

**REVIEWED FINANCIAL STATEMENT**

**FOR THE HALF YEAR ENDED**

**DECEMBER 31, 2022**

**(UN-AUDITED)**



**QUETTA TEXTILE MILLS LIMITED**



## **CONTENTS**

Company Information	2
Director's Report to the Members (English)	3
Director's Report to the Members (Urdu)	4
Independent Auditor Review Report	5 - 6
Condensed Interim Statement of Financial Position	7
Condensed Interim Statement of Profit or Loss (Un-audited)	8
Condensed Interim Statement of Other Comprehensive Income (Un-audited)	9
Condensed Interim Statement of Changes in Equity (Un-audited)	10
Condensed Interim Statement of Cash Flows (Un-audited)	11
Notes to the Condensed Interim Financial Statements (Un-audited)	12-14



## QUETTA TEXTILE MILLS LIMITED

### **COMPANY INFORMATION**

#### **BOARD OF DIRECTORS**

Mr. Tauqir Tariq  
Mr. Tariq Iqbal  
Mr. Asim Khalid  
Mr. Omer Khalid  
Mrs. Saima Asim  
Mr. Muhammad Sarfraz  
Mr. Abbas Ali

Chairman  
Chief Executive  
Director  
Director  
Director  
Independent Director  
Independent Director

#### **AUDIT COMMITTEE**

Chairman  
Member  
Member

Mr. Muhammad Sarfraz  
Mr. Tauqir Tariq  
Mr. Asim Khalid

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

Chairman  
Member  
Member

Mr. Abbas Ali  
Mr. Tariq Iqbal  
Mrs. Saima Asim

#### **CHIEF FINANCIAL OFFICER**

Mr. Omer Khalid

#### **COMPANY SECRETARY**

Mr. Nudrat Mund Khan

#### **AUDITORS**

Mushtaq and Company Chartered Accountants

#### **SHARE REGISTRAR**

C & K Management Associates (Pvt) Ltd  
404, Trade Tower, Abdullah Haroon Road, Near  
Metropole Hotel, Karachi-75530.

#### **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, 2022.

Your company made a pre-tax loss of Rs. 308.471 million, as compared to the corresponding last half-year pre-tax loss of Rs. 37.501 million and Turnover recorded for the half year ended was Rs. 1,731.132 million, as compared to corresponding last half year's sales of Rs. 2,579.713 million.

Due to world recession, demand for textile products has been on a decline. This has resulted a fall in demand and prices in the local market also.

Customers are carrying high level of stocks with a drop in demand, resulting in reluctance to do further business. High interest rates, double-digit inflation, exponential rise in fuel prices and exchange rate uncertainties are creating difficulties in business planning.

Import LCs and foreign payments are not being entertained which are creating further problems in getting machinery spare parts and materials from abroad. Electricity and gas subsidies have been withdrawn which were allowed till June '23. Manufacturing units are not being able to up-load this high price increase in the selling price. This is the "last nail in the coffin". There seems to be "no light at the end of the tunnel" in terms of recovery of industry and manufacturing units. Industrial units are closing down resulting in massive unemployment. A massive brain-drain is already in the works as many are looking abroad for employment opportunities.

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: March 01, 2023

# کوئٹہ ٹیکسٹائل ملز لمیٹڈ



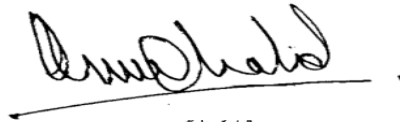
ڈائریکٹر رپورٹ  
السلام علیکم

عزیز جنص یافتگان

ہم 31 دسمبر، 2022 کو ختم ہونے والی ششماہی اور سہ ماہی کیلئے آپ کے سامنے کمپنی کے مالی نتائج پیش کرتے ہیں آپ کی کمپنی کا قبل از ٹیکس خسارہ 308.471 ملین روپے ہوا جب کہ گزشتہ سال کی دوسری ششماہی مدت میں قبل از ٹیکس خسارہ 37.501 ملین روپے تھا۔ اس ششماہی میں فروخت 1,731.432 ملین رہی جب کہ گزشتہ سال اسی مدت میں فروخت 2,579.712 ملین روپے تھی۔ عالمی کساد بازاری کی وجہ سے ٹیکسٹائل مصنوعات کی طلب میں کمی دیکھی گئی ہے۔ جس سے مقامی مارکیٹ میں بھی ٹیکسٹائل کی طلب اور قیمتوں میں کمی ہوئی۔ طلب میں کمی کی وجہ سے کسٹمرز کے پاس بہت زیادہ سٹاک موجود ہے جس کی وجہ سے وہ مزید کاروبار کرنے سے ہچکچاہٹ کا شکار ہیں۔ بلند شرح سود، افراط زر میں دوہرا اضافہ، آئل کی قیمتوں میں غیر معمولی اضافہ اور ایکس چینج ریٹ کی غیر یقینی صورتحال کاروباری منصوبہ بندی میں مشکلات پیدا کر رہی ہیں۔ درآمد کیلئے ایل سیز نہ کھولنے اور غیر ملکی ادائیگی نہ کرنے کی وجہ سے بیرون ملک سے مشینری کے پرزہ جات اور میٹریلز کے حصول میں مزید مسائل کا سامنا ہے۔ بجلی اور گیس پر دی جانے والی سبسڈیز بھی واپس لے لی گئیں جو 2023 جون تک مل رہی تھیں۔ مینوفیکچرنگ یونٹس فروخت کی قیمت میں بہت زیادہ اضافہ کا بوجھ برداشت نہیں کر پارہے ہیں جو تابوت میں آخری کیل ہے۔ انڈسٹری اور مینوفیکچرنگ یونٹس کی بحالی کی صورت میں امید کی کوئی کرن نظر آتی ہے۔ انڈسٹریل یونٹس کی بندش کے نتیجے میں بڑے پیمانے پر بے روزگاری بڑھ رہی ہے۔ تجربہ کار اور پیشہ ور افراد ملکی حالات کے پیش نظر ملک چھوڑ کر بیرون ملک ملازمت کے مواقع تلاش رہے ہیں۔

آخر میں کمپنی کے سٹاف اور ورکرز کا مشکل وقت میں کمپنی کی ترقی کیلئے کی جانے والی کوششوں پر شکریہ ادا کرنا چاہوں گا۔

منجانب بورڈ آف ڈائریکٹر

  
ڈائریکٹر

  
چیف ایگزیکٹو ایسسر

کراچی

تاریخ: 01 مارچ 2023

### 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 statement of financial position of Quetta Textile Mills Limited as at December 31, 2022, and the related condensed interim statement profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows 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, 2022 and December 31, 2021 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2022.

#### 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 observation came to our knowledge during our review of interim financial information:

- a) Balance payable to various banks in respect of short term financing amounting to Rs. 1,551.65 million, long term financing amounting to Rs.1,185 million, Sukuk amounting to Rs. 524.293 million and balance payable to Orix leasing amounting to Rs.18.29 million remains unconfirmed as at June 30, 2022. All the balances payable are in litigation. As at December 31, 2022, We are unable to satisfy ourselves as to the correctness and terms and conditions of the reported balances.



- b) 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 year instead of applicable rates. Had the company accounted for finance cost, the loss for the period would have been higher by Rs. 356.69 million approximately. Consequently the aggregate amount of accrued markup would have been increased to Rs. 2,009.99 million approximately and aggregate accumulated loss would have been higher by the Rs.1005.22 million.
- c) The company has not accounted for the amount approximately Rs. 333.52 million payable in respect of Gas Infrastructure Development Cess (GIDC) in the financial statements. Had the above amount been recorded in the accounts, the loss would have been increased by Rs.333.52 million and consequently the liability would have been increased by the same amount.

### *Material uncertainty relating to Going Concern*

We draw attention to note 1.3 in the financial statements which indicate that the company has incurred a net loss of Rupees 329.894 million during the half year ended Dec 31, 2022 and as of that date, reported accumulated losses of Rupees 3,744.677 million. The company's current liabilities exceed its current assets by Rs. 5,272.848 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 financial statements, however, have been prepared on the going concern basis on the assumptions as detailed in aforesaid note. Our opinion is not modified in respect of this matter.

### **Qualified Conclusion**

Based on our review, except for the effects of the matters described in basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information for the half year ended 31<sup>st</sup> December, 2022, is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Mr. Zahid Hussain Zahid, FCA.



Karachi:

Date: 1<sup>st</sup> March, 2023

UDIN: RR202210043PCzWHNdL2

MUSHTAQ & CO.

Chartered Accountants

**QUETTA TEXTILE MILLS LIMITED****CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2022**

		[Un-Audited]	[Audited]
	Note	31-Dec-22 Rupees	30-Jun-22 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	10,535,354,351	10,604,663,726
Intangible assets		142,033	426,095
Long term deposits		45,861,020	39,861,020
		10,581,357,404	10,644,950,841
<b>CURRENT ASSETS</b>			
Stores and spares		517,438,495	524,854,235
Stock in trade	6	4,195,390,699	3,864,963,025
Trade debts		143,620,686	161,988,118
Advances, deposits, prepayments and other receivable		72,677,841	74,063,494
Tax refund due from governments		727,271,120	663,254,725
Other financial assets		123,470,020	115,377,753
Cash and bank balances		8,843,636	37,872,850
		5,788,712,497	5,442,374,200
		<u>16,370,069,901</u>	<u>16,087,325,041</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized capital</b>			
20,000,000 (June 30, 2022: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
15,000,000 (June 30, 2022: 15,000,000) preference shares of Rs. 10 each		150,000,000	150,000,000
		<u>350,000,000</u>	<u>350,000,000</u>
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		7,201,233,019	7,254,689,093
Accumulated loss		(3,744,677,942)	(3,468,239,489)
		4,566,034,747	4,895,929,274
<b>NON CURRENT LIABILITIES</b>			
Long term finances		546,965,797	552,989,083
Redeemable capital - Sukuk		-	-
Liabilities against assets subject to finance lease		-	-
Deferred liabilities		195,508,571	185,352,605
		742,474,368	738,341,688
<b>CURRENT LIABILITIES</b>			
Trade and other payables		6,061,170,565	5,240,837,170
Accrued mark-up		1,004,769,955	1,153,725,602
Short term borrowings		1,962,054,572	2,012,385,464
Loan from directors and others		67,916,357	67,916,357
Current portion of			
Long term finances		1,297,545,437	1,286,354,383
Redeemable capital - Sukuk		611,335,643	611,335,643
Liabilities against assets subject to finance lease		18,288,552	18,288,552
Unclaimed dividend		36,467	36,467
Provision for taxation		38,443,238	62,174,441
		11,061,560,786	10,453,054,079
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	-	-
		<u>16,370,069,901</u>	<u>16,087,325,041</u>

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, 2022**

	Note	Half Year Ended		Quarter Ended	
		31-Dec-22 Rupees	31-Dec-21 Rupees	31-Dec-22 Rupees	31-Dec-21 Rupees
Sales		1,731,432,144	2,579,712,506	843,317,295	1,223,233,990
Cost of sales	8	(2,143,666,524)	(2,602,856,292)	(1,031,282,717)	(1,132,249,565)
<b>Gross (loss)/Profit</b>		<b>(412,234,380)</b>	<b>(23,143,786)</b>	<b>(187,965,422)</b>	<b>90,984,425</b>
Other income		173,578,940	64,952,187	2,144,826	61,230,484
		<b>(238,655,440)</b>	<b>41,808,400</b>	<b>(185,820,596)</b>	<b>152,214,908</b>
Distribution cost		(5,796,829)	(9,099,924)	(2,975,986)	(5,445,846)
Administrative expenses		(47,871,459)	(50,742,680)	(23,490,291)	(21,019,213)
Finance cost		(16,147,218)	(19,467,272)	(8,167,939)	(11,745,609)
		<b>(69,815,506)</b>	<b>(79,309,876)</b>	<b>(34,634,216)</b>	<b>(38,210,669)</b>
<b>(Loss)/Profit before taxation</b>		<b>(308,470,946)</b>	<b>(37,501,476)</b>	<b>(220,454,812)</b>	<b>114,004,240</b>
Provision for taxation					
Current tax - current period		(21,423,580)	(30,515,655)	(10,409,876)	(13,321,533)
Deferred / Prior		-	18,639,556	-	18,639,556
		<b>(21,423,580)</b>	<b>(11,876,099)</b>	<b>(10,409,876)</b>	<b>5,318,023</b>
<b>(Loss)/Profit for the half year</b>		<b>(329,894,526)</b>	<b>(49,377,575)</b>	<b>(230,864,688)</b>	<b>119,322,263</b>
<b>(Loss)/earnings per share - basic and diluted</b>		<b>(25.38)</b>	<b>(3.80)</b>	<b>(17.76)</b>	<b>9.18</b>

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

Chief Executive

Director

Chief Financial Officer

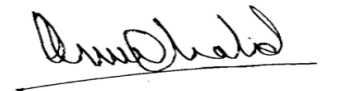
**QUETTA TEXTILE MILLS LIMITED****CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

	Half Year Ended		Quarter Ended	
	31-Dec-22 Rupees	31-Dec-21 Rupees	31-Dec-22 Rupees	31-Dec-21 Rupees
<b>(Loss)/Profit for the half year</b>	<b>(329,894,526)</b>	<b>(49,377,575)</b>	<b>(230,864,688)</b>	<b>119,322,263</b>
Other comprehensive income				
<b>Items that may not be re-classified subsequently to Profit or loss :</b>				
Actuarial (gain/loss) on remeasurement of employees retirement benefits - gratuity	-	(1,188,838)	-	(594,419)
Related deferred tax on remeasurement of employees retirement benefits - gratuity	-	-	-	-
<b>Other comprehensive income/(loss) for the half year</b>	<b>-</b>	<b>(1,188,838)</b>	<b>-</b>	<b>(594,419)</b>
<b>Total comprehensive (loss) / income for the half year</b>	<b>(329,894,526)</b>	<b>(50,566,413)</b>	<b>(230,864,688)</b>	<b>118,727,844</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, 2022

	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					
R u p e e s									
<b>Balance as at July 01, 2021 - Audited</b>	130,000,000	651,750,000	1,200	115,000,000	766,751,200	212,728,470	2,171,467,821	(3,550,930,285)	(269,982,794)
Net (loss) for the half year	-	-	-	-	-	-	-	(49,377,575)	(49,377,575)
Total comprehensive (loss) for the half year	-	-	-	-	-	-	-	(1,188,838)	(1,188,838)
	-	-	-	-	-	-	-	(50,566,413)	(50,566,413)
Revaluation surplus on property, plant and equipment (incremental depreciation) - net of deferred tax	-	-	-	-	-	-	(28,180,412)	28,180,412	-
<b>Balance as at December 31, 2021</b>	130,000,000	651,750,000	1,200	115,000,000	766,751,200	212,728,470	2,143,287,409	(3,573,316,286)	(320,549,207)
Net profit for the year	-	-	-	-	-	-	-	82,821,045	82,821,045
Other comprehensive income	-	-	-	-	-	-	5,112,720,140	20,937,295	5,133,657,435
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	5,112,720,140	103,758,340	5,216,478,480
Revaluation surplus on property, plant and equipment (incremental depreciation)	-	-	-	-	-	-	(503,162)	503,162	-
Reversal of Surplus Due to Disposal of Plant and Machinery	-	-	-	-	-	-	(815,295)	815,295	-
<b>Balance as at July 01, 2022 - Audited</b>	130,000,000	651,750,000	1,200	115,000,000	766,751,200	212,728,470	7,254,689,092	(3,468,239,489)	4,895,929,273
Net (loss) for the half year	-	-	-	-	-	-	-	(329,894,526)	(329,894,526)
Total comprehensive (loss) for the half year	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	(329,894,526)	(329,894,526)
Revaluation surplus on property, plant and equipment (incremental depreciation) - net of deferred tax	-	-	-	-	-	-	(53,456,073)	53,456,073	-
<b>Balance as at December 31, 2022</b>	130,000,000	651,750,000	1,200	115,000,000	766,751,200	212,728,470	7,201,233,019	(3,744,677,942)	4,566,034,747

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, 2022**

	Half Year Ended	
	31-Dec-22 Rupees	31-Dec-21 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	(308,470,946)	(37,501,476)
<b>Adjustments for:</b>		
Depreciation	94,542,363	115,761,242
Amortization	284,062	284,062
Finance cost	16,147,218	19,467,272
Provision for appreciation in the value of investment	(3,137)	(2,842)
Profit on sale of property, plant and equipment	(1,307,158)	(56,644,847)
Provision for gratuity	23,948,846	23,413,098
	<u>133,612,194</u>	<u>102,277,985</u>
(Loss) before working capital changes	(174,858,752)	64,776,509
<b>(Increase) / decrease in current assets</b>		
Stores, spare parts and loose tools	7,415,740	1,059,128
Stock in trade	(330,427,674)	(514,714,624)
Trade debts	18,367,432	(337,946,601)
Advances, deposits, prepayments and other receivable	1,385,653	(7,839,093)
Other financial assets	(8,089,130)	(47,560,446)
	<u>(311,347,979)</u>	<u>(907,001,636)</u>
<b>(Decrease) / increase in current liabilities</b>		
Trade and other payables	820,333,395	968,668,257
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	334,126,665	126,443,130
Interest paid	(165,102,865)	(11,985,537)
Gratuity paid	(13,792,880)	(17,742,221)
Taxes paid	(109,171,178)	(100,625,384)
	<u>(294,066,923)</u>	<u>(130,353,142)</u>
<b>Cash flows from operating activities</b>	<u>40,059,742</u>	<u>(3,910,012)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(25,350,830)	(42,311,155)
Proceeds from sale of property, plant and equipment	1,425,000	61,025,000
<b>Cash (used in) investing activities</b>	<u>(23,925,830)</u>	<u>18,713,845</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finances	5,167,768	(47,976,714)
Liabilities against assets subject to finance lease	-	-
Short term borrowings	(50,330,892)	45,038,892
Loans from directors & others	-	-
	<u>(45,163,124)</u>	<u>(2,937,822)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>(29,029,212)</u>	<u>11,866,011</u>
Cash and cash equivalent at the beginning of the half year	37,872,850	23,628,599
<b>Cash and cash equivalent at the end of the half year</b>	<u>8,843,636</u>	<u>35,494,610</u>

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

Chief Executive

Director

Chief Financial Officer

**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. 329.894 million (Profit for June 30, 2022: Rs. 33.443 million) and has reported accumulated losses amounting to Rs. 3,744.677 million (June 30, 2022 : Rs. 3,468.239 million) at the period end. In addition, the Company's current liabilities exceeded its current assets by Rs. 5,272.848 million (June 30, 2022: Rs. 5,010.679 million) 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 65% 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 The company's weaving mills sales suffered due to adverse market conditions. However, the management continue operations to conversion by doing job work. Now we have orders and are continuing operations on mostly conversion basis. Based on the availability of conversion market and orders. The management anticipates better operational efficiencies and plant utilization, during the period the company has incurred Rs. 22.73 million on BMR in weaving section, which has resulted in efficiency and production subsequent to the period end the company has replaced some looms for better efficiency.

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.

1.4 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



**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

(a) These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan

for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- (i) International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and
- (ii) Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

(b) This condensed interim financial statement is unaudited and is being submitted to the shareholders as required under Section 237 of the Companies Act, 2017. This condensed interim financial statement does not contain all the information required for a complete set of financial statements, and should be read in conjunction with the published audited financial statements of the company for year ended 30 June 2022.

**3 SIGNIFICANT ACCOUNTING POLICIES**

3.1 The accounting policies and methods of computation adopted for the preparation of the financial statements for the half yearly ended December 31, 2021 on the same as those applied in the preparation for the annual audited statement for the year ended June 30, 2022.

**4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT**

4.1 The preparation of this 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.

4.2 Judgments and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended 30 June, 2022.

4.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2022.

**5 PROPERTY, PLANT AND EQUIPMENT**

	Note	(Un-audited)		(Audited)	
		31-Dec-22		30-Jun-22	
		----- Rupees -----			
Operating assets	5.1	10,535,354,351		10,604,663,726	
		<u>10,535,354,351</u>		<u>10,604,663,726</u>	

5.1 The cost of acquisition and disposal to operating assets during the half year ended December 31, 2022 were as follows:

	(Un-audited)		(Audited)	
	31-Dec-22		30-Jun-22	
	Acquisition	Disposal	Acquisition	Disposal
	Cost		Cost	
	----- Rupees -----		----- Rupees -----	
<b>Owned assets</b>				
Plant & machinery	22,738,580	-	55,223,089	40,051,730
Furniture and fixtures	-	-	-	-
Office equipments	95,000	-	548,000	-
Factory equipments	-	-	-	-
Land	-	-	-	4,296,129
Vehicles	2,517,250	1,128,000	10,496,470	1,155,050
<b>Total</b>	<u>25,350,830</u>	<u>1,128,000</u>	<u>66,267,559</u>	<u>45,502,909</u>

**6 STOCK IN TRADE**

The carrying value of pledged stock is Rs. NIL (June 30, 2022: Rs. NIL).

**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 4.1 and 4.2 respectively.

	(Un-audited)	(Audited)
	31-Dec-22	30-Jun-22
	-----Rupees -----	

**QUETTA TEXTILE MILLS LIMITED****NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2022****7.1 Contingencies**

Bank Guarantee issued by bank on behalf of the company	<u>230,759,721</u>	<u>230,759,721</u>
There is no changes in the legal cases other than those enclosed in the annual financial statement as on June 30, 2022.		

**7.2 Commitments**

Confirmed letter of credit in respect of:		
Stores and spares	<u>17,858,180</u>	<u>54,944,843</u>
	<u>17,858,180</u>	<u>54,944,843</u>

**8 COST OF SALES**

	(Un-audited)	(Un-audited)
	31-Dec-22	31-Dec-21
	-----Rupees -----	
Raw material consumed	1,349,114,277	1,666,758,973
Salaries, wages and benefits	440,038,977	395,547,073
Stores and spares consumed	88,328,980	123,175,936
Fuel, power and water	678,582,128	586,196,440
Rent, rates and taxes	914,027	1,003,847
Insurance expenses	8,083,337	1,462,330
Repairs and maintenance	1,775,627	2,440,324
Vehicle running and maintenance	8,996,776	6,565,944
Entertainment expenses	1,411,138	1,522,266
Communication expenses	565,585	717,683
Legal & professional charges	1,425,178	200,000
Printing and stationery	629,841	722,310
Subscription	-	68,830
Travelling	616,104	592,295
Other expenses	460,778	472,603
Depreciation expenses	<u>80,114,374</u>	<u>98,186,229</u>
	<u>2,661,057,127</u>	<u>2,885,633,083</u>
<b>Work in process</b>		
Opening stock	<u>136,830,642</u>	<u>130,945,036</u>
Closing stock	<u>(120,810,087)</u>	<u>(89,445,417)</u>
	<u>16,020,555</u>	<u>41,499,619</u>
<b>Cost of goods manufactured</b>	<u>2,677,077,682</u>	<u>2,927,132,702</u>
<b>Finished goods</b>		
Opening balance	<u>2,174,768,976</u>	<u>1,218,047,156</u>
Goods purchase:	-	-
Yarn Purchase	<u>32,794,150</u>	<u>36,341,900</u>
Closing stock	<u>(2,740,974,284)</u>	<u>(1,578,665,466)</u>
	<u>(533,411,158)</u>	<u>(324,276,410)</u>
	<u>2,143,666,524</u>	<u>2,602,856,292</u>

**9 TRANSACTIONS WITH RELATED PARTIES**

	(Un-audited)	(Un-audited)
	31-Dec-22	31-Dec-21
	-----Rupees -----	
<b>Transactions with related parties</b>		
Loan received/(repaid) - net	-	-
Salaries and other employees benefits	8,580,414	8,186,520

**10 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial information have been authorized for issue on **February 28th, 2023** by the board of directors of the company.

**11 GENERAL**

Figures have been rounded off to the nearest rupees.

  
Chief Executive

  
Director

  
Chief Financial Officer