

## COMPANY INFORMATION

### **BOARD OF DIRECTORS:**

Mr. Noor Muhammad Hashim	Chairman / Chief Executive
Mr. Tayyab Noor Muhammad	Director
Mr. Muhammad Younus Hashim	Director
Mr. Imran M. Younus	Director
Miss Fiza Chaudhri	Director
Miss. Ambrin	Director
Mr. Muhammad Idris Khokhar	Director

### **AUDIT COMMITTEE:**

Mr. Tayyab Noor Muhammad	Chairman
Mr. Muhammad Younus Hashim	Member
Mr. Imran M. Younus	Secretary

### **CHIEF FINANCIAL OFFICER (CFO)**

Mr. Atif Khalil

### **COMPANY SECRETARY**

### **BANKERS:**

Bank-Al-Habib Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
Citibank N. A.

### **AUDITORS:**

M. Yousuf Adil Saleem & Co.  
Chartered Accountants

### **REGISTERED OFFICE:**

24, 2<sup>nd</sup> Floor, Ali Bhai Centre,  
233-A, P.E.C.H.S, Block-2, Karachi.  
RABX : 0092-21-4538655-4538788-4529325  
Fax : 0092-21-4538799  
E-mail : qualitytextilemills@yahoo.com

### **BUSINESS OFFICE**

15, 1<sup>st</sup> Floor, Ali Bhai Centre,  
233-A, P.E.C.H.S, Block-2, Karachi.

### **MILLS:**

26KM, Sheikhpura Faisalabad Road,  
Ferozwattowan  
Distt. Sheikhpura.  
Tel : 0563-731-751 & 0563-731-341  
Fax : 0563-731-307  
E-mail : qualitytextilemillsskp@yahoo.com

## Chairman's Review September 30, 2007

### 3. ACQUISITION AND DISPOSAL OF FIXED ASSETS

During the period following additions and deletions were made:

	Quarter ended September 30, 2007		Quarter ended September 30, 2006	
	Additions	Disposals (WDV)	Additions	Deletions (WDV)
	-----Rupees-----			
Office Equipments	-	-	95,000	-
Motor Vehicles	35,000	303,066	-	-

### 4. COST OF GOODS SOLD

	Quarter ended September 30, 2007 Rupees	Quarter ended September 30, 2006 Rupees
Raw material consumed	191,929,343	145,806,122
Packing material consumed	4,359,530	2,612,390
Stores and spares consumed	4,390,011	2,992,077
Salaries, wages and benefits	12,562,829	10,488,847
Power and fuel	14,463,348	16,393,857
Insurance	1,050,000	1,150,000
Repairs and maintenance	545,851	625,541
Other manufacturing overheads	287,856	351,680
Depreciation	10,401,790	10,144,203
	<u>239,990,558</u>	<u>190,564,717</u>
Work in process		
Opening stock	6,886,108	8,834,640
Closing stock	(8,969,464)	(5,548,172)
Cost of goods manufactured	<u>237,907,202</u>	<u>193,851,185</u>
Finished goods		
Opening stock	20,822,401	27,284,966
Closing stock	(55,829,712)	(16,639,763)
	<u>202,899,891</u>	<u>204,496,388</u>

### 5. RELATED PARTY TRANSACTIONS

Remuneration to:		
Chief Executive	120,000	120,000
Director	70,000	105,000

The Director of the Company is also entitled to official use of company maintained car. The approximate maintenance cost of the vehicle is Rs. 20,587/- (September 2006: 27,926/-).

### 6. APPROVAL OF FINANCIAL STATEMENT

These financial statements were authorized for issue on October 23, 2007 by the Board of Directors of the Company.

Noor Muhammad Hashim  
Chief Executive Officer

Mohammad Younus Hashim  
Director

The Directors of your Company are pleased to present Unaudited Financial Statement for the Quarter ended on September 30, 2007.

During three months under review total production all counts were **1,915,382** Kg and sales amounted to **Rs. 234,970,469/-** including export sales of **Rs. 62,049,268/-**. The company have earn before tax profit of **Rs. 14,820,092/-** during the period under review. This profit is mainly because of opening stock of previous year cotton (including imprted cotton) which was purchased at price lower than this year. During the current cotton season the prices of cotton started at high note and reach upto Rs. 3,100/- per pound and remained stable on higher side in the local as well as in the international cotton market, due to high demand by the spinners and lower supply of cotton. The yarn prices remained stable but not correspond with the price hike of raw cotton and to high direct & indirect costs leaving almost no margin to the Company. The future profitability of your Company will also affect by huge increase in the markup rate by the banks and wage level. However if the yarn market further improves or cotton prices goes down then we hope that the financial results of the Company will improve in the remaining period of this year.

By the grace of God your mills operated smoothly throughout the Quarter and management is convinced that with the blessing of God your company will perform well in the remaining period of the year.

I would like to place on record the sincere efforts and hard work done by workers, staff and officers of the Company. I also wish to place on record our deep gratitude to our bankers Bank Al-Habib Limited, Habib Metropolitan Bank Limited, Habib Bank Limited, and Citibank N.A. for their active support and guidance.

For and on behalf of the Board

**NOOR MUHAMMAD HASHIM**  
Chairman/Chief Executive

Karachi :  
October 23, 2007

**QUALITY TEXTILE MILLS LIMITED**  
**PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2007**

	Note	Quarter ended Sept. 30, 2007 Rupees	Quarter ended Sept. 30, 2006 Rupees
Sales		234,970,469	237,387,205
Cost of goods sold	3	<u>(202,899,891)</u>	<u>(204,496,388)</u>
Gross Profit		32,070,578	32,890,817
Other operating income		140,272	153,555
		<u>32,210,850</u>	<u>33,044,372</u>
Distribution cost		(3,826,980)	(2,684,658)
Administrative expenses		(1,658,646)	(1,869,279)
Other operating expenses		(781,383)	(903,450)
Finance cost		<u>(11,123,749)</u>	<u>(10,344,205)</u>
Profit before taxation		14,820,092	17,242,780
Provision for taxation		<u>(3,081,154)</u>	<u>(1,641,900)</u>
Profit for the period		<u>11,738,938</u>	<u>15,600,880</u>
Earning Per Share (Basic & diluted)		<u>0.73</u>	<u>0.98</u>

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

Noor Muhammad Hashim  
Chief Executive Officer

Mohammad Younus Hashim  
Director

Karachi:  
October 23, 2007

**QUALITY TEXTILE MILLS LIMITED**  
**STATEMENT OF CHANGES IN FINANCIAL POSITION**  
**CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2007**

	September 30, 2007 Rupees	September 30, 2006 Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	14,820,092	17,242,780
Adjustment for:		
Depreciation	10,507,141	10,269,934
Provision for gratuity	600,000	600,000
Loss on disposals of fixed assets	68,066	-
Finance cost	11,123,749	10,344,205
Operating cash flows before movement in working capital	<u>37,119,048</u>	<u>38,456,919</u>
<b>Changes in working capital</b>		
(Increase)/decrease in current assets		
Stores, spares and loose tools	1,316,062	(356,389)
Stock in trade	26,562,044	155,777,677
Trade debts	(1,709,145)	48,844,128
Loans & advances	297,227	(2,151,071)
Trade deposits and prepayments	884,000	(544,950)
Other receivables	(154,726)	(784,398)
Increase/(Decrease) in current liabilities		
Trade and other payables	<u>(9,433,387)</u>	<u>(17,615,696)</u>
	<u>17,762,075</u>	<u>183,169,301</u>
Cash generated from operations	54,881,123	221,626,220
Finance cost paid	(11,484,310)	(11,250,973)
Taxes paid	(825,323)	(1,025,653)
Gratuity paid	<u>(343,930)</u>	<u>-</u>
Net cash from operating activities	<u>42,227,560</u>	<u>209,349,594</u>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(35,000)	(188,965)
Disposal of property, plant and equipment	235,000	-
Net cash flows from/(used in) investing activities	<u>200,000</u>	<u>(188,965)</u>
<b>C. CASH FLOWS FROM FINANCIAL ACTIVITIES</b>		
Repayment of Long Term Financing	(2,150,000)	(7,600,000)
Repayment of principal portion of finance lease	(7,345,762)	(6,513,060)
Short term financing acquired - net	<u>(32,327,074)</u>	<u>(194,939,996)</u>
Net cash (used in) financing activities	<u>(41,822,836)</u>	<u>(209,053,056)</u>
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	604,724	107,574
Cash and cash equivalents at the beginning of the period	617,049	1,645,207
Cash and cash equivalents at the end of the period	<u>1,221,773</u>	<u>1,752,781</u>

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

Noor Muhammad Hashim  
Chief Executive Officer

Mohammad Younus Hashim  
Director

**QUALITY TEXTILE MILLS LIMITED  
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2007**

	Share capital	Unappropriated profit Rupees	Total
Balance as at September 30, 2004	159,778,080	104,946,752	264,724,832
Transfer from surplus on revaluation of property plant and equipment on account of incremental depreciation for the year-net off deferred tax	-	4,147,177	4,147,177
Net income recognised directly to equity	-	4,147,177	4,147,177
Profit for the nine months	-	9,552,222	9,552,222
Total recognised income and expense for nine months period	-	13,699,399	13,699,399
Final cash dividend for the nine months period ended June 30, 2005 @ 1.5/- per shares	-	(23,966,712)	(23,966,712)
Balance as at June 30, 2005	159,778,080	94,679,439	254,457,519
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the year - net off deferred tax	-	1,025,000	1,025,000
Net income recognised directly to equity	-	1,025,000	1,025,000
Profit for the Three months	-	15,600,880	15,600,880
Total recognised income and expense for three months period	-	16,625,880	16,625,880
Balance as at September 30, 2006	159,778,080	111,305,319	271,083,399
Transfer from surplus on revaluation of property, and plant and equipment on account of incremental depreciation for the year -net off deferred tax	-	3,865,973	3,865,973
Net income recognised directly to equity	-	3,865,973	3,865,973
Profit for the nine months	-	(21,977,898)	(21,977,898)
Total recognised income and expense for nine months period	-	(18,111,925)	(18,111,925)
Final cash dividend for the year ended June 30, 2006 @ Rs. 1/- per share	-	(15,977,808)	(15,977,808)
Balance as at June 30, 2007	159,778,080	77,215,586	236,993,666
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the year -net off deferred tax	-	1,388,098	1,388,098
Net income recognised directly to equity	-	1,388,098	1,388,098
Profit for the Three months	-	11,738,938	11,738,938
Total recognised income and expense for three months period	-	13,127,036	13,127,036
Balance as at September 30, 2007	159,778,080	90,342,622	250,120,702

Noor Muhammad Hashim  
Chief Executive Officer

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Mohammad Younus Hashim  
Director

**MILLS LIMITED  
SHEET (UNAUDITED)  
SEPTEMBER 30, 2007**

	Note	Sep 30, 2007 Rupees	June 30, 2007 Rupees
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	2	532,408,162	543,183,365
Long term deposits		7,165,101	7,165,101
		539,573,263	550,348,466
<b>CURRENT ASSETS</b>			
Stores, Spares and Loose Tools		15,081,072	16,397,134
Stock in Trade		153,168,411	179,730,455
Trade Debts		76,230,677	74,521,532
Loans & Advances		710,214	1,007,441
Trade deposits and prepayments		2,274,959	3,158,959
Advance income tax		17,815,290	16,989,973
Other Receivables		7,678,350	7,523,624
Cash & Bank Balances		1,221,773	617,049
		<b>274,180,746</b>	<b>299,946,167</b>
		<b>813,754,009</b>	<b>850,294,633</b>

Mohammad Younus Hashim  
Director

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**QUALITY TEXTILE  
BALANCE  
AS AT**

**QUALITY TEXTILE MILLS LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2007**

**1. GENERAL INFORMATION**

1.1 Quality Textile Mills Limited (the company) was incorporated in Pakistan on May 03, 1988 as a public limited company under the Companies Ordinance, 1984. The registered office of the company is situated at 24, 2nd Floor, Alibhai Centre, P.E.C.H.S., Block-2, Karachi. The company is currently listed on Karachi Stock Exchange. The principal activity of the company is manufacturing and sale of yarn. The company's manufacturing facilities are located at Ferozwattowan in the province of Punjab.

1.2 These financial statements are prepared in accordance with the requirements of the International Accounting Standards - 34 'Interim Financial Reporting'.

1.3 All accounting policies adopted for the preparation of these financial statements are the same as those applied in the preparation of the preceding annual financial statements of the Company.

	September 30, 2007 Rupees	June 30, 2007 Rupees
<b>2. CONTINGENCY AND COMMITMENT</b>		
<b>Contingency</b>		
Bank guarantee issued to Collector of customs against import license fee on machinery	-	2,160,000
Bank guarantee in favour of Sui Nothern gas Company Limited	11,611,000	11,611,000
Export bills discounted	67,588,158	78,091,411
Local bills discounted	38,659,765	46,459,668

**Commitments**

Outstanding letters of credit for import of stores items	1,509,812	-
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Note	Sep 30, 2007 Rupees	June 30, 2007 Rupees
<b>SHARE CAPITAL AND RESERVES</b>		
<b>Authorized</b>		
26,000,000 Ordinary shares of Rs. 10/- each	<u>260,000,000</u>	<u>260,000,000</u>
Issued, subscribed & Paid Up	<u>159,778,080</u>	<u>159,778,080</u>
Unappropriated Profit	<u>90,342,622</u>	<u>77,215,586</u>
	250,120,702	236,993,666
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>		
	152,692,758	154,080,855
<b>NON CURRENT LIABILITIES</b>		
Long term financing	78,700,000	84,600,000
Liabilities against assets subject to finance lease	5,458,386	6,315,139
Deferred liabilities	40,668,724	38,563,558
<b>CURRENT LIABILITIES</b>		
Trade and other payables	<u>27,832,514</u>	<u>37,265,901</u>
Interest / mark-up accrued on loans	<u>8,022,630</u>	<u>8,383,191</u>
Short-term financing	<u>186,420,351</u>	<u>218,747,425</u>
Current portion of long term financing	<u>29,850,000</u>	<u>26,100,000</u>
liabilities against assets subject to finance lease	<u>9,540,384</u>	<u>16,029,393</u>
Provision for taxation	<u>24,447,560</u>	<u>23,215,505</u>
	286,113,439	329,741,415
<b>CONTINGENCIES AND COMMITMENTS 1</b>		
	-	-
	<u><b>813,754,009</b></u>	<u><b>850,294,633</b></u>

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

Noor Muhammad Hashim  
Chief Executive Officer

Karachi:  
October 23, 2007