

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
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

CHIEF EXECUTIVE'S REVIEW

Dear Shareholders:

It is a pleasure to present the results of the company for the quarter ended September 30, 2012.

Your company earned a profit before tax of Rs.26.5 (M) as compared to the corresponding last year's quarter profit of Rs.50.036 (M). Turnover for this quarter was Rs.2.898 (B), as compared to corresponding last year's quarter amounting to Rs.2.458 (B), showing an increase of 17.9%. The profit after tax has increased from Rs. 0.604 (M) to Rs.3.797 (M).

Global inventories of yarn have been reduced which have created a strong demand for yarns and fabrics in the Far East and Europe. Textile markets have been recovering since July 2012 and prices have remained strong.

Nevertheless, gas shortages have affected productions and profitability. The existing gas shortages are likely to be even more intense in this up-coming winter season. Hopefully, our own grid station should become operational by end of this year.

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, 2012

QUETTA TEXTILE MILLS LIMITED

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT SEPTEMBER 30, 2012**

	Note	30-Sep-12 Rupees	30-Jun-12 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	5	5,090,306,261	5,081,501,470
Long term deposits		45,413,553	45,408,552
		5,135,719,814	5,126,910,022
CURRENT ASSETS			
Stores, spare and loose tools		441,159,476	469,317,021
Stock in trade		3,218,153,547	3,254,744,406
Trade debts		421,960,479	335,898,019
Other financial assets		3,480,934	7,121,668
Loans and advances		183,195,276	154,740,781
Short term prepayments		21,324,822	7,290,735
Income tax and sales tax refundable		204,481,892	189,265,392
Cash and bank balances		33,176,462	8,408,728
		4,526,932,888	4,426,786,750
TOTAL ASSETS		9,662,652,702	9,553,696,772
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
20,000,000 (2012: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
15,000,000 (2012: 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		2,119,813,086	2,108,689,931
		2,249,813,086	2,238,689,931
Surplus on revaluation of property, plant and equipment		719,206,887	723,968,701
NON CURRENT LIABILITIES			
Long term finances		245,275,335	206,510,861
Redeemable capital - Sukuk		738,666,666	923,333,333
Loans from Directors and Other		52,900,000	52,900,000
Liabilities against assets subject to finance lease		72,904,479	88,567,741
Deferred liabilities		461,167,957	464,483,065
		1,570,914,437	1,735,795,000
CURRENT LIABILITIES			
Trade and other payables		551,711,914	692,331,979
Accrued interest / mark-up		184,065,147	173,070,772
Short term borrowings		3,710,519,555	3,487,123,043
Current portion of long term finance			
Long term finances		141,261,293	145,585,732
Redeemable capital - Sukuk		438,583,334	253,916,667
Liabilities against assets subject to finance lease		96,577,049	103,214,947
		5,122,718,292	4,855,243,140
Contingencies and Commitments	6		
		9,662,652,702	9,553,696,772

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

TARIQ IQBAL
Chief Executive

OMER KHALID
Director

Karachi:
Dated : October 31, 2012

QUETTA TEXTILE MILLS LIMITED
CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	For the Quarter 30-Sep-12 Rupees	For the Quarter 30-Sep-11 Rupees
Sales	2,898,389,544	2,458,965,572
Cost of sales	(2,579,142,170)	(2,083,345,930)
Gross profit	319,247,374	375,619,642
Selling and distribution expenses	(91,022,767)	(82,720,833)
Administrative expenses	(9,911,076)	(7,377,931)
Other operating expenses	(2,964,976)	(3,416,431)
Finance cost	(191,518,225)	(232,646,202)
	(295,417,044)	(326,161,397)
Profit from operations	23,830,330	49,458,245
Other operating income	2,675,304	577,944
Profit before taxation	26,505,634	50,036,189
Taxation	(22,708,347)	(49,431,313)
Profit after taxation	3,797,287	604,876
Earnings per share - basic and diluted	0.29	0.05

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

TARIQ IQBAL
Chief Executive

OMER KHALID
Director

Karachi:
Dated : October 31, 2012

QUETTA TEXTILE MILLS LTD

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	Note	For the Quarter Ended	
		30-Sep-12 Rupees	30-Sep-11 Rupees
Profit for the period after taxation		3,797,287	604,876
Other comprehensive income:			
Unrealized (gain)/ Loss on remeasurement of available for sales investments		-	(13,800)
Total comprehensive income for the period		<u>3,797,287</u>	<u>591,076</u>

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

Karachi:
Dated : October 31, 2012

TARIQ IQBAL
Chief Executive

OMER KHALID
Director

QUETTA TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT CASH FLOW (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	For Quarter ended Sep - 30, 2012 RUPEES	For Quarter ended Sep - 30, 2011 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before taxation	26,505,634	50,036,189
Adjustment for non cash charges and other items:		
Depreciation	59,736,137	60,140,441
Financial charges - net	191,518,225	232,646,202
Dividend income	-	(125,000)
Provision for gratuity	4,224,200	1,409,464
Provision for Diminution / (Appreciation) in the value of investment	(2,013,174)	222,053
Workers profit participation fund	1,395,033	2,686,115
Gain on sale of vehicle	-	(12,867)
	<u>254,860,421</u>	<u>296,966,408</u>
Profit before working capital changes	281,366,055	347,002,597
Effects on cash flow due to working capital changes:		
(Increase)/decrease in current assets:		
Stocks, stores and spares	64,748,404	(87,177,742)
Trade debts	(86,062,460)	200,562,451
Loans, advances, short term prepayments and other receivables	(51,564,853)	(56,123,817)
	(72,878,909)	57,260,892
Increase / (decrease) in current liabilities:		
Trade and other payables	(140,620,065)	37,079,645
Cash (used)/ generated from operations	67,867,081	441,343,134
Payment for:		
Taxes	(30,243,579)	(35,976,279)
Gratuity	(4,975,283)	(5,658,023)
Long term deposit	(5,001)	(275,200)
Financial charges - net	(180,523,850)	(215,452,736)
	<u>(215,747,713)</u>	<u>(257,362,238)</u>
Net Cash Outflow From Operating Activities	(147,880,632)	183,980,896
CASH FLOW FROM INVESTING ACTIVITIES:		
Fixed capital expenditure	(68,540,928)	(6,200,573)
Sale proceed of vehicle	-	870,000
Dividend received	-	125,000
Short term investments	5,653,907	5,271,344
Net Cash Outflow From Investing Activities	(62,887,021)	65,771
CASH FLOW FROM FINANCING ACTIVITIES :		
Long term loans - net	34,440,035	(95,675,052)
Short term loans - net	223,396,512	(87,709,846)
Lease Liability	(22,301,160)	(17,073,009)
Net Cash Inflow From Financing Activities	235,535,387	(200,457,907)
Net (decrease) / increase in cash and cash equivalents	24,767,734	(16,411,240)
Cash and cash equivalents at beginning of the year	8,408,728	24,661,647
CASH AND BANK BALANCES AT END OF THE QUARTER	<u>33,176,462</u>	<u>8,250,407</u>

Karachi:

Dated : October 31, 2012

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, 2012

	Paid-up Capital Rupees	R E S E R V E S					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	General Resrves Rupees				
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)	604,876	591,076	
Transfer from Surplus on revaluation on property, Plant and equipment						-	7,328,901	7,328,901	
Balance as at September 30, 2011	130,000,000	651,750,000	1,200	(340,791)	115,000,000	766,410,409	1,303,629,196	2,200,039,605	
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	

Karachi:
Dated : October 31, 2012

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, 2012

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 disclosure required annual financial statements, and should be read in conjunction with financial statements of the company as at and for the year ended 30th June 30, 2012.

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, 2012.

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, 2012.

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 judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of the 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, 2012.

ACQUISITION AND DISPOSAL OF PROPERTY PLANT AND EQUIPMENT

	FOR THE QUARTER ENDED		FOR THE QUARTER ENDED	
	30-Sep-12		30-Sep-11	
	ADDITIONS	DISPOSAL	ADDITIONS	DISPOSAL
Building				
Building - Freehold			200,111	
Plant and Machinery	66,209,334		1,711,636	
Electrical fittings			870,000	
Factory equipments	72,000			
Office equipments			382,806	
Furniture and fixtures	60,691		7,780	
Vehicles	638,955		3,028,240	780,000
	<u>66,980,980</u>	<u>-</u>	<u>6,200,573</u>	<u>-</u>

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. 223.984 million (June 30, 2012: Rs. 223.984 million).

Commitments

Total commitment of Rs 720 million (June 30, 2012: 724 million) including letters of credit opened by banks for Rs.623.189 (June 30, 2012: Rs.623.189million) for the import of plant and machinery and spares and commitments for building construction Rs 1

STOCK IN TRADE

The carrying value of pledge stock amounts to Rs.1,137,777,204.

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

DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on **October 31, 2012** by Board of Directors of the Company.

GENERAL

Figures have been rounded off to the nearest rupee.

CORRESPONDING FIGURES

The following prior period figures has been reclassified for the purpose of better presentation and comparison .

Karachi:

Dated : October 31, 2012

TARIQ IQBAL
Chief Executive

OMER KHALID
Director