

3rd QUARTER  
**MARCH 31,**  
2018



| The Crescent Textile Mills Limited



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## COMPANY INFORMATION

Board of Directors		Bankers
Mr. Shaukat Shafi	Chairman	Al Baraka Bank (Pakistan) Limited
Mr. Muhammad Anwar	Chief Executive Officer	Allied Bank Limited
Mr. Ahmad Shafi	Director	Habib Bank Limited
Mr. Amjad Mehmood	Director	MCB Bank Limited
Mr. Anjum Muhammad Saleem	Director	National Bank of Pakistan
Mr. Khalid Bashir	Director	Standard Chartered Bank (Pakistan) Limited
Mr. Khurram Mazhar Karim	Director	The Bank of Punjab
Mr. Muhammad Arshad (Nominee NIT)	Independent Director	United Bank Limited
Audit Committee		Mills & Head Office
Mr. Khalid Bashir	Chairman	Sargodha Road,
Mr. Anjum Muhammad Saleem	Member	Faisalabad, Pakistan
Mr. Khurram Mazhar Karim	Member	T: + 92-41-111-105-105
		F: + 92-41-8786525
		E: crestex@ctm.com.pk
HR & R Committee		
Mr. Khalid Bashir	Chairman	
Mr. Ahmad Shafi	Member	
Mr. Anjum Muhammad Saleem	Member	
Chief Financial Officer		
Mr. Sadiq Saleem		
		Registered Office
Corporate Secretary		45-A, Off: Zafar Ali Road, Gulberg-V,
Mr. Naseer Ahmad Chaudhary		Lahore, Pakistan
		T: + 92-42-111-245-245
Head of Internal Audit		F: + 92-42-111-222-245
Mr. Muhammad Waqar Iqbal		E: crestex@ctm.com.pk
Auditors		
Riaz Ahmad & Company		
Chartered Accountants		
Legal Advisor		Share Registrar
Syed Masroor Ahmad		CorpTec Associates (Pvt) Ltd.,
		503 - E, Johar Town,
Stock Exchange Listing		Lahore, Pakistan
The Crescent Textile Mills Limited is a listed Company		T: +92-42-35170336-37
and its shares are traded on Pakistan Stock Exchange.		F: +92-42-35170338
		E: info@corpTec.com.pk
The Company's shares are quoted in leading dailies		
under textile composite sector.		www.ctm.com.pk

# DIRECTORS' REPORT TO THE SHAREHOLDERS

for the period Ended March 31, 2018

The Board of Directors is pleased to present a brief overview of the operational and financial performance of company for the nine months ended March 31, 2018.

## Performance review:

Total exports of the country posted double digit growth of which textile exports grew by 7.1% YoY during nine months period of FY 2018. Value added segments which constitute 73% of textile marginally grew by 3.6% YoY. Upward trend witnessed in textile exports was mainly due to lower export base in the corresponding period last year and also due to GOP's incentive package for exports which was given partly to compensate managed exchange rate mechanism. Later on PKR's devaluation enhanced competitiveness of industry against regional countries and gave further impetus to textile exports.

Generally, the performance of industry exhibited constrained growth on declined margins due to increasing cost of production which included higher energy and fuel cost, withdrawal of GST refund on packaging materials and delays in release of tax refunds and DLT Claims of incentive package scheme. Cotton and polyester prices remained firm and higher on strong demand up stick and continued supply limits on oil output draining overhang of inventories respectively.

Operational performance of the company during Jul-Mar 2018 was satisfactory except some curtailed production of value added segments in initial months as offered prices of buyers were not competitive for export sale. During this period local sale was up by 31.73% due both on volume and prices but exports were down by 16.54% mainly due lower off take in early period of FY 2018. Thus overall sale revenues of the company were meagerly up by 1.50% as compared to corresponding period of FY 2017.

Financial results of the company showed an improvement during Jul-Mar 2018 on improved gross margins which were up by 16.17% as compared to corresponding period of last year (increased from 8.36% to 9.57% of sales). Similarly operational expenses and other income depicted an improvement of 15% and 29.67% mainly on account of lower distribution cost and exchange gains on exports respectively. Higher finance cost due to exchange loss of Rs.173.967 million on US\$ loans and on increased borrowings diluted bottom line of the company against same period of last year.

Highlights of income statement during the period compared to same period of last year are as below:

Million Rs.	9M FY18	9M FY17	Var (%)
Net sales	8,036	7,917	1.5
Gross profit	769	662	16.2
Operating expenses	582	685	(15.0)
Other income	240	186	29.0
Finance cost	417	191	118.7
Profit before tax	9	(28)	133.62
Taxation	(24)	(32)	(23.5)
Net after tax profit	34	4	804.3

# DIRECTORS' REPORT TO THE SHAREHOLDERS

for the period Ended March 31, 2018

Future prospects:

Going forward we expect an upward momentum in exports to continue as rupee depreciation providing some competitive edge in the region. But concerns remain on growth of margins due cost side pressures because of higher energy and utility expense and delays in release of tax refunds and DLT Claims by GoP which may increase finance cost of the company.

These challenges to business are likely to obstruct our growth but we remain committed to overcome the same through improvement in processes with consistent BMR by using LTFF along with cost cutting efforts. We are also focusing on FIEDMC project. We expect that pickup in exports during last quarter may yield better return for FY 2018 for our stake holders.

for and on behalf of the Board.



Muhammad Anwar  
Chief Executive Officer



Khalid Bashir  
Director

## ڈائریکٹرز کا جائزہ

برائے عرصہ تختہ 31 مارچ 2018ء

بورڈ آف ڈائریکٹرز 31 مارچ 2018ء کو تختہ نوامی کے لیے کمپنی کی مالی اور عملی کارکردگی پر اپنا مختصر جائزہ آپ کی خدمت میں پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ کارکردگی کا جائزہ:

مالی سال 2018ء کے نو ماہ کے عرصہ کے دوران ملک کی دیگر برآمدات نے دوہندسی ترقی دکھائی جبکہ ٹیکسٹائل برآمدات سالانہ بنیاد پر 7.1 فیصد کے حساب سے بڑھیں۔ ویلیو ایڈڈ مصنوعات جو ٹیکسٹائل کے 73 فیصد حصہ پر مشتمل ہیں سالانہ 3.6 فیصد کی حد تک بڑھیں۔ ٹیکسٹائل برآمدات میں بڑھوتری کا رجحان دیکھا گیا جو بنیادی طور پر پچھلے سال کے اسی عرصہ کے دوران کم برآمدات اور گورنمنٹ کے تزیینی بیکنج کی وجہ سے تھا جو کہ جزوی طور پر ایکسیج ریٹ کے مبادلے کے طور پر دیا گیا تھا۔ بعد ازاں پاکستانی روپے کی قدر میں کمی نے علاقائی ممالک کے مقابلہ میں صنعتی مسابقت کو بڑھایا اور ٹیکسٹائل کی برآمدات کو مزید توجہ دی۔

عمومی طور پر، بڑھتی ہوئی پیداواری لاگت کی وجہ سے صنعتی کارکردگی میں کم سے کم مارجنز پر محدود اضافہ ہوا، پیداواری لاگت میں ازجہ اور ایندھن کی بڑھتی ہوئی قیمت، پیکنگ میٹریل پر جی ایس ٹی ری فنڈ کے عدم اجراء اور تزیینی بیکنج اسکیم کے تحت ڈی ایل ٹی ایل گیمز اور ٹیکس ری فنڈ گیمز میں تاخیر شامل ہیں۔ کائن اور پولیشر کی قیمتیں بالترتیب مضبوط شرح طلب اور تیل کی پیداوار کے نکاس کی فہرست میں بڑھاؤ کی وجہ سے مسلسل رسد کی حدود پر مضبوط اور بلند رہیں۔

جولائی - مارچ 2018ء کے دوران کمپنی کی عملی کارکردگی تسلی بخش رہی سوائے ابتدائی مہینوں میں ویلیو ایڈڈ مصنوعات کی کم پیداوار کے جس میں برآمدات کی قیمت کے لیے خریداروں کی پیش کردہ قیمت غیر مسابقتی تھی۔ اس عرصہ کے دوران مقامی فروخت حجم اور قیمت دونوں کے لحاظ سے 31.73 فیصد زائد تھی لیکن برآمدات 16.54 فیصد کم تھیں جس کی مرکزی وجہ مالیاتی سال 2018ء کے ابتدائی عرصہ کے دوران کمپنی کی مجموعی فروخت کی آمدنی مالی سال 2017ء کے اسی عرصہ کے مقابلے میں 1.5 فیصد زائد رہی۔

کمپنی کے مالیاتی نتائج نے جولائی - مارچ 2018ء کے درمیان بہتری دکھائی جس میں مجموعی مارجنز پچھلے سال کے اسی عرصہ کے دوران 16.17 فیصد زائد تھے۔ (فروخت کے 8.36 فیصد سے بڑھ کر 9.57 فیصد)۔ اسی طرح عملی اخراجات اور دیگر آمدنی میں بنیادی طور پر کم ڈسٹری بوشن کاسٹ اور برآمدات پر تبادلے کے فوائد کی وجہ سے بالترتیب 15 فیصد اور 29.67 فیصد کی بہتری نظر آئی۔ امریکی ڈالر میں قرضوں اور بڑھتے ہوئے ادھار پر 173.967 ملین روپے تبادلہ جاتی نقصان کی وجہ سے بڑھتی ہوئی مالیاتی لاگت نے پچھلے سال کے اسی عرصہ کے مقابلہ میں کمپنی کی بائبلانڈ کو مزید کمزور کیا۔

اس سال کے عرصہ کے مالیاتی نتائج اور اسی عرصہ کے گزشتہ سال کے مالیاتی نتائج کا خلاصہ درج ذیل ہے:

ملین روپے	نومای 2018ء	نومای 2017ء	فرق فیصد
خالص فروخت	8,036	7,917	1.5
مجموعی نفع	769	662	16.2
عملی اخراجات	582	684	(15.0)
دیگر آمدنی	240	184	29.0
مالیاتی اخراجات	417	191	118.7
نفع قبل از محصولات	9	(28)	133.62
محصولات	(24)	(32)	(23.5)
نفع بعد از محصولات	34	4	804.3

ڈائریکٹرز کا جائزہ

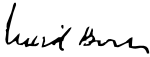
برائے عرصہ بختمہ 31 مارچ 2018ء

مستقبل کے امکانات:

آگے بڑھتے ہوئے ہم برآمدات میں بڑھوتری کی رفتار کے جاری رہنے کی توقع کر سکتے ہیں کیونکہ روپے کی قیمت میں کمی علاقے میں کچھ مسابقتی فضا مہیا کر رہی ہے۔ لیکن ازمنہ اور دیگر یوٹیلیٹی اخراجات میں اضافہ اور گورنمنٹ آف پاکستان کی جانب سے ڈی ایل ٹی ایل اور ٹیکس ری فنڈ کے گیمز کے اجراء میں تاخیر کی وجہ سے کھپنی کی مالیاتی لاگت بڑھنے کے خدشات باقی ہیں۔

کاروبار کو درپیش یہ چیلنجز ہماری ترقی کے راستے میں رکاوٹ بن سکتے ہیں لیکن ہم لاگت میں کمی کی کوششوں کے ساتھ ساتھ LTFE کے ذریعے عوامل کے دوران BMR کا استعمال کر کے اس پر قابو پانے کے لیے پرعزم ہیں۔ ہم فیڈبک کے پرا جیکٹ پر بھی توجہ کر رہے ہیں۔ ہم توقع کرتے ہیں کہ پچھلی سہ ماہی کے دوران برآمدات میں ہونے والا اضافہ مالی سال 2018ء میں ہمارے اسٹیک ہولڈرز کے لیے بہترین نتائج دے سکتا ہے۔

مخائب: بورڈ آف ڈائریکٹرز



خالد نیسر

ڈائریکٹر



محمد انور

چیف ایگزیکٹو آفیسر



# CONDENSED INTERIM BALANCE SHEET

as at March 31, 2018

(Rupees in '000)	Note	Un-Audited March 31, 2018	Audited June 30, 2017
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 100 000 000 (June 30, 2017: 100 000 000) ordinary shares of Rupees 10 each		1,000,000	1,000,000
Issued, subscribed and paid up share capital		800,000	800,000
Reserves		4,355,498	5,480,186
<b>TOTAL EQUITY</b>		<b>5,155,498</b>	<b>6,280,186</b>
Surplus on revaluation of operating fixed assets- net of deferred income tax		3,575,067	3,575,108
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	5	890,267	1,063,253
Deferred income tax liability		-	261
		890,267	1,063,514
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,388,223	1,118,304
Accrued mark-up		63,846	65,388
Short term borrowings		6,796,540	5,790,390
Current portion of non-current liabilities		254,716	190,376
Provision for taxation		109,237	31,291
		8,612,562	7,195,749
<b>TOTAL LIABILITIES</b>		<b>9,502,829</b>	<b>8,259,263</b>
Contingencies and commitments	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>18,233,394</b>	<b>18,114,557</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	6,375,012	6,478,358
Intangible asset		13,722	18,472
Long term investments	8	4,065,819	5,166,546
Long term loans and advances		1,511	1,924
Long term deposits		5,208	5,148
Deferred income tax asset		122,588	-
		10,583,860	11,670,448
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		250,807	191,530
Stock-in-trade		2,780,682	2,029,134
Trade debts		2,436,300	2,236,170
Loans and advances		663,658	576,628
Short term deposits and prepayments		57,211	62,086
Accrued interest		3,840	3,861
Other receivables		1,349,368	1,252,529
Short term investments		100,745	88,276
Cash and bank balances		6,923	3,895
		7,649,534	6,444,109
<b>TOTAL ASSETS</b>		<b>18,233,394</b>	<b>18,114,557</b>

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

  
Muhammad Anwar  
Chief Executive Officer

  
Khalid Bashir  
Director

  
Sadiq Saleem  
Chief Financial Officer

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

for the Nine Months Ended March 31, 2018

(Rupees in '000)	Note	Nine months ended		Quarter ended	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Sales		8,036,008	7,917,397	2,720,501	2,696,038
Cost of sales	9	7,267,300	7,255,660	2,471,300	2,345,513
Gross profit		768,708	661,737	249,201	350,525
Distribution cost		354,804	448,754	86,970	180,243
Administrative expenses		213,984	227,642	72,430	74,810
Other expenses		13,160	8,197	6,090	2,225
		581,948	684,593	165,490	257,278
		186,760	(22,856)	83,711	93,247
Other income		240,106	185,508	88,845	56,456
Profit from operations		426,866	162,652	172,556	149,703
Finance cost		417,392	190,832	169,976	67,321
Profit/(loss) before taxation		9,474	(28,180)	2,580	82,382
Taxation		24,420	31,928	9,084	2,244
Profit after taxation		33,894	3,748	11,664	84,626
Earnings per share - basic and diluted (Rupees)		0.42	0.05	0.15	1.06

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

  
Muhammad Anwar  
Chief Executive Officer

  
Khalid Bashir  
Director

  
Sadiq Saleem  
Chief Financial Officer

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

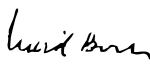
for the Nine Months Ended March 31, 2018

(Rupees in '000)	Nine months ended		Quarter ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Profit after taxation	33,894	3,748	11,664	84,626
Other comprehensive income				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss:				
Surplus arising on remeasurement of available for sale investments to fair value	(1,158,612)	570,989	4,782	(36,738)
Other comprehensive (loss) / income for the period	(1,158,612)	570,989	4,782	(36,738)
<b>Total comprehensive (loss) / income for the period</b>	<b>(1,124,718)</b>	<b>574,737</b>	<b>16,446</b>	<b>47,888</b>

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



Muhammad Anwar  
Chief Executive Officer



Khalid Bashir  
Director



Sadiq Saleem  
Chief Financial Officer

# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

for the Nine Months Ended March 31, 2018

(Rupees in '000)	Note	Nine months ended	
		March 31, 2018	March 31, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (utilized in) / generated from operations	10	(218,871)	139,531
Finance cost paid		(418,934)	(190,901)
Income tax paid		(109,474)	(126,812)
Dividend paid		(78)	(99,394)
Workers' profit participation fund paid		(985)	(13,380)
Net decrease in long term loans and advances		413	420
Net (increase)/decrease in long term deposits		(60)	139
Net cash used in operating activities		(747,989)	(290,397)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(136,665)	(906,916)
Proceeds from sale of property, plant and equipment		17,239	38,469
Long term investment made		(70,354)	-
Dividend received		43,293	30,235
Net cash used in investing activities		(146,487)	(838,212)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		39,856	808,258
Repayment of long term financing		(148,502)	(33,613)
Liabilities against assets subject to finance lease - net		-	(11,012)
Short term borrowings - net		1,006,150	360,993
Net cash generated from financing activities		897,504	1,124,626
Net increase / (decrease) in cash and cash equivalents		3,028	(3,983)
Cash and cash equivalents at the beginning of the period		3,895	9,297
Cash and cash equivalents at the end of the period		6,923	5,314

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

  
Muhammad Anwar  
Chief Executive Officer

  
Khalid Bashir  
Director

  
Sadiq Saleem  
Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

for the Nine Months Ended March 31, 2018

(Rupees in '000)	Share Capital	Reserves							Total Equity	
		Capital Reserves			Revenue Reserves					
		Premium on issue of right shares	Fair Value	Sub total	General	Dividend Equalization	Unappropriated profit	Sub total		Total
Balance as at June 30, 2016 - Audited	800,000	200,169	1,004,101	1,204,270	1,773,643	30,000	744,021	2,547,664	3,751,934	4,551,934
Transaction with owners - Final dividend for the year ended June 30, 2016 at the rate of Rs. 1.255 per share	-	-	-	-	-	-	(100,400)	(100,400)	(100,400)	(100,400)
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred income tax	-	-	-	-	-	-	19	19	19	19
Profit for the nine months ended March 31, 2017	-	-	-	-	-	-	3,748	3,748	3,748	3,748
Other comprehensive income for the nine months ended March 31, 2017	-	-	1,687,600	1,687,600	-	-	-	-	1,687,600	1,687,600
Total comprehensive income for the nine months ended March 31, 2017	-	-	1,687,600	1,687,600	-	-	3,748	3,748	1,691,348	1,691,348
Balance as at March 31, 2017 - Un-audited	800,000	200,169	2,691,701	2,891,870	1,773,643	30,000	647,388	2,451,031	5,342,901	6,142,901
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred income tax	-	-	-	-	-	-	6	6	6	6
Profit for the quarter ended June 30, 2017	-	-	-	-	-	-	109,591	109,591	109,591	109,591
Other comprehensive loss for the quarter ended June 30, 2017	-	-	27,688	27,688	-	-	-	-	27,688	27,688
Total comprehensive income for the quarter ended June 30, 2017	-	-	27,688	27,688	-	-	109,591	109,591	137,279	137,279
Balance as at June 30, 2017 - Audited	800,000	200,169	2,719,389	2,919,558	1,773,643	30,000	756,985	2,560,628	5,480,186	6,280,186
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred income tax	-	-	-	-	-	-	30	30	30	30
Profit for the nine months ended March 31, 2018	-	-	-	-	-	-	33,894	33,894	33,894	33,894
Other comprehensive loss for the nine months ended March 31, 2018	-	-	(1,158,612)	(1,158,612)	-	-	-	-	(1,158,612)	(1,158,612)
Total comprehensive loss for the nine months ended March 31, 2018	-	-	(1,158,612)	(1,158,612)	-	-	33,894	33,894	(1,124,718)	(1,124,718)
Balance as at March 31, 2018 - Un-audited	800,000	200,169	1,560,777	1,760,946	1,773,643	30,000	790,909	2,594,552	4,355,498	5,155,498

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

  
Muhammad Anwar  
Chief Executive Officer

  
Khalid Bashir  
Director

  
Sadiq Saleem  
Chief Financial Officer

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

for the Nine Months Ended March 31, 2018

### 1. THE COMPANY AND ITS OPERATIONS

The Crescent Textile Mills Limited (the Company) is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Ordinance, 1984). The registered office of the Company is situated at 45-A, Off: Zafar Ali Road, Gulberg-V, Lahore. Its shares are quoted on Pakistan Stock Exchange. The Company is engaged in the business of textile manufacturing comprising of spinning, combing, weaving, dyeing, bleaching, printing, stitching, buying, selling and otherwise dealing in yarn, cloth and other goods and fabrics made from raw cotton and synthetic fiber(s) and to generate, accumulate, distribute, supply and sale of electricity. The Company also operates a cold storage unit.

### 2. BASIS OF PREPARATION

This condensed interim financial information is un-audited and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This condensed interim financial information of the Company for the nine months ended March 31, 2018 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information should be read in conjunction with the audited annual published financial statements of the Company for the year ended June 30, 2017.

### 3. ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and methods of computations adopted for the preparation of this condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended June 30, 2017.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended June 30, 2017.

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

for the Nine Months Ended March 31, 2018

(Rupees in '000)	Un-Audited March 31, 2018	Audited June 30, 2017
<b>5. LONG TERM FINANCING</b>		
Financing from banking companies		
Opening balance	1,253,629	500,104
Add: Obtained during the period / year	39,856	808,258
Less: Repaid during the period / year	148,502	54,733
	1,144,983	1,253,629
Less: Current portion shown under current liabilities	254,716	190,376
	890,267	1,063,253

### 6. CONTINGENCIES AND COMMITMENTS

#### a) Contingencies

- i) Guarantees of Rupees 199.764 million (June 30, 2017: Rupees 199.764 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections and to Faisalabad Electric Supply Company against electricity connections.
- ii) Post dated cheques of Rupees 233.143 million (June 30, 2017: Rupees 195.266 million) are issued to custom authorities in respect of duties on imported material availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.
- iii) The Company has issued post dated cheques of Rupees 21.886 million (June 30, 2017: Rupees 21.886) favoring National Logistics Cell (NLC) against claim of demurrage under court orders due to detention of imported cotton by Custom Authorities at Wagha. The petition is currently pending before the Honorable Lahore High Court. Management of the company is confident that the ultimate outcome of this case will be in Company's favor.
- iv) Commissioner Inland Revenue has filed appeals with Honorable Supreme Court of Pakistan for the recovery of sales tax liabilities on account of various provisions of Sales Tax Act, 1990. In case of adverse decision, the Company may face tax liability of Rupees 16.673 million (June 30, 2017: Rupees 16.673 million). The Company's management is confident that appeals are likely to be dismissed.
- v) The Honorable Sindh High Court in the case of ?Kasim Textile? in its order of 07 May 2013 has held that benefit of carry forward of minimum tax under section 113 of the Income Tax Ordinance, 2001 is only available if tax payable in a tax year is less than minimum tax paid. If in a tax year, a Company has assessed losses on which no tax is payable, the Company forgoes the right to carry forward minimum tax paid in that year. In the light of this order, the Company is not entitled to carry forward minimum tax paid in the tax year 2013 to 2018 of Rupees 63.636 million as a result of assessed tax losses in these years and to adjust it against normal tax liability. However, the management is of the view that the verdict has been challenged in the Honorable Supreme Court of Pakistan and that they are waiting for the final outcome.

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

for the Nine Months Ended March 31, 2018

### b) Commitments

- i) Contracts for capital expenditure are of Rupees 543.864 million (June 30, 2017: Rupees 377.285 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 563.718 million (June 30, 2017: Rupees 54.201 million).
- iii) Ijarah (operating lease) commitments is of Rupees Nil (June 30, 2017: Rupees 0.060 million).

(Rupees in '000)	Un-Audited March 31, 2018	Audited June 30, 2017
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets (Note 7.1)	6,292,594	6,396,065
Capital work-in-progress (Note 7.2)	82,418	82,293
	<b>6,375,012</b>	<b>6,478,358</b>
<b>7.1 Operating fixed assets - Owned</b>		
Opening book value	6,396,065	4,319,844
Add:		
Effect of surplus on revaluation	-	1,361,245
Cost of additions during the period / year (Note 7.1.1)	136,540	964,746
Book value of assets transferred from leased assets	-	44,785
	<b>6,532,605</b>	<b>6,690,620</b>
Less: Book value of deletions during the period / year (Note 7.1.2)	19,837	32,141
	<b>6,512,768</b>	<b>6,658,479</b>
Less: Depreciation charged during the period / year	220,174	262,414
Book value at the end of the period / year	<b>6,292,594</b>	<b>6,396,065</b>
<b>7.1.1 Cost of additions during the period / year</b>		
Buildings on leasehold land	18,747	7,005
Plant and machinery	95,485	942,318
Factory tools and equipment	4,164	2,142
Gas and electric installations	1,345	1,081
Vehicles	16,103	7,775
Furniture and fixture	-	1,102
Office equipment	696	3,323
	<b>136,540</b>	<b>964,746</b>



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

for the Nine Months Ended March 31, 2018

(Rupees in '000)	Un-Audited March 31, 2018	Audited June 30, 2017
7.1.2 Book value of deletions during the period / year		
Land-free hold	8,024	-
Buildings on freehold land	-	43
Plant and machinery	11,813	29,890
Vehicles	-	2,208
	19,837	32,141
7.2 Capital work-in-progress		
Buildings on freehold land	15,031	5,715
Buildings on leasehold land	-	11,930
Plant and machinery	12,027	10,361
Advance against purchase of land	49,911	49,911
Advance against vehicles	5,369	4,275
Advance against office equipment	80	101
	82,418	82,293
8. LONG TERM INVESTMENTS		
Available for sale		
Quoted - Related parties	124,411	54,057
Quoted - Others	198,168	198,168
Unquoted - Others	2,245,764	2,245,764
	2,568,343	2,497,989
Fair value adjustment	1,497,476	2,668,557
	4,065,819	5,166,546

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

for the Nine Months Ended March 31, 2018

(Rupees in '000)	Un-Audited			
	Nine months ended		Quarter ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
<b>9. COST OF SALES</b>				
Raw materials consumed	2,952,655	2,595,775	1,058,392	822,082
Cloth and yarn purchased	982,003	1,348,216	463,359	512,181
Stores, spare parts and loose tools consumed	427,015	456,332	156,037	139,611
Packing materials consumed	406,145	503,475	136,321	171,165
Processing and weaving charges	368,951	602,943	154,305	253,462
Salaries, wages and other benefits	719,086	722,477	238,209	241,207
Fuel and power	950,757	928,673	341,538	336,456
Repair and maintenance	21,593	45,018	7,736	11,327
Insurance	9,186	9,968	2,899	2,474
Depreciation	212,282	180,339	72,349	66,834
Other factory overheads	27,677	29,179	8,631	11,458
	7,077,350	7,422,395	2,639,776	2,568,257
Work-in-process:				
Opening stock	131,695	107,784	140,567	130,868
Closing stock	(156,050)	(136,806)	(156,050)	(136,806)
	(24,355)	(29,022)	(15,483)	(5,938)
Cost of goods manufactured	7,052,995	7,393,373	2,624,293	2,562,319
Finished goods:				
Opening stock	1,417,844	943,246	1,050,546	1,145,656
Closing stock	(1,203,539)	(1,362,462)	(1,203,539)	(1,362,462)
	214,305	(419,216)	(152,993)	(216,806)
Cost of sales - purchased for resale	-	281,503	-	-
	7,267,300	7,255,660	2,471,300	2,345,513

(Rupees in '000)	Un-Audited	
	Nine months ended	
	March 31, 2018	March 31, 2017
<b>10. CASH (UTILIZED IN) / GENERATED FROM OPERATIONS</b>		
Profit / (loss) before taxation	9,474	(28,180)
Adjustments for non-cash charges and other items:		
Depreciation	224,924	187,812
Gain on sale of property, plant and equipment	2,598	(10,172)
Dividend income	(117,393)	(91,528)
Finance cost	417,392	190,832
Working capital changes (Note 10.1)	(755,866)	(109,233)
	(218,871)	139,531

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

for the Nine Months Ended March 31, 2018

(Rupees in '000)	Un-Audited Nine months ended	
	March 31, 2018	March 31, 2017
10.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(59,277)	4,980
Stock in trade	(751,548)	(501,058)
Trade debts	(200,130)	(51,775)
Loans and advances	1,950	6,265
Short term deposits and prepayments	4,875	(13,622)
Accrued interest	21	96
Other receivables	(22,739)	98,324
	(1,026,848)	(456,790)
Increase / (decrease) in trade and other payables	270,982	347,557
	(755,866)	(109,233)

### 11. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, staff retirement fund and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions and balances with related parties are as follows:

(Rupees in '000)	Un-Audited			
	Nine months ended		Quarter ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
i) Transactions				
Associated companies				
Purchase of goods	10,365	-	3,971	-
Sale of goods and services	17,416	86,619	3,759	27,928
Insurance premium charged	10,773	13,612	1,300	3,329
Insurance claim received	755	5,240	78	-
Dividend income	11,275	-	11,275	-
Dividend paid	-	2,472	-	-
Right shares subscribed (Number of shares)	1082 362	-	-	-
Bonus shares received (Number of shares)	12,870	-	-	-
Other related parties				
Company's contribution to Employees' Provident Fund Trust	17,111	17,527	5,699	5,813
Remuneration paid to Chief Executive Officer, Director and Executives	151,984	161,368	50,521	52,377
Dividend paid	-	19,977	-	-

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

for the Nine Months Ended March 31, 2018

(Rupees in '000)	Un-Audited March 31, 2018	Audited June 30, 2017
ii) Period end balances		
Associated companies and other related parties		
Trade and other payables	7,742	5,778
Trade debts	2,098	93
Other receivables	112	77

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

for the Nine Months Ended March 31, 2018

### 12. SEGMENT INFORMATION

12.1  (Rupees in '000)	Spinning		Weaving	
	(Un-audited)		(Un-audited)	
	Nine months ended		Nine months ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Sales				
External	3,679,598	2,739,734	260,553	147,491
Intersegment	928,251	1,217,104	3,089,478	3,246,714
	4,607,849	3,956,838	3,350,031	3,394,205
Cost of sales	4,445,713	3,940,732	3,291,475	3,324,964
Gross profit	162,136	16,106	58,556	69,241
Distribution cost	30,353	29,165	11,094	7,145
Administrative expenses	61,730	66,283	19,260	20,707
	92,083	95,448	30,354	27,852
Profit / (loss) before taxation and unallocated income and expenses	70,053	(79,342)	28,202	41,389
Unallocated income and expenses:				
Other expenses				
Other income				
Finance cost				
Taxation				
Profit after taxation				

### 12.2 Reconciliation of reportable segment assets and liabilities:

(Rupees in '000)	Spinning		Weaving	
	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)
	March 31, 2018	June 30, 2017	March 31, 2018	June 30, 2017
Total assets for reportable segments	3,617,711	2,754,165	1,537,860	1,598,009
Unallocated assets				
All segment assets are allocated to reportable segments other than those directly relating to corporate and tax assets.				
Total liabilities for reportable segments	4,258,936	3,635,370	1,354,356	905,557
Unallocated liabilities				

All segment liabilities are allocated to reportable segments other than major portion of trade and other payables,

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

for the Nine Months Ended March 31, 2018

Processing & Home Textile		Power Generation		Cold Storage		Elimination of Inter - Segment transactions		Total - Company	
(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)	
Nine months ended		Nine months ended		Nine months ended		Nine months ended		Nine months ended	
March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
4,086,959	5,021,149	-	-	8,898	9,023	-	-	8,036,008	7,917,397
-	-	783,821	773,239	-	-	(4,801,550)	(5,237,057)	-	-
4,086,959	5,021,149	783,821	773,239	8,898	9,023	(4,801,550)	(5,237,057)	8,036,008	7,917,397
3,555,278	4,462,800	769,666	757,415	6,718	6,806	(4,801,550)	(5,237,057)	7,267,300	7,255,660
531,681	558,349	14,155	15,824	2,180	2,217	-	-	768,708	661,737
311,200	410,054	2,157	2,390	-	-	-	-	354,804	448,754
121,512	128,388	10,845	11,645	637	619	-	-	213,984	227,642
432,712	538,442	13,002	14,035	637	619	-	-	568,788	676,396
98,969	19,907	1,153	1,789	1,543	1,598	-	-	199,920	(14,659)
								(13,160)	(8,197)
								240,106	185,508
								(417,392)	(190,832)
								24,420	31,928
								33,894	3,748

Processing & Home Textile		Power Generation		Cold Storage		Total - Company	
(Un-Audited)	(Audited)	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)
March 31, 2018	June 30, 2017	March 31, 2018	June 30, 2017	March 31, 2018	June 30, 2017	March 31, 2018	June 30, 2017
2,419,116	2,326,793	295,448	287,142	20,010	20,216	7,890,145	6,986,325
						10,343,249	11,128,232
						18,233,394	18,114,557
2,318,818	2,445,231	73,259	123,249	1,263	812	8,006,632	7,110,219
						1,496,197	1,149,044
						9,502,829	8,259,263

current and deferred tax liabilities.

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

for the Nine Months Ended March 31, 2018

### 13. FINANCIAL INSTRUMENTS

#### 13.1 Fair value of Financial Instruments

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates.

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into following three levels.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

#### 13.2 Financial instruments by category

The table given as Note 13.3 shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

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

for the Nine Months Ended March 31, 2018

13.3  (Rupees in '000)	Carrying Amount				Fair Value			
	Loans and receivables	Available for sale	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
March 31, 2018 (Un-audited)								
Financial assets								
Investments at fair value	-	1,920,800	-	1,920,800	1,920,800	-	-	1,920,800
Investments at cost	-	2,245,764	-	2,245,764	-	-	-	-
Loans and advances	4,141	-	-	4,141	-	-	-	-
Deposits	61,381	-	-	61,381	-	-	-	-
Trade debts	2,436,300	-	-	2,436,300	-	-	-	-
Accrued interest	3,840	-	-	3,840	-	-	-	-
Other receivables	742,631	-	-	742,631	-	-	-	-
Cash and bank balances	6,923	-	-	6,923	-	-	-	-
	3,255,216	4,166,564	-	7,421,780	1,920,800	-	-	1,920,800
Financial liabilities								
Long term financing	-	-	890,267	890,267	-	-	-	-
Trade and other payables	-	-	1,356,015	1,356,015	-	-	-	-
Accrued mark-up	-	-	63,846	63,846	-	-	-	-
Short term borrowings	-	-	6,796,540	6,796,540	-	-	-	-
	-	-	9,106,668	9,106,668	-	-	-	-
June 30, 2017 (Audited)								
Financial assets								
Investments at fair value	-	3,009,058	-	3,009,058	3,009,058	-	-	3,009,058
Investments at cost	-	2,245,764	-	2,245,764	-	-	-	-
Loans and advances	5,025	-	-	5,025	-	-	-	-
Deposits	66,988	-	-	66,988	-	-	-	-
Trade debts	2,236,170	-	-	2,236,170	-	-	-	-
Accrued interest	3,861	-	-	3,861	-	-	-	-
Other receivables	842,206	-	-	842,206	-	-	-	-
Cash and bank balances	3,895	-	-	3,895	-	-	-	-
	3,158,145	5,254,822	-	8,412,967	3,009,058	-	-	3,009,058
Financial liabilities								
Long term financing	-	-	1,253,629	1,253,629	-	-	-	-
Trade and other payables	-	-	1,097,990	1,097,990	-	-	-	-
Accrued mark-up	-	-	65,388	65,388	-	-	-	-
Short term borrowings	-	-	5,790,390	5,790,390	-	-	-	-
	-	-	8,207,397	8,207,397	-	-	-	-



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

for the Nine Months Ended March 31, 2018

### 14. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved and authorized for issue on April 26, 2018 by the Board of Directors of the Company.

### 15. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting', the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

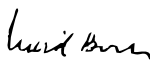
Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have been made.

### 16. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.



Muhammad Anwar  
Chief Executive Officer



Khalid Bashir  
Director



Sadiq Saleem  
Chief Financial Officer

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