



1st QUARTER
SEPTEMBER 30 | 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. Asim Siddique		
		Registered Office
Company 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 Ahmed & 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.crescenttextile.com

DIRECTORS' REPORT

for the 1st Quarter Ended September 30, 2018

The Board of Directors is pleased to present a brief overview of the operational and financial performance of the Company for the first quarter ended September 30, 2018.

Industry overview

Total exports of the country posted 4.56% growth in first quarter of FY19 in comparison to the same period of last year. Textile export for the first quarter of FY19 showed negligible improvement of 1% as compared to first quarter of FY18. The highest growth witnessed in the knitwear segment which recorded a 10 percent increase in first quarter of FY19 whereas monotonous performance persisted across all other valued added segments. Textile growth has been curtailed by long outstanding factors like pending receivables with the Federal Board of Revenue (FBR), high cost of manufacturing in comparison to regional peers, continuous increase in interest rate and imposition of custom duty on import of raw material. The smooth transition between the Governments addresses the political uncertainty but concerns on the economic front continue to persist on the back of rising inflation and trade deficits that are likely to compromise the sustainability of the high real economic growth.

Company's performance

Quarter wise brief financial analysis of the Company is presented here under:

Rupees in million	1st Qtr FY 18	1st Qtr FY 17	Variance	%
Revenue	3,501	2,410	1,091	45
GP	399	192	207	108
Operating cost	272	196	76	39
Finance cost	142	89	53	60
Other income	53	62	(9)	(15)
Taxation	(32)	(12)	(20)	167
Net profit / (loss) after tax	7	(44)	51	116
Earnings / (loss) Rs. per share	0.08	(0.55)	0.63	116

Top line of the Company grew by 45% from Rs 2.4 billion to Rs 3.5 billion in comparison to the same period of last year. This increase is mainly attributed to significant rise (78%) in export sale. Whereas local sale increased by 34% in comparison to the same period of last year. Gross profit improved from 8% to 11% mainly due to high volume and marginal increase in average selling rates of both local and export sale. Operating cost increased by 39% due to significant increase in distribution cost on account of export freight and commission. Finance cost increased by 60% in comparison to the same period of last year from Rs 89 million to Rs 142 million. This significant increase was attributed to an aggregate increase in SBP policy rate by 175 bps in comparison to the same period of last year. Moreover, exchange loss on foreign currency loans also contributed toward increase in finance cost. Going forward, we have made some necessary amendments in our currency risk policy to reduce our exposure to exchange loss in case of further rupee devaluation. Other income squeezed by 15% due to decrease in dividend income.

Future prospects

Going forward we are optimistic in light of the recent decision by the new government to subsidize the cost of gas for zero-rated export sectors and believe that they will also work towards solving the issue of pending refunds and bring stability to the rupee depreciation. On the other side, we will continue to focus on improvement of our operational efficiencies to compete in international market. The Company will take advantage of the Government's LTTF scheme, most notably with the addition of carding, combing, drawing, bleaching plant and stenter.

for and on behalf of the Board of Directors


Muhammad Anwar
Chief Executive Officer


Khalid Bashir
Director

ڈائریکٹران کی رپورٹ

برائے عرصہ ختم شدہ 30 ستمبر 2018ء

بورڈ آف ڈائریکٹرز 30 ستمبر 2018ء کو منتخب شدہ ماہی کے لیے مالی اور عملی کارکردگی پر اپنا مختصر جائزہ آپ کی خدمت میں پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

صحت کا جائزہ:

ملک کی مجموعی برآمدات میں گزشتہ سال کے اسی عرصہ کے مقابلہ میں مالی سال 2019 کی پہلی سہ ماہی میں 4.56 فیصد اضافہ واقع ہوا۔ نیکیٹائل کی برآمدات نے مالی سال 2018 کے مقابلے میں مالی سال 2019 کی پہلی سہ ماہی میں 1 فیصد کی ناقابل ذکر بہتری دکھائی۔ سب سے زیادہ اضافہ فٹ وئیر کے شعبہ میں دیکھا گیا جس میں مالی سال 2019 کی پہلی سہ ماہی میں 10 فیصد کا اضافہ ریکارڈ کیا گیا جبکہ دیگر تمام ویلیو ایڈڈ شعبہ جات میں ایک فیصدی کارکردگی ہی برقرار رہی۔ نیکیٹائل کی ترقی میں ایف بی آئی کی طرف زبردستی اور وصولیاں، مقامی ہسروں کی نسبت تیاری کی زیادہ لاگت، شرح سود میں مسلسل اضافہ اور خام مال کی درآمد پر سٹیم ڈیوٹی عائد کرنے جیسے طویل مدت سے جاری عوامل بڑی رکاوٹ ہیں۔ حکومتوں کا پر امن انتقال اقتدار سیاسی غیر یقینی صورتحال کرتا ہے لیکن معاشی محاذ پر بڑھتے ہوئے افراط زر اور تجارتی خسارے ہیں منظر پر موجود رہتے ہیں جس سے حقیقی اقتصادی ترقی کے استحکام پر سمجھوتے کا امکان پیدا ہوتا ہے۔

کمپنی کی کارکردگی:

سہ ماہی کے لحاظ سے کمپنی کا مختصر مالیاتی تجزیہ درج ذیل ہے:

ملین روپے	2018 پہلی سہ ماہی	2017 پہلی سہ ماہی	فرق	فیصد فرق
آمدن	3501	2,410	1,091	45
خام منافع	399	192	207	108
عملی اخراجات	272	196	76	39
مالیاتی اخراجات	142	89	53	60
دیگر آمدن	53	62	(9)	(15)
محصولات	(32)	(12)	(20)	167
خالص نفع (نقصان) بعد از محصولات	7	(44)	51	116
آمدن (نقصان) فی شیئر	0.08	(0.55)	0.63	116

کمپنی کے خط اول میں پچھلے سال کے اسی عرصہ میں مقابلہ میں 45 فیصد کے حساب سے 2.4 ملین سے 3.5 ملین کا اضافہ ہوا۔ یہ اضافہ بنیادی طور پر ایکسپورٹ سہولتوں میں 78 فیصد کے نمایاں اضافہ کی مرہون منت ہے جبکہ مقامی سٹاک میں پچھلے سال کے اسی عرصہ کی نسبت 34 فیصد اضافہ ہوا۔ خام منافع 8 فیصد سے 11 فیصد پر بہتر ہوا جس کی بنیادی وجہ مقامی اور ایکسپورٹ سہولتوں میں دونوں میں اوسط شرح فروخت میں حجم اور منافع کے حساب سے اضافہ ہے۔ ایکسپورٹ کرائے اور کمیشن کی مد میں تقسیم کی لاگت میں نمایاں اضافہ کی وجہ سے عملی اخراجات میں 39 فیصد کا اضافہ ہوا۔ مالیاتی لاگت 89 ملین سے 142 ملین تک پہنچی جو گزشتہ سال کے اسی عرصہ کے مقابلہ میں 60 فیصد زیادہ رہی۔ اس نمایاں اضافہ کی وجہ گزشتہ سال کے اسی عرصہ کے مقابلہ میں سٹیٹ بینک آف پاکستان کے پالیسی ریٹ میں 175 پی پی ایس کا مجموعی اضافہ بنی۔ مزید برآں فارن کرنسی قرضہ جات پر تبادلہ جاتی نقصان کی وجہ سے بھی مالیاتی لاگت میں اضافہ ہوا۔ بڑھتے ہوئے روپے کی قدر میں مزید کمی کی صورت میں تبادلہ جاتی نقصان کے حجم کو کم کرنے کے لیے ہم نے اپنی کرنسی رسک پالیسی میں ضروری تبدیلیاں کی ہیں۔ ڈیویڈنڈ آمدنی میں کمی کی وجہ سے دیگر آمدنی 15 فیصد کم ہوئی۔

مستقبل کے امکانات:

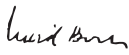
آگے بڑھتے ہوئے ہم نے حکومت کی جانب سے حالیہ فیصلوں کی وجہ سے پرامید ہیں جن میں زبردستی ایکسپورٹ سیکٹر کے لیے گیس کی قیمتوں میں سہولتی دی گئی ہے اور یقین رکھتے ہیں کہ وہ واجب الاداء وصولیوں کے معاملے اور روپے کی قدر میں استحکام لانے کی طرف بھی توجہ دیں گے۔ دوسری طرف ہم انٹرنیشنل مارکیٹ میں مقابلہ کرنے کے لیے اپنی عملیاتی صلاحیتوں کو بہتر بنانے پر بھی توجہ مرکوز رکھنا جاری رکھیں گے۔ کمپنی خاص طور پر ڈیٹنگ، پانچنگ پلانٹ اور سٹیٹس کے اضافے کے لیے حکومت کی جانب سے LTFE اسکیم کا بھی فائدہ اٹھانے لگی۔

مخائبہ: بورڈ آف ڈائریکٹرز



محمد انور

چیف ایگزیکٹو آفیسر



خالد بشیر

ڈائریکٹر

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

as at September 30, 2018

(Rupees in '000')	Note	Un-Audited September 30, 2018	Audited June 30, 2018
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 100 000 000 (June 30, 2018: 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
Capital reserves			
Premium on issue of right shares		200,169	200,169
Fair value reserve		965,011	1,225,974
Surplus on revaluation of operating fixed assets - net of deferred income tax		3,567,510	3,567,516
Revenue reserves		2,583,407	2,576,670
TOTAL EQUITY		8,116,097	8,370,329
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	3	961,248	845,071
CURRENT LIABILITIES			
Trade and other payables		1,587,481	1,488,144
Unclaimed dividend		9,508	9,513
Accrued mark-up		81,505	85,596
Short term borrowings		6,183,709	6,416,791
Current portion of non-current liabilities		258,038	258,038
Provision for taxation		167,802	140,604
TOTAL LIABILITIES		9,249,291	9,243,757
CONTINGENCIES AND COMMITMENTS	4		
TOTAL EQUITY AND LIABILITIES		17,365,388	17,614,086
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	6,525,861	6,328,138
Intangible asset		10,556	12,139
Long term investments		3,474,114	3,736,188
Long term loans and advances		249	1,082
Long term deposits and prepayments		10,276	10,276
Deferred income tax asset		123,218	127,820
		10,144,274	10,215,643
CURRENT ASSETS			
Stores, spare parts and loose tools		217,508	198,030
Stock-in-trade		2,236,066	2,588,958
Trade debts		2,389,164	2,346,338
Loans and advances		734,039	687,038
Short term deposits and prepayments		61,752	60,714
Accrued interest		3,287	3,181
Other receivables		1,475,388	1,416,322
Short term investment		95,560	94,449
Cash and bank balances		8,350	3,413
TOTAL ASSETS		17,365,388	17,614,086

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


Muhammad Anwar
Chief Executive Officer


Khalid Bashir
Director


Asim Siddique
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

for the 1st Quarter Ended September 30, 2018

(Rupees in '000')	Note	September 30, 2018	September 30, 2017
Revenue		3,500,529	2,409,977
Cost of sales	6	(3,101,225)	(2,218,033)
Gross profit		399,304	191,944
Distribution cost		(178,347)	(122,253)
Administrative expenses		(89,008)	(69,053)
Other expenses		(4,559)	(5,120)
		(271,914)	(196,426)
		127,390	(4,482)
Other income		53,117	61,566
Profit from operations		180,507	57,084
Finance cost		(141,976)	(89,105)
Profit / (loss) before taxation		38,531	(32,021)
Taxation		(31,804)	(12,305)
Profit / (loss) after taxation		6,727	(44,326)
Earnings / (loss) per share - basic and diluted (Rupees)		0.08	(0.55)

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


Muhammad Anwar
Chief Executive Officer


Khalid Bashir
Director


Asim Siddique
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

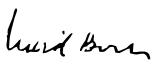
for the 1st Quarter Ended September 30, 2018

(Rupees in '000')	September 30, 2018	September 30, 2017
Profit / (loss) after taxation	6,727	(44,326)
Other comprehensive loss		
Items that will not be reclassified subsequently to profit or loss:	-	-
Items that may be reclassified subsequently to profit or loss:		
Deficit arising on remeasurement of investments to fair value	(260,963)	(731,849)
Other comprehensive loss for the period	(260,963)	(731,849)
Total comprehensive loss for the period	(254,236)	(776,175)

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



Muhammad Anwar
Chief Executive Officer



Khalid Bashir
Director



Asim Siddique
Chief Financial Officer

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

for the 1st Quarter Ended September 30, 2018

(Rupees in '000')	Reserves								Total	Total Equity	
	Share Capital	Capital Reserves			Revenue Reserves						
		Premium on issue of right shares	Fair Value	Surplus on revaluation of operating fixed assets - net of deferred income tax	Sub total	General	Dividend Equalization	Unappropriated profit			Sub total
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
Impact of restatement - Note 2.1	-	-	-	3,575,108	3,575,108	-	-	-	-	3,575,108	3,575,108
Balance as at June 30, 2017 - restated (Audited)	800,000	200,169	2,719,389	3,575,108	6,494,666	1,773,643	30,000	756,985	2,560,628	9,055,294	9,855,294
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred income tax	-	-	-	(6)	(6)	-	-	6	6	-	-
Adjustment of deferred income tax liability due to re-assessment at period end	-	-	-	(1)	(1)	-	-	-	-	(1)	(1)
Loss for the period	-	-	-	-	-	-	-	(44,326)	(44,326)	(44,326)	(44,326)
Other comprehensive loss for the period	-	-	(731,849)	-	(731,849)	-	-	-	-	(731,849)	(731,849)
Total comprehensive loss for the period	-	-	(731,849)	-	(731,849)	-	-	(44,326)	(44,326)	(776,175)	(776,175)
Balance as at September 30, 2017 - restated (Un-audited)	800,000	200,169	1,987,540	3,575,101	5,762,810	1,773,643	30,000	712,665	2,516,308	8,279,118	9,079,118
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred income tax	-	-	-	(35)	(35)	-	-	35	35	-	-
Adjustment of deferred income tax liability due to re-assessment at period end	-	-	-	(4)	(4)	-	-	-	-	(4)	(4)
Transfer from surplus on revaluation of operating fixed assets on disposal of operating fixed assets	-	-	-	(7,546)	(7,546)	-	-	7,546	7,546	-	-
Profit for the period	-	-	-	-	-	-	-	52,781	52,781	52,781	52,781
Other comprehensive loss for the period	-	-	(761,566)	-	(761,566)	-	-	-	-	(761,566)	(761,566)
Total comprehensive loss for the period	-	-	(761,566)	-	(761,566)	-	-	52,781	52,781	(708,785)	(708,785)
Balance as at June 30, 2018 - (Audited)	800,000	200,169	1,225,974	3,567,516	4,993,659	1,773,643	30,000	773,027	2,576,670	7,570,329	8,370,329
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred income tax	-	-	-	(10)	(10)	-	-	10	10	-	-
Adjustment of deferred income tax liability due to re-assessment at period end	-	-	-	4	4	-	-	-	-	4	4
Profit for the period	-	-	-	-	-	-	-	6,727	6,727	6,727	6,727
Other comprehensive loss for the period	-	-	(260,963)	-	(260,963)	-	-	-	-	(260,963)	(260,963)
Total comprehensive loss for the period	-	-	(260,963)	-	(260,963)	-	-	6,727	6,727	(254,236)	(254,236)
Balance as at September 30, 2018 - (Un-audited)	800,000	200,169	965,011	3,567,510	4,732,690	1,773,643	30,000	779,764	2,583,407	7,316,097	8,116,097

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


Muhammad Anwar
Chief Executive Officer


Khalid Bashir
Director


Asim Siddique
Chief Financial Officer

1st QUARTER
SEPTEMBER 30 | 2018

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

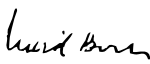
for the 1st Quarter Ended September 30, 2018

(Rupees in '000')	Note	September 30, 2018	September 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	7	574,241	481,149
Finance cost paid		(146,067)	(99,802)
Income tax paid		(40,795)	(26,688)
Dividend paid		(5)	(8)
Workers' profit participation fund paid		-	(379)
Net decrease in long term loans and advances		553	1,223
Net cash from operating activities		387,927	355,495
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(271,135)	(63,370)
Proceeds from sale of property, plant and equipment		5,050	8,975
Long term investment made		-	(70,354)
Dividend received		-	12,807
Net cash used in investing activities		(266,085)	(111,942)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		200,000	39,856
Repayment of long term financing		(83,823)	(28,028)
Short term borrowings - net		(233,082)	(253,993)
Net cash used in financing activities		(116,905)	(242,165)
Net increase in cash and cash equivalents		4,937	1,388
Cash and cash equivalents at the beginning of the period		3,413	3,895
Cash and cash equivalents at the end of the period		8,350	5,283

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



Muhammad Anwar
Chief Executive Officer



Khalid Bashir
Director



Asim Siddique
Chief Financial Officer

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

for the 1st Quarter Ended September 30, 2018

1. THE COMPANY AND ITS ACTIVITIES

The Crescent Textile Mills Limited (the Company) is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017). The registered office of the Company is situated at 45-A, Off: Zafar Ali Road, Gulberg-V, Lahore, Punjab. Its shares are quoted on Pakistan Stock Exchange Limited. 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. Head office and production units are situated at Sargodha Road, Faisalabad, Punjab except weaving unit and cold storage unit which are situated at Industrial Estate, Hattar, Tehsil Khanpur, District Haripur, Khyber Pakhtunkhwa and Sargodha Road, Chiniot, Punjab respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 annual audited published financial statements of the Company for the year ended June 30, 2018.

2.1 Basis of preparation

a) Statement of compliance

This condensed interim financial information is unaudited and is being submitted to members in accordance with section 237 of the Companies Act, 2017. It has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended June 30, 2018.

b) 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, 2018.

Change in accounting policy

The specific provision in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of IAS 16, 'Property, Plant and Equipment', surplus on revaluation of fixed assets would now be presented under equity. The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies,

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

for the 1st Quarter Ended September 30, 2018

Changes in Accounting Estimates and Errors' and comparative figures have been restated. The effect of change in accounting policy has been explained in Note 2.7.1 to the audited annual financial statements of the Company for the year ended June 30, 2018.

2.2 Accounting estimates, judgments and financial risk management

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, 2018.

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual audited financial statements for the year ended June 30, 2018.

(Rupees in '000')	Un-Audited September 30, 2018	Audited June 30, 2018
3. LONG TERM FINANCING		
Financing from banking companies - secured		
Opening balance	1,103,109	1,253,629
Add: Obtained during the period / year	200,000	39,856
Less: Repaid during the period / year	83,823	190,376
	1,219,286	1,103,109
Less: Current portion shown under current liabilities	258,038	258,038
	961,248	845,071

4. CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) Guarantees of Rupees 199.764 million (June 30, 2018: Rupees 199.764 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections and Faisalabad Electric Supply Company Limited against electricity connections.
- ii) Guarantee of Rupees 2.000 million (June 30, 2018: Rupees 2.000 million) is given by the bank of the Company to Total Parco Pakistan Limited against fuel cards.

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

for the 1st Quarter Ended September 30, 2018

- iii) Post dated cheques of Rupees 287.493 million (June 30, 2018: Rupees 260.840 million) are issued to custom authorities in respect of duties on imported materials 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.
 - iv) The Company has issued post dated cheques of Rupees 21.886 million (June 30, 2018: Rupees 21.886 million) 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, Lahore. Management of the Company is confident that the ultimate outcome of this case will be in Company's favor.
 - v) Commissioner Inland Revenue has filed appeal vide writ petition no. CA 662/2013 filed on 13 June 2013 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 9.606 million (June 30, 2018: Rupees 9.606 million). The Company's management is confident that appeals are likely to be dismissed.
 - vi) 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, no tax is payable by a company due to assessed losses, 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 of Rupees 74.691 million (June 30, 2018: Rupees 77.191 million). However, the management is of the view that the verdict has been challenged in the Honorable Supreme Court of Pakistan and that they are confident of favorable final outcome based on legal advice.
 - vii) The Company filed PRA reference No. 111963-2017 dated 28 December 2017 in the Honorable Lahore High Court, Lahore against the order of learned Appellate Tribunal of Punjab Revenue Authority (PRA) for the collection of PRA withholding tax amounting to Rupees 23.348 million (June 30, 2018: Rupees 23.348 million). Appeal is pending for adjudication. Management of the Company is confident that the ultimate outcome of this case will be in Company's favor.
 - viii) The Company has not charged further tax under section 3 (1A) of the Sales Tax Act, 1990 on supplies made to unregistered persons amounting to Rupees 15.913 million (June 30, 2018: Rupees 15.913 million). The Company filed a Writ Petition No. 60403/2017 dated 17 August 2017 before the Honorable Lahore High Court, Lahore against the recovery of further tax and it is expected to be decided in the favor of the Company.
- b) Commitments
- i) Contracts for capital expenditure are of Rupees 654.810 million (June 30, 2018: Rupees 789.011 million).
 - ii) Letters of credit other than for capital expenditure are of Rupees 13.065 million (June 30, 2018: Rupees 120.823 million).

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

for the 1st Quarter Ended September 30, 2018

(Rupees in '000')	Un-Audited September 30, 2018	Audited June 30, 2018
5. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets - Owned (Note 5.1)	6,188,137	6,253,403
Capital work-in-progress (Note 5.2)	337,724	74,735
	6,525,861	6,328,138
5.1 Operating fixed assets - Owned		
Opening book value	6,253,403	6,396,065
Add: Cost of additions during the period / year (Note 5.1.1)	8,146	176,036
	6,261,549	6,572,101
Less:		
Book value of deletions during the period / year (Note 5.1.2)	4,113	22,340
Depreciation charged for the period / year	69,299	296,358
	73,412	318,698
Book value at the end of the period / year	6,188,137	6,253,403
5.1.1 Cost of additions during the period / year		
Buildings on leasehold land	-	18,747
Plant and machinery	1,150	126,059
Factory tools and equipment	-	4,476
Gas and electric installations	704	1,434
Vehicles	3,440	20,948
Office equipment	2,852	4,372
	8,146	176,036
5.1.2 Book value of deletions during the period / year		
Land - Freehold	-	8,024
Plant and machinery	4,113	13,816
Vehicles	-	500
	4,113	22,340
5.2 Capital work-in-progress		
Buildings on freehold land	22,671	19,145
Plant and machinery	253,631	164
Advance against purchase of vehicle	5,560	2,470
Advance against office equipment	90	630
Advance against gas and electric installations	90	-
Advance against purchase of land	50,852	49,911
Advance against Enterprise Resource Planning (ERP) implementation	4,830	2,415
	337,724	74,735

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

for the 1st Quarter Ended September 30, 2018

(Rupees in '000')	Un-Audited Quarter ended	
	September 30, 2018	September 30, 2017
6. COST OF SALES		
Raw materials consumed	1,199,825	916,309
Cloth and yarn purchased	629,153	204,598
Stores, spare parts and loose tools consumed	173,079	123,952
Packing material consumed	178,401	122,283
Processing and weaving charges	206,638	98,739
Salaries, wages and other benefits	266,465	238,004
Fuel and power	350,543	289,684
Repair and maintenance	6,019	6,337
Insurance	4,975	3,308
Depreciation	66,009	69,440
Other factory overheads	7,801	8,186
	3,088,908	2,080,840
Work-in-process:		
Opening stock	159,243	131,695
Closing stock	(184,771)	(136,013)
	(25,528)	(4,318)
Cost of goods manufactured	3,063,380	2,076,522
Finished goods:		
Opening stock	1,479,432	1,417,844
Closing stock	(1,441,587)	(1,276,333)
	37,845	141,511
	3,101,225	2,218,033
7. CASH GENERATED FROM OPERATIONS		
Profit / (loss) before taxation	38,531	(32,021)
Adjustments for non-cash charges and other items:		
Depreciation	69,299	71,811
Amortization	1,583	1,583
Mark-up on workers' profit participation fund	14	-
Provision for workers' profit participation fund	2,029	-
(Gain) / loss on disposal of operating fixed assets	(937)	2,653
Dividend income	(24,700)	(37,507)
Finance cost	141,976	89,105
Working capital changes (Note 7.1)	346,446	385,525
	574,241	481,149

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

for the 1st Quarter Ended September 30, 2018

(Rupees in '000')	Un-Audited Quarter ended	
	September 30, 2018	September 30, 2017
6. Working Capital Changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(19,478)	(35,490)
Stock-in-trade	352,892	100,183
Trade debts	(42,826)	199,845
Loans and advances	(5,926)	(188)
Short term deposits and prepayments	(1,038)	(2,854)
Interest accrued	(106)	48
Other receivables	(34,366)	69,257
	249,152	330,801
Increase in trade and other payables	97,294	54,724
	346,446	385,525

8. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, other related parties 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 is as follows:

i) Transactions			
Particulars	Nature of transaction		
Associated companies	Sales of goods	56,831	11,963
	Purchase of goods	24,037	6,394
	Services provided	159	71
	Insurance premium	9,294	8,151
	Insurance claim received	-	39
Employees' Provident Fund Trust	Contribution paid	6,174	5,788
Key management personnel	Remuneration paid to chief executive, director and executives	42,223	35,466

(Rupees in '000')	Un-Audited September 30, 2018	Audited June 30, 2018
ii) Period end balances		
Associated companies and other related parties		
Trade and other payables	19,403	18,760
Trade debts	25,692	1,547
Other receivables	105	-
Long term investments	123,287	123,287

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

for the 1st Quarter Ended September 30, 2018

9. SEGMENT INFORMATION

(Rupees in '000')	Spinning		Weaving	
	(Un-audited)		(Un-audited)	
	Quarter ended		Quarter ended	
	September 30,2018	September 30,2017	September 30,2018	September 30,2017
Revenue				
External	1,386,941	1,174,203	46,214	81,828
Intersegment	361,044	232,223	1,592,930	849,595
	1,747,985	1,406,426	1,639,144	931,423
Cost of sales	(1,628,174)	(1,359,202)	(1,623,020)	(926,385)
Gross profit	119,811	47,224	16,124	5,038
Distribution cost	(13,265)	(9,830)	(3,270)	(3,235)
Administrative expenses	(25,643)	(20,100)	(8,000)	(6,271)
	(38,908)	(29,930)	(11,270)	(9,506)
Profit / (loss) before taxation and unallocated income and expenses	80,903	17,294	4,854	(4,468)
Unallocated income and expenses				
Other expenses				
Other income				
Finance cost				
Taxation				
Profit / (loss) after taxation				

9.1 Reconciliation of reportable segment assets and liabilities:

(Rupees in '000')	Spinning		Weaving	
	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)
	September 30,2018	June 30,2018	September 30,2018	June 30,2018
Total assets for reportable segments	2,927,039	3,012,326	1,563,270	1,521,332
Unallocated assets				
Total assets as per statement of financial position				
All segment assets are allocated to reportable segments other than those directly relating to corporate and tax assets.				
Total liabilities for reportable segments	3,943,283	4,179,892	1,300,464	1,373,551
Unallocated liabilities				
Total liabilities as per statement of financial position				

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 1st Quarter Ended September 30, 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)	
Quarter ended		Quarter ended		Quarter ended		Quarter ended		Quarter ended	
September 30,2018	September 30,2017	September 30,2018	September 30,2017	September 30,2018	September 30,2017	September 30,2018	September 30,2017	September 30,2018	September 30,2017
2,063,358	1,148,348	-	-	4,016	5,598	-	-	3,500,529	2,409,977
-	-	272,838	243,040	-	-	(2,226,812)	(1,324,858)	-	-
2,063,358	1,148,348	272,838	243,040	4,016	5,598	(2,226,812)	(1,324,858)	3,500,529	2,409,977
(1,807,305)	(1,015,198)	(266,466)	(238,165)	(3,072)	(3,941)	2,226,812	1,324,858	(3,101,225)	(2,218,033)
256,053	133,150	6,372	4,875	944	1,657	-	-	399,304	191,944
(160,708)	(108,493)	(1,104)	(695)	-	-	-	-	(178,347)	(122,253)
(50,639)	(38,935)	(4,504)	(3,531)	(222)	(216)	-	-	(89,008)	(69,053)
(211,347)	(147,428)	(5,608)	(4,226)	(222)	(216)	-	-	(267,355)	(191,306)
44,706	(14,278)	764	649	722	1,441	-	-	131,949	638
								(4,559)	(5,120)
								53,117	61,566
								(141,976)	(89,105)
								(31,804)	(12,305)
								6,727	(44,326)

Processing & Home Textile		Power Generation		Cold Storage		Total - Company	
(Un-Audited)	(Audited)	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)
September 30,2018	June 30,2018	September 30,2018	June 30,2018	September 30,2018	June 30,2018	September 30,2018	June 30,2018
2,357,053	2,623,947	265,094	272,676	21,962	20,141	7,134,418	7,450,422
						10,230,970	10,163,664
						17,365,388	17,614,086
2,183,239	1,998,076	57,514	56,481	1,672	564	7,486,172	7,608,564
						1,763,119	1,635,193
						9,249,291	9,243,757

current and deferred tax liabilities.

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

for the 1st Quarter Ended September 30, 2018

10. FINANCIAL RISK MANAGEMENT

10.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

This condensed interim financial information does not include all financial risk management information and disclosures as required in the annual financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2018.

10.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Compared to the year end June 30, 2018, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

10.3 Recognized fair value measurements

Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in this condensed interim financial information. 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:

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.

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. There were no transfers between levels 1 and 2 for recurring fair value measurements since the year end. Further, there was no transfer in and out of level 3 measurements.

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

for the 1st Quarter Ended September 30, 2018

10.4 Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices.

The management updates the assessment of the fair value of non-financial assets, taking into account the most recent independent valuations. The management determines property's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar properties.

11. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors and authorized for issue on October 30, 2018.

12. CORRESPONDING FIGURES

Corresponding figures have been rearranged / reclassified, wherever necessary, for the purpose of comparison. However, no significant rearrangements / reclassifications have been made in this condensed interim financial information.

13. GENERAL

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


Muhammad Anwar
Chief Executive Officer


Khalid Bashir
Director


Asim Siddique
Chief Financial Officer

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