

## 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. Ambreen Noor Mohammad	Director
Mr. Kamran M. Younus	Director
Mrs. Nadia Tayyab	Director

### AUDIT COMMITTEE:

Mr. Kamran M Younus	Chairman
Mr. Muhammad Younus Hashim	Member
Mr. Imran M. Younus	Secretary

### HUMAN RESOURCE & REMUNERATION COMMITTEE:

Mr. Kamran M Younus	Chairman
Mr. Imran M Younus	Member
Miss Ambreen Noor Mohammad	Member

### CHIEF FINANCIAL OFFICER / COMPANY SECRETARY:

Mr. Ali Asghar

### BANKERS:

Bank Al-Habib Limited  
Habib Metropolitan Bank Limited  
Meezan Bank Limited

### AUDITORS:

M. Yousuf Adil Saleem & Co.  
Chartered Accountants

### LEGAL ADVISOR:

A. K. Wahab Advocate

### SHARE REGISTRAR

F. D. Registrar Services (SMC-Pvt) Ltd.  
1705, 17th Floor, Saima Trade Tower-A,  
I.I. Chundrigar Road, Karachi.  
Tel # 021-35478192-3, Fax # 021-32271905

### REGISTERED OFFICE:

107, Main Korangi Road,  
Defense Phase I, Karachi.  
Tel: 0092-21-35802316-35802317  
Fax: 0092-21-35890603  
Website: [www.qualitytextile.com](http://www.qualitytextile.com)  
Email: [office@qualitytextile.com](mailto:office@qualitytextile.com)

### BUSINESS OFFICE

107, Main Korangi Road,  
Defense Phase I, Karachi.  
Website: [www.qualitytextile.com](http://www.qualitytextile.com)  
Email: [office@qualitytextile.com](mailto:office@qualitytextile.com)

### MILLS:

26KM, Sheikhpura Faisalabad Road,  
Ferozwattowan. Distt. Sheikhpura.  
Fax: 0563-731307  
Tel: 0563-731751 & 0563-731341  
Email: [qualitytextilemill@gmail.com](mailto:qualitytextilemill@gmail.com)

	Quarter ended September 30, 2014 Rupees	Quarter ended September 30, 2013 Rupees
<b>3. COST OF GOODS SOLD</b>		
Raw material consumed	354,780,683	451,651,283
Packing material consumed	7,383,271	9,079,875
Stores and spares consumed	4,543,762	3,422,850
Salaries, wages and benefits	29,694,079	29,817,921
Power and fuel	47,802,737	60,422,894
Insurance	2,250,000	2,250,000
Repairs and maintenance	1,652,693	2,672,530
Other manufacturing overheads	432,149	589,955
Depreciation	18,862,491	17,408,529
	467,401,865	577,315,837
Work-in-process		
Opening stock	15,174,318	16,052,053
Closing stock	(15,550,581)	(17,460,553)
Cost of goods manufactured	467,025,602	575,907,337
Finished goods		
Opening stock	132,652,151	70,084,237
Local yarn purchase	25,477,636	46,129,846
Closing stock	(47,939,729)	(63,622,465)
	<u>577,215,659</u>	<u>628,498,955</u>

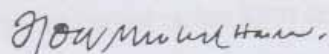
#### 4. RELATED PARTY TRANSACTIONS

Remuneration to:		
Chief Executive	180,000	180,000
Director	240,000	240,000

The Director of the Company is also entitled to official use of company maintained car.  
The approximate maintenance cost of the vehicle is Nil/- (September 2013: Rs. Nil).

#### 5. APPROVAL OF FINANCIAL STATEMENT

These financial statements were authorized for issue on October 29, 2014 by the Board of Directors of the Company.



Noor Muhammad Hashim  
Chief Executive Officer



Tayyab Noor Muhammad  
Director

**CHAIRMAN'S REVIEW**  
September 30, 2014

I take pleasure to present to you the Un-Audited Accounts and report for the first quarter ended on September 30, 2014 of the financial year 2014-15.

During three months under review total production all counts were 1,721,499 Lbs and sales amounted to Rs. 567,549,115/-. The company have incurred before tax loss of Rs. 27,003,198 /- during the period under review.

After a very difficult year of 2013 -14 the first quarter of the current financial year also proved difficult for the company. The gross profit margin has drastically decreased by 12.31% to negative 1.7% from 10.61% in the corresponding period. During the current quarter from July to September 2014, the Company has incurred after tax loss of Rs. 35,440,681 /-. The major reason for loss is decrease in raw cotton prices in the local and international market, resulting in subsequent decrease in yarn prices. This happened at a time when the mills are carrying inventory of cotton from previous season which was procured at much higher price than current market prices. Other reason is the entry of other regional competitors which cheap yarn which has significantly increased the competition in the international market.

We would like to express our thanks to the customers for their trust in our product and look forward to their continued patronage. We also thank our shareholders and banks for their support, guidance and confidence reposed in our company and stand committed to do our best to ensure full reward of their investment in the coming years. May Allah bless us in our efforts. Ameen.

For and on behalf of the Board

*Noor Muhammad Hashim*  
NOOR MUHAMMAD HASHIM  
Chief Executive Officer / Chairman

KARACHI  
October 29, 2014

**QUALITY TEXTILE MILLS LIMITED**  
BALANCE SHEET

AS AT SEPTEMBER 30, 2014

September 30, 2014  
2014  
Rupees

September 30, 2014  
2014  
Rupees

**ASSETS**

**NON CURRENT ASSETS**  
Property, plant and equipment  
Long term deposits

2	881,742,019	900,148,612
	3,680,101	3,680,101
	885,422,120	903,828,713

**CURRENT ASSETS**

Stores and spares  
Stock-in-trade  
Trade debts  
Loans and advances  
Deposits and short-term prepayments  
Advance income tax  
Sales tax refundable  
Cash and bank balances

	16,072,855	17,981,472
	125,585,580	401,018,176
	204,849,678	205,165,932
	42,179,035	3,461,735
	-	881,131
	46,895,231	41,574,559
	36,274,557	6,470,191
	3,588,693	6,929,177
	475,445,629	683,482,373

**TOTAL ASSETS**

	1,360,867,749	1,587,311,086
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**EQUITY AND LIABILITIES**

**CAPITAL AND RESERVES**  
Issued, subscribed and paid up capital  
General reserve  
Unappropriated profit

	159,778,080	159,778,080
	300,000,000	300,000,000
	189,253,483	221,207,294
	649,031,563	680,985,374

**SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**

	207,836,371	211,323,241
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**NON CURRENT LIABILITIES**

Long term finance  
Deferred liabilities

	34,008,074	34,008,074
	123,674,379	119,449,129
	157,682,453	153,457,203

**CURRENT LIABILITIES**

Trade and other payables  
Current portion of long term finance  
Accrued interest  
Short term borrowings  
Provision for taxation

	131,507,365	120,765,049
	11,336,028	11,336,028
	5,690,160	11,119,547
	176,450,643	382,428,961
	21,333,166	15,895,683
	346,317,362	541,545,268

**CONTINGENCIES AND COMMITMENTS**

1	1,360,867,749	1,587,311,086
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**TOTAL EQUITY AND LIABILITIES**

	1,360,867,749	1,587,311,086
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The annexed notes form an integral part of these financial statements

*Noor Muhammad Hashim*

Noor Muhammad Hashim  
Chief Executive Officer

*Tayyab Noor Muhammad*

Tayyab Noor Muhammad  
Director

**QUALITY TEXTILE MILLS LIMITED**  
**PROFIT AND LOSS ACCOUNT (UNAUDITED)**

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

	Note	Quarter ended September 30, 2014 Rupees	Quarter ended September 30, 2013 Rupees
Sales		567,549,115	703,059,903
Cost of goods sold	3	(577,215,659)	(628,498,955)
Gross profit		(9,666,545)	74,560,948
Other operating (loss) /income		231,377	1,794,272
Distribution cost		(9,435,168)	76,355,220
Administrative expenses		(2,933,167)	(7,553,217)
Finance cost		(4,287,357)	(4,188,667)
Profit before taxation		(10,347,506)	(6,775,260)
Provision for taxation		(27,003,198)	57,838,076
(Loss) / Profit for the period		(8,437,483)	(8,517,120)
(Loss) Earning per share (Basic & diluted)		(35,440.681)	49,320.956
		(2.22)	3.09

The annexed notes form an integral part of these financial statements

*Noor Muhammad Hashim*  
 Noor Muhammad Hashim  
 Chief Executive Officer

*Tayyab Noor Muhammad*  
 Tayyab Noor Muhammad  
 Director

**QUALITY TEXTILE MILLS LIMITED**  
**CASH FLOW STATEMENT (UNAUDITED)**

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

September 30, 2014  
 September 30, 2013  
 Rupees

**A. CASH FLOWS FROM OPERATING ACTIVITIES**

Profit before taxation	(27,003,198)	46,291,535
Adjustments for:		
Depreciation	19,275,868	15,372,771
Provision for gratuity	1,875,000	1,875,000
Finance cost	10,347,506	13,040,666
Operating cash flows before movement in working capital	4,495,176	76,579,972

**Changes in working capital**

(Increase) / decrease in current assets		
Stores, spares and loose tools	1,908,617	(1,358,501)
Stock-in-trade	275,432,596	269,340,059
Trade debts	316,254	(148,242,529)
Loans and advances	(38,717,300)	(6,134,735)
Trade deposits and prepayments	881,131	530,423
Sales tax refundable	(29,804,366)	2,199,692
Increase / (decrease) in current liabilities		
Trade and other payables	10,742,315	26,811,364
	220,759,247	143,145,773

Cash generated from operations	225,254,423	219,725,745
Finance cost paid	(15,776,893)	(23,186,779)
Taxes paid	(5,320,672)	(6,522,460)
Gratuity paid	(649,750)	(658,704)
Net cash from operating activities	203,507,108	189,357,802

**B. CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of property, plant and equipment (Addition in) / transfer from capital work in progress	(869,275)	(1,053,060)
Net cash used in investing activities	(869,275)	(1,053,060)

**C. CASH FLOWS FROM FINANCING ACTIVITIES**

Short term financing - net	(205,978,318)	(186,735,938)
Net cash used in financing activities	(205,978,318)	(186,735,938)

Net increase in cash and cash equivalents (A+B+C)	(3,340,484)	1,568,804
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Cash and cash equivalents at the beginning of the period	6,929,177	1,512,585
Cash and cash equivalents at the end of the period	3,588,693	3,081,389

The annexed notes form an integral part of these financial statements

*Noor Muhammad Hashim*  
 Noor Muhammad Hashim  
 Chief Executive Officer

*Tayyab Noor Muhammad*  
 Tayyab Noor Muhammad  
 Director

**QUALITY TEXTILE MILLS LIMITED**  
 NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)  
 FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

**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 107, Main Korangi Road, Defense Phase I, Karachi. The company is currently listed on Karachi Stock Exchange. The principal activity of the company is manufacturing and sale of yarn. The company manufacturing facilities are located at Ferozhattowan 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, June 30,  
 2014 2014  
 Rupees Rupees

**1. CONTINGENCIES AND COMMITMENTS**

**Contingencies**

Bank guarantee in favour of Sui Northern Gas Company Limited 16,903,000 16,903,000

**Commitments**

Outstanding letters of credit for imports 87,266,377 2,120,100  
 Local bills discounted with recourse 57,294,470 110,772,610  
 Export bills discounted with recourse 40,531,409 33,695,742

**2. ACQUISITION AND DISPOSAL OF FIXED ASSETS**

During the period no additions and deletions were made in the fixed assets

**QUALITY TEXTILE MILLS LIMITED**  
 STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
 FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

Share Capital	Unappropriated profit	Total
159,778,080	411,135,637	570,913,717

Balance as at September 30, 2012	-	3,640,077	3,640,077
Transfer from surplus on revaluation of property plant and equipment on account of incremental depreciation for the year - net off deferred tax	-	(7,988,904)	(7,988,904)
Final cash dividend @ Rs. 0.5/- per share	-	127,362,981	127,362,981
Profit for the Nine Months	-	123,014,154	123,014,154
Total comprehensive income for nine months period	159,778,080	534,149,791	693,927,871

Balance as at June 30, 2013	-	1,854,367	1,854,367
Transfer from surplus on revaluation of property plant and equipment on account of incremental depreciation for the year - net off deferred tax	-	49,320,956	49,320,956
Profit for the Three Months	-	51,175,323	51,175,323
Total comprehensive income for three months period	159,778,080	585,325,114	745,103,194

Transfer from surplus on revaluation of property plant and equipment on account of incremental depreciation for the year - net off deferred tax	-	8,664,697	8,664,697
Remeasurement of post retirement benefit obligation-net of tax	-	(3,519,705)	(3,519,705)
Final cash dividend @ Rs. 2/- per share	-	(31,955,616)	(31,955,616)
Profit for the Nine Months	-	(37,307,196)	(37,307,196)
Total comprehensive income for nine months period	-	(64,117,820)	(64,117,820)

Balance as at June 30, 2014	159,778,080	521,207,294	680,985,374
Transfer from surplus on revaluation of property plant and equipment on account of incremental depreciation for the year - net off deferred tax	-	3,486,870	3,486,870
Profit for the Three Months	-	(35,440,681)	(35,440,681)
Total comprehensive income for three months period	-	(31,953,811)	(31,953,811)
Balance as at September 30, 2014	159,778,080	489,253,483	649,031,563

The annexed notes form an integral part of these financial statements

*Noor Muhammad Hashim*  
 Noor Muhammad Hashim  
 Chief Executive Officer

*Tayyab Noor Muhammad*  
 Tayyab Noor Muhammad  
 Director