

REVIEWED INTERIM FINANCIAL  
INFORMATION FOR THE  
HALF YEAR ENDED

December 31, 2019  
(UN-AUDITED)



QUETTA TEXTILE MILLS LIMITED



## QUETTA TEXTILE MILLS LIMITED

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## **COMPANY INFORMATION**

### **BOARD OF DIRECTORS**

Mr. Tauqir Tariq

Mr. Tariq Iqbal

Mr. Asim Khalid

Mr. Omer Khalid

Mrs. Saima Asim

Mrs. Tabbasum Tariq

Mrs. Sadaf Khalid

Mr. Major Rtd. Muhammad Saeed

Chairman

Chief Executive

Director

Director

Director

Director

Director

Mr. Major Rtd. Muhammad Saeed

### **AUDIT COMMITTEE**

Chairman

Member

Member

Mr. Major Rtd. Muhammad Saeed

Mrs. Tabbasum Tariq

Mrs. Sadaf Khalid

### **HUMAN RESOURCE & REMUNERATION COMMITTEE**

Chairman

Member

Member

Mrs. Tabbasum Tariq

Mrs. Saima Asim

Mrs. Sadaf Khalid

### **CHIEF FINANCIAL OFFICER**

### **COMPANY SECRETARY**

Mr. Nudrat Mund Khan

### **AUDITORS**

Mushtaq and Company  
Chartered Accountants

### **BANKERS**

Allied Bank Limited  
Al-Baraka Bank (Pakistan) Limited  
Bank Alfalah Limited  
Bank Islami (Pakistan) Limited  
Dubai Islamic Bank (Pakistan) Limited  
Faysal Bank Limited  
Habib 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-e-Alaikum**

Dear Shareholders:

We present to you the results of the company for the half year & quarter ended December 31, 2019.

Your company made a pre-tax loss of Rs. 375.991 million, as compared to the corresponding last half-year pre-tax loss of Rs. 215.600 million. Turnover for the half year ended was Rs. 2,474.723 million, as compared to corresponding last half year's sales of Rs. 1,872.548 (M). Pre-tax loss as a percentage comes to 15.19 % for the half-year ended on December 31, 2019, as compared to 11.51% which was corresponding last half-yearly pre-tax loss as a percentage. This reflects a increase in pre-tax loss by 31.97 % as a percentage. This decrease in percentage of loss due to increase in cost of sales by 36%.

It seems the government wants to cripple the industry of Pakistan by raising gas and electricity prices. As if this was not enough, gas and electric prices have been raised retrospective from January 2019. The Government is not honoring it's commitment of charging US\$ 0.075 all-inclusive for electric and US\$ 6.5 per mmbtu for gas.

In the end, I would like to thank all the staff and workers of the company and the supporting financial institutions for their confidence and efforts shown towards the company in its difficult time.

On behalf of the Board of Directors,

**Tariq Iqbal**

**Chief Executive Officer**

**Omer Khalid**

**Director**

Karachi:

Dated: February 28, 2020

ڈائریکٹران کی رپورٹ

اسلام علیکم!

معزز شیئر ہولڈرز:


ہم کمپنی کے ششماہی اور سہ ماہی منقسمہ 31 دسمبر 2019 نتائج پیش کر رہے ہیں۔

موجودہ سال کی پہلی ششماہی میں آپ کی کمپنی کو ازٹیکس خسارہ 375.991 ملین روپے ہوا جبکہ گزشتہ سال کی پہلی ششماہی میں قبل ازٹیکس خسارہ 215.600 ملین روپے تھا ششماہی کے اختتام پر فروخت 2474.723 ملین روپے رہی جو کہ گزشتہ سال اسی مدت میں فروخت 1,872.548 ملین روپے تھی۔ ششماہی منقسمہ 31 دسمبر 2019 کا قبل ازٹیکس خسارہ کل فروخت 15.19 فیصد رہا، جبکہ گزشتہ سال اسی ششماہی میں 11.51 فیصد تھا۔ اس طرح خسارہ 31.97 فیصد اضافے کی عکاسی کرتا ہے اس خسارہ کے فیصد میں اضافہ کی وجہ اشیاء فروخت کی لاگت میں 36 فیصد اضافہ ہے۔

ایسا لگتا ہے کہ حکومت گیس اور بجلی کی قیمتوں میں اضافہ کر کے پاکستان کی صنعت کو ختم کرنا چاہتی ہے گویا کہ یہ کافی نہیں ہے، جنوری 2019 سے گیس اور بجلی کی قیمتوں میں اضافہ ہوا ہے۔ حکومت گیس کے لیے \$ 0.075 اور بجلی کے لیے \$ 6.5 فی mmbtu کے حساب سے بلنگ کے وعدے پورا نہیں کر رہی 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 مخانب



طارق اقبال

چیف ایگزیکٹو آفیسر

مورخہ ۲۸ فروری 2020

کراچی

# MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-3

Email Address: [mushtaqco@hotmail.com](mailto:mushtaqco@hotmail.com)



## INDEPENDENT AUDITORS' REVIEW REPORT ON CONDENSED INTERIM FINANCIAL INFORMATION

TO THE MEMBERS OF QUETTA TEXTILE MILLS LIMITED

### Introduction

We have reviewed the accompanying condensed interim balance sheet of **Quetta Textile Mills Limited** as at December 31, 2019, and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flow 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, 2019 and December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

### 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.

### Basis for Qualified Conclusion

The following observations come to our knowledge during our review of interim financial information:

- a) The company has accounted for markup on outstanding balances in respect of short term borrowings, long term financing from banks at the rate of one percent per quarter instead of applicable rates. Had the company accounted for finance cost, the loss for the year would have been higher by Rs. 230.744 million approximately. Consequently the aggregate amount of accrued markup would have been increased by Rs. 230.744 million approximately and aggregate accumulated loss would have been higher by the same amount.

# MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-3

Email Address: [mushtaqco@hotmail.com](mailto:mushtaqco@hotmail.com)



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## Qualified Conclusion

Based on our review, except for the effects of the matters described in basis for qualified conclusion paragraph, this interim financial information gives a true and fair view of the financial position of the company as at 31 December, 2019, and of its financial performance and its cash flows for the half year ended December 31, 2019 in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

## Emphasis of Matter

We draw attention to note 1.3 in the interim financial information which indicates that the company incurred a net loss of Rupees 275.333 million during the half year ended December 31, 2019 and, as of that date, the company's current liabilities exceeds its current assets by Rupees 4,868.785 million. These conditions, along with other matters as explained in note 1.3 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. Our opinion is not qualified in respect of this matter.

Engagement partner on audit resulting in this independent auditor's report is **Mr. Mushtaq Ahmed Vohra, FCA.**

Karachi:

Date: 28<sup>th</sup> February, 2020



*Mushtaq Ahmed Vohra*  
MUSHTAQ & CO.  
Chartered Accountants

# QUETTA TEXTILE MILLS LIMITED

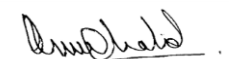
## STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

		[Un-Audited]	[Audited]
	Note	31-Dec-19 Rupees	30-Jun-19 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	5,822,805,878	5,948,633,149
Intangible assets		1,846,405	2,130,467
Long term deposits		34,334,528	34,334,528
		<b>5,858,986,811</b>	<b>5,985,098,144</b>
<b>CURRENT ASSETS</b>			
Stores and spares		376,847,569	376,075,530
Stock in trade	6	838,472,109	494,495,833
Trade debts		417,676,138	348,069,761
Other financial assets		90,866	92,679
Advances, deposits, prepayments and other receivable		71,494,717	85,301,120
Tax refund due from government		167,663,472	184,207,760
Cash and bank balances		57,320,560	61,332,016
		<b>1,929,565,431</b>	<b>1,549,574,699</b>
		<b>7,788,552,242</b>	<b>7,534,672,843</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized capital</b>			
20,000,000 (June 30, 2019: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
15,000,000 (June 30, 2019: 15,000,000) preference shares of Rs. 10 each		150,000,000	150,000,000
		<b>350,000,000</b>	<b>350,000,000</b>
Issued, subscribed and paid-up capital		130,000,000	130,000,000
Reserves		766,751,200	766,751,200
Equity portion of Loan from directors and others		212,728,470	212,728,470
Revaluation surplus on property, plant and equipment		2,246,122,175	2,287,989,493
Accumulated profit / (loss)		(2,804,318,264)	(2,569,630,354)
		<b>551,283,581</b>	<b>827,838,809</b>
<b>NON CURRENT LIABILITIES</b>			
Long term financing	7	391,120,700	323,801,185
Redeemable capital - Sukuk		-	-
Liabilities against assets subject to finance lease		2,821,597	3,745,427
Deferred liabilities		44,976,160	175,666,687
		<b>438,918,457</b>	<b>503,213,299</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,481,955,137	856,749,343
Accrued mark-up		1,095,079,634	1,008,139,867
Short term borrowings		2,435,848,735	2,660,067,734
Loan from directors and others		26,016,357	25,716,357
Current portion of			
Long term finances		1,093,631,784	973,460,636
Redeemable capital - Sukuk		611,335,643	611,335,643
Liabilities against assets subject to finance lease		17,613,646	17,332,945
Unclaimed dividend		36,467	36,467
Provision for taxation		36,832,802	50,781,743
		<b>6,798,350,205</b>	<b>6,203,620,735</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8	-	-
		<b>7,788,552,242</b>	<b>7,534,672,843</b>

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

  
Chief Executive

  
Director

  
Chief Financial Officer



# QUETTA TEXTILE MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Half Year Ended		Quarter Ended	
	31-Dec-19 Rupees	31-Dec-18 Rupees	31-Dec-19 Rupees	31-Dec-18 Rupees
Sales	2,474,723,026	1,872,548,998	1,230,345,229	888,621,233
Cost of sales	9 (2,713,775,952)	(1,994,197,045)	(1,383,006,400)	(977,930,971)
<b>Gross (loss)</b>	<b>(239,052,926)</b>	<b>(121,648,047)</b>	<b>(152,661,171)</b>	<b>(89,309,738)</b>
Other income	3,983,133	1,073,139	1,822,995	759,342
	<b>(235,069,793)</b>	<b>(120,574,908)</b>	<b>(150,838,176)</b>	<b>(88,550,396)</b>
Distribution cost	(10,222,641)	(5,918,025)	(5,377,182)	(2,573,745)
Administrative expenses	(37,202,845)	(31,346,895)	(21,361,064)	(16,491,441)
Finance cost	(93,496,652)	(57,760,323)	(48,543,807)	(11,817,236)
	<b>(140,922,138)</b>	<b>(95,025,243)</b>	<b>(75,282,053)</b>	<b>(30,882,422)</b>
<b>(Loss) before taxation</b>	<b>(375,991,931)</b>	<b>(215,600,151)</b>	<b>(226,120,229)</b>	<b>(119,432,818)</b>
Provision for taxation				
Current tax	(36,832,802)	(23,238,870)	(21,342,133)	(11,107,765)
Deferred tax	137,491,522	55,757,236	141,573,191	13,638,942
	<b>100,658,720</b>	<b>32,518,367</b>	<b>120,231,058</b>	<b>2,531,177</b>
<b>(Loss) for the half year</b>	<b>(275,333,210)</b>	<b>(183,081,784)</b>	<b>(105,889,170)</b>	<b>(116,901,641)</b>
<b>(Loss)/earnings per share - basic and diluted</b>	<b>(21.18)</b>	<b>(14.08)</b>	<b>(8.15)</b>	<b>(8.99)</b>

The annexed notes 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, 2019

	Half Year Ended		Quarter Ended	
	31-Dec-19 Rupees	31-Dec-18 Rupees	31-Dec-19 Rupees	31-Dec-18 Rupees
<b>(Loss) for the half year</b>	<b>(275,333,210)</b>	<b>(183,081,784)</b>	<b>(105,889,170)</b>	<b>(116,901,641)</b>
<b>Other comprehensive income-</b>				
<b>Items that may not be re-classified subsequently to Profit or loss :</b>				
Actuarial loss on remeasurement of employees retirement benefits - gratuity	(1,692,595)	6,402,340	(2,538,893)	6,402,340
Related deferred tax on remeasurement of employees retirement benefits - gratuity	470,577	(1,180,849)	705,368	(1,180,849)
<b>Other comprehensive income for the half year</b>	<b>(1,222,018)</b>	<b>5,221,491</b>	<b>(1,833,525)</b>	<b>5,221,491</b>
<b>Total comprehensive (Loss) for the half year</b>	<b>(276,555,228)</b>	<b>(177,860,293)</b>	<b>(107,722,695)</b>	<b>(111,680,150)</b>

*The annexed notes 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, 2019

	Share Capital	Reserves			Sub total	Loan from directors and others	Revaluation surplus on property, plant and equipment	Accumulated profit / (loss)	Total equity
		Share premium	Capital reserve	General reserve					
<b>R u p e e s</b>									
<b>Balance as at July 01, 2018 - Audited</b>	130,000,000	651,750,000	1,200	115,000,000	766,751,200	212,728,470	2,350,570,116	(2,260,536,882)	1,199,512,904
Net (loss) for the half year	-	-	-	-	-	-	-	(183,081,784)	(183,081,784)
Total comprehensive (loss) for the half year	-	-	-	-	-	-	-	5,221,491	5,221,491
	-	-	-	-	-	-	-	(177,860,293)	(177,860,293)
Revaluation surplus on property, plant and equipment (incremental depreciation) - net of deferred tax	-	-	-	-	-	-	(44,070,861)	44,070,861	-
<b>Balance as at December 31, 2018</b>	130,000,000	651,750,000	1,200	115,000,000	766,751,200	212,728,470	2,306,499,255	(2,394,326,314)	1,021,652,611
(Loss) for the remaining period	-	-	-	-	-	-	-	(185,822,061)	(185,822,061)
Comprehensive (loss) for the remaining period	-	-	-	-	-	-	-	(7,991,741)	(7,991,741)
	-	-	-	-	-	-	-	(193,813,802)	(193,813,802)
Revaluation surplus on property, plant and equipment (incremental depreciation) - net of deferred tax	-	-	-	-	-	-	(18,509,762)	18,509,762	-
<b>Balance as at July 01, 2019 - Audited</b>	130,000,000	651,750,000	1,200	115,000,000	766,751,200	212,728,470	2,287,989,493	(2,569,630,354)	827,838,809
Net (loss) for the half year	-	-	-	-	-	-	-	(275,333,210)	(275,333,210)
Total comprehensive (loss) for the half year	-	-	-	-	-	-	-	(1,222,018)	(1,222,018)
	-	-	-	-	-	-	-	(276,555,228)	(276,555,228)
Revaluation surplus on property, plant and equipment (incremental depreciation) - net of deferred tax	-	-	-	-	-	-	(41,867,318)	41,867,318	-
<b>Balance as at December 31, 2019</b>	<b>130,000,000</b>	<b>651,750,000</b>	<b>1,200</b>	<b>115,000,000</b>	<b>766,751,200</b>	<b>212,728,470</b>	<b>2,246,122,175</b>	<b>(2,804,318,264)</b>	<b>551,283,581</b>

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

  
Chief Executive

  
Director

  
Chief Financial Officer

# QUETTA TEXTILE MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Half Year Ended	
	31-Dec-19 Rupees	30-Dec-18 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) before taxation	(375,991,931)	(215,600,151)
<b>Adjustments for:</b>		
Depreciation	125,115,009	131,480,892
Amortization	284,062	284,062
Finance cost	93,496,652	57,760,323
Provision for appreciation in the value of investment	1,813	(10,047)
Profit on sale of property, plant and equipment	(685,739)	-
Provision for gratuity	17,289,536	13,569,400
	<b>235,501,333</b>	<b>203,084,630</b>
(Loss) before working capital changes	(140,490,597)	(12,515,521)
<b>(Increase) / decrease in current assets</b>		
Stores, spare parts and loose tools	(772,039)	7,395,118
Stock in trade	(343,976,276)	76,897,008
Trade debts	(69,606,377)	(11,421,047)
Advances, deposits, prepayments and other receivable	13,806,403	7,284,498
	<b>(400,548,289)</b>	<b>80,155,577</b>
<b>(Decrease) / increase in current liabilities</b>		
Trade and other payables	645,105,837	(11,452,658)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	104,066,950	56,187,398
Long term deposits	-	(90,000)
Interest paid	(9,009,888)	(3,394,796)
Gratuity paid	(10,017,964)	(9,260,502)
Taxes paid	(53,377,090)	(19,551,509)
	<b>(72,404,942)</b>	<b>(32,296,807)</b>
<b>Cash flows from operating activities</b>	<b>31,662,009</b>	<b>23,890,591</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(487,000)	(1,766,700)
Proceeds from sale of property, plant and equipment	1,885,000	1,750,000
<b>Cash (used in) investing activities</b>	<b>1,398,000</b>	<b>(16,700)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finances	187,490,663	-
Redeemable capital - Sukuk	-	-
Liabilities against assets subject to finance lease	(643,129)	(1,423,237)
Short term borrowings	(224,218,999)	(15,988,214)
Loans from directors & others	300,000	(30,875)
	<b>(37,071,465)</b>	<b>(17,442,326)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(4,011,456)</b>	<b>6,431,565</b>
Cash and cash equivalent at the beginning of the half year	61,332,016	60,805,445
<b>Cash and cash equivalent at the end of the half year</b>	<b>57,320,560</b>	<b>67,237,010</b>

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

  
Chief Executive

  
Director

  
Chief Financial Officer

# QUETTA TEXTILE MILLS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

### 1 SELECTED EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

1.1 The Company was incorporated in Pakistan as a public limited Company in January 29, 1970 under the Companies Act, 1913 (repealed) (now The Companies' Act 2017) as a public limited company. The shares of the Company are listed on Pakistan Stock Exchange. The registered office of the company is situated at ground floor Nadir House I.I Chundrigarh road Karachi. The company is principally engaged in manufacturing and sale of Yarn and Fabric.

#### 1.2 Geographical location and address of business units

Registered Office	Nadir House, Ground Floor, I.I. Chundrigar Road, Karachi.
Sub Office	7-8/A, Justice Sardar Iqbal Road, Gulberg V, Lahore.
Mills	P/3, S.I.T.E., Kotri. B/4, S.I.T.E., Kotri. 49 K.M., Lahore, Multan Road, Bhai Pheru.

#### 1.3 Going concern assumptions

During the period, the Company incurred loss amounting to Rs. 275.333 million (Dec 31, 2018: Rs. 183.081 million) and has reported accumulated losses amounting to Rs. 2,804.318 million (June 30, 2019 : Rs. 2,569.630 million) as at period end. In addition, the Company's current liabilities exceeded its current assets by Rs. 4,868.785 million (June 30, 2019: Rs. 4,654.046 million) as at the period end. 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 70% of available capacity. The QTML also suffered losses due to slowdown in demand for cotton yarns and fabrics in the international markets.

These financial statements 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:

- 1.3.1 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 favourable terms with the banking companies and financial institutions in order release finance for working capital requirements to run operations smoothly.
- 1.3.2 The management has prepared five years future plan showing positive growth in operation and business of the company which is supported by increase in production of yarn during the year. 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;
- 1.3.3 During the financial year on June 2019, the company's weaving mills sales suffered due to adverse market conditions. However the management decided to convert operations to conversion by doing job work. Now we have orders and are continuing operations on mostly conversion basis.
- 1.3.4 Directors and sponsors of the company, they committed that they would also continue such support in future; and
- 1.3.5 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.
- 1.3.6 During the period, the term finance and cash finance facilities from banks have been restructured which is disclosed in note no.7 to the condensed interim financial information.
- 1.4 These condensed interim financial information have been prepared in accordance with the International Financial Reporting Standards, International Accounting Standards (IAS) 34: Interim Financial Reporting as notified under the Companies Act, 2017 and the directives issued under the Act and in compliance with the requirement of section 237 of the Companies Act, 2017 and Rule Book of the Pakistan Stock Exchange Limited.
- 1.5 This condensed interim financial information has been prepared under 'historical cost convention' modified by:
- \* certain items of property, plant and equipment which have been included at revalued amount;
  - \* financial instruments at fair value; and
  - \* recognition of certain staff retirement benefits at present value

## **QUETTA TEXTILE MILLS LIMITED**

1.6 The accounting policies and methods of computation followed in the preparation of the half yearly financial statements are the same as those of the published annual financial statements for the period ended June 30, 2019.

### **2 Basis of Preparation**

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Finance Reporting Standard (IFRS) 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 June 30, 2019.

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Karachi, Lahore and Islamabad Stock Exchanges and section 237(2) of the Companies Act, 2017.

These condensed financial statements comprise of condensed interim balance sheet, 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 for the half year ended December 31, 2019.

### **3 Significant Accounting Policies**

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 June 30, 2019 except of change referred to in note 4.

### **4 New/ Revised Standards, Interpretations and Amendments**

The company has adopted the following standards and improvements to IFRSs which became effective for the current period:

#### ***Standards or Interpretation***

IFRS- 16

IFRS- 9

IAS- 19

IAS- 28

IFRIC- 23

Improvements to accounting standards issued by the IASB in December 2017.

IFRS- 3 Business combinations - Previously held interests in a joint operation

IFRS- 11 Joint arrangements - Previously held interests in a joint operation

IAS- 12 Income taxes- Income tax consequences of payments on financial instruments classified as equity

IAS- 23 Borrowing costs - Borrowing costs eligible for capitalization

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the company's financial statements.

# QUETTA TEXTILE MILLS LIMITED

## 5 PROPERTY, PLANT AND EQUIPMENT

	Note	(Un-audited)	(Audited)
		31-Dec-19	30-Jun-19
		----- Rupees -----	-----
Operating assets	5.1	<b>5,822,805,878</b>	5,948,633,149
		<b><u>5,822,805,878</u></b>	<u>5,948,633,149</u>

5.1 The cost of acquisition and disposal to operating assets during the half year ended December 31, 2019 were as follows:

	(Un-audited)		(Audited)	
	31-Dec-19		30-Jun-19	
	Acquisition	Disposal	Acquisition	Disposal
	Cost		Cost	
		----- Rupees -----	----- Rupees -----	-----
<b>Owned assets</b>				
Freehold land	-	-	-	-
Plant & machinery	-	-	19,584,857	-
Office equipment's	<b>487,000</b>	-	-	-
Vehicles	-	<b>2,930,220</b>	1,766,700	1,800,000
<b>Total</b>	<b><u>487,000</u></b>	<b><u>2,930,220</u></b>	<b><u>21,351,557</u></b>	<b><u>1,800,000</u></b>

## 6 STOCK IN TRADE

The carrying value of pledged stock is Rs. NIL (June 30, 2019: Rs. 17,797,538/-).

## 7 Long term financing

7.1 During the period, Term Finance Facility of Rs.160 million has been classified as long term as a result of restructuring with bank. The amount is adjustable in 6 years with 1 year grace period and repayable in 20 quarterly installment of Rs. 8 million each.

7.2 During the period, Cash Finance Facility of Rs.28.49 million along with over due mark up of Rs3.79 million [as on 31.03.2019] and future markup @ 7.00% or Cost of Funds (which ever is higher) from 01-04-2019 till the complete adjustment of CF-Hypo Facility [principal amount]; by way of filing settlement agreement before the Banking Court No. IV, Karachi.

## 8 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-19	30-Jun-19
		-----Rupees -----

### 8.1 Contingencies

Bank Guarantee issued by bank on behalf of the company

**247,962,619** 219,558,594

There is no change in the legal cases other than those enclosed in the annual financial statement as on June 30, 2019.

### 8.2 Commitments

Confirmed letter of credit in respect of:

Stores and spares

**24,282,837** 8,006,410

**24,282,837** 8,006,410

# QUETTA TEXTILE MILLS LIMITED

## 9 COST OF SALES

	(Un-audited)	(Un-audited)
	31-Dec-19	31-Dec-18
	-----Rupees -----	
Raw material consumed	1,686,943,727	1,233,486,503
Salaries, wages and benefits	370,049,536	287,135,702
Stores and spares consumed	109,324,463	79,273,053
Fuel, power and water	607,247,079	280,449,882
Rent, rates and taxes	6,072,347	1,060,597
Insurance expenses	5,932,874	7,623,214
Repairs and maintenance	1,815,110	1,479,687
Vehicle running and maintenance	6,214,801	5,794,447
Entertainment expenses	1,629,559	893,048
Communication expenses	470,268	379,957
Legal & professional charges	20,000	-
Printing and stationery	274,462	114,614
Subscription	179,680	86,588
Travelling	485,690	315,120
Other expenses	357,669	2,686,783
Depreciation expenses	106,445,488	111,433,861
	<u>2,903,462,753</u>	<u>2,012,213,056</u>
<b>Work in process</b>		
Opening stock	72,470,782	33,483,618
Closing stock	(78,370,917)	(46,142,648)
	(5,900,135)	(12,659,030)
<b>Cost of goods manufactured</b>	<u>2,897,562,618</u>	<u>1,999,554,026</u>
<b>Finished goods</b>		
Opening balance	316,332,333	363,750,270
Goods purchase:		
Yarn Purchase	-	-
Closing stock	(500,118,999)	(369,107,251)
	(183,786,666)	(5,356,981)
	<u>2,713,775,952</u>	<u>1,994,197,045</u>

## 10 TRANSACTIONS WITH RELATED PARTIES

	(Un-audited)	(Un-audited)
	31-Dec-19	31-Dec-18
	-----Rupees -----	

Transactions with related parties	Relationship		
Loan received/(repaid) - net	Key management personnel	300,000	(30,875)
Salaries and other employees benefits	Key management personnel	6,722,800	5,100,000

## 11 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information have been authorized for issue on **February 28th, 2020** 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