



| The Crescent Textile Mills Limited

1st QUARTER
SEPTEMBER 30 | 2020



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COMPANY INFORMATION

Board of Directors		Bankers
Mr. Khalid Bashir	Chairman	Allied Bank Limited
Mr. Muhammad Anwar	Chief Executive Officer	Habib Bank Limited
Mr. Ahmad Shafi	Director	MCB Bank Limited
Mr. Amjad Mehmood	Director	MCB Islamic Bank Limited
Mr. Khurram Mazhar Karim	Director	National Bank of Pakistan
Mr. Amin Anjum Saleem	Independent Director	Standard Chartered Bank (Pakistan) Limited
Mrs. Nazia Maqbool	Independent Director	The Bank of Punjab
		United Bank Limited
Audit Committee		
Mr. Amin Anjum Saleem	Chairman	
Mr. Khalid Bashir	Member	
Mr. Khurram Mazhar Karim	Member	
HR & R Committee		
Mrs. Nazia Maqbool	Chairman	
Mr. Ahmad Shafi	Member	
Mr. Khurram Mazhar Karim	Member	
Chief Financial Officer		
Mr. Asim Siddique		
Company Secretary		Mills & Registered Office
Mr. Naseer Ahmad Chaudhary		Sargodha Road, Faisalabad, Pakistan
Head of Internal Audit		T: + 92-41-111-105-105
Syed Farhan Safdar		F: + 92-41-8786525
		E: crestex@ctm.com.pk
Auditors		
Riaz Ahmed and Company		
Chartered Accountants		
Legal Advisor		
Syed Masroor Ahmad		
Stock Exchange Listing		Share Registrar
The Crescent Textile Mills Limited is a listed Company and its shares are traded on Pakistan Stock Exchange.		CorpTec Associates (Private) Limited, 503 - E, Johar Town, Lahore, Pakistan
The Company's shares are quoted in leading dailies under textile composite sector.		T: +92-42-35170336-37
		F: +92-42-35170338
		E: info@corptec.com.pk
		www.crescenttextile.com

DIRECTORS' REPORT

for the 1st Quarter Ended September 30, 2020

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, 2020.

Industry overview

Declining COVID-19 cases during first quarter has raised hopes for normalized business activity. If this continues smoothly, it is expected that the economy will resume its growth momentum that will boost the demands of textile products. Textile export for the first quarter of FY21 showed improvement of 2.92 percent in comparison to similar period of last year. Product wise break up reveals that bed wear export increased by 8.4 percent, knitwear segment export witnessed 10.5 percent growth and readymade garments segment recorded 5.2 percent increase.

Company's performance

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

Rupees in million	1st Qtr FY 21	1st Qtr FY 20	Variance	%
Revenue	3,893	3,546	347	9.8
Gross profit	555	503	52	10.3
Operating cost	311	269	42	15.6
Finance cost	102	131	(29)	(22.1)
Other income	19	47	(28)	(59.6)
Taxation	(60)	(56)	4	7.1
Net profit after tax	101	93	8	8.6
Earning Rs. per share	1.27	1.17	0.1	8.6

Operational performance of the Company in the first quarter of this financial year improved significantly in comparison with last two quarters of previous year due full capacity utilization in all segments. Revenue of the Company grew by 9.8 percent during first quarter of FY21. This increase is mainly attributed to increase in export volume of home textile segment. Gross profit also improved in line with increase in sales. Operating cost increased by 15.6 percent due to increase in distribution cost on account of high volume of export shipments. Finance cost decreased by 22.1 percent in comparison to the same period of last year decrease in SBP policy rate. Other income squeezed due to decrease in dividend income.

Future prospects

The Company had planned aggressively for FY21. However, the global conditions and dynamics have changed significantly since Mar 2020 which impacted our growth during last year. In 1st Q of FY21, we have seen significant increase in product demand of all operating segments. If these conditions continue showing improvement, we are expecting very encouraging growth in our sales and profit numbers. At present, our all operating segments are functioning at full capacity. However, uncertainty regarding the possible second wave of the Coronavirus and pace of revival in external demand for Pakistani products is a key risk.

Acknowledgement

The results of the Company are a reflection of the unrelenting commitment and contribution of its people, and the trust placed in the Company by its customers, suppliers, service providers and shareholders. The Company acknowledges and thanks all stakeholders for the confidence reposed in it.

for and on behalf of the Board of Directors


Muhammad Anwar
Chief Executive Officer


Khalid Bashir
Director

ڈائریکٹرز کی رپورٹ

برائے عرصہ ختم شدہ 30 ستمبر 2020ء

بورڈ آف ڈائریکٹرز 30 ستمبر 2020ء کو مختصر سرمایہ کے لیے مالی اور عملی کارکردگی پر اپنا مختصر جائزہ آپ کی خدمت میں پیش کرتے ہوئے خوش محسوس کرتے ہیں۔

صنعت کا جائزہ:

پہلی سرمایہ کے دوران کووڈ 19 کے معاملات میں کمی سے معمول کی کاروباری سرگرمی کی امید میں اضافہ ہوا ہے۔ اگر یہ سلسلہ مستقل جاری رہا تو توقع کی جاتی ہے کہ معیشت کی نمودار بارہ شروع ہوگی جس سے نیکو نائل مصنوعات کی طلب کو تقویت ملے گی۔ گزشتہ سال کے اسی عرصہ کے مقابلہ میں مالی سال 2021 کی پہلی سرمایہ میں ملکی برآمدات میں 2.92 فیصد اضافہ ہوا ہے۔ اگر ہم پراڈکٹ کے حساب سے دیکھیں تو پینہ چلتا ہے کہ کیلوریکری برآمدات میں 8.4 فیصد، ونیر شہجہ کی برآمدات میں 10.5 فیصد، جیکر ریڈی میڈ گارنٹس کے شعبہ کی برآمدات میں 5.2 فیصد کا اضافہ دیکھنے میں آیا۔

کمپنی کی کارکردگی:

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

لیٹین روپے	مالی سال 2021: پہلی سرمایہ	مالی سال 2020: پہلی سرمایہ	فرق	فیصد فرق
آمدن	3,893	3,546	347	9.8
جمہوری نفع	555	503	52	10.3
عملی اخراجات	311	269	42	15.6
مالیاتی اخراجات	102	131	(29)	(22.1)
دیگر آمدن	19	47	(28)	(59.6)
محصولات	(60)	(56)	4	7.1
خالص منافع بعد از محصولات	101	93	8	8.6
آمدن فی شیئر	1.27	1.17	0.1	8.6

تمام شعبہ جات میں مکمل صلاحیت کے استعمال کی وجہ سے رواں مالی سال کی پہلی سرمایہ میں کمپنی کی عملی کارکردگی میں گزشتہ سال کی آخری دوسرے مقابلے میں نمایاں بہتری آئی ہے۔ مالی سال 2021 کی پہلی سرمایہ کے دوران کمپنی کی آمدنی میں 9.8 فیصد اضافہ ہوا۔ یہ اضافہ بنیادی طور پر ہوم ٹیکسٹائل کے شعبہ کے برآمدی حجم میں اضافے کا مرہون منت ہے۔ فروخت میں اضافے کے ساتھ مجموعی منافع میں بھی بہتری آئی ہے۔ برآمدی ترسیلات کے زیادہ حجم کی وجہ سے تقسیم کی لاگت بڑھی جس کے باعث عملی لاگت میں 15.6 فیصد اضافہ ہوا۔ اسٹیٹ بینک پالیسی ریٹ میں کمی کی وجہ سے پچھلے سال کی اسی مدت کے مقابلے میں مالیاتی لاگت میں 22.1 فیصد کمی واقع ہوئی ہے۔ منافع کی آمدنی میں کمی کی وجہ سے دیگر آمدنی میں کمی واقع ہوئی۔

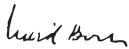
مستقبل کے امکانات:

کمپنی نے مالی سال 2021 کے لیے چار ماہانہ منصوبہ بندی کر رکھی تھی۔ تاہم، مارچ 2020 کے بعد سے عالمی حالات اور حرکات میں نمایاں تبدیلی آئی جس نے پچھلے سال کے دوران ہماری پیداوار کو متاثر کیا۔ مالی سال 2021 کی پہلی سرمایہ میں ہم نے تمام عملی شعبہ جات کی مصنوعات کی طلب میں نمایاں اضافہ دیکھا ہے۔ اگر حالات نے اسی طرح بہتری دکھانا جاری رکھا تو ہم اپنی فروخت اور منافع کے اعداد و شمار میں بہت حوصلہ افزائی کی توقع کر رہے ہیں۔ اس وقت ہمارے تمام عملی شعبہ جات مکمل صلاحیت کے ساتھ فعال پذیر ہیں۔ تاہم، گروٹا وائرس کی تکندہ دوسری اہر اور پاکستانی مصنوعات کی بیرونی طلب میں واپسی کی رفتار کے بارے میں غیر یقینی صورت حال ایک اہم خطرہ ہے۔

اعتراف خدمات:

کمپنی کے نتائج اس کے لوگوں کے غیر متوازیل عزم اور شرکت اور کمپنی کے صارفین، سپلائرز، خدمت فراہم کنندگان اور حصص یافتگان کی طرف سے کمپنی پر کیے گئے اعتماد کے عکاس ہیں۔ کمپنی اس امر کا اعتراف کرتی ہے اور اس اعتماد پر تمام متعلقین کو خراج تحسین پیش کرتی ہے۔

منجانب: بورڈ آف ڈائریکٹرز



خالد شہر
ڈائریکٹر



محمد انور
چیف ایگزیکٹو آفیسر

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

as at September 30, 2020

(Rupees in '000')	Note	Un-Audited September 30, 2020	Audited June 30, 2020
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
100 000 000 (June 30, 2020: 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		782,084	673,438
Surplus on revaluation of operating fixed assets - net of deferred income tax		4,160,808	4,160,766
Revenue reserves		2,906,949	2,805,331
TOTAL EQUITY		8,850,010	8,639,704
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	3	1,310,577	1,120,213
CURRENT LIABILITIES			
Trade and other payables		2,580,022	2,482,544
Unclaimed dividend		11,191	11,232
Accrued mark-up		80,499	100,604
Short term borrowings		6,153,344	6,239,650
Current portion of non-current liabilities		253,758	34,727
Provision for taxation		208,514	166,194
TOTAL LIABILITIES		10,597,905	10,155,164
CONTINGENCIES AND COMMITMENTS			
	4		
TOTAL EQUITY AND LIABILITIES		19,447,915	18,794,868
Assets			
Non-current assets			
Property, plant and equipment	5	7,480,729	7,401,664
Intangible asset		19,220	20,180
Long term investments		3,572,250	3,693,231
Long term loans and advances		236	310
Long term deposits and prepayments		28,962	28,737
Deferred income tax asset		94,571	109,643
		11,195,968	11,253,765
CURRENT ASSETS			
Stores, spare parts and loose tools		286,553	233,516
Stock-in-trade		3,448,137	3,186,554
Trade debts		2,536,697	2,419,493
Loans and advances		801,254	800,033
Short term deposits and prepayments		88,145	84,145
Accrued interest		4,703	5,651
Other receivables		367,524	295,830
Short term investment		704,473	476,896
Cash and bank balances		14,461	38,985
		8,251,947	7,541,103
TOTAL ASSETS		19,447,915	18,794,868

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


Muhammad Anwar
Chief Executive Officer


Khalid Bashir
Director


Asim Siddique
Chief Financial Officer

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

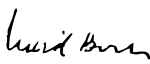
for the 1st Quarter Ended September 30, 2020

(Rupees in '000')	Note	September 30, 2020	September 30, 2019
Revenue		3,892,851	3,546,169
Cost of sales	6	(3,337,360)	(3,042,771)
Gross profit		555,491	503,398
Distribution cost		(174,216)	(149,538)
Administrative expenses		(101,849)	(95,483)
Other expenses		(35,886)	(24,218)
		(311,951)	(269,239)
		243,540	234,159
Other income		19,085	46,511
Profit from operations		262,625	280,670
Finance cost		(101,718)	(131,406)
Profit before taxation		160,907	149,264
Taxation		(59,535)	(56,061)
Profit after taxation		101,372	93,203
Earnings per share - basic and diluted (Rupees)		1.27	1.17

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



Muhammad Anwar
Chief Executive Officer



Khalid Bashir
Director



Asim Siddique
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

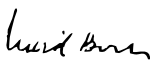
for the 1st Quarter Ended September 30, 2020

(Rupees in '000')	September 30, 2020	September 30, 2019
Profit after taxation	101,372	93,203
Other comprehensive income / (loss)		
Items that will not be reclassified to statement of profit or loss in subsequent periods:		
Surplus / (deficit) arising on remeasurement of investments at fair value through other comprehensive income	106,671	(67,466)
Deferred income tax relating to investments at fair value through other comprehensive income	1,975	1,118
	108,646	(66,348)
Items that may be reclassified to statement of profit or loss in subsequent periods:	-	-
Other comprehensive income / (loss) for the period - net of tax	108,646	(66,348)
Total comprehensive income for the period	210,018	26,855

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



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, 2020

(Rupees in '000)	Share Capital	Reserves								Total	Total Equity	
		Capital Reserves				Revenue Reserves						
		Premium on issue of right shares	Fair value reserve of available for sale investments	Fair value reserve of FVTOCI investments	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, 2019 - (Audited)	800,000	200,169	-	523,811	3,567,457	4,291,437	1,803,643	-	1,011,655	2,815,298	7,106,735	7,906,735
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	-	-	-	-	10	10	-	-	-	-	10	10
Profit for the period	-	-	-	-	-	-	-	-	93,203	93,203	93,203	93,203
Other comprehensive loss for the period	-	-	-	(66,348)	-	(66,348)	-	-	-	-	(66,348)	(66,348)
Total comprehensive profit for the period	-	-	-	(66,348)	-	(66,348)	-	-	93,203	93,203	26,855	26,855
Balance as at September 30, 2019 - (Un-audited)	800,000	200,169	-	457,463	3,567,457	4,225,089	1,803,643	-	1,104,858	2,908,511	7,133,600	7,933,600
Transaction with owners - Final dividend for the year ended 30 June 2019 at the rate of Rupee 0.60 per share	-	-	-	-	-	-	-	-	(48,000)	(48,000)	(48,000)	(48,000)
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred income tax	-	-	-	-	(29)	(29)	-	-	29	29	-	-
Adjustment of deferred income tax liability due to re-assessment at period end	-	-	-	-	(10)	(10)	-	-	-	-	(10)	(10)
Gain realized on disposal of equity investment at fair value through other comprehensive income	-	-	-	(4,395)	-	(4,395)	-	-	4,395	4,395	-	-
Loss for the period	-	-	-	-	-	-	-	-	(59,604)	(59,604)	(59,604)	(59,604)
Other comprehensive income for the period	-	-	-	220,370	593,348	813,718	-	-	-	-	813,718	813,718
Total comprehensive income for the period	-	-	-	220,370	593,348	813,718	-	-	(59,604)	(59,604)	754,114	754,114
Balance as at June 30, 2020 - (Audited)	800,000	200,169	-	673,438	4,160,766	5,034,373	1,803,643	-	1,001,688	2,805,331	7,889,704	8,639,704
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred income tax	-	-	-	-	(127)	(127)	-	-	127	127	-	-
Adjustment of deferred income tax liability due to re-assessment at period end	-	-	-	-	169	169	-	-	-	-	169	169
Gain realized on disposal of equity investment at fair value through other comprehensive income	-	-	-	-	-	-	-	-	119	119	119	119
Profit for the period	-	-	-	-	-	-	-	-	101,372	101,372	101,372	101,372
Other comprehensive income for the period	-	-	-	108,646	-	108,646	-	-	-	-	108,646	108,646
Total comprehensive profit for the period	-	-	-	108,646	-	108,646	-	-	101,372	101,372	210,018	210,018
Balance as at September 30, 2020 - (Un-audited)	800,000	200,169	-	782,084	4,160,808	5,143,061	1,803,643	-	1,103,306	2,906,949	8,099,010	8,850,010


Muhammad Anwar
Chief Executive Officer


Khalid Bashir
Director


Asim Siddique
Chief Financial Officer

1st QUARTER
SEPTEMBER 30 | 2020

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

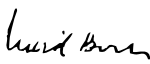
for the 1st Quarter Ended September 30, 2020

(Rupees in '000')	Note	September 30, 2020	September 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	7	(73,266)	467,462
Finance cost paid		(121,801)	(151,570)
Net income tax refund / (paid)		8,220	(38,940)
Dividend paid		(41)	-
Net decrease in long term loans and advances		267	78
Net (increase) / decrease in long term deposits and prepayments		(225)	284
Net cash (used in) / generated from operating activities		(186,846)	277,314
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant, equipment and intangible asset		(160,963)	(41,055)
Proceeds from sale of property, plant and equipment		-	1,668
Proceeds from sale of investment		196	-
Net cash used in investing activities		(160,767)	(39,387)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		409,395	-
Repayment of long term financing		-	(83,823)
Short term borrowings - net		(86,306)	(155,297)
Net cash from / (used in) financing activities		323,089	(239,120)
Net decrease in cash and cash equivalents		(24,524)	(1,193)
Cash and cash equivalents at the beginning of the period		38,985	4,468
Cash and cash equivalents at the end of the period		14,461	3,275

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



Muhammad Anwar
Chief Executive Officer



Khalid Bashir
Director



Asim Siddique
Chief Financial Officer

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

for the 1st Quarter Ended September 30, 2020

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 Sargodha Road, Faisalabad, 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. Head office and production units are situated at Sargodha Road, Faisalabad, Punjab except for the weaving unit which is situated at Industrial Estate, Hattar, Tehsil Khanpur, District Haripur, Khyber Pakhtunkwah, stitching unit which is situated at Chak No. 66 J.B., Dhandra Road, Airport Chowk, Jhang Road, Faisalabad, Punjab and liaison office situated at 8th Floor, Sidco Avenue Centre, 264-R.A. Lines, Stretchen Road, Karachi, Sindh.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

a) Statement of compliance

- i) These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:
 - International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan (ICAP), as notified under the Companies Act, 2017; and
 - Provisions of and directives issued under the Companies Act, 2017.
 - Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs and IFASs, the provisions of and directives issued under the Companies Act, 2017 have been followed.
- ii) These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 30 June 2020.

b) Accounting policies and computation methods

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial statements 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, 2020.

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

for the 1st Quarter Ended September 30, 2020

2.2 Accounting estimates, judgments and financial risk management

The preparation of these condensed interim financial statements 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 these condensed interim financial statements, 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, 2020.

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, 2020.

(Rupees in '000')	Un-Audited September 30, 2020	Audited June 30, 2020
3. LONG TERM FINANCING		
Financing from banking companies - secured		
Opening balance	1,154,940	1,395,071
Add: Obtained during the period / year	409,395	-
Less: Repaid during the period / year	-	240,131
	1,564,335	1,154,940
Less: Current portion shown under current liabilities	253,758	34,727
	1,310,577	1,120,213

4. CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) Guarantees of Rupees 245.736 million (June 30, 2020: Rupees 245.736 million) are given by the banks of the Company to Collector of Customs against import of certain items, 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, 2020: Rupees 2.000 million) is given by the bank of the Company to Total Parco Pakistan Limited against fuel cards.
- iii) Post dated cheques of Rupees 359.961 million (June 30, 2020: Rupees 342.800 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.

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

for the 1st Quarter Ended September 30, 2020

- iv) 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) Lahore, for the collection of PRA withholding tax amounting to Rupees 23.348 million (June 30, 2020: 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.
- b) Commitments
- i) Contracts for capital expenditure are of Rupees 261.788 million (June 30, 2020: Rupees 384.177 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 586.786 million (June 30, 2020: Rupees 447.143 million).
- iii) Ijarah (operating lease) commitments are of Rupees 30.418 million (June 30, 2020: Rupees 38.023 million).

(Rupees in '000')	Un-Audited September 30, 2020	Audited June 30, 2020
5. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets - Owned (Note 5.1)	7,362,442	7,328,499
Capital work-in-progress (Note 5.2)	118,287	73,165
	7,480,729	7,401,664
5.1 Operating fixed assets - Owned		
Opening book value	7,328,499	6,618,899
Add:		
Cost of additions during the period / year (Note 5.1.1)	114,912	449,837
Effect of surplus on revaluation as at 30 June 2020	-	594,381
	7,443,411	7,663,117
Less:		
Book value of deletions during the period / year (Note 5.1.2)	-	7,934
Depreciation charged for the period / year	80,969	326,684
	80,969	334,618
Book value at the end of the period / year	7,362,442	7,328,499

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

for the 1st Quarter Ended September 30, 2020

(Rupees in '000')	Un-Audited September 30, 2020	Audited June 30, 2020
5.1.1 Cost of additions during the period / year		
Land -Freehold	-	99,783
Buildings on freehold land	-	89,268
Plant and machinery	102,853	213,804
Factory tools and equipment	700	2,434
Gas and electric installations	695	224
Vehicles	8,604	40,807
Office equipment	2,060	3,517
	114,912	449,837
5.1.2 Book value of deletions during the period / year		
Buildings on freehold land	-	26
Plant and machinery	-	3,796
Vehicles	-	4,112
	-	7,934
5.2 Capital work-in-progress		
Buildings on freehold land	22,992	22,992
Advance against Plant and machinery	18,458	-
Advance against purchase of vehicle	3,420	-
Advance against purchase of land	73,417	49,911
Advance against gas and electric installations	-	262
	118,287	73,165
	Un-Audited Quarter ended	
(Rupees in '000')	September 30, 2020	September 30, 2019
6. COST OF SALES		
Raw materials consumed	1,242,100	1,283,792
Cloth and yarn purchased	521,967	236,812
Stores, spare parts and loose tools consumed	292,396	230,987
Packing material consumed	205,881	158,681
Processing and weaving charges	183,033	148,371
Salaries, wages and other benefits	309,384	303,579
Fuel and power	387,880	404,085
Repair and maintenance	13,031	11,515
Insurance	3,302	2,769
Depreciation	74,834	74,688
Other factory overheads	16,410	14,537
	3,250,218	2,869,816

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

for the 1st Quarter Ended September 30, 2020

(Rupees in '000')	Un-Audited Quarter ended	
	September 30, 2020	September 30, 2019
Work-in-process:		
Opening stock	227,357	142,034
Closing stock	(230,295)	(171,957)
	(2,938)	(29,923)
Cost of goods manufactured	3,247,280	2,839,893
Finished goods:		
Opening stock	2,082,927	1,567,562
Closing stock	(1,992,847)	(1,364,684)
	90,080	202,878
	3,337,360	3,042,771
7. CASH (USED IN) / GENERATED FROM OPERATIONS		
Profit before taxation	160,907	149,264
Adjustments for non-cash charges and other items:		
Depreciation	80,969	79,099
Amortization	1,889	1,583
Mark-up on workers' profit participation fund	22	330
Provision for workers' profit participation fund	9,673	7,115
Gain on disposal of operating fixed assets	-	(1,137)
Dividend income	-	(24,700)
Finance cost	101,696	131,076
Working capital changes (Note 7.1)	(428,422)	124,832
	(73,266)	467,462
7.1 Working capital changes		
Decrease / (increase) in current assets:		
Stores, spare parts and loose tools	(53,037)	7,926
Stock-in-trade	(261,583)	102,083
Trade debts	(117,204)	19,445
Loans and advances	(9,634)	(12,013)
Short term deposits and prepayments	(4,000)	1,120
Interest accrued	948	(933)
Other receivables	(71,694)	(20,041)
	(516,204)	97,587
Increase in trade and other payables	87,782	27,245
	(428,422)	124,832

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

for the 1st Quarter Ended September 30, 2020

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:

(Rupees in '000')		Un-Audited Quarter ended	
		September 30, 2020	September 30, 2019
i) Transactions			
Particulars	Nature of transaction		
Associated companies	Services provided	186	168
	Insurance premium	7,172	5,403
Employees' Provident			
Fund Trust	Contribution paid	7,828	6,855
Key management personnel	Remuneration paid to chief executive, directors and executives	54,279	58,099
(Rupees in '000)		Un-Audited September 30, 2020	Audited June 30, 2020
ii) Period end balances			
	Trade and other payables	1,383	23,030
	Other receivables	803	617

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

for the 1st Quarter Ended September 30, 2020

9. SEGMENT INFORMATION

(Rupees in '000)	Spinning	
	(Un-audited)	
	Quarter ended	
	September 30, 2020	September 30, 2019
Revenue		
External	1,208,550	1,224,265
Intersegment	617,851	654,288
	1,826,401	1,878,553
Cost of sales	(1,720,674)	(1,775,644)
Gross profit	105,727	102,909
Distribution cost	(12,863)	(13,832)
Administrative expenses	(29,386)	(27,598)
	(42,249)	(41,430)
Profit / (loss) before taxation and unallocated income and expenses	63,478	61,479
Unallocated income and expenses		
Other expenses		
Other income		
Finance cost		
Taxation		
Profit after taxation		

9.1 Reconciliation of reportable segment assets and liabilities:

(Rupees in '000)	Spinning	
	(Un-Audited)	(Audited)
	September 30, 2020	June 30, 2020
Total assets for reportable segments	3,676,313	3,267,675
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	3,552,940	3,619,918
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 STATEMENTS (UN-AUDITED)

for the 1st Quarter Ended September 30, 2020

Weaving		Processing & Home Textile		Power Generation		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 30,2020	September 30,2019	September 30,2020	September 30,2019	September 30,2020	September 30,2019	September 30,2020	September 30,2019	September 30,2020	September 30,2019
26,783	139,650	2,657,518	2,182,254	-	-	-	-	3,892,851	3,546,169
1,638,262	1,186,612	-	-	303,227	329,204	(2,559,340)	(2,170,104)	-	-
1,665,045	1,326,262	2,657,518	2,182,254	303,227	329,204	(2,559,340)	(2,170,104)	3,892,851	3,546,169
(1,639,244)	(1,319,012)	(2,240,523)	(1,795,462)	(296,259)	(322,757)	2,559,340	2,170,104	(3,337,360)	(3,042,771)
25,801	7,250	416,995	386,792	6,968	6,447	-	-	555,491	503,398
(2,864)	(3,878)	(157,545)	(130,749)	(944)	(1,079)	-	-	(174,216)	(149,538)
(9,168)	(8,611)	(58,133)	(54,426)	(5,162)	(4,848)	-	-	(101,849)	(95,483)
(12,032)	(12,489)	(215,678)	(185,175)	(6,106)	(5,927)	-	-	(276,065)	(245,021)
13,769	(5,239)	201,317	201,617	862	520	-	-	279,426	258,377
								(35,886)	(24,218)
								19,085	46,511
								(101,718)	(131,406)
								(59,535)	(56,061)
								101,372	93,203

Weaving		Processing & Home Textile		Power Generation		Total - Company	
(Un-Audited)	(Audited)	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)
September 30,2020	June 30,2020	September 30,2020	June 30,2020	September 30,2020	June 30,2020	September 30,2020	June 30,2020
1,420,444	1,423,516	3,533,750	3,480,550	389,190	390,496	9,019,697	8,562,237
						10,428,218	10,232,631
						19,447,915	18,794,868
597,747	859,304	3,578,473	2,957,133	69,057	58,839	7,798,217	7,495,194
						2,799,688	2,659,970
						10,597,905	10,155,164

and tax liabilities.

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

for the 1st Quarter Ended September 30, 2020

9.2 Geographical Information

The Company's revenue from external customers by geographical locations is detailed below:

	Spinning		Weaving		Processing & Home Textile		Total Company	
	September 30,2020	September 30,2019	September 30,2020	September 30,2019	September 30,2020	September 30,2019	September 30,2020	September 30,2019
Europe	-	-	4,954	30,718	2,213,673	1,842,784	2,218,627	1,873,502
America	-	-	-	6,206	280,405	122,329	280,405	128,535
Asia, Africa and Australia	-	-	-	-	122,337	179,843	122,337	179,843
Pakistan	1,208,550	1,224,265	21,829	102,726	41,103	37,298	1,271,482	1,364,289
	1,208,550	1,224,265	26,783	139,650	2,657,518	2,182,254	3,892,851	3,546,169

9.3 All non-current assets of the Company as at reporting date are located and operating in Pakistan.

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.

These condensed interim financial statements 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, 2020.

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, 2020, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

11. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

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

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

for the 1st Quarter Ended September 30, 2020

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity 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 maximize 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.

11.1 Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices for listed securities and discounted cash flow method for most of the unlisted securities.

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.

12. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on October 28, 2020.

13. CORRESPONDING FIGURES

In order to comply with the requirements of IAS 34, the condensed interim statement of financial position 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 statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

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

for the 1st Quarter Ended September 30, 2020

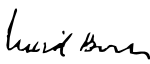
Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have been made.

14. 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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