

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. Tayyab Noor Muhammad	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

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:

24, 2nd Floor, Ali Bhai Centre,
233-A, P.E.C.H.S, Block-2, Karachi.
PABX: 0092-21-34538655-34538788-34529325
Fax: 0092-21-34538799
Website: www.qualitytextile.com
Email: qualitytextilemills@yahoo.com

BUSINESS OFFICE

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

MILLS:

26KM, Sheikhpura Faisalabad Road,
Ferozwattowan. Distt. Sheikhpura.
Fax: 0563-731307
Tel: 0563-731751 & 0563-731341
Email: qualitytextilemillskp@yahoo.com

Chairman's Review
December 31, 2012

I take pleasure to present to you the Un-Audited Accounts and Report for the half year ended on December 31, 2012 of the financial year 2012-13.

Turnover of the Company for the half year months ended December 31, 2012 was Rs 1166.3 million as against Rs 996.8 million for the similar period last year with a gross margin of 11.0% which is approximately at par with last year. Earnings per share for the half year ended are Rs. 3.5 per share as compared to Rs. 2.7 for the similar period last year due to increase in sales as compared to last period.

Lack of energy was the biggest challenge for textile manufacturing this winter season. Extreme electricity load shedding along with a complete shutdown of natural gas supply from mid November onwards forces the company to run the plant on diesel which is much expensive than Sui gas and WAPDA together. However the Company managed to safeguard stakeholder returns through use of better marketing and sourcing strategies thereby boosting the sales in the marketplace. Despite this challenging business environment your company is resolved to maintain current growth momentum and management is optimistic that the next six months will also remain favorable for the company.

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 for their active support and guidance.

For and on behalf of the Board

Noor Muhammad Hashim
Chairman / Chief Executive Officer

Karachi :
February 26, 2013

*AUDITOR'S REPORTS TO THE MEMBERS ON REVIEW OF
CONDENSED INTERIM FINANCIAL INFORMATION*

Introduction

We have reviewed the accompanying condensed interim balance sheet of **QUALITY TEXTILE MILLS LIMITED** (the Company) as at December 31, 2012, and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the selected notes forming part thereof, for the half year ended (here-in-after referred to as "condensed interim financial information"). Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2012 and December 31, 2011 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2012.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of the person responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

M. Yousuf Adil Saleem & Co.

Chartered Accountants

Engagement Partner:

Mushtaq Ali Hirani

Karachi
Dated: February 26, 2013

QUALITY TEXTILE MILLS LIMITED
CONDENSED BALANCE INTERIM SHEET
AS AT DECEMBER 31, 2012

	(Un-Audited) Note Dec 31, 2012 Rupees	(Audited) June 30, 2012 Rupees
SHARE CAPITAL & RESERVES		
Authorised capital		
26,000,000 ordinary shares of Rs.10/- each	260,000,000	260,000,000
Issued, subscribed and paid-up capital	159,778,080	159,778,080
Unappropriated profit	423,257,473	369,853,627
	583,035,553	529,631,707
SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT	222,694,609	228,153,057
NON CURRENT LIABILITIES		
Deferred liabilities	114,801,725	105,517,839
CURRENT LIABILITIES		
Trade and other payables	212,069,814	101,255,409
Interest / mark-up accrued on loans	7,137,930	16,125,971
Short-term borrowings	4 618,729,150	599,946,780
Provision for taxation	11,200,436	20,354,724
	849,137,330	737,682,884
CONTINGENCIES AND COMMITMENTS	5	
	<u>1,769,669,217</u>	<u>1,600,985,486</u>

The annexed notes form an integral part of these condensed interim financial information



Noor Muhammad Hashim
Chief Executive Officer

Karachi :
February 26, 2013

QUALITY TEXTILE MILLS LIMITED
CONDENSED BALANCE INTERIM SHEET
AS AT DECEMBER 31, 2012

	(Un-Audited) Note Dec 31, 2012 Rupees	(Audited) June 30, 2012 Rupees
NON CURRENT ASSETS		
Property, plant and equipment	6 764,720,884	791,268,396
Long term deposits	2,165,101	2,165,101
CURRENT ASSETS		
Stores and spares	23,781,911	8,223,372
Stock-in-trade	7 605,542,431	442,069,309
Trade debts	326,656,751	308,501,570
Loans and advances	5,238,876	3,093,712
Trade deposits and short term prepayments	225,000	788,405
Advance income tax	14,182,484	23,221,487
Income tax refundable	9,360,484	7,092,470
Sales tax refundable	15,331,457	13,049,079
Cash and bank balances	2,463,838	1,512,585
	1,002,783,232	807,551,989
	<u>1,769,669,217</u>	<u>1,600,985,486</u>



Tayyab Noor Muhammad
Director

QUALITY TEXTILE MILLS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2012

NoteHalf Year EndedQuarter Ended	
	Dec 31, 2012 Rupees (July . December)	Dec 31, 2011 Rupees	Dec 31, 2012 Rupees (October . December)	Dec 31, 2011 Rupees
Sales	1,166,297,366	996,825,772	602,841,870	613,132,291
Cost of goods sold	8 (1,038,439,649)	(885,510,099)	(543,715,075)	(520,913,970)
Gross profit	127,857,717	111,315,673	59,126,795	92,218,321
Distribution cost	(14,838,265)	(14,286,284)	(7,854,356)	(8,877,341)
Administrative expenses	(7,368,381)	(6,778,842)	(4,052,943)	(3,958,820)
Other operating expenses	(6,353,167)	(8,275,922)	(6,353,167)	(6,977,687)
Finance cost	(26,061,548)	(21,946,404)	(13,020,882)	(16,529,657)
Other operating income	1,122,347	2,159,366	221,721	23,315
Profit before taxation	74,358,703	62,187,587	28,067,168	55,898,131
Provision for taxation	(18,424,246)	(18,982,984)	(10,744,047)	(13,083,148)
Profit after taxation	55,934,457	43,204,603	17,323,121	42,814,983
Other comprehensive income	-	-	-	-
Total comprehensive income	55,934,457	43,204,603	17,323,121	42,814,983
Earnings per share - basic and diluted	3.50	2.70	1.08	2.68

The annexed notes form an integral part of these condensed interim financial information



Noor Muhammad Hashim
Chief Executive Officer



Tayyab Noor Muhammad
Director

Karachi :
February 26, 2013

QUALITY TEXTILE MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2012

	Half Year Ended	
	Dec 31, 2012 Rupees	Dec 31, 2011 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	74,358,703	62,187,587
Adjustments for:		
Depreciation of property, plant and equipment	32,916,731	31,754,575
Provision for staff retirement gratuity	3,750,000	3,300,000
Finance cost	26,061,548	21,946,404
Loss on remeasurement of liabilities against import of machinery	-	3,081,515
Gain on disposal of property, plant and equipment	(61,904)	(1,518,920)
Operating cash flows before movements in working capital	137,025,078	120,751,161
Changes in working capital		
Decrease / (increase) in current assets		
Stores and spares	(15,558,539)	(3,643,401)
Stock-in-trade	(163,473,122)	(492,427,441)
Trade debts	(18,155,181)	(55,485,405)
Loans and advances	(2,145,164)	(44,939)
Trade deposits and short term prepayments	563,405	-
Sales tax refundable	(2,282,378)	(2,738,217)
Increase in current liabilities		
Trade and other payables	110,814,405	160,875,462
	(90,236,574)	(393,463,941)
Cash used in operations	46,788,504	(272,712,780)
Finance cost paid	(35,049,589)	(19,232,718)
Income taxes paid	(14,182,484)	(23,139,740)
Gratuity paid	(1,091,170)	(1,394,584)
Net cash used in operating activities	(3,534,739)	(316,479,822)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6,707,319)	(106,858,847)
Proceeds on disposal of property, plant and equipment	400,000	2,732,500
Net cash used in investing activities	(6,307,319)	(104,126,347)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	-	(11,800,000)
Increase in short term borrowings	366,971,034	308,419,951
Dividend paid	(7,989,059)	(55,922,328)
Net cash from financing activities	358,981,975	240,697,623
Net increase / decrease in cash and cash equivalents (A+B+C)	349,139,917	(179,908,546)
Cash and cash equivalents at beginning of the year	(360,682,772)	(121,146,774)
Cash and cash equivalents at end of the period	(11,542,855)	(301,055,320)
<i>Cash and cash equivalents</i>		
Cash and bank balances	2,463,838	2,188,958
Running finances	(14,006,693)	(303,244,278)
	(11,542,855)	(301,055,320)

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



Noor Muhammad Hashim
Chief Executive Officer



Tayyab Noor Muhammad
Director

QUALITY TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2012

	Share Capital	Unappropriated profit Rupees	Total
Balance at July 1, 2011	159,778,080	367,239,830	527,017,910
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred tax		4,073,669	4,073,669
Transactions with owners			
Final cash dividend for the year ended June 30, 2011 @ Re. 3.5/- per share		(55,922,328)	(55,922,328)
Total Comprehensive Income			
Profit for the period ended December 31, 2011	-	43,204,603	43,204,603
Other comprehensive income - net of tax	-	-	-
	-	43,204,603	43,204,603
Balance at December 31, 2011	159,778,080	358,595,774	518,373,854
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred tax		4,036,936	4,036,936
Transactions with owners			
Interim cash dividend @ Rs. 1/- per share		(15,977,808)	(15,977,808)
Total Comprehensive Income			
Profit for the period ended June 30, 2012	-	23,198,725	23,198,725
Other comprehensive income - net of tax	-	-	-
	-	23,198,725	23,198,725
Balance at June 30, 2012	159,778,080	369,853,627	529,631,707
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred tax		5,458,448	5,458,448
Transactions with owners			
Final cash dividend for the year ended June 30, 2012 @ Rs. 0.5/- per share		(7,989,059)	(7,989,059)
Total Comprehensive Income			
Profit for the period ended December 31, 2012	-	55,934,457	55,934,457
Other comprehensive income - net of tax	-	-	-
	-	55,934,457	55,934,457
Balance at December 31, 2012	159,778,080	423,257,473	583,035,553

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



Noor Muhammad Hashim
Chief Executive Officer

Karachi :
February 26, 2013

QUALITY TEXTILE MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2012

1. GENERAL INFORMATION

- 1.1 Quality Textile Mills Limited (the Company) was incorporated in Pakistan on May 03, 1988 as a public company limited by shares under the Companies Ordinance, 1984. The Company is currently listed on Karachi Stock Exchange. The principal activity of the Company is manufacturing and sale of yarn. The registered office of the Company is situated at 2nd floor, Ali Bhai Centre P.E.C.H.S. Block-2, Karachi in the province of Sindh. The Company's manufacturing facilities are located at Ferozwattowan in the province of Punjab.
- 1.2 The condensed interim financial information are presented in Pak Rupees, which is the Company's functional and presentation currency.
- 1.3 The condensed interim financial information have been prepared under the historical cost convention modified by: -
 - revaluation of certain property, plant and equipment;
 - certain financial instruments at fair value; and
 - recognition of certain employees retirement benefits at present value
- 1.4 This condensed interim financial information is unaudited but subject to limited scope review by external auditors of the company in accordance with the requirements of clause (xxi) of the Code of Corporate Governance and they have issued their review report thereon and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and also presented in accordance with the listing Regulations of Karachi Stock Exchange. This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 1.5 The accounting policies and methods of computation followed in the preparation of the six month condensed interim financial information are the same as those of the published annual audited financial statements for the year ended June 30, 2012. This condensed interim financial information does not include all of the information required for annual financial statements and therefore should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2012.
- 1.6 The comparative balance sheet presented has been extracted from annual audited financial statements for the year ended June 30, 2012, whereas comparative condensed profit and loss account, condensed cash flow statement and condensed statement of changes in equity are stated from the unaudited condensed interim financial information for the six months ended December 31, 2011.

2. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan for interim financial reporting requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing this condensed interim financial information, the significant judgments made by the management in applying the company's accounting policies and the key source of estimation and uncertainty were the same as those that applied to the annual audited financial statements as at and for the year ended June 30, 2012.

3. FINANCIAL RISK MANAGEMENT

The company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended June 30, 2012.

	(Unaudited) Dec 31, 2012 Rupees	(Audited) June 30, 2012 Rupees
4. SHORT TERM BORROWINGS		
<i>Secured</i>		
<i>From banking companies- secured</i>		
Running finances	14,006,693	362,195,357
Foreign currency export finance	207,829,661	237,751,423
Murabaha finance	396,892,796	-
	<u>618,729,150</u>	<u>599,946,780</u>

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There is no change in contingencies as disclosed in the annual audited financial statements for the year ended June 30, 2012.

5.2 Commitments

Outstanding letters of credit for import of:

- Plant and Machinery	107,636,214	-
- Raw material	84,181,714	-
- Stores and spares	-	2,429,100
Local bills discounted with recourse	54,075,125	27,996,120

6. ACQUISITION AND DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

During the period following addition and deletion were made:

	(Unaudited) December 31, 2012		(Unaudited) June 30, 2011	
	Additions /	Disposal at carrying Value	Additions /	Disposal at carrying Value/ transferred to fixed assets *
Rupees.....			
<i>Assets</i>				
Plant and machinery	225,000	-	118,052,417	(1,213,580)
Office equipment	-	-	70,050	-
Vehicles	-	(338,096)	42,500	-
	<u>225,000</u>	<u>(338,096)</u>	<u>118,164,967</u>	<u>(1,213,580)</u>
<i>Capital work in progress</i>				
Building on freehold land	6,482,319	-	-	-
Plant and machinery	-	-	106,446,297	(117,752,417)
	<u>6,482,319</u>	<u>-</u>	<u>106,446,297</u>	<u>(117,752,417)</u>

7. STOCK IN TRADE

	Note	(Unaudited) December 31 2012 Rupees	(Audited) June 30 2012 Rupees
Raw material	7.1	539,414,870	375,365,600
Work-in-process		14,004,555	17,670,192
Finished goods	7.2	49,863,006	46,032,728
Waste		2,260,000	3,000,789
		<u>605,542,431</u>	<u>442,069,309</u>

.....Half Year Ended.....	Quarter Ended.....	
Dec 31, 2012 Rupees	Dec 31, 2011 Rupees	Dec 31, 2012 Rupees	Dec 31, 2011 Rupees
		(October . December)	

8. COST OF GOODS SOLD

Raw material	753,371,147	636,122,906	400,501,137	354,902,061
Packing material	15,139,760	12,359,640	8,110,338	7,413,829
Stores and spares	5,876,216	7,643,335	3,593,350	4,089,235
Salaries, wages and benefits	59,171,531	42,842,325	33,040,059	25,070,122
Power and fuel	71,241,373	62,517,773	32,182,528	40,448,322
Insurance	4,500,000	4,924,157	2,250,000	2,674,157
Repairs and maintenance	2,973,180	1,890,078	853,090	1,673,859
Other manufacturing overheads	766,722	804,548	315,654	326,207
Depreciation	32,472,732	31,242,065	17,321,925	16,281,783
	<u>945,512,661</u>	<u>800,346,827</u>	<u>498,168,081</u>	<u>452,879,575</u>
Work-in-process				
Opening stock	17,670,192	14,370,612	13,478,774	12,857,942
Closing stock	(14,004,555)	(16,877,206)	(14,004,555)	(16,877,206)
	<u>3,665,637</u>	<u>(2,506,594)</u>	<u>(525,781)</u>	<u>(4,019,264)</u>
Cost of goods manufactured	949,178,298	797,840,233	497,642,300	448,860,311
Finished goods				
Opening stock	49,033,517	127,319,120	43,412,941	112,002,913
Finished goods purchased	92,350,840	20,899,000	54,782,840	20,599,000
Closing stock	(52,123,006)	(60,548,254)	(52,123,006)	(60,548,254)
	<u>1,038,439,649</u>	<u>885,510,099</u>	<u>543,715,075</u>	<u>520,913,970</u>

.....Half Year Ended.....	Quarter Ended.....	
Dec 31, 2012	Dec 31, 2011	Dec 31, 2012	Dec 31, 2011
Rupees	Rupees	Rupees	Rupees
(July . December)		(October . December)	

9. RELATED PARTY TRANSACTIONS

Remuneration to :

Chief Executive Officer	360,000	360,000	180,000	180,000
Director	480,000	480,000	240,000	240,000

Chief executive officer and directors of the Company are entitled to use of company maintained vehicle.


10. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial information was authorized for issue on February 26, 2013 by the Board of Directors of the company.

11. GENERAL

Figures have been rounded off to the nearest Rupee.


Noor Muhammad Hashim
Chief Executive Officer


Tayyab Noor Muhammad
Director

HALF YEARLY ACCOUNTS DECEMBER 31, 2012



Quality Textile Mills Limited

**BOOK POST
PRINTED MATTER**

UNDER POSTAL CERTIFICATE

Quality Textile Mills Limited

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Web: www.qualitytextile.com
E-mail: qualitytextilemills@yahoo.com

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