

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. Asim Khalid (Chairman) Mrs. Najma Javed (Member) Mrs. Tabbasum Tariq (Member)
CHIEF FINANCIAL OFFICER	Mr. Omer Khalid
COMPANY SECRETARY	Mr. Muhammed Sohrab Ghani
AUDITORS	Mushtaq and Company Chartered Accountants 407 / 4 th Floor, Commerce Centre Hasrat Mohani Road, Karachi
BANKERS	Allied Bank Limited Al-Baraka Islamic Bank B.S.C. (E.C) Askari Bank Limited Atlas Bank Limited Bank Al-Falah Limited Dawood Islamic Bank Limited. Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited KASB Bank Limited MCB Bank Limited Meezan Bank Limited National Bank of Pakistan Royal Bank of Scotland Soneri Bank Limited Silk Bank Limited Standard Chartered Bank (Pakistan) Ltd 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. Multan Road, Bhai Pheru

Quetta Textile Mills Limited

CHIEF EXECUTIVE'S REVIEW REPORT

Dear Shareholders:

It is a pleasure to present the quarterly accounts of your company for the quarter ended 30th September, 2009

Your company earned profit before tax of Rs 40.418 (M) as compared to the corresponding last year's quarter profit of Rs.57.971 (M). Turnover for this quarter was Rs.1.945 (B) as compared to corresponding last year's quarter turnover of Rs.1.830 (B) showing an increase of 6.2% as compared to corresponding last year quarter. However, the increase in cost of sales, Administrative cost, distribution cost and finance cost were the main factors eroding the profit margins.

The textile industry has been the main driver of the export- based industry for the last 50 years in terms of foreign currency earnings and employment generation.

We look forward to quick implementation of first ever Textile Policy in order to enhance the domestic capabilities and capacities for efficient use of resources through skill development, technology up-gradation and provision of infrastructural facilities.

In the end I would like to extend my gratitude to all the financial institutions for their continued support and confidence in the company. I am also thankful to the workers, staff and offices for their dedication and honesty to the company.

Karachi: October 31, 2009

**KHALID IQBAL
CHIEF EXECUTIVE**

QUETTA TEXTILE MILLS LTD
CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2009
(UN-AUDITED)

	NOTES	SEPTEMBER 2009 RUPEES	JUNE 2009 RUPEES
<u>CAPITAL AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVES:			
Authorised Capital			
20,000,000 Ordinary shares of Rs.10/= each		200,000,000	200,000,000
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	31,250,000
Reserves		55,143,247	42,111,612
Share Premium Reserve		651,750,000	-
Unappropriated profit		439,865,398	416,831,269
Shareholders equity		1,276,758,645	490,192,881
Surplus on revaluation of property plant and equipment		779,839,663	785,938,486
Loans from directors and others		23,900,360	773,161,770
<u>Non - Current Liabilities</u>			
Loans from financial institutions		464,149,503	496,845,950
Redeemable Capital -Sukuk		1,338,833,334	1,361,916,667
Finance lease		244,230,899	264,940,143
Deferred Liabilities		334,846,117	330,051,562
<u>Current Liabilities:</u>			
Short term borrowings		2,917,337,211	3,713,509,816
Current maturity of long term financing		444,729,119	401,682,973
Trade and other payables		242,911,465	180,562,222
Accrued mark-up on loans		100,971,956	113,243,574
		3,705,949,751	4,408,998,585
Contingencies and commitments	4	-	-
		8,168,508,272	8,912,046,044
<u>NON-CURRENT ASSETS</u>			
Property, plant and equipment	5	4,817,846,552	4,871,287,897
Capital Work in progress		128,282,326	117,382,655
Long term investment		52,578,934	48,486,269
Long term deposits		17,523,512	17,503,512
<u>Current Assets:</u>			
Stores,spares, and loose tools		307,851,689	301,911,812
Stock in Trade		1,939,314,237	2,229,193,897
Trade debts		604,201,286	886,019,035
Other financial assets		43,899,067	101,951,705
Loans and advances		140,120,337	246,023,629
Short term prepayments		13,687,885	106,155
Other receivables		100,077,182	89,066,392
Cash and bank balances		3,125,265	3,113,086
		3,152,276,948	3,857,385,711
		8,168,508,272	8,912,046,044

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

KARACHI: OCTOBER 31, 2009

KHALID IQBAL
Chief Executive

OMER KHALID
Director

QUETTA TEXTILE MILLS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2009

	For Quarter ended Sep - 30, 2009 RUPEES	For Quarter ended Sep - 30, 2008 RUPEES
Sales - net	1,945,611,766	1,830,746,733
Cost of goods sold	1,729,648,860	1,627,073,848
Gross profit	<u>215,962,906</u>	<u>203,672,885</u>
Operating expenses		
Administrative expenses	(9,649,917)	(8,208,679)
Other operating expenses	(8,110,921)	(35,504,714)
Other operating income	46,769,366	1,164,910
	<u>29,008,528</u>	<u>(42,548,483)</u>
Operating profit	244,971,434	161,124,402
Finance cost - net	(204,552,746)	(103,153,088)
Net profit before taxation	<u>40,418,688</u>	<u>57,971,314</u>
Taxation		
Current year	(13,147,235)	(4,449,742)
Deferred	(13,620,129)	(18,559,766)
	<u>(26,767,364)</u>	<u>(23,009,508)</u>
Net profit after taxation	<u><u>13,651,324</u></u>	<u><u>34,961,806</u></u>
Earnings per share - Basic and diluted	<u><u>3.96</u></u>	<u><u>11.19</u></u>

KHALID IQBAL
CHIEF EXECUTIVE

OMER KHALID
DIRECTOR

OCTOBER 31,2009

QUETTA TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2009

	R E S E R V E S								Total Rupees
	Paid-up Capital Rupees	Capital Reserves Reserve Rupees	Power Generation Reserves Rupees	Surplus / (Deficit) on avail- able for sale investment Rupees	General Resrves Rupees	Revenue Reserves Rupees	Share Premium Reserve Rupees	Un-appropriated profit Rupees	
Balance as at June 30, 2008	31,250,000	1,200	50,000,000	(98,445,663)	65,000,000	16,555,537	-	366,096,970	413,902,507
Net profit for the quarter ended September 30, 2008						-		34,961,806	34,961,806
un realized Gain or loss on available for sale investment				(13,236,613)		(13,236,613)		-	(13,236,613)
Surplus on revaluation of Property , Plant and Equipment on account of incremental depreciation charged in current period				-		-		3,588,282	3,588,282
Balance as at September 30, 2008	31,250,000	1,200	50,000,000	(111,682,276)	65,000,000	3,318,924	-	404,647,058	439,215,982
Balance as at June 30, 2009	31,250,000	1,200	-	(72,889,588)	115,000,000	42,111,612	-	416,831,269	490,192,881
Net profit for the quarter ended September 30, 2009						-		13,651,324	13,651,324
un realized Gain or loss on available for sale investment - Net				13,031,635		13,031,635		-	13,031,635
Transferred from surplus on revaluation of Property, Plant and equipment on account of incremental depreciation charged in current year						-		9,382,805	9,382,805
Right Share Issued during the year	98,750,000							-	98,750,000
Share premium Reserve							651,750,000	-	651,750,000
Balance as at September 30, 2009	130,000,000	1,200	-	(59,857,953)	115,000,000	55,143,247	651,750,000	439,865,398	1,276,758,645

October 31, 2009
KHALID IQBAL
 Chief Executive

OMER KHALID
 Director

QUETTA TEXTILE MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2009
(UNAUDITED)

	For Quarter ended Sep - 30, 2009 RUPEES	For Quarter ended Sep - 30, 2008 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before taxation	40,418,688	57,971,314
Adjustment for non cash charges and other items:		
Depreciation	57,584,443	50,103,528
Financial charges - net	204,552,746	103,153,088
Dividend income	(248,140)	(786,550)
Provision for gratuity	2,995,133	4,709,665
Provision for Appreciation in the value of investment	(2,895,109)	6,291,886
Provision for workers profit participation fund & WWF	3,011,534	3,051,122
	<u>265,000,607</u>	<u>166,522,739</u>
Profit before working capital changes	305,419,295	224,494,053
Effects on cash flow due to working capital changes:		
(Increase)/decrease in current assets:		
Stocks, stores and spares	283,939,783	103,823,947
Trade debts	281,817,749	(98,408,441)
Loans, advances, short term prepayments and other receivables	81,134,891	(64,172,557)
	<u>646,892,423</u>	<u>(58,757,051)</u>
Increase / (decrease) in current liabilities:		
Trade and other payables	62,349,243	76,921,010
Cash (used)/ generated from operations	<u>1,014,660,961</u>	<u>242,658,012</u>
Payment for:		
Taxes	(18,930,811)	(6,466,119)
Gratuity	(5,541,596)	-
Long term deposit	(20,000)	(3,504,788)
Financial charges - net	(216,824,764)	(77,641,527)
	<u>(241,317,171)</u>	<u>(87,612,434)</u>
Net Cash Outflow From Operating Activities	773,343,790	155,045,578
CASH FLOW FROM INVESTING ACTIVITIES:		
Fixed capital expenditure	(15,042,769)	(164,238,618)
Dividend received	248,140	786,550
Long term investment	8,938,970	39,661,514
Short term investments	60,900,943	(5,893,263)
Net Cash Outflow From Investing Activities	55,045,284	(129,683,817)
CASH FLOW FROM FINANCING ACTIVITIES :		
Long term loans - net	(14,022,086)	108,488,005
Right share issue	98,750,000	-
Shared Premium reserve	651,750,000	-
Subordinated Loan	(749,261,410)	-
Short term loans - net	(796,172,605)	(228,753,662)
Lease Liability	(19,420,794)	95,068,084
Net Cash Inflow From Financing Activities	(828,376,895)	(25,197,573)
Net (decrease) / increase in cash and cash equivalents	12,179	164,188
Cash and cash equivalents at beginning of the year	<u>3,113,086</u>	<u>2,855,264</u>
CASH AND BANK BALANCES AT END OF THE QUARTER	<u>3,125,265</u>	<u>3,019,451</u>

October 31, 2009

KHALID IQBAL
Chief Executive

OMER KHALID
Director

QUETTA TEXTILE MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE QUARTER ENDED SEPTEMBER 30, 2009

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 These financial statements have been prepared under historical cost convention, except that certain fixed assets have been included at revalued amount.

2.2 These financial statements have been prepared in compliance with the International Accounting Standard (IAS) 34 Interim Financial Reporting and in compliance with the requirements of section 245 of the Companies Ordinance, 1984.

3. ACCOUNTING POLICIES

The accounting policies and method of computation adopted for the preparation of the financial statements for the quarter ended September 30, 2009 are the same as those applied in the preparation of the audited financial statements for the year ended June 30, 2009

4. CONTINGENCIES AND COMMITMENTS

Contingencies

Appeal filed by 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 of the legal advisor of the company, management is confident of having the favorable judgment in this case.

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. 195.302 million (June 30, 2009: Rs. 195.302 million).

Commitments

Total commitment of Rs 240 million (June 30, 2009: 220 million) including letters of credit opened by banks for Rs.82 million (June 30, 2009: Rs.70 million) for the import of plant and machinery and spares and commitments for building construction Rs.158 million (June 30, 2009: 150 million)

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

OWN:	For the quarter ended		For the quarter ended	
	SEPTEMBER 30, 2009		SEPTEMBER 30, 2008	
	ADDITIONS	DISPOSALS	ADDITIONS	DISPOSALS
	RUPEES		RUPEES	
Building - Freehold	247,875	-	-	-
Plant and Machinery	2,658,270	-	149,776,026	-
Electrical fittings	1,124,479	-	6,324,148	-
Factory equipments	-	-	-	-
Office equipments	112,476	-	647,172	-
Furniture and fixtures	-	-	102,690	-
Vehicles	-	-	3,222,567	-
	4,143,100	-	160,072,603	-

6. 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 reflected during these periods.

7. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on October 31, 2009 by Board of Directors of the Company.

8. GENERAL

Figures have been rounded off to the nearest rupee.

KHALID IQBAL
Chief Executive

#REF!
Director