

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. Sadaf Khalid (Member)
Mrs. Tabbasum Tariq (Member)

CHIEF FINANCIAL OFFICER

Mr. Omer Khalid

COMPANY SECRETARY

Mr. Muhammed Sohrab Ghani

AUDITORS

Mushtaq and Company
Chartered Accountants
407 / 4th 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
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

CHIEF EXECUTIVE'S REVIEW

Dear Shareholders:

It is a pleasure to present the results of the company for the quarter ended September 30, 2013.

Your company earned a profit before tax of Rs.101.451 (M) as compared to the corresponding last year's quarter profit of Rs.26.5 (M). Turnover for this quarter was Rs.3.381 (B), as compared to corresponding last year's quarter amounting to Rs.2.898 (B), showing an increase of 16.7%. The profit after tax has also increased from Rs.3.797 (M) to Rs.51.25 (M) due to production efficiencies, more coarse yarn production, and strong demand of yarns and fabrics from China. Sales of fabrics has also picked up in Europe, as in the Far East.

The company has re-paid a further amount of Rs.95.5 (M) in this quarter under long-term loans. This has further reduced our financial cost by Rs.15 (M), as compared to corresponding last year's quarter.

Despite very little gas availability in the past 6 months and severe LESCO power shortages, your company still managed to improve efficiencies and profitability. It seems gas/electric load-shedding is expected to get even worse in the up-coming months, as compared to previous years.

We thank our supporting financial institutions, workers, staff and officers for their dedication and support to the company.

TARIQ IQBAL

Chief Executive

Karachi: October 31, 2013

QUETTA TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT SEPTEMBER 30, 2013

	Note	30-Sep-13 Rupees	30-Jun-13 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	5,025,696,510	5,056,794,377
Long term deposits		40,480,940	40,480,940
		5,066,177,450	5,097,275,317
CURRENT ASSETS			
Stores, spare and loose tools		450,485,651	439,274,908
Stock in trade		3,533,062,168	3,139,023,151
Trade debts		341,704,243	415,051,612
Other financial assets		4,744,362	4,510,225
Loans and advances		103,744,942	99,672,881
Trade deposits and Short term prepayments		30,101,427	15,319,625
Income tax and sales tax refundable		267,857,183	251,361,945
Cash and bank balances		35,838,929	37,974,217
		4,767,538,905	4,402,188,564
TOTAL ASSETS		9,833,716,355	9,499,463,880
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
20,000,000 (2013: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
15,000,000 (2013: 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		2,352,251,992	2,294,932,948
		2,482,251,992	2,424,932,948
Surplus on revaluation of property, plant and equipment		702,494,587	706,438,811
NON CURRENT LIABILITIES			
Long term finances		98,598,290	99,470,332
Redeemable capital - Sukuk		844,333,992	879,146,550
Loans from Directors and Other's -Subordinated		148,457,000	148,457,000
Liabilities against assets subject to finance lease		37,085,454	36,699,118
Deferred liabilities		515,131,028	502,191,333
		1,643,605,764	1,665,964,333
CURRENT LIABILITIES			
Trade and other payables		730,042,884	694,221,666
Accrued interest / mark-up		193,371,902	156,721,629
Short term borrowing:		3,712,413,024	3,421,422,671
Current portion of			
Long term finances		139,022,810	176,069,486
Redeemable capital - Sukuk		191,034,483	191,034,485
Liabilities against assets subject to finance lease		39,478,909	62,657,851
		5,005,364,012	4,702,127,788
Contingencies and Commitments	6		
		9,833,716,355	9,499,463,880

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, 2013

	For the Quarter 30-Sep-13	For the Quarter 30-Sep-12
	Rupees	Rupees
Sales	3,381,295,290	2,898,389,544
Cost of sales	(2,997,499,794)	(2,579,142,170)
Gross profit	383,795,496	319,247,374
Distribution Cost	(86,877,125)	(91,022,767)
Administrative expenses	(12,372,483)	(9,911,076)
Other operating expenses	(7,703,671)	(2,964,976)
Finance cost	(176,287,305)	(191,518,225)
	(283,240,584)	(295,417,044)
Profit from operations	100,554,912	23,830,330
Other income	896,268	2,675,304
Profit before taxation	101,451,180	26,505,634
Taxation	(50,200,174)	(22,708,347)
Profit after taxation	51,251,006	3,797,287
Earnings per share - basic and diluted	3.94	0.29

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

TARIQ IQBAL
Chief Executive

OMER KHALID
Director

Karachi:
Dated : October 31, 2013

QUETTA TEXTILE MILLS LTD

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

	For the Quarter Ended	
	30-Sep-13	30-Sep-12
Note	Rupees	Rupees
Profit for the period after taxation	51,251,006	3,797,287
Other comprehensive income:		
Unrealized (gain)/ Loss on remeasurement of available for sales investments	-	-
Total comprehensive income for the period	<u>51,251,006</u>	<u>3,797,287</u>

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

Karachi:
Dated : October 31, 2013

TARIQ IQBAL
Chief Executive

OMER KHALID
Director

QUETTA TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT CASH FLOW (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2013

	For Quarter ended Sep - 30, 2013 RUPEES	For Quarter ended Sep - 30, 2012 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before taxation	101,451,180	26,505,634
Adjustment for non cash charges and other items:		
Depreciation	58,445,322	59,736,137
Financial charges - net	176,287,305	191,518,225
Provision for gratuity	7,097,535	4,224,200
Provision for Diminution /(Appreciation) in the value of investment	(234,138)	(2,013,174)
Workers profit participation fund	5,448,506	1,395,033
Worker Welfare Fund	2,070,432	-
	<u>249,114,962</u>	<u>254,860,421</u>
Profit before working capital changes	350,566,142	281,366,055
Effects on cash flow due to working capital changes:		
(Increase)/decrease in current assets:		
Stocks, stores and spares	(405,249,760)	64,748,404
Trade debts	73,347,369	(86,062,460)
Loans, advances, short term prepayments and other receivables	(34,279,994)	(51,564,853)
	<u>(366,182,385)</u>	<u>(72,878,909)</u>
Increase / (decrease) in current liabilities:		
Trade and other payables	28,411,025	(140,620,065)
Cash generated from operations	<u>12,794,782</u>	<u>67,867,081</u>
Payment for:		
Taxes	(34,581,960)	(30,243,579)
Gratuity	(8,721,347)	(4,975,283)
Long term deposit	-	(5,001)
Financial charges - net	(139,637,032)	(180,523,850)
	<u>(182,940,339)</u>	<u>(215,747,713)</u>
Net Cash Outflow From Operating Activities	(170,145,557)	(147,880,632)
CASH FLOW FROM INVESTING ACTIVITIES:		
Fixed capital expenditure	(27,347,455)	(68,540,928)
Short term investments	-	5,653,907
Net Cash Outflow From Investing Activities	(27,347,455)	(62,887,021)
CASH FLOW FROM FINANCING ACTIVITIES :		
Long term loans - net	(72,731,278)	34,440,035
Dividend paid	(108,745)	-
Short term loans - net	290,990,353	223,396,512
Lease Liability	(22,792,606)	(22,301,160)
Net Cash Inflow From Financing Activities	195,357,724	235,535,387
Net (decrease) / increase in cash and cash equivalents	(2,135,288)	24,767,734
Cash and cash equivalents at beginning of the year	<u>37,974,217</u>	<u>8,408,728</u>
CASH AND BANK BALANCES AT END OF THE QUARTER	35,838,929	33,176,462

Karachi:

Dated : October 31, 2013

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, 2013

	R E S E R V E S							Total Rupees
	Paid-up Capital Rupees	Share premium Reserve Rupees	Capital Reserve Rupees	General Resrves Rupees	Sub- Total Rupees	Un-appropriated profit Rupees		
Balance as at June 30, 2012	130,000,000	651,750,000	1,200	115,000,000	766,751,200	1,341,938,731	2,238,689,931	
Toal comprehaensiv income for the period					-	3,797,287	3,797,287	
Transfer from Surplus on revaluation on property, Plant and equipment					-	7,325,868	7,325,868	
Balance as at September 30, 2012	130,000,000	651,750,000	1,200	115,000,000	766,751,200	1,353,061,886	2,249,813,086	
Balance as at June 30, 2013	130,000,000	651,750,000	1,200	115,000,000	766,751,200	1,528,181,748	2,424,932,948	
Toal comprehaensiv income for the period				-	-	51,251,006	51,251,006	
Transfer from Surplus on revaluation on property, Plant and equipment						6,068,038	6,068,038	
Balance as at September 30, 2013	130,000,000	651,750,000	1,200	115,000,000	766,751,200	1,585,500,792	2,482,251,992	

Karachi:
Dated : October 31, 2013

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, 2013

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, 2013.

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, 2013 .

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, 2013.

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, 2013.

5 ACQUISITION AND DISPOSAL OF PROPERTY PLANT AND EQUIPMENT

	FOR THE QUARTER ENDED		FOR THE QUARTER ENDED	
	30-Sep-13		30-Sep-12	
	ADDITIONS	DISPOSAL	ADDITIONS	DISPOSAL
Building				
Building - Lease Hold	791,532	-	-	-
Plant and Machinery	14,416,648	-	66,209,334	-
Electrical fittings	187,040	-	-	-
Factory equipments	140,000	-	72,000	-
Office equipments	329,200	-	-	-
Furniture and fixtures	260,482	-	60,691	-
Vehicles	-	-	638,955	-
	<u>16,124,902</u>	<u>-</u>	<u>66,980,980</u>	<u>-</u>

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. 214,475,248 million (June 30, 2013: Rs. 214,475,248 million).

	30-Sep-13	30-Jun-13
COMMITMENT		
Civil work	<u>101,000,000</u>	<u>101,000,000</u>
Confirmed letter of credit in respect of:		
- Raw material	163,406,017	341,841,375
- Stores and spares	29,798,421	23,086,331
	<u>193,204,438</u>	<u>364,927,706</u>

7 STOCK IN TRADE

The carrying value of pledge stock amounts to Rs. 1,512,670,027.

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 refundable being

9 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on **October 31, 2013** by Board of Directors of the Company.

10 GENERAL

Figures have been rounded off to the nearest rupee.

Karachi:

Dated : October 31, 2013

TARIQ IQBAL
Chief Executive

OMER KHALID
Director