

1st QUARTER  
SEPTEMBER 30 | 2019



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# COMPANY INFORMATION

## Board of Directors

		Bankers
Mr. Khalid Bashir	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. Shaukat Shafi	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

Mr. Muhammad Arshad	Chairman
Mr. Khalid Bashir	Member
Mr. Anjum Muhammad Saleem	Member
Mr. Khurram Mazhar Karim	Member

## HR & R Committee

Mr. Muhammad Arshad	Chairman
Mr. Khalid Bashir	Member
Mr. Ahmad Shafi	Member
Mr. Anjum Muhammad Saleem	Member

## Chief Financial Officer

Mr. Asim Siddique	Mills & Registered Office
	Sargodha Road,
	Faisalabad, Pakistan
	T: + 92-41-111-105-105
	F: + 92-41-8786525
	E: crestex@ctm.com.pk

## Company Secretary

Mr. Naseer Ahmad Chaudhary	
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## Head of Internal Audit

Mr. Syed Farhan Safdar
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## Auditors

Riaz Ahmed & Company
Chartered Accountants

## Legal Advisor

Syed Masroor Ahmad	Share Registrar
	CorpTec Associates (Pvt) Ltd.,
	503 - E, Johar Town,

## Stock Exchange Listing

The Crescent Textile Mills Limited is a listed Company and its shares are traded on Pakistan Stock Exchange.	Lahore, Pakistan
	T: +92-42-35170336-37
	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
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# DIRECTORS' REPORT

for the 1st Quarter Ended September 30, 2019

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, 2019.

## Industry overview

The textile industry continues to face stiff competition from China, India, Bangladesh, Cambodia and other emerging countries in the region. With the adjustment in exchange rate & rationalization of energy rates, it is expected that overall situation for the Textile industry will improve. Investment for capacity enhancement will result in substantial growth in textile exports. Withdrawal of zero rated regime for textile industry brought a lot of pressure on the performance of business and industry. Total exports of the country posted 2.75% growth in first quarter of FY20 in comparison to the same period of last year. Textile export for the first quarter of FY20 showed marginal improvement of 2.3% as compared to first quarter of FY19. The highest growth witnessed in the knitwear segment which recorded a 13% increase in first quarter of FY20 followed by garment segment with 7% increase whereas home textile segment showed only 1% increase.

## Company's performance

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

Rupees in million	1st Qtr FY 20	1st Qtr FY 19	Variance	%
Revenue	3,546	3,501	45	1
GP	503	399	104	26
Operating cost	269	272	(3)	(1)
Finance cost	131	142	(11)	(7)
Other income	47	53	(6)	(12)
Taxation	(56)	(32)	(24)	76
Net profit after tax	93	7	86	1,286
Earning Rs. per share	1.16	0.08	1	1,286

Top line of the Company remained stable during first quarter of FY20 and recorded marginal growth of 1%. Last year sale revenue grew by 23%. Gross profit percentage to revenue improved from 11% to 14% mainly due to increase in average selling rates of both local and export sale. In spinning average sale rate improved by 10% from Rs 171/lbs to Rs 188/lbs. On the other side, raw material prices were also increased in comparison to the same period of last year. Average cotton price increased by 7% and man-made fiber by 6%. In value added segment average selling rate increased by 15% in processed fabric export and by 33% in made up export in comparison to the same period of last year. This increase is mainly attributed to rupee devaluation during the last year. Finance cost decreased by 7% in comparison to the same period of last year despite of the continuous increase in SBP policy rate during last twelve months. Overall decrease in finance cost attributed to exchange loss on foreign currency loans in corresponding period.

## Future prospects

While observing the rise in immense global competition in textiles, including speed to market requirements by retailers and brands, the company has to keep an eye on the shift in sourcing patterns. This can be effectively mitigated through efficiency improvements. With the present economic conditions that are expected to prevail for foreseeable period, the company aims to develop and implement measures that will enable the company to minimize the lead times. We feel, in today's highly competitive global environment, the textile sector in Pakistan needs to upgrade its supply chain, improve productivity, and maximize value-addition to be able to survive in the global market.

## 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 ختمیت 30 ستمبر 2019

بورڈ آف ڈائریکٹرز 30 ستمبر 2019 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:

بیکسٹائل کی صنعت کو چین، انڈیا، بنگلہ دیش، بھارت اور وسطی ایشیا کے دیگر ممالک کے ساتھ مقابلے کا سامنا رہا۔ کچھ ریٹ میں مطابقت اور توانائی کی قیمتوں میں موافقت کی بناء پر بیکسٹائل کی صنعت میں مجموعی طور پر بہتری کی توقع ہے۔ پیپرواداری صلاحیت میں اضافے کیلئے سرمایہ کاری کے نتیجے میں بیکسٹائل برآمدات میں خاطر خواہ اضافہ ہوگا۔ بیکسٹائل کی صنعت سے زیوریدہ سہولت کی وجہ سے کاروبار اور صنعت کی کارکردگی پر بہت زیادہ دباؤ آیا ہے۔ گزشتہ سال کے اسی عرصہ کے مقابلہ میں مالی سال 2020 کی پہلی سہ ماہی میں کلی برآمدات میں 2.75 فیصد اضافہ ہوا ہے۔ مالی سال 2019 کی پہلی سہ ماہی کے مقابلہ میں مالی سال 2020 کی پہلی سہ ماہی کی بیکسٹائل برآمدات میں 2.3 فیصد کا معمولی اضافہ ہوا ہے۔ سب سے زیادہ اضافہ ڈنیر کے شعبہ میں دیکھا گیا جس میں مالی سال 2020 کی پہلی سہ ماہی میں 13 فیصد کا اضافہ ریکارڈ کیا گیا جس کے بعد گاڑنٹس کے شعبہ میں 7 فیصد اضافہ جبکہ بوم بیکسٹائل کے شعبہ میں صرف ایک فیصد اضافہ دیکھا گیا۔

کینیڈا کی کارکردگی:

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

ملین روپے	مالی سال 2020 پہلی سہ ماہی	مالی سال 2019 پہلی سہ ماہی	فرق	فیصد فرق
آمدن	3,546	3,501	45	1
مجموعی نفع	503	399	104	26
عملی اخراجات	269	272	(3)	(1)
مالیاتی اخراجات	131	142	(11)	(7)
دیگر آمدن	47	53	(6)	(12)
محصولات	(56)	(32)	(24)	76
خالص نفع بعد از محصولات	93	7	86	1,286
آمدن فی شیئر	1.16	0.08	1	1,286

مالی سال 2020 کی پہلی سہ ماہی کے دوران کینیڈا کی ناپ لائن مستحکم رہی اور ایک فیصد کی معمولی نمو ریکارڈ کی گئی۔ پچھلے سال فروخت کی آمدنی میں 23 فیصد اضافہ ہوا۔ مجموعی منافع کی شرح میں 11 فیصد سے 14 فیصد تک بہتری ہوئی ہے جس کی بنیادی وجہ مقامی اور برآمدی فروخت کی اوسط شرح فروخت میں اضافہ ہے۔ سپٹنگ میں اوسط شرح فروخت 10 فیصد اضافے کے ساتھ 171 روپے فی پونڈ سے 188 روپے فی پونڈ ہوئی۔ دوسری طرف گزشتہ سال کی اسی مدت کے مقابلہ میں عام سال کی قیمتوں میں بھی اضافہ ہوا۔ کپاس کی اوسط قیمت میں 7 فیصد اور صنعتی فائبر کی قیمت میں 6 فیصد اضافہ ہوا۔ ویلیو ایڈڈ شیئر کوئٹیشن گزشتہ سال کی اسی مدت کے مقابلہ میں پروسپیکٹ پورے کی برآمدات کی اوسط شرح فروخت میں 15 فیصد اور میڈیاپ برآمدات میں 33 فیصد اضافہ ہوا۔ یہ اضافہ بنیادی طور پر گزشتہ سال کے دوران روپے کی قدر میں کمی کا مرہون منت ہے۔ گزشتہ بارہ ماہ کے دوران اسٹیٹ بینک پالیسی ریٹ میں مسلسل اضافے کے باوجود گزشتہ سال کے اسی عرصہ کے مقابلہ میں مالیاتی لاگت میں 7 فیصد کمی واقع ہوئی ہے۔ مالیاتی لاگت میں مجموعی کمی اس عرصے میں فیڈ بلیک کرنسی قرضوں پر تبادلے کے نقصان سے منسوب کی جاسکتی ہے۔

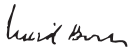
مستقبل کے امکانات:

بیکسٹائل میں بین الاقوامی مقابلے میں بڑھتا ہوا اضافہ اور ریٹیلرز اور براڈ ریڈ کی طرف سے مارکیٹ کی ضروریات کی رفتار کو دیکھنے کے ساتھ ساتھ کینیڈا کو سروسنگ پیئرز میں تبدیلی پر بھی نظر رکھنا ہوگی۔ اسے کارکردگی کی بہتری کے ذریعے موثر طریقے سے کم کیا جاسکتا ہے۔ موجودہ معاشی حالات کے ساتھ (جو کافی مدت تک غالب رہنے کی توقع ہے) کینیڈا کا مختصر ایسے اقدامات اور ان پر عمل درآمد کرنا ہے جس سے کینیڈا اپنے کام کے اوقات کو کم سے کم کرنے کے قابل ہو سکے۔ ہم محسوس کرتے ہیں کہ آج کے انتہائی مسابقتی عالمی ماحول میں پاکستان میں بیکسٹائل کے شعبے کو عالمی منڈی میں بقاء کے لیے اپنی پائائی چین کو اپر گریڈ کرنے، پیپرواداری صلاحیت کو بہتر بنانے اور زیادہ سے زیادہ ویلیو ایڈیشن کرنے کی ضرورت ہے۔

اعتراف خدمات:

کینیڈا کے نتائج اس کے لوگوں کے غیر متزلزل عزم اور شرکت اور کینیڈا کے صارفین، سپلائرز، خدمت فراہم کنندگان اور حصص یافتگان کی طرف سے کینیڈا پر کیے گئے اعتماد کے عکاس ہیں۔ کینیڈا اس امر کا اعتراف کرتی ہے اور اس اعتماد و احترام متعلقین کا شکریہ ادا کرتی ہے۔

منجانب: بورڈ آف ڈائریکٹرز



خالد بشیر  
ڈائریکٹر



محمد انور  
چیف ایگزیکٹو آفیسر

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

as at September 30, 2019

(Rupees in '000')	Note	Un-Audited September 30, 2019	Audited June 30, 2019
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 100 000 000 (June 30, 2019: 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		457,463	523,811
Surplus on revaluation of operating fixed assets - net of deferred income tax		3,567,457	3,567,457
<b>Revenue reserves</b>		<b>2,908,511</b>	<b>2,815,298</b>
<b>TOTAL EQUITY</b>		<b>7,933,600</b>	<b>7,906,735</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	3	1,025,140	1,120,213
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,900,287	1,865,597
Unclaimed dividend		9,435	9,435
Accrued mark-up		99,446	119,940
Short term borrowings		5,780,360	5,935,657
Current portion of non-current liabilities		286,108	274,858
Provision for taxation		181,628	138,368
<b>TOTAL LIABILITIES</b>		<b>9,287,264</b>	<b>8,343,855</b>
<b>TOTAL LIABILITIES</b>		<b>9,282,404</b>	<b>9,464,068</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	4		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>17,216,004</b>	<b>17,370,803</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	6,688,187	6,726,762
Intangible asset		4,223	5,806
Long term investments		3,724,306	3,792,196
Long term loans and advances		453	500
Long term deposits and prepayments		29,678	29,962
Deferred income tax asset		91,233	102,906
		10,538,080	10,658,132
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		257,431	265,357
Stock-in-trade		2,182,585	2,284,668
Trade debts		2,605,480	2,647,825
Loans and advances		804,582	753,660
Short term deposits and prepayments		69,853	70,973
Accrued interest		5,704	4,771
Other receivables		310,632	290,591
Short term investment		438,382	390,358
Cash and bank balances		3,275	4,468
		6,677,924	6,712,671
<b>TOTAL ASSETS</b>		<b>17,216,004</b>	<b>17,370,803</b>

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, 2019

(Rupees in '000')	Note	September 30, 2019	September 30, 2018
Revenue		3,546,169	3,500,529
Cost of sales	6	(3,042,771)	(3,101,225)
Gross profit		503,398	399,304
Distribution cost		(149,538)	(178,347)
Administrative expenses		(95,483)	(89,008)
Other expenses		(24,218)	(4,559)
		(269,239)	(271,914)
		234,159	127,390
Other income		46,511	53,117
Profit from operations		280,670	180,507
Finance cost		(131,406)	(141,976)
Profit before taxation		149,264	38,531
Taxation		(56,061)	(31,804)
Profit after taxation		93,203	6,727
Earnings per share - basic and diluted (Rupees)		1.17	0.08

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)

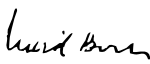
for the 1st Quarter Ended September 30, 2019

(Rupees in '000')	September 30, 2019	September 30, 2018
Profit after taxation	93,203	6,727
Other comprehensive loss		
Items that will not be reclassified to statement of profit or loss in subsequent periods:		
Deficit arising on remeasurement of investments at fair value through other comprehensive income	(67,466)	-
Deferred income tax relating to investments at fair value through other comprehensive income	1,118	-
	(66,348)	-
Items that may be reclassified to statement of profit or loss in subsequent periods:		
Deficit arising on remeasurement of available for sale investments to fair value	-	(260,963)
Other comprehensive loss for the period - net of tax	(66,348)	(260,963)
<b>Total comprehensive profit / (loss) for the period</b>	<b>26,855</b>	<b>(254,236)</b>

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, 2019

(Rupees in '000)	Share Capital	Reserves								Total	Total Equity	
		Capital Reserves				Revenue Reserves						
		Premium on issue of right shares	Fair value reserve of FV100 investments	Fair value reserve of FV100 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, 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
Adjustment on adoption of IFRS 9	-	-	(1,225,974)	1,225,974	-	-	-	-	-	-	-	-
Adjusted total equity as at 01 July 2018	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
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	-	-	-	-	(24)	(24)	-	-	-	-	(24)	(24)
Transferred from dividend equalization reserve to general reserve	-	-	-	-	-	-	30,000	(30,000)	-	-	-	-
Profit for the period	-	-	-	-	-	-	-	-	231,862	231,862	231,862	231,862
Other comprehensive loss for the period	-	-	-	(441,200)	-	(441,200)	-	-	-	-	(441,200)	(441,200)
Total comprehensive loss for the period	-	-	-	(441,200)	-	(441,200)	-	-	231,862	231,862	(209,338)	(209,338)
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

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

1st QUARTER  
SEPTEMBER 30 | 2019

## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

for the 1st Quarter Ended September 30, 2019

(Rupees in '000')	Note	September 30, 2019	September 30, 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	7	467,462	574,241
Finance cost paid		(151,570)	(146,067)
Income tax paid		(38,940)	(40,795)
Dividend paid		-	(5)
Net decrease in long term loans and advances		78	553
Net cash generated from operating activities		277,314	387,927
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(41,055)	(271,135)
Proceeds from sale of property, plant and equipment		1,668	5,050
Net cash used in investing activities		(39,387)	(266,085)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		-	200,000
Repayment of long term financing		(83,823)	(83,823)
Short term borrowings - net		(155,297)	(233,082)
Net cash used in financing activities		(239,120)	(116,905)
Net (decrease) / increase in cash and cash equivalents		(1,193)	4,937
Cash and cash equivalents at the beginning of the period		4,468	3,413
Cash and cash equivalents at the end of the period		3,275	8,350

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, 2019

### 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 Pakhtunkhwa.

### 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 2019.

##### 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, 2019.

#### 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.

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

for the 1st Quarter Ended September 30, 2019

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, 2019.

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, 2019.

(Rupees in '000')	Un-Audited September 30, 2019	Audited June 30, 2019
<b>3. LONG TERM FINANCING</b>		
Financing from banking companies - secured		
Opening balance	1,395,071	1,103,109
Add: Obtained during the period / year	-	550,001
Less: Repaid during the period / year	83,823	258,039
	1,311,248	1,395,071
Less: Current portion shown under current liabilities	286,108	274,858
	1,025,140	1,120,213

#### 4. CONTINGENCIES AND COMMITMENTS

##### a) Contingencies

- i) Guarantees of Rupees 195.528 million (June 30, 2019: Rupees 199.073 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, 2019: 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 343.156 million (June 30, 2019: Rupees 318.875 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) 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, 2019: Rupees 9.606 million). The Company's management is confident that appeals are likely to be dismissed.

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

for the 1st Quarter Ended September 30, 2019

- v) 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, 2019: 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.
- vi) The Company entered into an agreement to purchase land from Faisalabad Industrial Estate Development and Management Company (FIEDMC) in financial year 2015-16 against an amount of Rupees 331.971 million. However the Company deposited Rupees 49.911 million (Note 5.2) in the first year and no payment has been made since last three years. As per the management of the Company, FIEDMC has not given clean possession of land as per their commitment. FIEDMC is demanding the installments on due dates along with late payment surcharge on the overdue installments. Therefore the Company has filed a case in Civil Court, Faisalabad in November 2018 against FIEDMC for removal of water courses, electric poles and SCARP tubewell from the land given to the Company and to provide a new possession letter with revised payment schedule. The Company's management is confident that the outcome of the case will be in Company's favor.
- b) Commitments
- i) Contracts for capital expenditure are of Rupees 445.470 million (June 30, 2019: Rupees 302.884 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 322.954 million (June 30, 2019: Rupees 460.319 million).
- iii) Ijarah (operating lease) commitments are of Rupees 63.134 million (June 30, 2019: Rupees 72.197 million).

(Rupees in '000')	Un-Audited September 30, 2019	Audited June 30, 2019
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets - Owned (Note 5.1)	6,552,508	6,618,899
Capital work-in-progress (Note 5.2)	135,679	107,863
	<b>6,688,187</b>	<b>6,726,762</b>
<b>5.1 Operating fixed assets - Owned</b>		
Opening book value	6,618,899	6,253,403
Add: Cost of additions during the period / year (Note 5.1.1)	13,239	698,189
	6,632,138	6,951,592
Less:		
Book value of deletions during the period / year (Note 5.1.2)	531	34,601
Depreciation charged for the period / year	79,099	298,092
	79,630	332,693
Book value at the end of the period / year	<b>6,552,508</b>	<b>6,618,899</b>

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

for the 1st Quarter Ended September 30, 2019

(Rupees in '000')	Un-Audited September 30, 2019	Audited June 30, 2019
<b>5.1.1 Cost of additions during the period / year</b>		
Plant and machinery	5,010	653,476
Factory tools and equipment	430	-
Gas and electric installations	-	3,246
Vehicles	6,347	34,047
Office equipment	1,452	7,420
	13,239	698,189
<b>5.1.2 Book value of deletions during the period / year</b>		
Buildings on freehold land	17	61
Buildings on leasehold land	-	82
Plant and machinery	1	30,767
Vehicles	513	2,776
Stand-by equipment	-	915
	531	34,601
<b>5.2 Capital work-in-progress</b>		
Buildings on freehold land	48,946	31,606
Plant and machinery	5,799	12,214
Advance against purchase of vehicle	16,533	1,359
Advance against office equipment	-	908
Advance against purchase of land	49,911	49,911
Advance against Enterprise Resource Planning (ERP) implementation	14,490	11,865
	135,679	107,863
Un-Audited		
Quarter ended		
(Rupees in '000')	September 30, 2019	September 30, 2018
<b>6. COST OF SALES</b>		
Raw materials consumed	1,283,792	1,199,825
Cloth and yarn purchased	236,812	629,153
Stores, spare parts and loose tools consumed	230,987	173,079
Packing material consumed	158,681	178,401
Processing and weaving charges	148,371	206,638
Salaries, wages and other benefits	303,579	266,465
Fuel and power	404,085	350,543
Repair and maintenance	11,515	6,019
Insurance	2,769	4,975
Depreciation	74,688	66,009
Other factory overheads	14,537	7,801
	2,869,816	3,088,908

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

for the 1st Quarter Ended September 30, 2019

(Rupees in '000')	Un-Audited Quarter ended	
	September 30, 2019	September 30, 2018
Work-in-process:		
Opening stock	142,034	159,243
Closing stock	(171,957)	(184,771)
	(29,923)	(25,528)
Cost of goods manufactured	2,839,893	3,063,380
Finished goods:		
Opening stock	1,567,562	1,479,432
Closing stock	(1,364,684)	(1,441,587)
	202,878	37,845
	3,042,771	3,101,225
<b>7. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	149,264	38,531
Adjustments for non-cash charges and other items:		
Depreciation	79,099	69,299
Amortization	1,583	1,583
Mark-up on workers' profit participation fund	330	14
Provision for workers' profit participation fund	7,115	2,029
Gain on disposal of operating fixed assets	(1,137)	(937)
Dividend income	(24,700)	(24,700)
Finance cost	131,076	141,976
Working capital changes (Note 7.1)	124,832	346,446
	467,462	574,241
<b>7.1 Working capital changes</b>		
Decrease / (increase) in current assets:		
Stores, spare parts and loose tools	7,926	(19,478)
Stock-in-trade	102,083	352,892
Trade debts	19,445	(42,826)
Loans and advances	(12,013)	(5,926)
Short term deposits and prepayments	1,120	(1,038)
Interest accrued	(933)	(106)
Other receivables	(20,041)	(34,366)
	97,587	249,152
Increase in trade and other payables	27,245	97,294
	124,832	346,446



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

for the 1st Quarter Ended September 30, 2019

### 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, 2019	September 30, 2018
<b>i) Transactions</b>			
Particulars	Nature of transaction		
Associated companies	Sales of goods	-	56,831
	Purchase of goods	-	24,037
	Services provided	168	159
	Insurance premium	5,403	9,294
Employees' Provident Fund Trust	Contribution paid	6,855	6,174
Key management personnel	Remuneration paid to chief executive, directors and executives	58,099	42,223

(Rupees in '000)		Un-Audited	Audited
		September 30, 2019	June 30, 2019
<b>ii) Period end balances</b>			
Associated companies and other related parties			
	Trade and other payables	9,960	3,244
	Trade debts	145	4,657
	Other receivables	276	109

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

for the 1st Quarter Ended September 30, 2019

### 9. SEGMENT INFORMATION

(Rupees in '000)	Spinning		Weaving	
	(Un-audited)		(Un-audited)	
	Quarter ended		Quarter ended	
	September 30,2019	September 30,2018	September 30,2019	September 30,2018
Revenue				
External	1,224,265	1,386,941	139,650	46,214
Intersegment	654,288	361,044	1,186,612	1,592,930
	1,878,553	1,747,985	1,326,262	1,639,144
Cost of sales	(1,775,644)	(1,628,174)	(1,319,012)	(1,623,020)
Gross profit	102,909	119,811	7,250	16,124
Distribution cost	(13,832)	(13,265)	(3,878)	(3,270)
Administrative expenses	(27,598)	(25,643)	(8,611)	(8,000)
	(41,430)	(38,908)	(12,489)	(11,270)
Profit / (loss) before taxation and unallocated income and expenses	61,479	80,903	(5,239)	4,854
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		Weaving	
	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)
	September 30,2019	June 30,2019	September 30,2019	June 30,2019
Total assets for reportable segments	3,007,155	2,718,487	1,286,865	1,387,798
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	3,525,550	3,927,319	954,591	1,231,578
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, 2019

Processing & Home Textile		Power Generation		Other		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 30,2019	September 30,2018	September 30,2019	September 30,2018	September 30,2019	September 30,2018	September 30,2019	September 30,2018	September 30,2019	September 30,2018
2,182,254	2,063,358	-	-	-	4,016	-	-	3,546,169	3,500,529
-	-	329,204	272,838	-	-	(2,170,104)	(2,226,812)	-	-
2,182,254	2,063,358	329,204	272,838	-	4,016	(2,170,104)	(2,226,812)	3,546,169	3,500,529
(1,795,462)	(1,807,305)	(322,757)	(266,466)	-	(3,072)	2,170,104	2,226,812	(3,042,771)	(3,101,225)
386,792	256,053	6,447	6,372	-	944	-	-	503,398	399,304
(130,749)	(160,708)	(1,079)	(1,104)	-	-	-	-	(149,538)	(178,347)
(54,426)	(50,639)	(4,848)	(4,504)	-	(222)	-	-	(95,483)	(89,008)
(185,175)	(211,347)	(5,927)	(5,608)	-	(222)	-	-	(245,021)	(267,355)
201,617	44,706	520	764	-	722	-	-	258,377	131,949
								(24,218)	(4,559)
								46,511	53,117
								(131,406)	(141,976)
								(56,061)	(31,804)
								93,203	6,727

Processing & Home Textile		Power Generation		Total - Company	
(Un-Audited)	(Audited)	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)
September 30,2019	June 30,2019	September 30,2019	June 30,2019	September 30,2019	June 30,2019
3,153,481	3,543,960	224,937	230,102	7,672,438	7,880,347
				9,543,566	9,490,456
				17,216,004	17,370,803
2,658,122	2,235,608	52,791	56,163	7,191,054	7,450,668
				2,091,350	2,013,400
				9,282,404	9,464,068

and tax liabilities.

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

for the 1st Quarter Ended September 30, 2019

### 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, 2019.

#### 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, 2019, 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:

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.

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

for the 1st Quarter Ended September 30, 2019

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. EVENT AFTER THE REPORTING PERIOD

The Board of Directors of the Company has proposed a cash dividend for the shareholders of the Company for the year ended 30 June 2019 amounting to Rupees 0.60 (2018: Rupees Nil) per share at their meeting held on 03 October 2019. However, this event has been considered as non-adjusting event under IAS 10 'Events after the Reporting Period' and has not been recognized in these financial statements.

### 13. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on October 28, 2019.

### 14. 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.

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

### 15. 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

**Mills & Registered Office**

Sargodha Road,

Faisalabad, Pakistan

T: +92-41-111-105-105

F: +92-41-8786525

E: [crestex@ctm.com.pk](mailto:crestex@ctm.com.pk)

**Share Register**

CorpTec Associates (Pvt)Limited,

503-E, Johar Town,

Lahore, Pakistan

T: +92-42-35170336-7

F: +92-42-35170338

E: [info@corptec.com.pk](mailto:info@corptec.com.pk)

**[www.ctm.com.pk](http://www.ctm.com.pk)**