

QUETTA TEXTILE MILLS LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS	Mr. Tariq Iqbal (Chief Executive) Mr. Mr. Tauqir Tariq Mr. Asim Khalid Mr. Omer Khalid Mrs. Saima Asim Mrs. Tabbasum Tariq Mrs. Sadaf Khalid
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 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 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

DIRECTORS' REVIEW

Dear Shareholders:

It is a pleasure to present the results of the company for the quarter ended September 30, 2011.

Your company earned a profit before tax of Rs.50.036 (M) as compared to the corresponding last year's quarter profit of Rs.246.799 (M). Turnover for this quarter was Rs.2.458 (B), as compared to corresponding last year's quarter amounting to Rs.3.016 (B), showing a decrease of 18.489% due to decrease in cotton and yarn prices. The profit after tax has decreased from Rs.200.237 (M) to Rs.0.604 (M), mainly due to slack in demand for cotton yarn causing continuing fall in yarn prices. This has also brought raw cotton prices to a reasonable level, and it seems that cotton prices are expected to stay at the current levels due to good cotton crop this year in Pakistan.

Interest rates are still high despite the recent reduction of 150 bps in discount rate by SBP. Electricity and gas load-shedding are eroding the profitability of the company. This has adversely affected productions, and has increased production costs tremendously due to usage of stand-by HFO-fired generators. It seems gas load-shedding is expected to get worse in the up-coming winter season. The government is ignoring this problem, and no steps are being taken to increase power generation in the country.

We hope profitability of the company will gradually improve starting from the next quarter with the arrivals of raw cotton increasing, and fabric sales now becoming more viable than the last quarter. The company continues to develop more markets for fabrics, and is working very closely with brands to develop high value fabric for niche markets.

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

TARIQ IQBAL

Chief Executive

Karachi: October 31, 2011

QUETTA TEXTILE MILLS LIMITED

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT SEPTEMBER 30, 2011**

	Note	30-Sep-11 Rupees	30-Jun-11 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	5	5,036,006,250	5,090,266,750
Capital work in progress		43,041,260	43,041,260
Long term investments		2,772,776	2,786,576
Long term deposits		27,017,902	26,742,702
		5,108,838,188	5,162,837,288
CURRENT ASSETS			
Stores, spare and loose tools		460,882,745	449,805,371
Stock in trade		3,023,880,731	2,947,780,363
Trade debts		457,835,237	658,397,688
Other financial assets		10,404,602	15,898,000
Loans and advances		235,830,328	192,394,294
Short term prepayments		20,700,767	6,450,130
Income tax and sales tax		198,871,280	188,514,029
Cash and bank balances		8,250,407	24,661,647
		4,416,656,097	4,483,901,522
TOTAL ASSETS		9,525,494,285	9,646,738,810
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
20,000,000 (2010: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
15,000,000 (2010: 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		114,660,409	114,674,209
Share premium reserve		651,750,000	651,750,000
Unappropriated profit		1,303,629,196	1,295,695,419
		2,200,039,605	2,192,119,628
Surplus on revaluation of property, plant and equipment		738,252,169	743,015,956
Loan from directors		78,776,000	78,776,000
NON CURRENT LIABILITIES			
Long term finances		239,854,001	255,208,177
Redeemable capital - Sukuk		1,108,000,000	1,177,250,000
Liabilities against assets subject to finance lease		160,295,150	187,010,286
Deferred liabilities		479,397,154	461,976,060
CURRENT LIABILITIES			
Trade and other payables		402,377,859	360,935,227
Accrued interest / mark-up		185,543,389	168,349,923
Short term borrowings		3,564,552,265	3,652,262,111
Current portion of long term finance			
Long term finances		123,737,981	157,892,190
Redeemable capital - Sukuk		138,500,000	115,416,667
Liabilities against assets subject to finance lease		106,168,712	96,526,585
		4,520,880,206	4,551,382,703
Contingencies and Commitments	6		
		9,525,494,285	9,646,738,810

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

TARIQ IQBAL
Chief Executive

OMER KHALID
DIRECTOR

Karachi:
Dated : October 31, 2011

QUETTA TEXTILE MILLS LIMITED
CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	For the Quarter 30-Sep-11 Rupees	For the Quarter 30-Sep-10 Rupees
Sales	2,458,965,572	3,016,718,325
Cost of sales	(2,083,345,930)	(2,428,033,386)
Gross profit	375,619,642	588,684,939
Selling and distribution expenses	(82,720,833)	(68,125,852)
Administrative expenses	(7,377,931)	(9,881,783)
Other operating expenses	(3,416,431)	(28,436,123)
Finance cost	(232,646,202)	(236,554,059)
	(326,161,397)	(342,997,817)
Profit from operations	49,458,245	245,687,122
Other operating income	577,944	1,112,125
Profit before taxation	50,036,189	246,799,247
Taxation	(49,431,313)	(46,561,840)
Profit after taxation	604,876	200,237,407
Earnings per share - basic and diluted	0.05	15.40

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

TARIQ IQBAL
Chief Executive

OMER KHALID
DIRECTOR

Karachi:

Dated : October 31, 2011

QUETTA TEXTILE MILLS LTD

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	For the Quarter Ended	
	30-Sep-11 Rupees	30-Sep-10 Rupees
Profit for the period after taxation	604,876	200,237,407
Other comprehensive income:		
Unrealized (gain)/ Loss on remeasurement of available for sales investments	(13,800)	4,207,235
Transfer from surplus on revaluation of property, plant & equipment - incremental depreciation	7,328,901	8,605,464
Other comprehensive income for the period	7,315,101	12,812,699
Total comprehensive income for the period	<u>7,919,977</u>	<u>213,050,106</u>

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

Karachi:
Dated : October 31, 2011

TARIQ IQBAL
Chief Executive

OMER KHALID
Director

QUETTA TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT CASH FLOW (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	For Quarter ended Sep - 30, 2011 RUPEES	For Quarter ended Sep - 30, 2010 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before taxation	50,036,189	246,799,247
Adjustment for non cash charges and other items:		
Depreciation	60,140,441	56,683,788
Financial charges - net	232,646,202	236,554,059
Dividend income	(125,000)	(15,411)
Provision for gratuity	1,409,464	4,929,649
Provision for Diminution / (Appreciation) in the value of investment	222,053	120,911
Workers profit participation fund	2,686,115	12,339,962
Gain on sale of vehicle	(12,867)	-
	296,966,408	298,303,818
Profit before working capital changes	347,002,597	545,072,243
Effects on cash flow due to working capital changes:		
(Increase)/decrease in current assets:		
Stocks, stores and spares	(87,177,742)	(94,043,409)
Trade debts	200,562,451	(148,978,483)
Loans, advances, short term prepayments and other receivables	(56,123,817)	(112,717,749)
	57,260,892	(355,739,641)
Increase / (decrease) in current liabilities:		
Trade and other payables	37,079,645	150,353,173
Cash (used) generated from operations	441,343,134	339,685,775
Payment for:		
Taxes	(35,976,279)	(27,351,053)
Gratuity	(5,658,023)	(5,049,660)
Long term deposit	(275,200)	-
Financial charges - net	(215,452,736)	(223,006,973)
	(257,362,238)	(255,407,686)
Net Cash Outflow From Operating Activities	183,980,896	84,278,089
CASH FLOW FROM INVESTING ACTIVITIES:		
Fixed capital expenditure	(6,200,573)	(2,249,319)
Sale proceed of vehicle	870,000	-
Dividend received	125,000	15,411
Long term investment	-	4,766,691
Short term investments	5,271,344	(535,306)
Net Cash Outflow From Investing Activities	65,771	1,997,477
CASH FLOW FROM FINANCING ACTIVITIES :		
Long term loans - net	(95,675,052)	(101,521,061)
Short term loans - net	(87,709,846)	26,235,428
Lease Liability	(17,073,009)	(10,071,477)
Net Cash Inflow From Financing Activities	(200,457,907)	(85,357,110)
Net (decrease) / increase in cash and cash equivalents	(16,411,240)	918,456
Cash and cash equivalents at beginning of the year	24,661,647	3,218,580
CASH AND BANK BALANCES AT END OF THE QUARTER	8,250,407	4,137,036

Karachi:

Dated : October 31, 2011

TARIQ 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, 2011

	Paid-up Capital Rupees	R E S E R V E S				General Resrves Rupees	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					
Balance as at June 30, 2010	130,000,000	651,750,000	1,200	(66,313,574)	115,000,000	700,437,626	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>704,644,861</u>	<u>915,130,033</u>	<u>1,749,774,894</u>	
Balance as at June 30, 2011	130,000,000	651,750,000	1,200	(326,991)	115,000,000	766,424,209	1,295,695,419	2,192,119,628	
Toal comprehaensiv income for the period				(13,800)		(13,800)	7,933,777	7,919,977	
Balance as at September 30, 2011	<u>130,000,000</u>	<u>651,750,000</u>	<u>1,200</u>	<u>(340,791)</u>	<u>115,000,000</u>	<u>766,410,409</u>	<u>1,303,629,196</u>	<u>2,200,039,605</u>	

Karachi:
Dated : October 31, 2011

TARIQ IQBAL
Chief Executive

OMER KHALID
Direcotr

QUETTA TEXTILE MILLS LIMITED

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

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, 2011.

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, 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, 2011.

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, 2011.

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 2011.

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

	For the quarter ended		For the quarter ended	
	SEPTEMBER 30, 2011		SEPTEMBER 30, 2010	
	ADDITIONS	DISPOSALS	ADDITIONS	DISPOSALS
<u>OWN:</u>	RUPEES		RUPEES	
<u>Land</u>				
Leasehold			333,500	
<u>Building</u>				
Building - Freehold	200,111			
Plant and Machinery	1,711,636		47,080,138	
Electrical fittings	870,000		63,000	
Factory equipments			153,750	
Office equipments	382,806		1,351,577	
Furniture and fixtures	7,780		92,700	
Vehicles	3,028,240	780,000	-	
	<u>6,200,573</u>	<u>780,000</u>	<u>49,074,665</u>	<u>-</u>

6 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. 139.22 million (June 30, 2011: Rs. 135.822 million).

Commitments

Total commitment of Rs 238.56 million (June 30, 2011: 260.71 million) including letters of credit opened by banks for Rs.155.56 million (June 30, 2011: Rs.177.71 million) for the import of plant and machinery and spares and commitments for building construction Rs.83 million (June 30, 2011: 83 million)

7 STOCK IN TRADE

The carrying value of pledge stock amounts to Rs.1,055,555,231

8 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on **October 31, 2011** by Board of Directors of the Company.

9 GENERAL

Figures have been rounded off to the nearest rupee.

KARACHI: OCTOBER 31, 2011

TARIQ IQBAL
Chief Executive

OMER KHALID
Director