





**Quetta Textile Mills Limited**

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**COMPANY INFORMATION**

**BOARD OF DIRECTORS**

Mr. Tauqir Tariq	Chairman
Mr. Tariq Iqbal	Chief Executive
Mr. Asim Khalid	Director
Mr. Omer Khalid	Director
Mrs. Saima Asim	Director
Mrs. Tabbasum Tariq	Director
Mrs. Sadaf Khalid	Director
Mr. Major Rtd. Muhammad Saeed	Independent Director

**AUDIT COMMITTEE**

Chairman	Mr. Major Rtd. Muhammad Saeed
Member	Mrs. Tabbasum Tariq
Member	Mrs. Sadaf Khalid

**HUMAN RESOURCE & REMUNERATION COMMITTEE**

Chairman	Mrs. Tabbasum Tariq
Member	Mrs. Saima Asim
Member	Mrs. Sadaf Khalid

**CHIEF FINANCIAL OFFICER**

Mr. Omer Khalid

**COMPANY SECRETARY**

Mr. Muhammad Sohrab Ghani

**AUDITORS**

Mushtaq and Company  
Chartered Accountants

**BANKERS**

Allied Bank Limited  
Al-Baraka Bank (Pakistan) Limited  
Bank Alfalah Limited  
Burj Bank Limited  
Bank Islami (Pakistan) Limited  
Dubai Islamic Bank (Pakistan) Limited  
Faysal Bank Limited  
HBL Bank Limited  
Habib Metro 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

**WEB SITE ADDRESS**

[www.quettagroup.com](http://www.quettagroup.com)



## DIRECTORS' REPORT

Assalam-o-Alaikum,

Dear Shareholders:

We present to you the results of the company for the half year & quarter ended December 31, 2017.

Your company made a pre-tax loss of Rs. 384.707 million, as compared to last half-yearly pre-tax loss of Rs. 461.844 million. Turnover for the half yearly ended was Rs. 1.512 billion, as compared to corresponding last half-yearly sales of Rs. 2.331 billion. Pre-tax loss as a percentage comes to 25.43% for the half-year ended on December 31, 2017, as compared to 19.81% which was corresponding last half-yearly pre-tax loss as a percentage. This reflects increase in loss by 5.62% as a percentage. This increase in percentage of loss caused due to decrease in turnover by Rs. 818.675 million as compare to preceding half year.

Cotton and yarn prices have been very volatile in the past few months. However, yarn prices still remain subdued, but on the other hand cotton prices have remained firm. Increase in energy costs due to increase in gas/electric tariff have increased our costs.

To continue as a 'going concern', the management has proposed a "Repayment Scheme" which is to sell existing units at Kotri. Some proceeds are to be used to settle re-structured loans and other short-term and long-term in 3 phases. Balance proceeds to be injected as working capital for Bhai Pheru units to achieve 90% or above production & efficiency. This "Repayment Scheme" will turn the negative indicators to positive ones in 2-3 years.

Electricity tariffs are expected to come down, as advised by the government in their recent announcement. This will help us become viable, and will eventually help our bottom line.

The directors' plan to inject an amount of around Rs. 50 million in the shape of "directors' loan to the company" within this financial year.

I would like to thank all the staff and workers of the company and the supporting financial institutions for their confidence and efforts during this difficult time.

For and on behalf of the Board of Directors

Tariq Iqbal  
Chief Executive Officer

Asim Khalid  
Director

Dated: February 27, 2018  
Karachi:



ڈائریکٹران کی رپورٹ

السلام علیکم!

معزز شیئر ہولڈرز:

ہم کمپنی کے ششماہی اور سہ ماہی پختہ 31 دسمبر 2017 کے نتائج پیش کر رہے ہیں۔

موجودہ سال کی پہلی ششماہی میں آپ کی کمپنی کو قبل از ٹیکس خسارہ 384.707 ملین روپے ہوا جبکہ گزشتہ سال کی پہلی ششماہی میں قبل از ٹیکس خسارہ 461.844 ملین روپے تھا۔ ششماہی کے اختتام پر فروخت 1.512 ملین روپے رہی جو کہ گزشتہ سال اسی مدت میں فروخت 2.331 ملین روپے تھی۔ ششماہی پختہ 31 دسمبر 2017 کا قبل از ٹیکس خسارہ کل فروخت کا 25.43 فیصد رہا، جبکہ گزشتہ سال اسی ششماہی میں 19.81 فیصد تھا۔ اس طرح خسارہ 5.62 فیصد اضافے کی عکاسی کرتا ہے۔ خسارہ کے فیصد میں اضافہ کی وجہ فروخت میں 818.675 ملین روپے گزشتہ سال کے مقابلے میں کمی ہے۔

کپاس اور یارن کی قیمتیں پچھلے چند ماہ سے انتہائی نازک سطح پر رہی ہیں۔ تاہم یارن کی قیمتیں تھوڑا بہت عدم استحکام کا شکار رہیں جبکہ دوسری جانب کپاس کی قیمتیں مستحکم رہیں۔ توانائی کی لاگت میں اضافہ کی وجہ بجلی / گیس کے نرخوں میں اضافہ ہے جس کی وجہ سے ہماری لاگوٹوں میں اضافہ ہوا۔

”پتلے ہونے ادارے“ کو جاری رکھنے کے لئے انتظامیہ نے ایک ”واپس ادائیگی اسکیم“ کے تحت موجودہ کو فری پوٹس کو فروخت کرنے کی تجویز دی ہے۔ فروخت سے حاصل ہونے والی کچھ رقم کو از سر نو ساخت شدہ قرضوں اور دیگر قلیل مدتی اور طویل مدتی قرضوں کی ادائیگی کے لئے تین مراحل میں استعمال کیا جائے گا۔ فروخت سے حاصل ہونے والی بقایا رقم کو جاری سرمائے کے طور پر بھائی بیرو پوٹس کی 90 فیصد یا اس سے اوپر پیداوار اور استعداد کے حصول کے لئے استعمال کیا جائے گا۔

امید ہے کہ بجلی کے نرخ کم ہو جائیں گے جیسا کہ حکومت نے اپنے حالیہ اعلان میں کہا ہے۔ جس کی وجہ سے ہمیں کچھ استحکام نصیب ہو جائے گا جو کہ ہمیں چلی سطح تک مدد فراہم کرے گی۔

موجودہ سال میں ڈائریکٹرز نے ”کمپنی پر ڈائریکٹران کے واجبات“ کی مدتیں 50 ملین روپے دینے کا منصوبہ ترتیب دیا ہے۔

میں اس مشکل وقت میں کمپنی کے تمام عملے اور مزدوروں اور مددگار مالیاتی اداروں کے اعتماد اور کوششوں کا شکر گزار ہوں۔

برائے و خجانب

محمد سعید  
عاصم خالد  
ڈائریکٹر

محمد سعید  
طارق اقبال  
چیف ایگزیکٹو آفیسر

مورخہ 27 فروری 2018

کراچی

# MUSHTAQ & CO.

## CHARTERED ACCOUNTANTS

407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 Fax: 32639843

Branch Office: 501-B, City Towers, Main Boulevard, Lahore. Tel: 35788637-8 Fax: 35788626

Email Address: mushtaq\_vohra@hotmail.com



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### REVIEW REPORT ON CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

For the period ended Dec 31, 2017

#### Introduction

We have reviewed the accompanying condensed interim balance sheet of **Quetta Textile Mills Limited** as at December 31, 2017, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this 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 interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2017 and December 31, 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

#### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of the persons responsible for 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 interim financial information for the half year ended December 31, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

# MUSHTAQ & CO.

## CHARTERED ACCOUNTANTS

407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 Fax: 32639843

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Email Address: mushtaq\_vohra@hotmail.com



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### Emphasis of Matter

Without qualifying our opinion, we draw attention to note 2.1 in the Interim financial information which indicates that the company incurred a net loss of Rupees 119.61 million during the half year ended December 31, 2017 and, as of that date, the company's current liabilities exceeds its current assets by Rupees 3,433.20 million (June 30, 2017: Rs. 2,666.176). These conditions, along with other matters as explained in note 2.2 to 2.5 indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. These interim financial information, however, have been prepared on the going concern basis on the assumptions as detailed in aforesaid note

KARACHI:

Date: 27-02-2018

**MUSHTAQ & COMPANY**

Chartered Accountants

**Engagement Partner:**

Mushtaq Ahmed Vohra

FCA



# QUETTA TEXTILE MILLS LIMITED

## Condensed Interim Balance Sheet (Un-audited) As at December 31, 2017

		Audited	
	Note	31-Dec-17 Rupees	30-Jun-17 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	5,374,562,712	5,503,696,678
Long term deposits		70,467,715	70,467,715
		5,445,030,427	5,574,164,393
<b>CURRENT ASSETS</b>			
Stores, spare and loose tools		460,474,918	387,077,985
Stock in trade	6	1,064,638,820	1,117,749,453
Trade debts		330,779,260	168,042,069
Other financial assets		109,039	139,553
Loans and advances		54,229,744	74,618,163
Trade deposits and short term prepayments		4,326,711	9,894,734
Income tax and sales tax refundable		158,977,695	169,679,572
Cash and bank balances		58,398,505	59,396,241
		2,131,934,691	1,986,597,770
		<u>7,576,965,118</u>	<u>7,560,762,163</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorised capital</b>			
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	130,000,000
Reserves		(918,884,576)	(827,214,752)
		(788,884,576)	(697,214,752)
Surplus on revaluation of property, plant and equipment		1,381,107,432	1,407,091,643
		592,222,857	709,876,891
<b>NON CURRENT LIABILITIES</b>			
Long term finance		843,224,437	955,810,417
Redeemable capital - Sukuk		114,265,026	190,678,823
Liabilities against assets subject to finance lease		9,540,145	10,731,902
Deferred liabilities		452,575,057	729,300,150
		1,419,604,665	1,886,521,292
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,171,612,114	834,869,984
Accrued interest / mark-up		692,092,617	559,232,481
Short term borrowings		2,683,640,367	2,745,183,687
Loan from directors and others		25,849,778	25,816,588
<i>Current portion of</i>			
Long term finances		427,783,109	311,589,581
Redeemable capital - Sukuk		549,072,617	472,658,820
Liabilities against assets subject to finance lease		15,086,995	15,012,839
		5,565,137,597	4,964,363,980
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	<u>7,576,965,118</u>	<u>7,560,762,163</u>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial information.

Chief Executive

Director

Chief Financial Officer





# QUETTA TEXTILE MILLS LIMITED

## Condensed Interim Profit and Loss Account (Un-Audited) For the half year ended December 31, 2017

	Half Year Ended		Quarter Ended	
	31-Dec-17 Rupees	31-Dec-16 Rupees	31-Dec-17 Rupees	31-Dec-16 Rupees
Sales	1,512,597,694	2,331,273,360	882,278,160	1,259,200,470
Cost of sales	(1,689,905,890)	(2,573,833,811)	(967,592,368)	(1,318,102,573)
<b>Gross (loss)</b>	<b>(177,308,196)</b>	<b>(242,560,451)</b>	<b>(85,314,208)</b>	<b>(58,902,103)</b>
Distribution cost	(17,045,267)	(17,365,769)	(9,201,736)	(6,616,849)
Administrative expenses	(29,482,301)	(30,390,528)	(15,648,861)	(15,954,230)
Finance cost	(162,028,381)	(171,587,002)	(79,013,254)	(83,837,613)
	(208,555,949)	(219,343,299)	(103,863,851)	(106,408,692)
<b>(Loss) from operations</b>	<b>(385,864,145)</b>	<b>(461,903,750)</b>	<b>(189,178,059)</b>	<b>(165,310,795)</b>
Other income	1,157,058	58,828	(539,071)	5,800
<b>(Loss) before taxation</b>	<b>(384,707,087)</b>	<b>(461,844,922)</b>	<b>(189,717,130)</b>	<b>(165,304,995)</b>
Taxation	265,096,542	(27,010,247)	265,313,489	(35,570,854)
<b>(Loss)/profit after taxation</b>	<b>(119,610,545)</b>	<b>(488,855,169)</b>	<b>75,596,359</b>	<b>(200,875,849)</b>
<b>(Loss) / earnings per share - basic and diluted</b>	<b>(9.20)</b>	<b>(37.60)</b>	<b>5.82</b>	<b>(15.45)</b>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial information.

  
Chief Executive

  
Director

  
Chief Financial Officer



# QUETTA TEXTILE MILLS LIMITED

## Condensed Interim Statement of Comprehensive Income (Un-audited) For the half year ended December 31, 2017

	Half Year Ended		Quarter Ended	
	31-Dec-17 Rupees	31-Dec-16 Rupees	31-Dec-17 Rupees	31-Dec-16 Rupees
(Loss)/profit after taxation	(119,610,545)	(488,855,169)	75,596,359	(200,875,849)
Other comprehensive income for the period				
<b>Items that may not be re-classified subsequently to Profit and loss :</b>				
Actuarial loss on remeasurement of employees retirement benefits - gratuity	2,463,896	(4,764,955)	1,231,948	2,390,775
Related deferred tax on remeasurement of employees retirement benefits - gratuity	(507,385)	504,704	(253,776)	(264,680)
	1,956,511	(4,260,251)	978,172	2,126,095
<b>Total comprehensive (Loss) / income for the period</b>	<b>(117,654,034)</b>	<b>(493,115,419)</b>	<b>76,574,531</b>	<b>(198,749,754)</b>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial information.

  
Chief Executive

  
Director

  
Chief Financial Officer



# QUETTA TEXTILE MILLS LIMITED

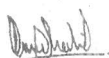
## Condensed Interim Cash Flow Statement (Un-audited) For the half year ended December 31, 2017

	31-Dec-17 Rupees	31-Dec-16 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) form operation	(384,707,087)	(461,844,922)
<b>Adjustments for:</b>		
Depreciation	129,223,755	136,395,618
Finance cost	162,028,381	171,587,002
Provision for gratuity	16,771,698	32,286,347
Provision for appreciation/diminution in the value of investment	30,515	(58,828)
	<u>308,054,349</u>	<u>340,210,139</u>
Profit before working capital changes	(76,652,738)	(121,634,783)
<b>(Increase) / decrease in current assets</b>		
Stores, spare parts and loose tools	(73,396,933)	20,511,973
Stock in trade	53,110,633	(159,771,161)
Trade debts	(162,737,191)	(42,264,361)
Loans and advances	20,388,419	(10,896,670)
Trade deposits and short term prepayments other receivable & sales tax	7,217,628	9,893,435
	<u>(155,417,444)</u>	<u>(182,526,784)</u>
<b>(Decrease) / increase in current liabilities</b>		
Trade and other payables	337,767,435	417,682,255
Cash generated from operations	<u>105,697,253</u>	<u>113,520,689</u>
Finance cost paid	(29,168,245)	(81,665,305)
Taxes paid	(9,052,272)	(14,065,328)
Long term deposits	-	(8,043,029)
Staff retirement benefits - gratuity	(9,364,498)	(15,734,620)
	<u>(47,585,015)</u>	<u>(119,508,282)</u>
<b>Net cash (used)/ generated from operating activities</b>	<b>58,112,238</b>	<b>(5,987,593)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property, plant and equipment	-	-
Fixed capital expenditure	(89,790)	(7,580,991)
<b>Net cash used in investing activities</b>	<b>(89,790)</b>	<b>(7,580,991)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing	3,607,548	213,822,626
Loan from Sponsors	33,190	14,683,377
Liabilities against assets subject to finance lease	(1,117,601)	2,425,188
Short term borrowings - net	(61,543,320)	(215,233,803)
<b>Net cash used in financing activities</b>	<b>(59,020,183)</b>	<b>15,697,388</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(97,736)</b>	<b>2,128,804</b>
Cash and cash equivalents at the beginning of the period	59,396,241	61,097,161
<b>Cash and cash equivalents at the end of the period</b>	<b>58,398,505</b>	<b>63,225,965</b>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial information.

  
Chief Executive

  
Director

  
Chief Financial Officer



# QUETTA TEXTILE MILLS LIMITED

## Condensed Interim Statement of Changes in Equity (Un-audited) For the half year ended December 31, 2017

Particulars	Share capital	Reserves					Unappropriated (loss)	Total equity
		Share premium	Capital reserves	General reserves	Loan from directors and others	Sub total		
<b>Rupees</b>								
Balance as at July 01, 2016	130,000,000	651,750,000	1,200	115,000,000	-	766,751,200	(375,202,615)	521,548,585
Total comprehensive loss for the half year ended December 31, 2016	-	-	-	-	-	-	(493,115,419)	(493,115,419)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	-	-	-	-	39,074,001	39,074,001
<b>Balance as at December 31, 2016</b>	<b>130,000,000</b>	<b>651,750,000</b>	<b>1,200</b>	<b>115,000,000</b>	<b>-</b>	<b>766,751,200</b>	<b>(829,244,033)</b>	<b>67,507,167</b>
Loss for the remaining period	-	-	-	-	-	-	(941,077,988)	(941,077,988)
Transfer (note 17.1)	-	-	-	-	160,726,470	160,726,470	-	160,726,470
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - remaining period	-	-	-	-	-	-	15,629,600	15,629,600
<b>Balance as at June 30, 2017 - Audited</b>	<b>130,000,000</b>	<b>651,750,000</b>	<b>1,200</b>	<b>115,000,000</b>	<b>160,726,470</b>	<b>927,477,670</b>	<b>(1,754,692,422)</b>	<b>(697,214,752)</b>
Total comprehensive loss for the half year ended December 31, 2017	-	-	-	-	-	-	(117,654,034)	(117,654,034)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	-	-	-	-	25,984,211	25,984,211
<b>Balance as at December 31, 2017 - Unaudited</b>	<b>130,000,000</b>	<b>651,750,000</b>	<b>1,200</b>	<b>115,000,000</b>	<b>160,726,470</b>	<b>927,477,670</b>	<b>(1,846,362,246)</b>	<b>(788,884,576)</b>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial information.

  
Chief Executive

  
Director

  
Chief Financial Officer



## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the half year ended December 31, 2017

### 1 LEGAL STATUS AND NATURE OF BUSINESS

The Company was incorporated in Pakistan as a public limited Company in January 29, 1970 under the Companies Act, 1913 (Now the Companies Ordinance, 1984). The shares of the Company are listed on Pakistan Stock Exchange. The main business of the company is manufacturing and sale of yarn and fabric. The registered office of the company is situated at ground floor Nadir House I.I Chundrigar road Karachi and factories are situated at S.I.T.E Kotri at Sindh and Bhai Pheru at Punjab .

### 2 BASIS OF PREPARATION

#### Statement of compliance

Effective 30 May 2017, the companies Act, 2017 (The Act) has been promulgated, however, the Securities and Exchange Commission of Pakistan (SECP) vide its circular No.23 of 2017 dated October 04, 2017 decided that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Furthermore, the Institute of Chartered Accountants of Pakistan also issued clarification vide its circular dated 06 October 2017 which states that the interim financial information of the companies for the periods ending on or before December 31, 2017 shall also be prepared in accordance with the provisions of the repealed Companies Ordinance 1984. Accordingly, these condensed interim financial information have been prepared in accordance with International Accounting Standard-34 'Interim Financial Reporting' and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirements differ the provision of or directive issued under the repealed Companies Ordinance, 1984 have been followed.

Currently, the company is assessing the impact of these requirement on the financial statements. It is expected that it will result in change in accounting treatments and enhanced disclosures in the financial statements which will be incorporated in the subsequent financial statements of the company.

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Accounting Standards (IAS) 34 Interim Financial Reporting as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended 30th June, 2017.

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Pakistan Stock Exchange and section 245 of the Companies Ordinance, 1984.

These condensed interim financial information comprise of condensed interim balance sheet, condensed profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes for the half year ended December 31, 2017 which have been subjected to a review but not audited. These condensed interim financial information also include the condensed interim profit and loss account for the quarter ended December 31, 2017.

#### 2.1 Going concern assumptions

During the half year, the Company incurred loss amounting to Rs. 119.61 million and has reported accumulated losses amounting to Rs. 918.884 million (June 30, 2017: Rs. 1,754.692 million). Accordingly, it resulted into negative equity of Rs. 788.884 million (June 30, 2017: Rs. 697.215 million). In addition, the Company's current liabilities exceeded its current assets by Rs. 3,433.20 million (June 30, 2017: Rs. 2,666.176 million). The main reason of loss was due to operational break down because of short of working capital which dropped the production operational efficiency and restricted to the extend 60% of available capacity. The QTML also suffered losses due to slowdown in demand for cotton yarns and fabrics in the international markets.

These interim financial information have been prepared by the management on going concern basis on the grounds that the Company will be able to achieve satisfactory levels of growth in the future based on the plans drawn up by the management for this purpose.

To substantiate its going concern assumption

- 2.2 The management of the company is negotiating an amicable settlement of further financing for working capital with the banking companies and financial institutions. Series of meetings in this regards have also been held and the matter is being persuaded aggressively with the banks and financial institutions. Management is confident to get positive response and will be able to negotiate on favorable terms with the banking companies and financial institutions in order release finance for working capital requirements to run operations smoothly.



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- 2.3 The management has prepared five years future plan showing positive growth in operation and business of the company. Management believes that, company will be able to achieve satisfactory levels of profitability in the future based on the plans drawn up by the management for this purpose;
- 2.4 Directors and sponsors of the company, have invested to Rs. 14.400 million during the year ended June 30, 2017 and they committed that they would also continue such support in future; and
- 2.5 The management has also undertaken adequate steps towards the reduction of fixed cost and expenses which are at various stages of implementation. Such steps include, but not limited to, rightsizing of the men power, resource conservation, close monitoring of other fixed cost etc. The management is certain to generate sufficient savings as consequences of adapting all such measures.
- The management anticipates that above steps will not only bring the Company out of the existing financial crisis but also contribute significantly towards the improvement of the company financial position in the foreseeable future.

### 3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1 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, 2017.

### 4 ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of these condensed interim financial information in conformity with approved accounting standards 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. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

Judgments and estimates made by management in the preparation of these condensed interim financial information are the same as those that were applied to the financial statements for the year ended June 30, 2017.

The company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2017.

### 5 PROPERTY, PLANT AND EQUIPMENT

	Note	(Un-audited)	(Audited)
		31-Dec-17	30-Jun-17
		Rupees	
Operating assets	5.1	5,372,063,802	5,501,197,768
Capital work in progress-at cost	5.2	2,498,910	2,498,910
		<u>5,374,562,712</u>	<u>5,503,696,678</u>

- 5.1 The cost of acquisition and disposal to operating assets during the half year ended December 31, 2017 were as follows:

	(Un-audited)		(Audited)		
	31-Dec-17		30-Jun-17		
	Acquisition	Disposal	Acquisition	Disposal	
		Cost		Cost	
		Rupees		Rupees	
<b>Owned assets</b>					
Plant & machinery	-	-	8,971,119	-	-
Office equipment	1,300	-	59,500	-	-
Furniture and fixture	88,490	-	229,038	-	-
Vehicles	-	-	39,000	-	-
<b>Leased assets</b>					
Vehicles	-	-	3,720,000	-	-
<b>Total</b>	<u>89,790</u>	<u>-</u>	<u>13,018,657</u>	<u>-</u>	<u>-</u>



# QUETTA TEXTILE MILLS LIMITED

## 5.2 Capital work in progress-at cost

	(Un-audited)	(Audited)
	31-Dec-17	30-Jun-17
	----- Rupees -----	
Computer software	2,498,910	2,498,910
	<u>2,498,910</u>	<u>2,498,910</u>

## 6 STOCK IN TRADE

The carrying value of pledged stock is Rs. 92,843,789 (June 30, 2017: Rs. 110,614,224).

## 7 CONTINGENCIES AND COMMITMENTS

There has been no significant change in the contingencies and commitments since the last audited financial statements except as disclosed in note 7.1 and 7.2 respectively.

	(Un-audited)	(Audited)
	31-Dec-17	30-Jun-17
	-----Rupees -----	

### 7.1 Contingencies

Bank Guarantee issued by bank on behalf of the company

259,690,796	259,690,796
-------------	-------------

#### Legal Cases

There is no changes in the legal cases other than those enclosed in the annual financial statement as on June 30, 2017.

### 7.2 Commitments

Civil works

-	-
---	---

Confirmed letter of credit in respect of:

Raw material-

-	-
---	---

Stores and spares

-	-
---	---

-	-
---	---

## 8 TRANSACTIONS WITH RELATED PARTIES

	(Un-audited)	(Un-audited)
	31-Dec-17	31-Dec-16
	-----Rupees -----	

### Transactions with related parties

### Relationship

Loan received/(repaid) - net

Key management personnel

33,190

14,683,377

Salaries and other employees benefits

Key management personnel

4,800,000

2,740,460



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## 9 SEGMENT REPORTING

The Company has three reportable segment, which offer different products and are managed separately. The following summary described the operations in each of the company's reportable segments.

Reportable segment	Principal activity
Spinning	Manufactures and sale of yarn
Weaving	Manufactures and sale of fabric
Power	Generation and Self use

Information about operating segments as at December 31, 2017 is as follows:

	Spinning	31-Dec-17		Total
		Weaving	Power	
-----Rupees-----				
Revenue from external customers	1,083,568,769	429,028,926	-	1,512,597,695
Inter-segment revenues	12,255,800	-	286,802,607	311,314,207
Segment assets	4,770,964,031	1,614,888,769	844,602,928	7,230,455,728
Segment assets-Unallocated				346,509,390
Segment liabilities	848,620,093	94,333,216	163,207,829	1,106,161,138
Segment liabilities-Unallocated	-	-	-	6,470,803,981

	Spinning	31-Dec-16		Total
		Weaving	Power	
-----Rupees-----				
Revenue from external customers	1,707,101,171	624,172,189	-	2,331,273,360
Inter-segment revenues	59,913,474	-	437,208,597	497,122,071
Segment assets	5,972,393,046	2,082,402,249	875,836,818	8,930,632,113
Segment assets-Unallocated				380,693,697
Segment liabilities	952,050,130	124,780,866	149,171,712	1,226,002,708
Segment liabilities-Unallocated	-	-	-	8,085,323,102

## 10 COMPARATIVE FIGURES

In order to comply with the requirements of International Accounting Standard 34 "Interim Financial Reporting", balance sheet has been compared with the balances of annual financial statements while profit & loss accounts has been compared with corresponding figures of last half year and quarter.

## 11 DATE OF AUTHORIZATION FOR ISSUE


These condensed interim financial information have been authorized for issue on 27-10-2018 by the board of directors of the company.

## 12 GENERAL

Figures have been rounded off to the nearest rupees.

  
Chief Executive

  
Director

  
Chief Financial Officer



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