

QUETTA TEXTILE MILLS LIMITED

CORPORATE VISION / MISSION

STATEMENT

VISION

Quetta Textile Mills Limited is one of the leading manufacturers & exporters of yarns & fabrics in Pakistan. The Company aims to become a market leader by producing high quality products with the help of latest technologies. The Company strives to explore new markets worldwide and at the same time tries to integrate its supply chain and diversify its customer portfolio. The Company aims to be fittest in a changing market scenario through effective Balancing, Modernization & Replacement of existing machinery.

MISSION

Our aim is to make Quetta Textile Mills Limited a secure & rewarding investment for its shareholders & investors, a reliable source of high quality yarns & fabrics at affordable prices to its customers all over the world, a secure place of work to its employees & an ethical partner to its business associates.

QUETTA TEXTILE MILLS LIMITED

Annual Report 2005 **For the Period Ended June 30, 2005**

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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. Omer Khalid (Chairman) Mrs. Najma Javed (Member) Mrs. Tabbasum Tariq (Member) Mr. Sheikh Muhammed Abdullah (Secretary)
CHIEF FINANCIAL OFFICER	Mr. Daanish Javed
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 of Pakistan Limited Al-Baraka Islamic Bank Ltd. Askari Commercial Bank Limited Bank Al-Habib Limited Bank Al-Falah Limited Bank of Punjab Faysal Bank Limited Habib Bank Limited KASB Bank Limited Muslim Commercial Bank Limited Metropolitan Bank Limited National Bank of Pakistan PICIC Commercial Bank Limited Soneri Bank Limited Saudi Pak Commercial Bank Limited United Bank Limited Union Bank Limited
REGISTERED OFFICE	Nadir House (Ground Floor) I. I. Chundrigar Road Karachi
MILLS	P/3, S.I.T.E., Kotri B/4, S.I.T.E Kotri 47.5 K.M. Lahore Multan Road, Bhai Pheru

QUETTA TEXTILE MILLS LIMITED

CHIEF EXECUTIVE'S REVIEW

Dear Shareholders,

It gives me great pleasure to present to you the audited accounts and director's report for the period ended 30th June 2005.

Your company earned a pre-tax profit of Rs.113.702 million in nine months as compared to last year's annual profit of Rs.85.58 million. Total turnover of the nine months period stood at Rs.2.74 billion as compared to the last year's annual figure of Rs.3.99 billion. Financial expenses were increased from Rs.141.90 million to Rs.137.148 million (nine months) – an increase of around 28% because of abnormal hike in interest rates due to SBP's policies and requirement of additional funds to finance larger cotton stocks and BMR.

I am pleased to inform that during the current period your company has invested around Rs.925 millions in BMR. A total of 108 hi-speed air jet looms and 13,248 spindles have already been imported and most of the erections have been completed. As a result of it, production capacity of the company has increased to a great extent thereby enabling the company to obtain big orders to achieve economies of scale.

To minimize our electricity generating costs, we have imported Waukesha a gas driven power generating set of 4.0 MW/hour Capacity. After installation of this generating set all power generation would be through gas resulting in further reduction of our generating cost. We have also installed 2 heat recovery boilers in our Bhai Pheru Units to further cut our power cost.

It is my pleasure to report to members that Pioneer Spinning Mills Ltd. (PSM), a wholly-owned subsidiary of Quetta Textile Mills Ltd acquired last year has also showed great improvement. Due to efforts and policies of your management, PSM has now been turned into a profitable unit. PSM earned a pre-tax profit of Rs.13.447 millions in nine months, as compared to last year's loss of Rs.24.99 million.

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.

Karachi: October 06, 2005

**KHALID IQBAL
CHIEF EXECUTIVE**

QUETTA TEXTILE MILLS LIMITED

DIRECTORS' REPORT TO THE SHARE HOLDERS:

The Directors have pleasure in presenting the 36th Annual Report of the company and the Auditor's Report thereon for the period ended June 30, 2005.

CHAIRMAN'S REVIEW

As per directive of the Central Board of Revenue, your company changed the closing date of financial year from 30th September to 30th June. Hence, the accounts now being presented are for nine months ended June 30, 2005, whereas corresponding figures are for full year.

FINANCIAL RESULTS

	Rupees
Net Profit before taxation	113,702,308
Less: Taxation	28,198,366
Net profit after taxation	85,503,942
Un-appropriated profit brought forward	253,970,340
Available for appropriation	339,474,282
Proposed dividend 2005@ 15%	4,687,500
Un-appropriated profit	<u>334,786,282</u>
Profit after Taxation	85,503,942
Ordinary Share	3,125,000
Earning per share	27.36

CHAIRMAN'S REVIEW

The Directors of the Company endorse the contents of the Chairman's review, which is deemed to be a part of the Director's report.

DIVIDENDS

The Board of Directors have pleasure in recommending cash dividend of 15% for the period ended June 30, 2005.

AUDITORS

The present Auditors M/s. Mushtaq and Company Chartered Accountants retired and being eligible offer themselves for re-appointment.

PATTERN OF SHARE HOLDING

The pattern of shareholding as on June 30, 2005 is annexed to this report.

SUMMARY OF FINANCIAL DATA

Financial data for last six years in summarized form is annexed.

ATTENDANCE AT THE BOARD MEETING DURING THE PERIOD OCTOBER 2004 TO JUNE 2005

All the directors keenly take interest in the company's affairs. During the year thirty three board meetings were held. Attendance by each director was as under:-

Name of Directors	No of Meetings attended
Mr. Khalid Iqbal	08
Mr. Tariq Iqbal	08
Mr. Daanish Javed	07
Mr. Asim Khalid	07
Mr. Omer Khalid	07
Mrs. Najma Javed	06
Mrs. Tabbasum Tariq	06

CORPORATE GOVERNANCE

The Board of Directors hereby declares that for the period ended June 30, 2005: -

- a) The financial statements, together with the notes thereon have been drawn up in conformity with the Companies Ordinance 1984. These Statements present fairly the Company's state of affairs, result of its operations, cash flow and change in equity.
- b) Proper books of accounts of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) The International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There is no significant doubt upon the Company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h) Key operating and financial data for the last six years in summarized form is annexed.

CHANGE OF ACCOUNTING YEAR

In compliance with SRO.684(1) / 2004 dated August 10, 2004 issued by Central Board of Revenue, the accounting year of the Company will end on 30th June instead of 30th September. Hence the accounts now being presented are for nine months ended June 30, 2005, whereas the corresponding figures are for full year.

AUDITORS REPORT

Reference to the observation made by Auditors in their report regarding Note No. 23.1, we have to state that there is a difference of Rs.53.235 millions in books of the Company and its subsidiary Pioneer Spinning Mills Limited. This amount has not been acknowledged by the subsidiary in its books. However, Directors being aware of the fact have negotiated the price including the above amount. The resultant difference has been absorbed in price of investment. This is also evident from Consolidate accounts where Negative goodwill has been reported from the acquisition.

TRADING IN SHARES OF THE COMPANY

During the year no trading transaction in respect of shares of the company entered into by the Directors, CEO, CFO, Company Secretary, their spouses or minor children.

CONCLUSION

The Directors place on record their appreciation to the officers, members of the staff and workers for their efforts and hard work.

For and on behalf of the Board of Director

KHALID IQBAL
Chief Executive

Karachi: October 06, 2005

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in the Listing Regulations of the Karachi Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive Directors and Directors representing minority interests on its Board of Directors. At present the Board includes two non-executive Directors and none representing minority share holders.
2. The Directors have voluntarily confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. The Directors have voluntarily declared that all the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs. None of the Directors is a member of a stock exchange.
4. During the period, no casual vacancies occurred in the Board of Directors.
5. The Board have developed and adopted a "Statement of Ethics and Business Practices" which is regularly circulated within the Company and it is in the knowledge of Company's Directors and employees.
6. The Board has developed a vision and mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other Executive Directors, have been taken by the Board.
8. The meetings of the Board, which were held during the period were presided by the Chairman and in his absence, by a director elected by the Board for this purpose and Board met at least once in every Quarter. Written notices of the Board Meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated in time.
9. The Directors have been provided with copies of the Listing Regulations of the Karachi Stock Exchange, Company's Memorandum and Articles of Association and the Code of Corporate Governance and they are well conversant with their duties and responsibilities. The Board arranged orientation courses for its directors during the year to appraise them of their duties and responsibilities.
10. The Board has approved appointments of CFO, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment, as determined by CEO.
11. The Directors' Report for this period has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises three members, of whom two are non-executive Directors
16. The meetings of the Audit Committee were held at least once in every quarter prior to the approval of interim and financial results of the Company and as required by the Code. The terms of reference of the Committee have been prepared in the light of the Code of Corporate Governance and advised to the Committee for compliance

17. The Board has set up an effective Internal Audit Function.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied with.

On behalf of the Board of Directors
KHALID IQBAL
CHIEF EXECUTIVE
Quetta Textile Mills Limited

KARACHI: October 06, 2005

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES ON TRANSFER PRICING

The Company is in compliance with the best practices on Transfer Pricing as contained in the relevant Listing Regulations of the Karachi Stock Exchange (Guarantee) Limited.

On behalf of the Board of Directors
KHALID IQBAL
CHIEF EXECUTIVE
Quetta Textile Mills Limited

KARACHI: October 06, 2005

MUSHTAQ & CO.
CHARTERED ACCOUNTANTS

Affiliated with:
SINCLAIRS, Registered Auditors
England.

407-Commerce Centre,
Hasrat Mohani Road,
Karachi-74200,
Pakistan
Tel: 2638521- 4 Fax: 2639843
Email: hmi@cyber.net.pk

Branch Office:
19-B, Block-G,
Gulberg-III,
Lahore.
Tel: 5884926,
5865618

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the Best Practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Quetta Textile Mills Limited** to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all control and effectiveness of such internal controls.

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the period ended from October 01, 2004 to June 30, 2005.

MUSHTAQ & COMPANY
CHARTERED ACCOUNTANTS

KARACHI: October 06, 2005

MUSHTAQ & CO.
CHARTERED ACCOUNTANTS

Affiliated with:
SINCLAIRS, Registered Auditors
England.

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Tel: 5884926,
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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Quetta Textile Mills Limited** as at June 30, 2005 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the period ended from October 01, 2004 to June 30, 2005 and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the changes as stated in note 4.6, 4.15, and 4.17 with which we concur.
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied,
 - (ii) the expenditure incurred during the period was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the period were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, except as stated in note 23.1 to the financial statements, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2005 and of the profit, its cash flows and changes in equity for the period ended from October 01, 2004 to June 30, 2005; and
- (d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Without further qualifying our opinion, we draw attention to note 4.18 to the financial statements regarding classification of direct expenses.

MUSHTAQ & COMPANY
CHARTERED ACCOUNTANTS

KARACHI: October 06, 2005

QUETTA TEXTILE MILLS LIMITED
SUMMARY OF FINANCIAL DATA 2000-2005

	September 2000	September 2001	September 2002	September 2003	September 2004	June 2005
Profit and Loss						
Net sales (Rs.000)	1,792,851	2,260,073	2,555,445	3,205,632	3,998,022	2,739,162
Gross Profit (Rs.000)	265,322	207,873	242,491	247,823	249,394	251,825
Profit before tax (Rs.000)	125,966	74,633	51,427	76,028	85,579	113,702
Profit after tax (Rs.000)	110,374	62,640	25,748	52,660	52,624	85,504
Cash Outflows						
Taxes paid (Rs.000)	18,020	16,329	30,932	45,469	29,853	14,763
Financial charges paid (Rs.000)	160,754	123,918	156,328	166,781	143,073	132,907
Fixed capital expenditures (Rs.000)	89,213	610,206	208,931	269,632	331,642	924,575
Balance sheet						
Current assets (Rs.000)	532,738	694,720	753,585	1,059,489	1,542,145	1,855,513
Current liabilities (Rs.000)	590,151	870,459	1,134,045	990,650	1,512,944	1,969,999
Operating fixed assets (Rs.000)	642,147	1,189,254	1,175,781	1,388,106	1,549,434	2,019,550
Total assets (Rs.000)	1,199,681	1,889,835	2,032,270	2,473,689	3,175,058	4,389,778
Long term loans and finances (Rs.000)	363,654	726,641	582,865	1,093,793	1,223,208	1,769,863
Share holders' equity (Rs.000)	245,875	292,734	315,359	364,895	399,802	485,306
Ratios						
Current ratio (As per SBP regulations)	1.09	1.00	1.02	1.07	1.02	0.95
Equity: Debt ratio (As per SBP regulations)	0.46	0.57	0.43	0.42	0.46	0.41
Leverage	-	-	-	-	2.84	3.29
Gross profit to sales	14.8%	9.2%	9.5%	7.7%	6.2%	9.2%
Net Profit before tax to sales	7.03%	3.30%	2.01%	2.37%	2.14%	4.15%
Earning per share	35.32	20.04	8.24	16.85	11.17	27.36
Proposed Dividend	141.5%	50.5%	10%	10%	NIL%	15%

**DETAIL OF PATTERN OF SHAREHOLDING AS PER
REQUIREMENT OF CODE OF CORPORATE GOVERNANCE
AS AT 30 TH JUNE 2005**

Name of shareholders	No's	SHARES HELD	PERCENTAGE
1 <u>ASSOCIATED COMPANIES</u>		Nil	
2 <u>NIT & ICP</u>	1		
Investment Corporation of Pakistan		457	0.01
3 <u>Directors,CEO their Spouse and Minor Children</u>	10		
Mr . Khalid Iqbal (Director & CEO)		84,676	2.71
Mr . Asim Khalid (Director)		75,423	2.41
Mr . Omer Khalid (Director)		71,777	2.30
Mrs . Rukhsana Khalid		161,051	5.15
Mr . Tariq Iqbal (Director)		92,375	2.96
Mrs . Tabbasum Tariq (Director)		166,912	5.34
Mr . Daanish Javed (Director)		52,137	1.67
Mrs . Aisha Daanish		158,170	5.06
Mrs . Najma Javed (Director)		51,596	1.65
Mr . Javed Iqbal		94,375	3.02
4 <u>Executive</u>		Nil	
5 <u>Public Sector Companies & Corporations</u>		Nil	
6 <u>Banks,Development Finance Institution, Non- Banking Finance Institution, Insurance Companies , Madarabas & Mutual Funds</u>	3		
National Industrial Co-Operative Finance Corporation Ltd		364	0.01
State Life Insurance Corporation of Pakistan		52,082	1.67
National Bank of Pakistan, Trustee Wing		38,582	1.23
7 <u>Shareholders Holding 10% or More</u>		Nil	
8 <u>Individuals</u>	178	2,011,123	64.36
9 <u>Others</u>	4		
Corporate Law Authority		1	0.00
Freedom Enterprises (Pvt) Ltd		62	0.00
N.H Security (Pvt) Ltd		16	0.00
Fazal Cloth Mills Ltd		13,821	0.44
TOTAL	196	3,125,000	100.00

PATTERN OF SHAREHOLDING (FORM - A)

Pattern of holding of the shares held by the shareholders as at 30-06-2005 is given below

No of Share Holders	Shareholding					Total Share Held
43	From	1	to	100	Shares	1,594
60	From	101	to	500	Shares	13,982
25	From	501	to	1000	Shares	20,408
18	From	1001	to	5000	Shares	39,363
5	From	5001	to	10000	Shares	36,127
3	From	10001	to	15000	Shares	39,841
6	From	15001	to	20000	Shares	116,502
2	From	20001	to	25000	Shares	47,498
2	From	25001	to	30000	Shares	53,696
1	From	30001	to	35000	Shares	31,276
2	From	35001	to	40000	Shares	74,908
1	From	45001	to	50000	Shares	49,477
4	From	50001	to	55000	Shares	206,403
2	From	55001	to	60000	Shares	117,812
1	From	60001	to	65000	Shares	64,519
3	From	65001	to	70000	Shares	199,975
2	From	70001	to	75000	Shares	149,797
3	From	75001	to	80000	Shares	227,425
3	From	80001	to	85000	Shares	250,614
2	From	90001	to	95000	Shares	186,750
3	From	100001	to	110000	Shares	346,090
1	From	140001	to	145000	Shares	142,812
1	From	155001	to	160000	Shares	158,170
1	From	160001	to	165000	Shares	161,051
1	From	165001	to	170000	Shares	166,912
1	From	220001	to	225000	Shares	221,998
196						3,125,000

Categories of Shareholders	Number	Shares held	Percentage
Individuals	188	3,019,615	96.63
Investment Companies	1	457	0.01
Insurance Companies	1	52,082	1.67
Joint Stock Companies	4	14,263	0.46
Financial Institutions	1	38,582	1.23
Corporate Law Authority	1	1	0.00
196		3,125,000	100

**QUETTA TEXTILE MILLS LIMITED
BALANCE SHEET**

EQUITY AND LIABILITIES	NOTE	June 30, 2005 RUPEES	September 30, 2004 RUPEES
SHARE CAPITAL AND RESERVES			
Authorized capital			
10,000,000 Ordinary shares of Rs.10 each		100,000,000	100,000,000
15,000,000 Preference shares of Rs.10 each		150,000,000	150,000,000
		250,000,000	250,000,000
Issued, subscribed and paid up capital	5	31,250,000	31,250,000
Reserves		114,581,252	114,581,252
Unappropriated profit		339,474,282	253,970,340
Shareholders equity		485,305,534	399,801,592
SURPLUS ON REVALUATION OF FIXED ASSETS	6	119,794,763	
NON CURRENT LIABILITIES			
REDEEMABLE CAPITAL	7	-	749,995,500
LONG TERM FINANCING	8	1,769,863,282	473,212,705
DEFERRED LIABILITIES	9	44,814,962	39,104,186
CURRENT LIABILITIES			
Short term borrowings	10	1,391,967,064	1,236,133,672
Current maturity of long term financing		274,750,000	25,000,000
Trade and other payables	11	240,730,196	193,488,306
Accrued mark-up on loans	12	62,552,395	58,322,239
		1,969,999,655	1,512,944,217
CONTINGENCIES AND COMMITMENTS	13		
		4,389,778,196	3,175,058,200

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

Karachi : October 06, 2005

QUETTA TEXTILE MILLS LIMITED
AS AT JUNE 30, 2005

PROPERTY AND ASSETS	NOTE	June 30, 2005 RUPEES	September 30, 2004 RUPEES
NON CURRENT ASSETS			
Property, plant and equipment	14	2,019,549,844	1,549,433,627
Capital work in progress	15	455,639,263	19,216,192
		2,475,189,107	1,568,649,819
LONG TERM INVESTMENT	16	57,361,653	57,361,653
LONG TERM DEPOSIT	17	1,714,629	1,282,129
DEFERRED COST	18	-	5,619,568
CURRENT ASSETS			
Stores, spares and loose tools	19	163,063,975	158,141,316
Stock in trade	20	945,958,980	646,625,233
Trade debts	21	220,787,240	246,378,396
Other financial assets	22	51,661,553	229,188,722
Loans and advances	23	404,805,228	210,535,861
Short term prepayments	24	183,454	369,848
Other receivables	25	59,750,894	38,108,876
Cash and bank balances	26	9,301,483	12,796,780
		1,855,512,807	1,542,145,032
		4,389,778,196	3,175,058,200

KHALID IQBAL
CHIEF EXECUTIVE

DAANISH JAVED
DIRECTOR

QUETTA TEXTILE MILLS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE NINE MONTHS ENDED JUNE 30, 2005

		For Nine Months ended Jun - 30, 2005 RUPEES	For Year ended Sep - 30, 2004 RUPEES
Sales - net	27	2,739,161,660	3,998,021,821
Cost of goods sold	28	2,487,336,906	3,748,628,254
Gross profit		<u>251,824,754</u>	<u>249,393,567</u>
Operating expenses			
Administrative expenses	29	(30,593,259)	(28,677,147)
Distribution cost	30	(16,662)	(34,068)
Other operating expenses	31	(5,984,332)	(21,832,448)
Other operating income	32	35,620,053	28,619,024
		<u>(974,200)</u>	<u>(21,924,639)</u>
Operating profit		250,850,554	227,468,928
Finance cost - net	33	137,148,247	141,889,603
Net profit before taxation		<u>113,702,308</u>	<u>85,579,326</u>
Taxation	34		
Current year		25,465,274	32,270,740
Deferred		2,733,092	17,011,877
Prior year		-	1,389,644
		<u>28,198,366</u>	<u>50,672,261</u>
Net profit after taxation		<u><u>85,503,942</u></u>	<u><u>34,907,065</u></u>
Earnings per share - Basic and diluted	35	<u><u>27.36</u></u>	<u><u>11.17</u></u>

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

KHALID IQBAL
CHIEF EXECUTIVE

DAANISH JAVED
DIRECTOR

Karachi : October 06, 2005

QUETTA TEXTILE MILLS LIMITED
CASH FLOW STATEMENT
FOR THE NINE MONTHS ENDED JUNE 30, 2005

	For Nine Months ended Jun - 30, 2005 RUPEES	For Year ended Sep - 30, 2004 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES		
Cash (used in) / generated from operations (Note: 36)	(74,734,957)	200,306,973
Taxes paid	(14,763,001)	(29,853,352)
Financial charges - net paid	(132,907,308)	(143,072,709)
Workers' profit participation fund	(4,518,150)	(4,026,000)
Gratuity paid	(3,124,063)	(7,621,755)
Long term deposit	(432,500)	(100,000)
Net cash (used in) / from operating activities	(230,479,979)	15,633,157
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(924,574,978)	(331,641,690)
Proceeds against sale of fixed assets	7,494,950	12,985,267
Long term investments	-	(56,487,334)
Short term investments	183,761,373	(238,773,642)
Dividend received	8,089,329	4,783,467
Net cash used in investing activities	(725,229,326)	(609,133,932)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loans - net	788,653,283	58,748,500
Short term loan - net	155,833,392	448,209,097
Loan from directors - net	7,751,794	89,414,127
Dividend paid	(24,462)	(3,443,484)
Net cash from investing activities	952,214,007	592,928,240
Net (decrease) in cash and cash equivalents	(3,495,297)	(572,535)
Cash and cash equivalents at beginning of the year	12,796,780	13,369,315
Cash and cash equivalents at end of the year (Note: 26)	9,301,483	12,796,780

KHALID IQBAL
CHIEF EXECUTIVE

DAANISH JAVED
DIRECTOR

Karachi : October 06, 2005

QUETTA TEXTILE MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED JUNE 30, 2005

	RESERVES					Unappropriated profit	Total
	Share capital	Capital reserve	Reserve for power generation plant	General reserve	Sub Total		
Rupees							
Balance as at September 30, 2003	31,250,000	1,200	50,000,000	64,580,052	114,581,252	219,063,276	364,894,528
Net profit for the year	-	-	-	-	-	34,907,064	34,907,064
Balance as at September 30, 2004	31,250,000	1,200	50,000,000	64,580,052	114,581,252	253,970,340	399,801,592
Net profit for the nine months June 30, 2005	-	-	-	-	-	85,503,942	85,503,942
Balance as at June 30, 2005	31,250,000	1,200	50,000,000	64,580,052	114,581,252	339,474,282	485,305,534

Karachi : October 06, 2005

KHALID IQBAL
CHIEF EXECUTIVE

DAANISH JAVED
DIRECTOR

**QUETTA TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2005**

1. NATURE AND SCOPE OF BUSINESS

Holding Company

Quetta Textile Mills Limited 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.

Subsidiary Company

Pioneer Spinning Mills Limited was incorporated in Pakistan as a unquoted public limited company under the Companies Ordinance, 1984. The main business of company is manufacturing and sale of yarn.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directive issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives takes precedence.

As per SRO 684 (1) 2004 dated August 10, 2004 issued by Central Board of Revenue, the Company's accounting year is required to end on June 30, instead of September 30. In order to make the Company's accounting period consistent with aforementioned requirements, the Company has prepared its financial statements covering period of nine months ended on June 30, 2005. Since the audited comparative figures are available for year ended September 30, 2004, the same has been disclosed as comparatives. Comparatives figures of profit and loss account, statement of changes in equity, cash flow statement and related notes are, therefore, not entirely comparable.

3. BASIS OF MEASUREMENT

These financial statements have been prepared under historical cost convention, except as disclosed in the accounting policies below.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Staff retirement benefits

Defined benefit plan

The company operates an unfunded gratuity for all of its permanent employees, who attain the minimum qualification period for entitlement to gratuity. Provision is made on the basis of actuarial valuation. The most recent actuarial

valuation was carried out effective from June 30, 2005 using the Projected Unit Credit Method.

Actuarial gain or loss is recognized in the period in which it occurs.

Compensated absences

The Company accounts for these benefits in the period in which the absences accrue.

4.2 Taxation

Current

Provision for current taxation is based on taxable income at current tax rates after taking into account tax rebates and tax credits available, if any.

Deferred

Deferred tax is provided in full using the balance sheet liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

The carrying amount of all deferred tax assets are reviewed at each balance sheet date and reduced to the extent, if it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

4.3 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

4.4 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of past event, and it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

4.5 Property, plant and equipment – owned

These are stated at cost or revalued less accumulated depreciation and impairment, if any, except land, which is stated at revalued amount.

Depreciation is charged to income applying the reducing balance method at the rates specified in operating assets note. Rates of depreciation are designed to write off the cost over the estimated useful lives of the assets.

Depreciation on plant and machinery has been charged on addition during the year on the basis of numbers of days worked. This is in line with the Income Tax Ordinance, 2001. Full year depreciation has been charged in the year of addition whereas no depreciation has been charged in the year of deletion.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and replacements are capitalized and included in the cost of respective fixed assets.

Gain or loss on disposal of fixed assets is included in the current profit and loss account.

Property, plant and equipment – assets subject to finance lease

Assets subject to finance lease are initially recorded at the lower of present value of minimum lease payment under the lease agreement and the fair value of the leased asset. The related obligations under the lease less financial charges allocated to future period are shown as a liability. Financial charges are allocated to accounting period in a manner to provide constant periodic rate of charge on the outstanding liability. Capitalized or lease assets are depreciated on the same basis and on the same rate as owned assets.

Capital work in progress

Capital work in progress is stated at cost and represents expenditure on fixed assets in the course of construction and installation. Transfers are made to relevant fixed assets category as and when assets are available for use.

Impairment of property, plant and equipment

The Company assesses at each balance sheet date whether there is any indication that a tangible fixed asset may be impaired. If such indication exist, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceed recoverable amount, assets are written down to the recoverable amount.

4.6 Investments

All purchases and sales of investments that require delivery within the time frame established by regulations or market conventions are recognized at the trade date. Trade date is the date that the company commits to purchase or sale the assets.

Investment in non-listed securities stated at cost less provision for permanent impairment in their value.

Investments are initially recognized at cost, which includes transaction costs associated with the investments.

The company classifies its investments as follows:

(a) Held for trading

These are securities, which are either acquired for generating a profit from short term fluctuations in market prices, interest rate movements, dealers` margin or are securities included in a portfolio in which a pattern of short term profit making exists.

(b) Held to maturity

These are securities with fixed or determinable payments and fixed maturity for which the company has the positive intent and ability to hold to maturity.

(c) Available for sale

These are investments that do not fall under the 'held for trade 'or' held for maturity categories.

4.7 Stores, spares and loose tools

These are valued at lower of cost and net realizable value. Cost is determined on average basis. Items in transit are valued at cost comprising invoice values plus other charges paid thereon.

4.8 Stock in trade

These are valued at lower of cost and net realizable value. Cost in relation to raw and packing material is calculated on average basis. Cost of work in process and finished goods include direct material, labor, and appropriate production overheads.

Net realizable value is arrived at by calculating the estimated selling price in the ordinary course of business less cost of completion and less costs necessary to be incurred in order to make the sale.

4.9 Trade debts

Trade debts originated by the Company are recognized and carried at original invoice amount less an allowance for any uncollectable amounts. An estimated provision for doubtful debt is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

4.10 Cash and cash equivalent

For the purpose of cash flow statement, cash and cash equivalent comprise of cheques in hand, cash and bank balances.

4.11 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account currently. Financial assets are stated at their nominal value as reduced by the appropriate allowances for estimating irrecoverable amount. Mark up bearing financial liabilities are recorded at the gross proceeds received. Other financial liabilities are stated at their nominal value.

4.12 Offsetting of financial assets and liabilities

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the company has a legal enforceable right to set off the recognised amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

4.13 Revenue recognition

Sales are recorded on dispatch of goods. However, export goods are considered sold when shipped on board.

Income from bank deposits, loans, and advances is recognised on accrual basis.

Dividend income is recognized when the right to receive dividend is established.

4.14 Borrowing cost

All markup, interest and other charges are charged to profit and loss account on an accrual basis.

4.15 Foreign currency translation

Monetary assets and liabilities in foreign currencies are translated into Rupees at the rates of exchange prevailing at the balance sheet date. Non-monetary assets and liabilities in foreign currency are translated into Rupees at the rates of exchange prevailing at the date of transaction. Exchange gains and losses in respect of non-monetary assets and liabilities are incorporated in the cost of relevant assets. All other exchange gains and losses are included in income currently.

4.16 Related party transactions

All transactions with related parties are carried out by the company at arms' length price using the method prescribed under the Companies Ordinance, 1984.

4.17 Dividend

The dividend declared is recognised as a liability in the period in which it is declared. Previously, dividend that were declared after the balance sheet date but before the financial statements were authorised for issue were reported as liability, the change is made to confirm with the revised Fourth Schedule to the Companies Ordinance, 1984. There is no effect of change in accounting policy on the financial statements.

4.18 Presentation

Direct expenses incurred on sale have been deducted from sales for presentation in the profit and loss account (Note-29.1 and 29.2). It has no effect on the net profit for the year.

	Jun-30 2005 RUPEES	Sep-30 2004 RUPEES
5. ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
<u>No. of shares</u>		
1,200,000 Ordinary shares of Rs.10 each fully paid in cash	12,000,000	12,000,000
1,925,000 Ordinary shares of Rs.10 each issued as fully paid as bonus shares	<u>19,250,000</u>	<u>19,250,000</u>
<u>3,125,000</u>	<u><u>31,250,000</u></u>	<u><u>31,250,000</u></u>

5.1 There were no movements during the reporting period.

5.2 The company has one class of ordinary shares which carry no rights to fixed income.

5.3 The company has no reserved shares for issuance under option and sale contract.

	Jun-30 2005 RUPEES	Sep-30 2004 RUPEES
6 SURPLUS ON REVALUATION OF FIXED ASSETS		

Opening balance

-

-

Add : Revaluation during the period

119,794,763

-

Closing balance

119,794,763

-

6.1 On May 27, 2005 & Jun 24, 2005 , revaluation was made of Land, by MYK Associate (Pvt) Ltd, registered surveyors and valuation consultants, on the basis of market value and realizable values which resulted in net revaluation amounting to Rs. 119,794,763.

**7. REDEEMABLE CAPITAL - Secured
Non-participatory**

Term Finance Certificates

-

749,995,500

7.1 These represent Rs.750 million registered and listed Term Finance Certificates (TFCs) issued by the company on October 26, 2002, to financial institutions, trust and general public for a period of five years. The TFCs have an embedded call option for early redemption exercisable by the company during the period from the beginning of the 24th month from the issue date till the 36th month from the issue date. The Principal amount of the TFC is to be repaid in six equal semi - annual installments in arrears after a grace period of 24 months from the date of issue.

7.2 The proceeds of the TFCs were utilized for repayment of loans, repayment of lease liabilities, BMR and balance sheet restructuring

7.3 The profit on these TFCs is payable on semi annually at SBP discount rate plus 2.5 % subject to floor and cap rate of 13% per annum and 18% per annum respectively.

7.4 These TFCs are secured by way of first pari passu charge on current and future fixed assets, equitable mortgage of land and building.

	Jun-30 2005 RUPEES	Sep-30 2004 RUPEES
9. DEFERRED LIABILITIES		
Deferred liability for gratuity (Note: 9.1 to 9.4)	25,773,532	22,795,847
Deferred tax (Note: 9.5)	19,041,430	16,308,339
	<u>44,814,962</u>	<u>39,104,186</u>

9.1 Movement in the net liability recognized in the balance sheet

Opening net liability	22,795,847	24,352,274
Expense for the year (Note: 9.4)	<u>6,101,748</u>	<u>6,065,328</u>
	28,897,595	30,417,602
Contribution paid	<u>(3,124,063)</u>	<u>(7,621,755)</u>
Closing net liability	<u>25,773,532</u>	<u>22,795,847</u>

9.2 Expense recognized in the profit and loss account

Current service cost	4,653,931	4,000,857
Interest cost	1,748,848	1,382,029
Net actuarial (gain) / loss recognized in the year	<u>(301,031)</u>	<u>682,442</u>
	<u>6,101,748</u>	<u>6,065,328</u>

9.3 General description

The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charge is made using the actuarial technique of Projected Unit Credit Method.

9.4 Principal actuarial assumption

	Jun-30 2005 RUPEES	Sep-30 2004 RUPEES
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The principal assumptions used in the valuation of gratuity are as follows;

Discount rate	8.5	7.5
Expected rate of increase in salary	5	7.5

9.5 DEFERRED TAX

The liability for deferred taxation comprises of timing differences relating to

Taxable temporary differences		
Accelerated tax depreciation allowance	21,472,622	19,441,937
Deductible temporary differences		
Deferred debit arising in respect of provisions	<u>2,431,192</u>	<u>3,133,598</u>
	<u>19,041,430</u>	<u>16,308,339</u>

	Jun-30 2005 RUPEES	Sep-30 2004 RUPEES
10. SHORT TERM BORROWINGS		
Secured - Banking company		
Finances under mark up arrangement (Note: 10.1)	1,731,022,615	1,194,128,834
Less: transfer to long term loan (Note 8.2)	(354,330,874)	-
	1,376,691,741	1,194,128,834
Unsecured - (Note: 10.2)		
Directors	5,356,663	16,977,953
Others	9,918,660	25,026,885
	15,275,323	42,004,838
	<u>1,391,967,064</u>	<u>1,236,133,672</u>

10.1 The company has aggregate facilities of Rs. 3.405 billion (2004 : Rs. 2.567 billion.) These are secured against hypothecation and pledge of stock in trade. These loans carry interest at the rate ranging from 4.26% to 11.74% (2004: 2.24 % to 3.5 %) per annum payable quarterly. The above facilities are renewable annually.

10.2 These are non interest bearing and unsecured. These are renewable and due on various date within one year.

11. TRADE AND OTHER PAYABLES

Trade creditors (Note: 11.1)	193,619,268	142,749,295
Trade deposit	2,100,000	2,289,180
Accrued expenses	38,203,254	43,274,306
Workers' profit participation fund (Note: 11.2)	6,037,782	4,560,817
Unclaimed dividend	66,310	90,772
Others	703,582	523,936
	<u>240,730,196</u>	<u>193,488,306</u>

11.1 It includes Rs.113.085 million (2004: Rs.1.104 million) in respect of subsidiary company against purchase of yarn.

11.2 WORKERS' PROFIT PARTICIPATION FUND

Balance as at October 04	4,560,817	4,066,182
Interest charged (Note: 33)	10,783	16,460
	<u>4,571,600</u>	<u>4,082,642</u>
Paid during the period / year	(4,518,150)	(4,026,000)
	53,450	56,642
Contribution for the period / year	5,984,332	4,504,175
Balance as at June 30, 2005	<u>6,037,782</u>	<u>4,560,817</u>

The company retains workers' profit participation fund for its business operation till the date of allocation to the workers. The interest is paid at the prescribed rate under the Workers' Profit Participation Fund Act on funds utilized by the Company till the date of allocation to the workers.

12. ACCRUED INTEREST AND MARK - UP

Accrued interest/mark up on		
Term Finance Certificate	-	42,071,631
Long term secured loans	24,567,171	2,343,134
Short term loans and running finances	37,985,224	13,907,474
	<u>62,552,395</u>	<u>58,322,239</u>

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingency

Appeal filed by the Government of Sindh in the Supreme Court of Pakistan against judgment of the High Court of Sindh at Karachi allowing the petition challenging the levy and collection of professional tax of Rs. 6.5 million on limited companies is pending. Based on the opinion from the legal advisor, the management is confident that the matter would be settled in its favour, consequently no provision has been made in these financial statements in respect of the above mentioned disputed liability.

Guarantees given on behalf of the Company by banks outstanding as at June 30, 2005 were Rs. 108.786 million (2004: Rs 102.026 million)

13.2 Commitment

Letters of credit opened by banks for Rs.253.798 million (2004: Rs.288.228 million) for the import of plant and machinery and

PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	COST / REVALUATION			RATE %	DEPRECIATION		W. D. V. AS AT 30-Jun-2005	
	AS AT 1-Oct-2004	ADDITION (ADJUSTMENT)	REVALUATION		AS AT 1-Oct-2004	FOR THE YEAR		AS AT 30-Jun-2005
	AS AT 30-Jun-2005							
OWNED ASSETS								
LAND								
LEASED HOLD	2,236,647	-	57,762,953	-	-	-	59,999,600	
FREE HOLD	7,752,590	-	62,031,810	-	-	-	69,784,400	
BUILDING								
LEASE HOLD	82,337,812	8,630,083	-	7.5	3,438,649	48,557,895	42,410,000	
FREE HOLD	74,573,007	7,464,604	-	7.5	41,833,988	44,849,259	37,188,352	
LABOUR COLONY								
LEASE HOLD	7,717,203	-	7,717,203	7.5	6,789,070	6,858,680	858,523	
FREE HOLD	10,346,012	-	-	7.5	7,712,889	7,910,373	2,435,639	
PLANT AND MACHINERY	1,253,277,928	315,324,035	1,576,544,034	7.5	673,583,020	723,189,236	853,354,798	
		7,942,071						
ELECTRICAL FITTING	18,455,742	3,484,591	-	7.5	13,773,109	14,385,651	7,554,682	
FACTORY EQUIPMENT	14,118,371	754,990	-	7.5	8,879,721	9,329,244	5,544,117	
OFFICE PREMISES H.O	4,835,000	-	-	7.5	1,923,374	2,141,746	2,693,254	
OFFICE EQUIPMENT	10,415,115	299,575	-	7.5	5,260,797	5,669,839	5,044,851	
FURNITURE AND FIXTURE	7,913,566	571,155	-	7.5	5,128,643	5,380,349	3,104,372	
VEHICLES	19,672,838	9,360,820	-	15	16,238,532	16,720,027	4,661,502	
		(7,652,129)			(341,123)			
TOTAL	1,513,651,831	346,179,796			825,901,266	59,091,033	1,094,634,091	
POWER PLANT								
BUILDING								
LEASE HOLD	39,317,062	458,849	-	7.5	19,728,297	21,231,868	18,544,043	
FREE HOLD	19,039,984	7,640,501	-	7.5	9,618,642	10,898,280	15,782,205	
PLANT AND MACHINERY	451,092,014	43,216,036	-	7.5	163,473,660	187,343,926	318,238,245	
		11,274,121						
ELECTRICAL FITTING	6,922,209	3,827,979	-	7.5	2,678,665	3,284,029	7,466,159	
FURNITURE AND FIXTURE	207,250	-	-	7.5	97,104	105,365	101,885	
FACTORY EQUIPMENT	526,920	-	-	7.5	184,052	209,767	317,153	
VEHICLES	940,725	-	-	15	632,468	678,706	262,019	
TOTAL	518,046,164	66,417,486			196,412,888	27,339,053	360,711,709	
WEAVING ASSETS								
BUILDING ON LEASE HOLD LAND	125,204,623	32,351,821	-	7.5	36,070,428	9,111,451	112,374,565	
PLANT AND MACHINERY	571,775,233	23,747,050	-	7.5	133,514,489	166,611,340	428,910,943	
ELECTRICAL FITTING	15,711,902	11,203,525	-	7.5	4,508,189	6,188,732	20,726,695	
FACTORY EQUIPMENT	707,315	339,000	-	7.5	188,723	253,042	793,273	
OFFICE EQUIPMENT	199,423	109,200	-	7.5	52,362	71,582	237,041	
FURNITURE AND FIXTURE	1,191,254	95,500	-	7.5	289,419	364,219	922,535	
VEHICLES	439,000	56,400	-	15	214,232	256,407	238,993	
TOTAL	715,228,750	67,902,496			174,837,842	44,089,359	564,204,045	
G.TOTAL 30.06.2005 RUPEES	2,746,926,745	480,499,778	119,794,763		1,197,151,996	130,519,445	2,019,549,844	
G.TOTAL 30.09.2004 RUPEES	2,439,781,085	307,145,660	-		1,051,241,427	153,369,451	1,549,433,627	

June 30 - 2005 Rupees

	June 30 - 2005 Rupees	Sep 30 - 2004 Rupees
Cost of Sale-Spinning	57,389,295	54,388,199
Cost of Sale-Weaving	43,953,164	58,062,399
Charged to trial production	-	6,352,478
Administrative Expenses	1,837,933	2,236,965
Power Plant Expenses	27,339,053	32,329,410
TOTAL	130,519,445	153,369,451

14.1 Depreciation Charged as under:

	June 30 - 2005 Rupees	Sep 30 - 2004 Rupees
Cost of Sale-Spinning	57,389,295	54,388,199
Cost of Sale-Weaving	43,953,164	58,062,399
Charged to trial production	-	6,352,478
Administrative Expenses	1,837,933	2,236,965
Power Plant Expenses	27,339,053	32,329,410
TOTAL	130,519,445	153,369,451

14.2 Had the assets not been revalued, the written down value of the Land would be Rs. 9,989,237.

14.3 DISPOSAL OF FIXED ASSETS :

	Particulars	Original Cost	Accumulated Depreciation	W.D.V.	Sale Process	Mode of Disposal	Particulars of Purchase
1	COROLLA SALOON	1,245,850	-	1,245,850	1,266,975	By negotiation	NDLC LEASING CO. NDLC , IFIC BANK LTD. SHAHRAH-E-FAISAL KARACHI.
2	COROLLA SALOON	1,246,100	-	1,246,100	1,266,975	By negotiation	RAZIA SHAMIM H/NO-4-F-15/3 APNASH HOUSE NAZIMABAD KARACHI
3	COROLLA SALOON	1,209,000	-	1,209,000	1,230,000	By negotiation	MODERN COTTON FACTORY 1-FACTORY AREA RAHIM YAR KHAN
4	COROLLA SALOON	1,209,000	-	1,209,000	1,230,000	By negotiation	KAAF ENGINEERING SUIT 4, PLOT # 4-C ZAMZAMA COMMERCIAL LANE PHASE 4 DHA KARACHI
5	COROLLA SALOON	1,229,000	-	1,229,000	1,250,000	By negotiation	MALIK IMRAN S/O MALIK MOHAMMAD 5E/5 AYESHA PLAZA PAPOSH NAGAR NAZIMABAD KARACHI
6	SUZUKI MEHRAN	380,000	-	380,000	400,000	By negotiation	MAIN MOHAMMAD SAEED H/88 , MADNI COLONY, LAHORE
7	SUZUKI MEHRAN	380,000	-	380,000	400,000	By negotiation	SYED MOHAMMAD RAZA H/88, MADNI COLONY LAHORE
8	SUZUKI MEHRAN	380,000	-	380,000	400,000	By negotiation	ATAZAZ AHMED KHAN H/31-K MODEL TOWN LAHORE
9	SUZUKI MARGALA	373,179	341,123	32,056	51,000	By negotiation	MOHAMMAD IDRESS S/O NAZIR HANAZIR HANIF MANZOOR COLONY KARACHI
		7,652,129	341,123	7,311,006	7,494,950		

QUETTA TEXTILE MILLS LIMITED
BALANCE SHEET

EQUITY AND LIABILITIES	NOTE	June 30, 2005 RUPEES	September 30, 2004 RUPEES
SHARE CAPITAL AND RESERVES			
Authorized capital			
10,000,000 Ordinary shares of Rs.10 each		100,000,000	100,000,000
15,000,000 Preference shares of Rs.10 each		150,000,000	150,000,000
		250,000,000	250,000,000
Issued, subscribed and paid up capital	5	31,250,000	31,250,000
Reserves		114,581,252	114,581,252
Unappropriated profit		339,474,282	253,970,340
Shareholders equity		485,305,534	399,801,592
SURPLUS ON REVALUATION OF FIXED ASSETS	6	119,794,763	
NON CURRENT LIABILITIES			
REDEEMABLE CAPITAL	7	-	749,995,500
LONG TERM FINANCING	8	1,769,863,282	473,212,705
DEFERRED LIABILITIES	9	44,814,962	39,104,186
CURRENT LIABILITIES			
Short term borrowings	10	1,391,967,064	1,236,133,672
Current maturity of long term financing		274,750,000	25,000,000
Trade and other payables	11	240,730,196	193,488,306
Accrued mark-up on loans	12	62,552,395	58,322,239
		1,969,999,655	1,512,944,217
CONTINGENCIES AND COMMITMENTS	13		
		4,389,778,196	3,175,058,200

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

Karachi : October 06, 2005

QUETTA TEXTILE MILLS LIMITED
AS AT JUNE 30, 2005

PROPERTY AND ASSETS	NOTE	June 30, 2005 RUPEES	September 30, 2004 RUPEES
NON CURRENT ASSETS			
Property, plant and equipment	14	2,019,549,844	1,549,433,627
Capital work in progress	15	455,639,263	19,216,192
		2,475,189,107	1,568,649,819
LONG TERM INVESTMENT	16	57,361,653	57,361,653
LONG TERM DEPOSIT	17	1,714,629	1,282,129
DEFERRED COST	18	-	5,619,568
CURRENT ASSETS			
Stores, spares and loose tools	19	163,063,975	158,141,316
Stock in trade	20	945,958,980	646,625,233
Trade debts	21	220,787,240	246,378,396
Other financial assets	22	51,661,553	229,188,722
Loans and advances	23	404,805,228	210,535,861
Short term prepayments	24	183,454	369,848
Other receivables	25	59,750,894	38,108,876
Cash and bank balances	26	9,301,483	12,796,780
		1,855,512,807	1,542,145,032
		4,389,778,196	3,175,058,200

KHALID IQBAL
CHIEF EXECUTIVE

DAANISH JAVED
DIRECTOR

15. CAPITAL WORK IN PROGRESS

The movement in plant and machinery are as follows :

	COST AT START	Addition / (Capitalization)	COST AT END
June 30, 2005	19,216,192	455,639,263 (19,216,192)	455,639,263
Sep 30, 2004	15,882,296	19,216,192 (15,882,296)	19,216,192
		Jun-30 2005 RUPEES	Sep-30 2004 RUPEES

16. LONG TERM INVESTMENTS

**Unquoted - Available for sale
Related party - Subsidiary (Note: 16.1)**

Pioneer Spinning Mills Limited 5,799,000 Ordinary shares of Rs.10 each	56,487,334	56,487,334
Other National Tanneries of Pakistan Limited 45,896 Ordinary shares of Rs.10 each Break up value Rs.1,872,557 (2004: Market value Rs. 874,319.)	1,294,267	1,294,267
Diminution in the value of investments	(419,948)	(419,948)
	<u>57,361,653</u>	<u>57,361,653</u>

16.1 During the year 2004, the Company acquired 2,848,260 Ordinary shares of Rs.10 each at the break up value of Rs. 19.83. 2,000,000 and 950,740 Ordinary shares had been transferred by Nova International (Private) Limited and Directors respectively as a gift .

	Jun-30 2005 RUPEES	Sep-30 2004 RUPEES
17. LONG TERM DEPOSITS		
Security deposits	<u>1,714,629</u>	<u>1,282,129</u>

18. DEFERRED COST

Expenses incurred on issuance of redeemable capital	5,619,568	7,452,028
Less: amortized during the period	<u>5,619,568</u>	<u>1,832,460</u>
	<u>-</u>	<u>5,619,568</u>

	Jun-30 2005 RUPEES	Sep-30 2004 RUPEES
19. STORES, SPARES AND LOOSE TOOLS		
Textile		
Stores	21,817,915	19,933,213
Spares and accessories	69,314,013	64,447,063
Loose tools	4,795,516	4,326,012
	<u>95,927,444</u>	<u>88,706,288</u>
Weaving		
Store	12,758,882	10,970,846
Power plant		
Oil and stores	54,377,649	58,464,182
	<u>163,063,975</u>	<u>158,141,316</u>
20. STOCK IN TRADE		
Spinning		
Raw material	722,678,042	452,854,160
Work-in-process	28,712,628	46,410,351
Finished goods	51,598,029	62,036,700
Waste	5,968,523	4,515,576
	808,957,222	565,816,787
Weaving		
Raw material	47,499,535	27,509,395
Works in process	13,805,178	9,756,828
Finished goods	75,608,159	43,535,591
Waste	88,886	6,632
	<u>137,001,758</u>	<u>80,808,446</u>
	<u>945,958,980</u>	<u>646,625,233</u>
21. TRADE DEBTS		
- Considered good		
Secured against letter of credit	51,384,590	2,497,423
Unsecured	169,402,650	243,880,973
	<u>220,787,240</u>	<u>246,378,396</u>

	Jun-30 2005 RUPEES	Sep-30 2004 RUPEES
22. OTHER FINANCIAL ASSETS		
Held for trading		
In listed companies	59,769,149	243,530,522
Revaluation reserve for investment	(8,107,596)	(14,341,800)
	<u>51,661,553</u>	<u>229,188,722</u>

Details are as under: -

2005 (Rupees)				
Name of Securities	No. of shares	Cost	Fair value adjustment	Market value
Abamco Composite Fund	500	5,000	(1,450)	3,550
Bosicor Pakistan Ltd	250,000	5,157,076	(1,819,576)	3,337,500
Dewan Hattar Cement	525,000	8,585,861	(3,283,361)	5,302,500
Fauji Fertilizer Company Ltd	65	7,299	631	7,930
Maple Leaf Cement	250,000	8,103,370	(2,328,370)	5,775,000
Meezan Bank	15,072	204,755	15,296	220,051
Meezan Balance Fund	1,000,000	10,000,000	(1,550,000)	8,450,000
NDLC - IFIC Bank	321,408	3,521,121	3,517,714	7,038,835
Nimir Chemical Industries	62,500	387,500	(193,750)	193,750
New Jubilee Life Insurance	75,000	2,588,947	(995,197)	1,593,750
Oil & Gas Development Co	336	20,945	14,251	35,196
Pioneer Cement Co	500	9,936	139	10,075
PIA	36	767	(450)	317
Pakistan Petroleum Ltd	2,000	110,000	329,500	439,500
Pakistan Services - TFC	598	2,990,000	-	2,990,000
Pakistan Telecommunication Co	200,000	13,733,872	(23,872)	13,710,000
Saudi Pak Bank	200,000	4,062,700	(1,822,700)	2,240,000
Saudi Pak- Rights	28,000	280,000	33,600	313,600
		<u>59,769,149</u>	<u>(8,107,596)</u>	<u>51,661,553</u>
		<u>243,530,521</u>	<u>(14,341,800)</u>	<u>229,188,721</u>

	Jun-30 2005 RUPEES	Sep-30 2004 RUPEES
23. LOANS AND ADVANCES		
Unsecured - considered good		
Loans to - Other employees	1,349,819	1,353,142
Advance against;		
letter of credit	16,765,213	26,426,879
advance to cotton suppliers	104,935,645	221,073
store suppliers and others (Note: 23.1)	248,292,370	138,370,313
Income tax	33,462,181	44,164,454
	403,455,409	209,182,719
	<u>404,805,228</u>	<u>210,535,861</u>
23.1	It includes Rs.191.342 million (2004: Rs. 112.03 million) in respect of subsidiary company. However, as per direct confirmation from Pioneer Spinning Mills Limited there is a difference of Rs. 53.235 million which the subsidiary does not acknowledge.	
24. SHORT TERM PREPAYMENTS		
Prepayments	<u>183,454</u>	<u>369,848</u>
25. OTHER RECEIVABLES		
Sales tax refundable	<u>59,750,894</u>	<u>38,108,876</u>
26. CASH AND BANK BALANCES		
Cash in hand	5,974,871	7,175,527
Cash at bank in current accounts	3,326,612	5,621,253
	<u>9,301,483</u>	<u>12,796,780</u>

	For Nine Months Ended Jun - 30, 2005 RUPEES	For Year Ended Sep - 30, 2004 RUPEES
27. SALES - NET		
Local sales (Note: 27.1)	748,557,979	1,530,408,197
Export sales (Note: 27.2)	1,990,603,681	2,467,613,624
	<u>2,739,161,660</u>	<u>3,998,021,821</u>
27.1 Local sales		
Yarn	289,344,243	690,955,903
Fabric	443,838,618	816,713,199
Waste	24,002,452	32,980,607
	<u>757,185,313</u>	<u>1,540,649,709</u>
Less: Direct expenses		
Commission	6,697,008	7,386,385
Freight	1,930,326	2,855,127
	<u>8,627,334</u>	<u>10,241,512</u>
	<u>748,557,979</u>	<u>1,530,408,197</u>
27.2 Export sales (Note: 27.2.1)		
Yarn	1,725,276,797	2,128,406,256
Fabric	377,382,896	445,995,642
	<u>2,102,659,693</u>	<u>2,574,401,898</u>
Less: Direct expenses		
Commission	30,474,269	26,883,356
Export development surcharge	4,491,491	4,500,265
Freight	54,674,077	47,433,246
Selling expenses	22,416,175	27,971,409
	<u>112,056,012</u>	<u>106,788,275</u>
	<u>1,990,603,681</u>	<u>2,467,613,624</u>
27.2.1 There is no gain or loss on account of exchange difference.		
28. COST OF GOODS SOLD		
Finished goods & waste		
Opening	110,094,499	148,593,389
Yarn purchased	87,787,846	174,827,873
Cost of goods manufactured (Note:28.1)	2,422,718,158	3,535,301,491
	<u>2,620,600,503</u>	<u>3,858,722,753</u>
Closing	(133,263,597)	(110,094,499)
	<u>2,487,336,906</u>	<u>3,748,628,254</u>
28.1 Cost of goods manufactured		
Raw material consumed (Note: 28.1.1)	1,788,726,957	2,849,224,942
Wages, salaries and amenities (Note: 28.1.2)	157,626,698	182,356,862
Store consumed	98,459,279	117,078,833
Power, fuel and water	234,824,223	275,751,385
Rent, rates and taxes	354,001	632,891
Insurance	9,229,196	4,782,752
Repair and maintenance	9,780,572	9,568,286
Other expenses	8,725,400	9,445,881
Depreciation	101,342,459	112,450,598
	<u>2,409,068,785</u>	<u>3,561,292,430</u>
Work in process		
Opening	56,167,179	30,176,240
Closing	(42,517,806)	(56,167,179)
	<u>13,649,373</u>	<u>(25,990,939)</u>
	<u>2,422,718,158</u>	<u>3,535,301,491</u>
28.1.1 Raw material consumed		
Opening stock	480,363,555	210,272,037
Add: Purchases	2,078,540,979	3,119,316,460
	<u>2,558,904,534</u>	<u>3,329,588,497</u>
Closing stock	(770,177,577)	(480,363,555)
	<u>1,788,726,957</u>	<u>2,849,224,942</u>

28.1.2 It includes Rs.4,521,701/= (2004 : Rs.5,040,470) on account of staff retirement benefits.

	For Nine Months Ended Jun - 30, 2005 RUPEES	For Year Ended Sep - 30, 2004 RUPEES
29 ADMINISTRATIVE EXPENSES		
Director's remuneration (Note: 29.1)	1,305,000	1,436,170
Salaries and amenities (Note: 29.2)	7,874,110	9,227,921
Printing and stationery	1,323,627	1,303,702
Postage, telegram and telephone	968,599	1,321,613
Traveling and conveyance	3,289,938	3,743,430
Legal and professional charges	93,000	393,500
Auditors remuneration (Note: 29.3)	260,000	225,000
Rent, rates and taxes	124,664	331,425
Books, papers and periodicals	568	628
Entertainment	318,228	586,654
Electricity, gas and water charges	367,187	783,687
Fees and subscription	439,420	1,176,962
Repairs and maintenance	113,915	486,971
Charity and donation (Note: 29.4)	3,323,158	2,158,230
Depreciation	1,837,933	2,236,965
TFC amortization	5,619,568	1,832,460
Brokerage and discount	3,334,344	1,431,829
	30,593,259	28,677,147

29.1 CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES REMUNERATION

	Chief Executive		Directors	
	For Nine Months Ended Jun - 30, 2005 RUPEES	For Year Ended Sep - 30, 2004 RUPEES	For Nine Months Ended Jun - 30, 2005 RUPEES	For Year Ended Sep - 30, 2004 RUPEES
Remuneration	210,015	240,000	659,970	726,000
House rent allowance	94,500	108,000	297,000	326,700
Perquisites	10,485	11,080	33,030	24,390
	315,000	359,080	990,000	1,077,090
Number of person	1	1	4	4

There are no staff falling in the revised criteria of remuneration for executives.

The chief executive is also provided with company maintained car and telephone at residence.

The directors are also provided with a company maintained car and telephone at residence.

29.2 It includes Rupees 631,810 (2004 : Rupees 511,460) on account of staff retirement benefits.

	For Nine Months Ended Jun - 30, 2005 RUPEES	For Year Ended Sep - 30, 2004 RUPEES
29.3 Auditors' remuneration		
Audit fee	200,000	175,000
Half yearly review and other certification fee	60,000	50,000
	260,000	225,000

29.4 Directors and their spouse have no interest in the donees

30. DISTRIBUTION COST

Advertisement	16,662	34,068
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	For Nine Months Ended Jun - 30, 2005 RUPEES	For Year Ended Sep - 30, 2004 RUPEES
31. OTHER OPERATING EXPENSE		
Loss on sale of assets	-	625,213
Diminution in the value of investment	-	16,703,060
W.P.P.F	5,984,332	4,504,175
	<u>5,984,332</u>	<u>21,832,448</u>
32. OTHER OPERATING INCOME		
Profit on sale of assets	183,944	-
Electric power income (Note: 32.1)	1,775,662	5,035,065
Rent income	1,117,115	1,547,904
Dividend income	1,622,654	11,250,141
Capital gain on shares	24,686,474	10,785,914
Appreciation in the value of investment	6,234,204	-
	<u>35,620,053</u>	<u>28,619,024</u>
32.1 Electric power income		
Salaries and wages	6,908,379	8,970,773
Fuel and store consumed	217,876,931	205,894,955
Repair and maintenance	2,155,555	1,807,043
Other expenses	2,217,902	2,232,899
Depreciation	27,339,053	32,329,410
Financial charges	-	3,459,145
	<u>256,497,820</u>	<u>254,694,225</u>
Less: self use - spinning	176,082,702	182,815,090
weaving	47,217,865	55,681,635
	<u>223,300,567</u>	<u>238,496,725</u>
	33,197,253	16,197,500
Outside sales	34,972,915	21,232,565
Profit for the period / year	<u>1,775,662</u>	<u>5,035,065</u>
33. FINANCE COST - NET		
Mark up on		
Short term loans	81,149,214	35,899,559
Long term loans	44,659,666	6,575,099
Term Finance Certificate	7,846,883	97,499,512
Workers' profit participation fund (Note: 11.2)	10,783	16,460
Bank charges	4,952,772	3,395,753
	<u>138,619,318</u>	<u>143,386,383</u>
Less: Financial income		
Interest on term deposit	1,178,438	3,289
Interest on TFC Investment	292,633	145,762
Interest on related party loan - Pioneer Spinning Mills Ltd	-	1,347,729
Total financial income	<u>1,471,071</u>	<u>1,496,780</u>
Net finance cost	<u>137,148,247</u>	<u>141,889,603</u>

34. TAXATION

- 34.1** The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented in these financial statements as the total tax liability of the company is covered under presumptive tax regime under section 115 (4) of the Income Tax Ordinance, 2001.

	For Nine Months Ended Jun - 30, 2005	For Year Ended Sep - 30, 2004
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35. EARNING PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basis earnings per share of the Company which is based on:

Profit after taxation	Rs. 85,503,942	34,907,065
Number of Ordinary shares	3,125,000	3,125,000
Earning per share in rupees	Rs. 27.36	11.17

	For Nine Months Ended Jun - 30, 2005	For Year Ended Sep - 30, 2004
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36. CASH GENERATED FROM OPERATION

Profit before taxation	113,702,308	85,579,325
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Adjustment for item involving non movement of fund

Depreciation	130,519,445	153,369,451
Financial charges - net	137,148,247	141,889,603
(Gain) / Loss on sale of fixed assets	(183,944)	625,213
Dividend income	(1,622,654)	(11,250,141)
Provision for gratuity	6,101,748	6,065,328
Provision for diminution in the value of investment	(6,234,204)	16,703,060
Provision for workers' profit participation fund	5,984,332	4,504,175
Amortization of Term Finance Certificate	5,619,568	1,832,460
	<u>277,332,538</u>	<u>313,739,149</u>
Profit before working capital changes	391,034,845	399,318,474

(Increase)/decrease in current assets

Stocks, stores and spares	(304,256,406)	(273,639,327)
Trade debts	25,591,156	(67,183,659)
Loans and advances, prepayments and other receivables	(232,893,938)	82,324,567
	<u>(511,559,188)</u>	<u>(258,498,419)</u>

Increase in current liabilities

Creditors, accrued and other liabilities	45,789,387	59,486,918
	<u>(74,734,957)</u>	<u>200,306,973</u>

37. EMPLOYEES

Average number of employees during the year

	<u>2,544</u>	<u>2,707</u>
	For Nine Months Ended Jun - 30, 2005	For Year Ended Sep - 30, 2004
	RUPEES	RUPEES

38. TRANSACTIONS WITH ASSOCIATED COMPANIES

The related parties comprises the subsidiary company, directors and key management personal. Amount due to/from are shown in relevant note to the accounting policies. Transaction other than remuneration paid to Chief Executive and Directors are as follows:

Purchase of yarn from subsidiary	(169,237,472)	(78,712,431)
Purchase of waste from subsidiary	(2,361,680)	(3,037,469)
Sale of electricity to subsidiary	29,772,612	10,757,073
Interest on loan to subsidiary	-	1,347,729

	For Nine Months Ended Jun - 30, 2005 RUPEES	For Year Ended Sep - 30, 2004 RUPEES
39. PLANT CAPACITY AND ACTUAL PRODUCTION		
39.1 Spinning		
a. Total number of spindles installed	58,080	43,784
Total number of rotors installed	864	864
b. Average number of spindles worked	58,080	43,784
Average number of rotors worked	864	864
c. Number of shift worked per day	3	3
d. Capacity of industrial unit after conversion into 20/s count	14,375,500 kgs	15,193,792 kgs
e. Actual production after conversion into 20/s count	12,703,531 kgs	17,218,628 kgs

It is difficult to describe precisely the production capacity in textile industry since it fluctuates widely depending upon various factors such as count of yarn spun spindles speed, twist per inch and raw material used etc. 14,296 spindles went into production during May' 2005 therefore production is only for 2 months for these.

39.2 Power Plant

Installed capacity per hour per day	22.7 MW	21.8 MW
Installed capacity	148,730 MWH	190,938 MWH
Prime capacity	13.2 MW	13.2 MW
Stand by	9.5 MW	8.6 MW
Installed prime capacity per hour per day	86,486 MWH	115,632 MWH
Actual generated	71,348 MWH	81,252 MWH

The reason for short fall in power generation is due to shut down of engines for repair and maintenance

The installed capacity includes the standby generation which is only used in case of emergency shut down of the prime engines.

39.3 Weaving

Rated capacity converted to 60 picks (square meter)	27,088,126	36,117,502
Actual production converted to 60picks (square meter)	28,884,638	34,145,060
Total number of looms installed	120	120
Total number of looms worked	120	120
Number of shifts worked per day	3	3

40 POST BALANCE SHEET EVENTS

There is no material post balance sheet event to be disclosed in accounts

42 **DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on October 06, 2005 by the board of directors of the

43 **GENERAL**

Figures in these financial statements have been rounded off to the nearest rupee.

44 **RE - CLASSIFICATION**

Comparative figures have been re-arranged and re-classified to reflect more appropriate presentation. Significant re-classification made are as follows;

FROM	TO	NATURE	Re-classified Amount Rupees
Creditors, accrued and other liabilities	Trade and other payables	Trade creditors, accrued expense, unclaimed dividend and WPPF	193,488,306
Creditors, accrued and other liabilities	Accrued interest and mark-up secured loans	Accrued interest and mark-up on long term and short term financing	58,322,239
Advance, deposit, prepayments and other receivables	Loan and advances	Advance to staff and advance against letter of credit and cotton supplier	210,535,861
Advance, deposit, prepayments and other receivables	Short term Prepayments	Prepayments	369,848
Advance, deposit, prepayments and other receivables	Other receivables	Sales tax refundable	38,108,876

PREVIOUS NOMENCLATURE

Operating assets

Trade debts

Deposits and prepayments

Selling expenses

Financial charges

NEW NOMENCLATURE

Property, plant and equipment

Trade debts - considered good

Trade deposits and short term prepayments

Distribution cost

Finance cost

45 **PROPOSED FINAL DIVIDEND**

The Board of Directors proposed the final dividend for the period ended June 30, 2005 of Re. 1.50 per share amounting to Rs. 4,687,500 at their meeting held on October 6, 2005 for the approval of the member at the Annual General Meeting to be held on October 30, 2005. These financial statements do not reflect dividend payable.

Karachi : October 06, 2005

KHALID IQBAL
CHIEF EXECUTIVE

DAANISH JAVED
DIRECTOR