

3rd QUARTER
MARCH 31

2020



| The Crescent Textile Mills Limited



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COMPANY INFORMATION

Board of Directors

Mr. Khalid Bashir	Chairman	Bankers
Mr. Muhammad Anwar	Chief Executive Officer	MCB Islamic Bank Limited
Mr. Ahmad Shafi	Director	Allied Bank Limited
Mr. Amjad Mehmood	Director	Habib Bank Limited
Mr. Anjum Muhammad Saleem	Director	MCB Bank Limited
Mr. Shaukat Shafi	Director	National Bank of Pakistan
Mr. Khurram Mazhar Karim	Director	Standard Chartered Bank (Pakistan) Limited
Mr. Muhammad Arshad (Nominee NIT)	Independent Director	The Bank of Punjab
		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

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,
	Lahore, Pakistan

Stock Exchange Listing

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 Nine Months Ended March 31, 2020

The Board of Directors is pleased to present a brief overview of the operational and financial performance of the Company for the nine months ended March 31, 2020.

Industry overview

Pakistan textile and clothing exports increased 4.24 percent year-on-year to \$10.4 billion in reported period. Product-wise details reveal exports of readymade garments rose by 10.98 percent in value and 10.44 percent in volume, export sales of knitwear increased by 6.74 percent in value and 8.16 percent in quantity and bed wear with the increase of 2.45 percent in value and 7.92 percent increase in quantity.

Company's performance

Brief financial analysis of the Company for the nine months period is presented here under:

Rupees in million	31 March, 2020	31 March, 2019	Variance	%
Revenue	10,608	10,446	162	2
Gross Profit	1,374	1,172	202	14
Operating cost	836	804	32	4
Finance cost	368	374	(6)	(2)
Other income	95	182	(86)	(47)
Taxation	137	95	42	44
Net profit after tax	128	80	47	59
Earning Rs. per share	1.60	1.01	0.59	59

Operational performance of the Company in third quarter of this financial year remained depressed in comparison with first two quarters due sudden outbreak of pandemic COVID-19 followed by lockdown of businesses in the country and substantial depreciation of Pak Rupee. Top line of the Company slightly improved during nine months period of FY2020 and recorded marginal growth of 2 percent. Gross profit percentage to revenue improved from 11.22 percent to 12.95 percent mainly due to increase in average selling rates of both local and export sale. In spinning average sale rate improved by 12 percent from Rs 174/lbs to Rs 195/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 8 percent. In value added segment average selling rate increased by 14 percent in processed fabric export and by 19 percent in made up export in comparison to the same period of last year. This increase is mainly attributed to rupee devaluation. Other operating cost includes Rs 89 million exchange losses booked on export forward bookings. Other income decreased by 47 percent due to decrease in dividend income and exchange gain in corresponding period. Tax provision increased due increase in minimum tax rate in current period and tax credit impact on investment in plant and machinery in corresponding period.

Future outlook

Moving forward, export sale of textile products expected to remain depressed as the COVID-19 virus continues to spread globally, affecting demand and causing a global recession. The domestic market is also expected to remain under pressure as Pakistan copes with the growing epidemic. The impact on Pakistan economy is dependent on the time line of handling COVID-19 and its intensity of spreading in surroundings. The government is committed to provide support to the economy and businesses especially to the export oriented sectors; therefore recovery of demand is expected to start in the next couple of months.

Acknowledgement

The Board records its profound appreciation for all our colleagues, customers, banks, management and factory staff who are strongly committed to their work as the success of your Company is built around their efforts. We also thank our shareholders for their confidence in our Company and assure them that we are committed to do our best to ensure best rewards for their investment in the Company.

For and on behalf of the Board of Directors


Muhammad Anwar
Chief Executive Officer


Khalid Bashir
Director

ڈائریکٹرز کی رپورٹ

برائے نو ماہی پختہ 31 مارچ 2020ء

ڈائریکٹرز 31 مارچ 2020ء کو پختہ نو ماہی کے لیے کمپنی کی عملی اور مالیاتی کارکردگی پر اپنا مختصر جائزہ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

اندیشہ سڑی کا جائزہ:

پاکستان کی ٹیکسٹائل اور کپڑے کی برآمدات سالانہ 4.24 فیصد کے اضافے کے ساتھ زبردست جائزہ مدت میں 10.4 بلین ڈالر تک پہنچ گئیں۔ مصنوعات کے لحاظ سے ریڈی میڈ گارمنٹس کی برآمدات مالیت کے اعتبار سے 10.98 فیصد اور حجم کے اعتبار سے 10.44 فیصد بڑھیں، ہت و تیر کی برآمدی فروخت مالیت کے اعتبار سے 6.74 فیصد اور مقدار کے اعتبار سے 8.16 فیصد بڑھی جبکہ بیڈ و تیر کی برآمدات میں مالیت کے اعتبار سے 2.45 فیصد اور مقدار کے اعتبار سے 7.92 فیصد اضافہ ہوا۔

کمپنی کی کارکردگی:

نو ماہی مدت کے لیے کمپنی کے مالیاتی نتائج کا خلاصہ درج ذیل ہے:

ملین روپے	31 مارچ 2020ء	31 مارچ 2019ء	فرق	فرق فیصد
آمدن	10,608	10,446	162	2
مجموعی نفع	1,374	1,172	202	14
عملی اخراجات	836	804	32	4
مالیاتی اخراجات	368	374	(6)	(2)
دیگرا آمدنی	95	182	(86)	(47)
محصولات	137	95	42	44
نفع بعد از محصولات	128	80	47	59
منافع فی حصص	1.60	1.01	0.59	59

روان مالی سال کی تیسری سہ ماہی میں کمپنی کی عملی کارکردگی کرنا وائرس کی وبا کے اچانک پھیل جانے اور اس کے نتیجے میں کاروباری اداروں کے الگ ڈاؤن اور پاکستانی روپے کی قدر میں نمایاں کمی کی وجہ سے پہلی دو سہ ماہیوں کے مقابلے میں کم رہی۔ مالی سال 2020ء کے نو ماہی مدت کے دوران کمپنی کی بالائی سطح میں تھوڑی سی بہتری آئی۔ 2 فیصد کی معمولی برصورتی ریکارڈ کی گئی۔ مقامی اور برآمدی فروخت کی اوسط شرح فروخت میں اضافے کی وجہ سے مجموعی منافع 11.22 فیصد سے بڑھ کر 12.95 فیصد ہو گیا۔ سپننگ میں اوسط شرح فروخت 12 فیصد کے اضافے کے ساتھ 174 روپے فی پونڈ سے 195 روپے فی پونڈ ہو گئی۔ دوسری طرف گزشتہ سال کی اسی مدت کے مقابلے میں خام مال کی قیمتوں میں بھی اضافہ ہوا۔ کپاس کی اوسط قیمت میں 8 فیصد اضافہ ہوا۔ ویلیو ایڈڈ شعبے کو دیکھیں تو گزشتہ سال کی اسی مدت کے مقابلے میں پروسیسنگ کے برآمدات کی اوسط شرح فروخت میں 14 فیصد اور میڈیاپ برآمدات میں 19 فیصد اضافہ ہوا۔ یہ اضافہ بنیادی طور پر روپے کی قدر میں کمی کا مرہون منت ہے۔ دیگر عملی لاگت میں ایکسپورٹ فارورڈ ٹیکس پر ہونے والے 89 ملین روپے کے تبادلے کے نقصانات شامل ہیں۔ اسی مدت کے دوران منافع کی آمدنی اور زرمبادلہ میں کمی کی وجہ سے دیگر آمدنی میں 47 فیصد کمی واقع ہوئی۔ موجودہ مدت میں کم از کم شرح ٹیکس میں اضافے اور اسی مدت میں پلانٹ اور مشینری میں سرمایہ کاری پر ٹیکس کریڈٹ کے اثرات کی وجہ سے محصولات میں اضافہ ہوا۔

مستقبل کے امکانات:

آگے بڑھتے ہوئے، ٹیکسٹائل مصنوعات کی برآمدی فروخت کم رہنے کی امید ہے کیونکہ کرنا وائرس عالمی سطح پر پھیل رہا ہے جس سے طلب متاثر ہوئی ہے اور عالمی کساد بازاری کا باعث بنی ہے۔ توقع ہے کہ مقامی مارکیٹ بھی دباؤ میں رہے گی کیوں کہ پاکستان بڑھتی ہوئی وبا سے خبردار رہا ہے۔ اس کے پاکستانی معیشت پر اثرات کرنا وائرس پر قابو پانے کے دوران ہے اور اس کے گرد و نواح میں پھیلاؤ کی شدت پر منحصر ہیں۔ حکومت معیشت اور کاروبار خصوصاً برآمدی شعبے میں مدد فراہم کرنے کے لیے پرعزم ہے لہذا توقع کی جارہی ہے کہ اگلے چند ماہ طلب کی بحالی شروع ہو جائے گی۔

اعتراف خدمات:

یورڈ اپنے تمام کارکنانے کار، صارفین، بینکار، انتظامیہ اور ٹیکسٹائل مخالف کو اعطاف الفاظ میں خراج تحسین پیش کرتا ہے جو اپنے کام کے لیے پرعزم ہیں کیونکہ آپ کی کمپنی کی کامیابی ان کی کوششوں کی مرہون منت ہے۔ ہم اپنی کمپنی پر اعتماد کرنے کے لیے اپنے حصص یافتگان کا بھی شکریہ ادا کرتے ہیں اور انہیں یقین دلاتے ہیں کہ ہم کمپنی میں ان کی سرمایہ کاری کے لیے بہترین سلسلہ کو یقینی بنانے کے لیے اپنی پوری کوشش کرنے کے لیے پرعزم ہیں۔

مخائب: یورڈ آف ڈائریکٹرز

خالد بشیر

ڈائریکٹر

محمد انور

چیف ایگزیکٹو آفیسر

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

as at March 31, 2020

(Rupees in '000)	Note	Un-Audited March 31, 2020	Audited June 30, 2019
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
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		617,916	523,811
Surplus on revaluation of operating fixed assets - net of deferred income tax		3,567,419	3,567,457
Revenue reserves		2,899,492	2,815,298
TOTAL EQUITY		8,084,996	7,906,735
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	3	856,249	1,120,213
CURRENT LIABILITIES			
Trade and other payables		2,425,911	1,865,597
Unclaimed dividend		11,250	9,435
Accrued mark-up		107,693	119,940
Short term borrowings		6,889,429	5,935,657
Current portion of long term financing	3	320,410	274,858
Provision for taxation		162,575	138,368
		9,917,268	8,343,855
TOTAL LIABILITIES		10,773,517	9,464,068
CONTINGENCIES AND COMMITMENTS			
	4		
TOTAL EQUITY AND LIABILITIES		18,858,513	17,370,803
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	6,752,478	6,726,762
Intangible asset		8,167	5,806
Long term investments		3,649,651	3,792,196
Long term loans and advances		317	500
Long term deposits and prepayments		29,395	29,962
Deferred income tax asset		69,316	102,906
		10,509,324	10,658,132
CURRENT ASSETS			
Stores, spare parts and loose tools		273,401	265,357
Stock-in-trade		3,118,453	2,284,668
Trade debts		3,097,969	2,647,825
Loans and advances		794,816	753,660
Short term deposits and prepayments		76,886	70,973
Accrued interest		6,124	4,771
Other receivables		496,607	290,591
Short term investment		475,911	390,358
Cash and bank balances		9,022	4,468
		8,349,189	6,712,671
TOTAL ASSETS		18,858,513	17,370,803

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 Nine Months Ended March 31, 2020

(Rupees in '000)	Note	Nine months ended		Quarter ended	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Revenue		10,607,814	10,445,595	3,623,353	3,487,158
Cost of sales	6	(9,234,005)	(9,273,465)	(3,181,558)	(3,069,949)
Gross profit		1,373,809	1,172,130	441,795	417,209
Distribution cost		(430,763)	(500,519)	(155,076)	(160,337)
Administrative expenses		(294,429)	(264,418)	(103,051)	(89,978)
Other expenses		(110,735)	(38,927)	(85,819)	(28,941)
		(835,927)	(803,864)	(343,946)	(279,256)
		537,882	368,266	97,849	137,953
Other income		95,338	181,535	23,168	45,275
Profit from operations		633,220	549,801	121,017	183,228
Finance cost		(368,398)	(374,345)	(125,516)	(116,635)
Profit before taxation		264,822	175,456	(4,499)	66,593
Taxation		(136,941)	(95,037)	(37,904)	(41,322)
Profit / (loss) after taxation		127,881	80,419	(42,403)	25,271
Earnings per share - basic and diluted (Rupees)		1.60	1.01	(0.53)	0.32

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 Nine Months Ended March 31, 2020

(Rupees in '000)	Nine months ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Profit / (loss) after taxation	127,881	80,419	(42,403)	25,271
Other comprehensive income / (loss)				
Items that will not be reclassified to profit or loss in subsequent periods:				
Surplus / (deficit) arising on remeasurement of investments at fair value through other comprehensive income	116,361	(529,711)	3,328	(212,201)
Fair value reserve realized on disposal of equity investments at fair value through other comprehensive income	(2,474)	-	(832)	-
Deferred income tax relating to investments at fair value through other comprehensive income	(19,782)	2,963	(1,395)	2,963
	94,105	(526,748)	1,101	(209,238)
Items that may be reclassified to profit or loss in subsequent periods				
Other comprehensive income / (loss) for the period	94,105	(526,748)	1,101	(209,238)
Total comprehensive income / (loss) for the period	221,986	(446,329)	(41,302)	(183,967)

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 Nine Months Ended March 31, 2020

(Rupees in '000)	Share Capital		Reserves							Total	Total Equity	
			Capital Reserves				Sub total	Revenue Reserves				
			Premium on issue of right shares	Fair value reserve of available for sale investments	Fair value reserve of investments at FVTOC	Surplus on realisation of operating fixed assets - net of deferred income tax		General	Dividend Equalization			Unappropriated profit
Balance as at 30 June 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	-	-	-	-	(29)	(29)	-	-	29	29	-	-
Transferred from dividend equalization reserve to general reserve	-	-	-	-	-	-	30,000	(30,000)	-	-	-	-
Adjustment of deferred income tax liability due to re-assessment at period end	-	-	-	-	(5)	(5)	-	-	-	-	(5)	(5)
Profit for the period	-	-	-	-	-	-	-	-	80,419	80,419	80,419	80,419
Other comprehensive loss for the period	-	-	-	(526,748)	-	(526,748)	-	-	-	-	(526,748)	(526,748)
Total comprehensive loss for the period	-	-	-	(526,748)	-	(526,748)	-	-	80,419	80,419	(446,329)	(446,329)
Balance as at 31 March 2019 - (Un-audited)	800,000	200,169	-	699,226	3,567,482	4,466,877	1,803,643	-	853,475	2,657,118	7,123,995	7,923,995
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	-	-	-	-	(15)	(15)	-	-	-	-	(15)	(15)
Profit for the period	-	-	-	-	-	-	-	-	158,170	158,170	158,170	158,170
Other comprehensive loss for the period	-	-	-	(175,415)	-	(175,415)	-	-	-	-	(175,415)	(175,415)
Total comprehensive loss for the period	-	-	-	(175,415)	-	(175,415)	-	-	158,170	158,170	(17,245)	(17,245)
Balance as at 30 June 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
Transaction with owners - Final dividend for the year ended 30 June 2019 at the rate of Rupees 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	-	-	-	-	(38)	(38)	-	-	38	38	-	-
Transfer of gain on disposal of equity investment measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	4,275	4,275	4,275	4,275
Profit for the period	-	-	-	-	-	-	-	-	127,881	127,881	127,881	127,881
Other comprehensive income for the period	-	-	-	94,105	-	94,105	-	-	-	-	94,105	94,105
Total comprehensive income for the period	-	-	-	94,105	-	94,105	-	-	127,881	127,881	221,986	221,986
Balance as at 31 March 2020 - (Un-audited)	800,000	200,169	-	617,916	3,567,419	4,385,504	1,803,643	-	1,095,849	2,899,492	7,284,996	8,084,996

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 CASH FLOWS (UN-AUDITED)

for the Nine Months Ended March 31, 2020

(Rupees in '000)	Note	(Nine months ended)	
		March 31, 2020	March 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	7	89,754	900,000
Finance cost paid		(379,730)	(360,080)
Income tax paid		(132,578)	(143,263)
Dividend paid		(46,185)	(73)
Workers' profit participation fund paid		-	(68)
Net decrease in long term loans and advances		446	2,014
Net decrease / (increase) in long term deposits and prepayments		567	(18,388)
Net cash (used in) / generated from operating activities		(467,726)	380,142
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant, equipment and intangible asset		(283,714)	(546,456)
Proceeds from sale of property, plant and equipment		12,470	43,920
Proceeds from sale of investment		7,311	-
Dividend received		853	20,942
Net cash used in investing activities		(263,080)	(481,594)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		-	436,419
Repayment of long term financing		(218,412)	(212,842)
Short term borrowings - net		953,772	(113,087)
Net cash from financing activities		735,360	110,490
Net increase in cash and cash equivalents		4,554	9,038
Cash and cash equivalents at the beginning of the period		4,468	3,413
Cash and cash equivalents at the end of the period		9,022	12,451

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 Nine Months Ended March 31, 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 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 for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

ii) These condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual audited financial statements for the year ended 30 June 2019.

b) Accounting policies

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the annual audited financial statements for the year ended 30 June 2019 except as disclosed in Note 2.3.

2.2 Critical 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

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

for the Nine Months Ended March 31, 2020

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 audited annual financial statements of the Company for the year ended 30 June 2019.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended 30 June 2019.

2.3 IFRS 16 'Leases'

IFRS 16 'Leases' is effective for annual periods beginning on or after 01 January 2019. This standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets and an interest expense on the recognised lease liabilities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

As per SRO 431(I)/2007 dated 22 May 2007, the Securities and Exchange Commission of Pakistan directed that the Islamic Financial Accounting Standard 2 (IFAS 2), issued by the Institute of Chartered Accountants of Pakistan, shall be followed in regard to the financial statements by companies while accounting for Ijarah (Lease) transactions as defined in IFAS 2. As where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed. Therefore, the Company is not required to account for operating leases (Ijarah) under IFRS 16 'Leases'.

(Rupees in '000)	Un-Audited March 31, 2020	Audited June 30, 2019
3. LONG TERM FINANCING		
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	218,412	258,039
	1,176,659	1,395,071
Less: Current portion shown under current liabilities	320,410	274,858
	856,249	1,120,213

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

for the Nine Months Ended March 31, 2020

4. CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) Guarantees of Rupees 242.191 million (30 June 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 (30 June 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 324.741 million (30 June 2019: Rupees 318.875 million) are issued to custom authorities in respect of duties on imported items 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 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 (30 June 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.
- v) 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 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 286.604 million (30 June 2019: Rupees 302.884 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 830.397 million (30 June 2019: Rupees 460.319 million).
- iii) Ijarah (operating lease) commitments are of Rupees 47.634 million (30 June 2019: Rupees 72.197 million).

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

for the Nine Months Ended March 31, 2020

(Rupees in '000)	Un-Audited March 31, 2020	Audited June 30, 2019
5 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets - Owned (Note 5.1)	6,467,784	6,618,899
Capital work-in-progress (Note 5.2)	284,694	107,863
	6,752,478	6,726,762
5.1 Operating fixed assets - Owned		
Opening book value	6,618,899	6,253,403
Add: Cost of additions during the period / year (Note 5.1.1)	98,883	698,189
	6,717,782	6,951,592
Less:		
Book value of deletions during the period / year (Note 5.1.2)	7,913	34,601
Depreciation charged for the period / year	242,085	298,092
	249,998	332,693
Book value at the end of the period / year	6,467,784	6,618,899
5.1.1 Cost of additions during the period / year		
Buildings on leasehold land	30,326	-
Plant and machinery	22,061	653,476
Factory tools and equipment	2,434	-
Gas and electric installations	224	3,246
Vehicles	40,807	34,047
Office equipment	3,031	7,420
	98,883	698,189
5.1.2 Book value of deletions during the period / year		
Buildings on freehold land	26	61
Buildings on leasehold land	-	82
Plant and machinery	3,796	30,767
Vehicles	4,091	2,776
Stand-by equipment	-	915
	7,913	34,601

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

for the Nine Months Ended March 31, 2020

(Rupees in '000)	Un-Audited March 31, 2020	Audited June 30, 2019
5.2 Capital work-in-progress		
Buildings on freehold land	41,009	31,606
Plant and machinery	181,703	12,214
Advance against purchase of vehicle	-	1,359
Advance against office equipment	301	908
Advance against furniture and fixture	392	-
Advance against factory tools and equipment	538	-
Advance against purchase of land	49,911	49,911
Advance against Enterprise Resource Planning (ERP) implementation	10,840	11,865
	284,694	107,863

(Rupees in '000)	Un-Audited			
	Nine months ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
6. COST OF SALES				
Raw materials consumed	3,772,725	3,578,653	1,163,655	1,185,599
Cloth and yarn purchased	1,531,105	1,840,889	655,565	571,711
Stores, spare parts and loose tools consumed	767,535	601,189	274,165	209,717
Packing materials consumed	545,369	550,601	191,074	179,630
Processing and weaving charges	541,001	614,373	209,318	199,238
Salaries, wages and other benefits	893,148	781,136	290,699	268,658
Fuel and power	1,136,120	1,049,152	355,782	303,626
Repair and maintenance	38,861	26,949	13,247	10,094
Insurance	10,113	15,133	3,704	4,036
Depreciation	225,987	205,894	76,086	72,043
Other factory overheads	47,151	35,619	16,040	12,143
	9,509,115	9,299,588	3,249,335	3,016,495
Work-in-process				
Opening stock	142,034	159,243	197,728	187,623
Closing stock	(237,795)	(144,456)	(237,795)	(144,456)
	(95,761)	14,787	(40,067)	43,167
Cost of goods manufactured	9,413,354	9,314,375	3,209,268	3,059,662
Finished goods				
Opening stock	1,567,562	1,479,432	1,719,201	1,530,629
Closing stock	(1,746,911)	(1,520,342)	(1,746,911)	(1,520,342)
	(179,349)	(40,910)	(27,710)	10,287
	9,234,005	9,273,465	3,181,558	3,069,949

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

for the Nine Months Ended March 31, 2020

(Rupees in '000)	Un-Audited Nine months ended	
	March 31, 2020	March 31, 2019
7. CASH GENERATED FROM OPERATIONS		
Profit before taxation	264,822	175,456
Adjustments for non-cash charges and other items:		
Depreciation	242,085	217,351
Amortization	5,639	4,750
Provision for workers' profit participation fund	7,940	4,104
Provision for workers' welfare fund	5,496	-
Gain on sale of property, plant and equipment	(4,557)	(10,641)
Fair value loss on short term investment at FVTPL	-	27,779
De-recognition of accrued interest on debt instruments	1,143	-
Dividend income	(25,553)	(84,650)
Finance cost	368,398	374,345
Working capital changes (Note 7.1)	(775,659)	191,506
	89,754	900,000
7.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(8,044)	(56,302)
Stock-in-trade	(833,785)	111,752
Trade debts	(450,144)	(513,537)
Loans and advances	(7,777)	(10,913)
Short term deposits and prepayments	(5,913)	(7,824)
Accrued interest	(1,353)	(1,069)
Other receivables	(14,616)	54,724
	(1,321,632)	(423,169)
Increase in trade and other payables	545,973	614,675
	(775,659)	191,506

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

for the Nine Months Ended March 31, 2020

8. TRANSACTIONS WITH RELATED PARTIES

Detail of transactions and balances with related parties is as follows:

(Rupees in '000)	Un-Audited			
	Nine months ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
i) Transactions				
Associated companies				
Purchase of goods	54,553	104,655	5,084	33,765
Sale of goods and services	604	94,502	180	8,126
Insurance premium charged	15,344	18,356	4,717	5,211
Dividend income	853	1,909	-	-
Dividend paid	1,446	-	-	-
Other related parties				
Company's contribution to Employees' Provident Fund Trust	20,520	18,698	6,785	6,329
Dividend paid to Employees' Provident Fund Trust	2,927	-	-	-
Remuneration paid to Chief Executive Officer, directors and executives	169,882	128,070	53,231	43,344
Dividend paid to Chief Executive Officer, directors, executives and other related parties	5,014	-	-	-

(Rupees in '000)	Un-Audited	
	March 31, 2020	June 30, 2019
ii) Period end balances		
Associated companies		
Trade and other payables	9,222	3,244
Trade debts	-	4,857
Other receivables	436	109
Other related parties		
Trade and other payables	5,319	5,182

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

for the Nine Months Ended March 31, 2020

9. SEGMENT INFORMATION

(Rupees in '000)	Spinning	
	(Un-audited)	
	Nine month ended	
	March 31, 2020	March 31, 2019
Revenue		
External	3,819,271	3,857,981
Intersegment	1,926,347	1,384,891
	5,745,618	5,242,872
Cost of sales	(5,403,198)	(4,986,372)
Gross profit	342,420	256,500
Distribution cost	(44,685)	(37,728)
Administrative expenses	(85,120)	(76,174)
	(129,805)	(113,902)
Profit before taxation and unallocated income and expenses		
Unallocated income and expenses:		
Other expenses		
Other income		
Finance cost		
Taxation		
Profit after taxation	212,615	142,598

9.1 Reconciliation of reportable segment assets and liabilities:

(Rupees in '000)	Spinning	
	(Un-Audited)	(Audited)
	March 31, 2020	June 30, 2019
Total assets for reportable segments	3,567,330	2,718,487
Unallocated assets		
Total assets as per condensed interim 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	3,960,547	3,927,319
Unallocated liabilities		
Total liabilities as per condensed interim 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 Nine Months Ended March 31, 2020

Weaving		Processing & Home Textile		Power Generation		Elimination of Inter - Segment transactions		Total - Company	
(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)	
Nine month ended		Nine month ended		Nine month ended		Nine month ended		Nine month ended	
March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
289,877	208,825	6,498,666	6,378,789	-	-	-	-	10,607,814	10,445,595
4,694,432	4,882,408	-	-	941,310	808,297	(7,562,089)	(7,075,596)	-	-
4,984,309	5,091,233	6,498,666	6,378,789	941,310	808,297	(7,562,089)	(7,075,596)	10,607,814	10,445,595
(4,905,829)	(5,019,681)	(5,566,551)	(5,553,163)	(920,516)	(789,845)	7,562,089	7,075,596	(9,234,005)	(9,273,465)
78,480	71,552	932,115	825,626	20,794	18,452	-	-	1,373,809	1,172,130
(10,848)	(9,799)	(371,409)	(450,062)	(3,821)	(2,930)	-	-	(430,763)	(500,519)
(26,560)	(23,765)	(167,795)	(151,096)	(14,954)	(13,383)	-	-	(294,429)	(264,418)
(37,408)	(33,564)	(539,204)	(601,158)	(18,775)	(16,313)	-	-	(725,192)	(764,937)
41,072	37,988	392,911	224,468	2,019	2,139	-	-	648,617	407,193
								(110,735)	(38,927)
								95,338	181,535
								(368,398)	(374,345)
								(136,941)	(95,037)
								127,881	80,419

Weaving		Processing & Home Textile		Power Generation		Total - Company	
(Un-Audited)	(Audited)	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)
March 31, 2020	June 30, 2019	March 31, 2020	June 30, 2019	March 31, 2020	June 30, 2019	March 31, 2020	June 30, 2019
1,484,165	1,387,798	3,772,444	3,543,960	391,801	230,102	9,215,740	7,880,347
						9,642,773	9,490,456
						18,858,513	17,370,803
962,263	1,231,578	3,186,728	2,235,608	64,243	56,163	8,173,781	7,450,668
						2,599,736	2,013,400
						10,773,517	9,464,068

and current tax liabilities.

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

for the Nine Months Ended March 31, 2020

9.2 Geographical Information

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

(Rupees in '000)	Spinning		Weaving		Processing & Home Textile		Total Company	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
America	-	-	-	-	427,571	300,760	427,571	300,760
Asia, Africa and Australia	-	46,353	-	-	702,760	692,448	702,760	738,801
Europe	-	-	60,030	69,240	5,241,018	5,257,618	5,301,048	5,326,858
Pakistan	3,819,271	3,811,628	229,847	139,585	127,317	127,963	4,176,435	4,079,176
	3,819,271	3,857,981	289,877	208,825	6,498,666	6,378,789	10,607,814	10,445,595

10. 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.

10.1 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.

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

for the Nine Months Ended March 31, 2020

11. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on April 30, 2020.

12. 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.

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

Mills & Registered Office

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