10/. = each	150,000,000
	350,000,000	350,000,000
	Issued, subscribed and paid up capital	130,000,000
	Reserves	48,687,626
	Share premium reserve	651,750,000
	Unappropriated profit	706,287,162
	Shareholders equity	1,536,724,788
	Surplus on revaluation of property , plant and equipment	748,153,038
	748,153,038	763,564,281
<u>NON-CURRENT LIABILITIES</u>		
	Loans from directors and associates-subordinated	23,900,000
	Loans from financial institutions	253,916,615
	Redeemable capital	1,292,666,667
	Finance lease	196,772,226
	Deferred liabilities	371,526,145
<u>CURRENT LIABILITIES</u>		
	Short term borrowings	3,193,828,559
	Current maturity of long term liabilities	501,126,676
	Trade and other payables	256,851,871
	Accrued mark-up on loans	117,223,936
	5,254,797,979	4,069,031,042
Contingencies and commitments	5	
TOTAL EQUITY AND LIABILITIES	10,461,124,272	8,508,101,764
<u>ASSETS</u>		
<u>NON-CURRENT ASSETS</u>		
	Property, plant and equipment	4,775,130,044
	Capital work in progress	136,121,413
	5,068,421,681	4,911,251,457
	Long term investments	26,988,433
	6,060,837	26,988,433
	Long term deposits	17,503,512
	23,506,152	17,503,512
<u>CURRENT ASSETS</u>		
	Stores, spares, and loose tools	436,830,375
	Stock in trade	2,269,203,857
	Trade debts	524,062,248
	Other financial assets	11,449,354
	Loans and advances	184,707,178
	Short term prepayments	-
	Income Tax and Sales tax	122,886,770
	Cash and bank balances	3,218,580
	4,794,746	3,218,580
	5,363,135,602	3,552,358,362
TOTAL ASSETS	10,461,124,272	8,508,101,764

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

ASIM KHALID
Director

OMER KHALID
Director

Statement under section 241(2) of the Companies Ordinance 1984

The Chief Executive for the time being is not in Pakistan . As such these Financial Statements, as approved by the Board of Directors, have been signed by the two other directors.

KARACHI:

April 29, 2011

QUETTA TEXTILE MILLS LTD
CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2011

	FOR THE QUARTER ENDED		FOR THE NINE MONTHS ENDED	
	MARCH 31, 2011 RUPEES	MARCH 31, 2010 RUPEES	MARCH 31, 2011 RUPEES	MARCH 31, 2010 RUPEES
Turnover	4,168,857,518	2,362,019,528	10,798,183,952	6,616,306,716
Less: cost of goods sold	3,319,879,794	1,885,702,736	8,847,373,944	5,542,919,049
Gross profit	848,977,724	476,316,792	1,950,810,008	1,073,387,667
Operating expenses				
Distribution cost	(71,719,694)	(59,246,609)	(226,087,917)	(204,648,503)
Administrative expenses	(8,911,079)	(9,055,669)	(24,749,903)	(23,581,038)
Other operating expenses	(44,506,663)	(18,291,157)	(125,342,783)	(38,027,840)
Other operating income	1,494,346	7,754,219	6,392,041	52,359,366
	(123,643,090)	(78,839,216)	(369,788,562)	(213,898,015)
Operating profit	725,334,634	397,477,576	1,581,021,446	859,489,652
Finance cost - net	(274,462,487)	(282,258,163)	(675,376,689)	(671,166,803)
Net profit before taxation	450,872,147	115,219,413	905,644,757	188,322,849
Taxation				
Current year	(41,778,803)	(10,043,033)	(108,237,808)	(36,656,260)
Deferred	(10,000,313)	1,499,890	(37,318,758)	(20,120,129)
	(51,779,116)	(8,543,143)	(145,556,566)	(56,776,389)
Net profit after taxation	399,093,031	106,676,270	760,088,191	131,546,460
Earnings per share - basic and diluted	30.70	19.07	58.47	16.32

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April 29, 2011

QUETTA TEXTILE MILLS LTD

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

AS AT MARCH 31, 2011

	For the Quarter Ended		For the Nine Monts Ended	
	31-Mar-11 Rupees	31-Mar-10 Rupees	31-Mar-11 Rupees	31-Mar-10 Rupees
Profit for the period after taxation	399,093,031	106,676,270	760,088,191	131,546,460
Other comprehensive income:				
Unrealized gain on remeasurement of available for sales investments	20,175,980	7,786,166	55,938,396	10,409,560
Transfer from surplus on revaluation of property, plant & equipment - incremental depreciation	7,497,909	8,605,464	23,709,606	25,816,391
Other comprehensive income for the period	27,673,889	16,391,630	79,648,002	36,225,951
Total comprehensive income for the period	426,766,920	123,067,900	839,736,193	167,772,411

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Karachi:

April 29, 2011

QUETTA TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT CASH FLOW (UN-AUDITED)
FOR THE NINE MONTH ENDED MARCH 31, 2011

	Ended March - 31, 2011 RUPEES	Ended March - 31, 2010 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before taxation	905,644,757	188,322,849
Adjustments for non cash charges and other items:		
Depreciation	176,920,569	176,583,225
Finance cost - net	675,376,689	671,166,803
Dividend income	(664,669)	(1,805,808)
Provision for gratuity	22,373,353	19,801,887
Provision for diminution in the value of investment	(3,306,398)	2,078,441
Provision for workers profit participation fund	52,340,595	9,911,729
	<u>923,040,139</u>	<u>877,736,277</u>
Profit before working capital changes	1,828,684,896	1,066,059,126
Effects on cash flow due to working capital changes:		
(Increase)/ decrease in current assets:		
Stocks, stores and spares	(1,488,052,452)	(783,512,035)
Trade debts	(198,997,480)	118,225,840
Loans, advances, short term prepayments and other receivables	(126,592,240)	(48,914,558)
	<u>(1,813,642,172)</u>	<u>(714,200,753)</u>
Increase / (decrease) in current liabilities:		
Trade and other payables	105,727,748	39,959,079
Cash generated from operations	<u>120,770,472</u>	<u>391,817,452</u>
Payment for:		
Taxes	(96,895,361)	(47,602,838)
Gratuity	(10,139,771)	(13,312,315)
Workers profit participation fund	(20,099,460)	(5,071,214)
Long term deposit	(6,002,640)	-
Finance cost - net	(670,605,816)	(684,644,297)
	<u>(803,743,048)</u>	<u>(750,630,664)</u>
Net Cash Outflow From Operating Activities	(682,972,576)	(358,813,212)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividend received	664,669	1,805,808
Fixed capital expenditure	(334,090,793)	(103,128,395)
Long term investment	76,865,993	17,065,716
Short term investments	(3,594,951)	70,032,711
Net Cash Outflow From Investing Activities	(260,155,082)	(14,224,160)
CASH FLOWS FROM FINANCING ACTIVITIES :		
Long term loans - net	(99,309,491)	(115,790,146)
Short term loan- net	1,144,664,938	558,360,783
Redeemable capital	(69,250,000)	(23,083,333)
Finance lease	(5,401,623)	(39,511,443)
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	(26,000,000)	-
Net Cash Inflow From Financing Activities	944,703,824	381,214,115
Net (decrease)/ increase in cash and cash equivalents	1,576,166	8,176,743
Cash and cash equivalents at beginning of the period	<u>3,218,580</u>	<u>3,113,086</u>
Cash and bank balances at the end of the period	<u>4,794,746</u>	<u>11,289,829</u>

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KARACHI:

April 29, 2011

QUETTA TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTH ENDED MARCH 31,2011

	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, 2009	31,250,000	-	1,200	(72,889,588)	115,000,000	-	42,111,612	416,831,269	490,192,881
Total comprehensive income for the Nine month ended March 31, 2010	-	-	-	10,409,560	-	-	10,409,560	157,362,851	167,772,411
Right Share issued during the year	98,750,000	-	-	-	-	-	-	-	98,750,000
Share Premium Reserve	-	651,750,000	-	-	-	-	651,750,000	-	651,750,000
Balance as at March 31, 2010	130,000,000	651,750,000	1,200	(62,480,028)	115,000,000	-	704,271,172	574,194,120	1,408,465,292
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
Total comprehensive income for the Nine month ended March 31, 2011	-	-	-	55,938,396	-	-	55,938,396	783,797,797	839,736,193
Dividend Paid	-	-	-	-	-	-	-	(26,000,000)	(26,000,000)
Balance as at March 31, 2011	130,000,000	651,750,000	1,200	(10,375,178)	115,000,000	-	104,626,022	1,464,084,959	2,350,460,981

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KARACHI:
April 29, 2011

QUETTA TEXTILE MILLS LIMITED

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

FOR THE NINE MONTH ENDED MARCH 31, 2011

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, 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 Nine months ended March 31, 2011. These condensed interim financial statements also include the condensed interim income statement for the quarter and nine months ended March 31, 2011.

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 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 2010. 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, 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

There has been no significant changes in contingencies as disclosed in the audited financial statement for the year ended June 30, 2010.

	31-Mar 2011	31-Mar 2010
Commitments		
Capital commitment		
Civil works	85,000,000	103,749,621
Plant and Machinery under Letter of Credit	30,000,000	8,075,392
Other commitment	115,000,000	111,825,013
Stores, spares and packing material under letter of credit	15,616,003	10,364,219
	130,616,003	122,189,232

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

	MARCH R 31, 2011		MARCH R 31, 2010		
	ADDITIONS	DISPOSALS	ADDITIONS	DISPOSAL	
	RUPEES		RUPEES		
Land	-		535,710		-
Building - freehold	3,594,167		74,159,967		-
Building lese hold	5,000,346		-		
Plant and machinery	200,601,403		41,798,237		-
Electrical fitting	2,505,435		2,463,667		-
Factory equipment	1,553,570		433,018		-
Office equipment	1,428,805		936,766		-
Furniture and fixture	262,100		84,500		-
Vehicles	2,932,000		725,000		-
	<u>217,877,826</u>		<u>121,136,865</u>		-

7. STOCK IN TRADE

The carrying value of pledge stock amount to Rs. 1,919,530,403.

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, 2011 by Board of Directors of the Company.

10. GENERAL

Figures have been rounded off to the nearest rupee.

ASIM KHALID

Director

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OMER KHALID

Director

KARACHI:

April 29, 2011