



| The Crescent Textile Mills Limited

HALF YEAR  
DECEMBER 31 | 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 Half Year Ended December 31, 2020

The board of Directors is pleased to present a brief review of the operational and financial performance of the Company for the half year ended December 31, 2020.

## Industry overview

Pakistan's overall exports increased by 5.08 percent to \$12.110 billion in the first half of the current fiscal year. Meanwhile, the country's imports recorded increase of 5.54 percent and swelled to \$24.472 billion. The country's trade deficit was recorded at \$12.363 billion during the first half of the current fiscal year as compared to \$11.671 billion in the corresponding period. Textile exports increased by 7.8 percent to \$7.4 billion from \$6.90 billion in reported period. Bed wear exports increased by 16.38 percent in value and 3.27 percent decrease in quantity. Bed wear export trend depicts the increase in demand of high-priced articles.

## Company's performance

Brief financial analysis of the Company is presented here under:

Rupees in million	1st HY FY 21	1st HY FY 20	Variance	%
Revenue	8,530	6,984	1,546	22
Gross Profit	1,122	932	190	20
Operating cost	623	492	131	27
Finance cost	220	243	(23)	(9)
Other income	75	72	3	4
Taxation	134	99	35	35
Net profit after tax	220	170	50	29
Earning Rs. per share	2.75	2.13	0.62	29

Despite challenging business environment with potential adverse implications of Covid-19 pandemic on the economy, your Company's performance during the period under consideration has remained promising. During the period under review, your Company has recorded net sales of Rs. 8,530 million and gross profit of Rs. 1,122 million compared to a net sale of Rs. 6,984 million and gross profits of Rs. 932 million in the corresponding period of last year, witnessing an increase of 22 percent in the net sales and 20 percent in the gross profit, respectively. However, there was an increase in the operating expenses by Rs. 131 million. This increase was caused by selling and distribution expenses due increase in export volume and exchange loss on foreign currency debtors due PKR appreciation during the period. Finance cost decreased by Rs 23 million due utilization of cheaper borrowing mix. Tax provision increased due increase in turnover tax and deferred tax expense on account of increase in profitability. Net profit after tax stood at Rs. 220 million as compared to Rs. 170 million in corresponding period of the last year which demonstrates a strong growth of 29 percent. The future prospects of Company are encouraging due full capacity utilization in all business segments and the management's efforts in increasing the Company's market share.

## 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 ششماہی ختمہ 31 دسمبر 2020ء

بورڈ آف ڈائریکٹرز 31 دسمبر 2020ء کو پختہ ششماہی کے لیے مالی اور عملی کارکردگی پر اپنا مختصر جائزہ آپ کی خدمت میں پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

صنعت کا جائزہ:

موجودہ مالی سال کی پہلی ششماہی میں پاکستان کی مجموعی برآمدات 5.08 فیصد کے اضافے سے 12.110 ملین ڈالر تک پہنچ گئیں۔ اسی دوران ملکی درآمدات میں 5.54 فیصد کا اضافہ ریکارڈ کیا گیا اور یہ 24.472 ملین ڈالر ہو گئیں۔ رواں مالی سال کی پہلی ششماہی کے دوران ملک کا تجارتی خسارہ 12.363 ملین ڈالر ریکارڈ کیا گیا جبکہ گزشتہ سال کی اسی مدت کے دوران یہ 11.671 ملین ڈالر تھا۔ پاکستان کی برآمدات زیر جائزہ مدت میں 7.8 فیصد کے اضافے سے 6.90 ملین ڈالر سے بڑھ کر 7.4 ملین ڈالر تک پہنچ گئیں۔ بیڈویئر کی برآمدات مالیت کے اعتبار سے 16.38 فیصد بڑھیں جبکہ مقدار کے اعتبار سے 3.27 فیصد کم ہوئیں۔ تین قیمت ایشیا کی طلب میں اضافہ بیڈویئر برآمدات کے رجحان کی بڑی چہری۔

کمپنی کی کارکردگی:

کمپنی کا مختصر مالیاتی تجزیہ درج ذیل ہے:

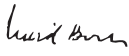
ملین روپے	مالی سال 2021: پہلی ششماہی	مالی سال 2020: پہلی ششماہی	فرق	فیصد فرق
آمدن	8,530	6,984	1,546	22
مجموعی نفع	1,122	932	190	20
عملی اخراجات	623	492	131	27
مالیاتی اخراجات	220	243	(23)	(9)
دیگر آمدن	75	72	3	4
محصولات	134	99	35	35
خالص منافع بعد از محصولات	220	170	50	29
آمدن فی شخص	2.75	2.13	0.62	29


معیشت پر کوویڈ 19 وبا کے ممکنہ منفی اثرات کے ساتھ چیلنج کرنے والے کاروباری ماحول کے باوجود، زیر فور مدت میں آپ کی کمپنی کی کارکردگی امید افزا ہے۔ زیر جائزہ مدت کے دوران آپ کی کمپنی کی خالص فروخت 8530 ملین روپے اور مجموعی منافع 1122 ملین روپے رہا جبکہ پچھلے سال کی اسی مدت کی خالص فروخت 6984 ملین روپے اور مجموعی منافع 932 ملین روپے تھا، اس طرح خالص فروخت میں 22 فیصد اور مجموعی منافع میں 20 فیصد اضافہ دیکھا گیا۔ تاہم عملی اخراجات میں 131 ملین روپے کا اضافہ ہوا۔ یہ اضافہ برآمدی ٹیم میں اضافے کی وجہ سے فروخت اور تقسیم کے اخراجات میں اضافے اور ٹیکس کی کرنسی کے قرض دہندگان پر تبادلے کے نقصان کی وجہ سے ہوا جس کی وجہ سے درآمدات کے دوران پاکستانی روپے کی قدر میں اضافہ تھا۔ کم قیمت قرضوں کے استعمال کی وجہ سے مالیاتی لاگت میں 23 ملین روپے کی کمی ہوئی۔ منافع میں اضافہ کی وجہ سے ٹران اوورنگس اور موٹرنگس اخراجات میں اضافہ ہوا جس کے باعث ٹیکس فراہمی میں اضافہ ہوا۔ بعد از محصول خالص منافع پچھلے سال کی اسی مدت میں 170 ملین روپے کے مقابلے میں 220 ملین روپے رہا جس سے خالص منافع میں 29 فیصد بائیدگی ظاہر ہوتی ہے۔ تمام کاروباری شعبہ جات میں صلاحیتوں کے بھرپور استعمال اور کمپنی کا مارکیٹ شیئر بڑھانے میں انتظامیہ کی کوششوں کی وجہ سے کمپنی کے مستقبل کے امکانات حوصلہ افزا ہیں۔

اعتراف و خدمات:

بورڈ اپنے تمام ساتھیوں، صارفین، بینکوں، انتظامیہ اور گیزیٹی کے عملے کو خراج تحسین پیش کرتا ہے جو اپنے کام کے ساتھ غلط نہیں کیونکہ ان کی کمپنی کی کامیابی ان کی کوششوں کی مرہون منت ہے۔ ہم اپنے شخص یافتگان کے اپنی کمپنی پر اعتماد کرنے پر شکر گزار ہیں اور انہیں یقین دلاتے ہیں کہ ہم کمپنی میں ان کی سرمایہ کاری کے عوض بہتر سلیبٹیٹی بنانے کے لیے اپنی پوری کوشش کرنے میں پر عزم ہیں۔

منجانب: بورڈ آف ڈائریکٹرز

  
خالد شیر  
ڈائریکٹر

  
محمد انور  
چیف ایگزیکٹو آفیسر

# INDEPENDENT AUDITOR'S REVIEW REPORT

Report on review of Condensed Interim Financial Statements

## Introduction

We have reviewed the accompanying condensed interim statement of financial position of THE CRESCENT TEXTILE MILLS LIMITED as at 31 December 2020 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 31 December 2020 and 31 December 2019 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2020.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Liaqat Ali Panwar.

Riaz Ahmad & Company  
Chartered Accountants



February 23, 2021  
Faisalabad

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

as at December 31, 2020

(Rupees in '000')	Note	Un-Audited DECEMBER 31, 2020	Audited June 30, 2020
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 100 000 000 (30 June 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		1,072,826	673,438
Surplus on revaluation of operating fixed assets - net of deferred income tax		4,160,838	4,160,766
<b>Revenue reserves</b>		<b>3,025,617</b>	<b>2,805,331</b>
<b>TOTAL EQUITY</b>		<b>9,259,450</b>	<b>8,639,704</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	3	1,203,888	1,120,213
Deferred liabilities		181,491	-
		1,385,379	1,120,213
<b>CURRENT LIABILITIES</b>			
Trade and other payables		2,067,994	2,482,544
Unclaimed dividend		11,115	11,232
Accrued mark-up		92,890	100,604
Short term borrowings		6,751,833	6,239,650
Current portion of non-current liabilities		670,379	34,727
Provision for taxation		101,022	166,194
		9,695,233	9,034,951
<b>TOTAL LIABILITIES</b>		<b>11,080,612</b>	<b>10,155,164</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	4		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>20,340,062</b>	<b>18,794,868</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	7,437,932	7,401,664
Intangible assets		17,298	20,180
Long term investments		3,789,559	3,693,231
Long term loans and advances		227	310
Long term deposits and prepayments		9,338	28,737
Deferred income tax asset		47,311	109,643
		11,301,665	11,253,765
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		249,650	233,516
Stock-in-trade		3,855,297	3,186,554
Trade debts		2,911,675	2,419,493
Loans and advances		677,405	800,033
Short term deposits and prepayments		127,029	84,145
Accrued interest		3,645	5,651
Other receivables		365,019	295,830
Short term investments		802,706	476,896
Cash and bank balances		45,971	38,985
		9,038,397	7,541,103
<b>TOTAL ASSETS</b>		<b>20,340,062</b>	<b>18,794,868</b>

  
Muhammad Anwar  
Chief Executive Officer

  
Khalid Bashir  
Director

  
Asim Siddique  
Chief Financial Officer



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

for the Half Year Ended December 31, 2020

(Rupees in '000)	Note	Half year ended		Quarter ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Revenue		8,530,113	6,984,461	4,637,262	3,438,292
Cost of sales	6	(7,408,502)	(6,052,447)	(4,071,142)	(3,009,676)
Gross profit		1,121,611	932,014	566,120	428,616
Distribution cost		(352,549)	(275,687)	(178,333)	(126,149)
Administrative expenses		(213,814)	(191,378)	(111,965)	(95,895)
Other expenses		(56,699)	(24,916)	(20,813)	(698)
		(623,062)	(491,981)	(311,111)	(222,742)
		498,549	440,033	255,009	205,874
Other income		75,363	72,170	56,278	25,659
Profit from operations		573,912	512,203	311,287	231,533
Finance cost		(219,927)	(242,882)	(118,209)	(111,476)
Profit before taxation		353,985	269,321	193,078	120,057
Taxation		(134,003)	(99,037)	(74,468)	(42,976)
Profit after taxation		219,982	170,284	118,610	77,081
Earnings per share - basic and diluted (Rupees)		2.75	2.13	1.48	0.96

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 Half Year Ended December 31, 2020

(Rupees in '000)	Half year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Profit after taxation	219,982	170,284	118,610	77,081
Other comprehensive income				
Items that will not be reclassified to profit Or loss in subsequent periods:				
Surplus arising on remeasurement of Investments at fair value through other Comprehensive income	422,519	111,391	315,848	178,857
Deferred income tax relating to Investments at fair value through other Comprehensive income	(22,890)	(18,387)	(24,865)	(19,505)
	399,629	93,004	290,983	159,352
Items that may be reclassified to profit or loss In subsequent periods	-	-	-	-
Other comprehensive income for the period - net of tax	399,629	93,004	290,983	159,352
<b>Total comprehensive income for the period</b>	<b>619,611</b>	<b>263,288</b>	<b>409,593</b>	<b>236,433</b>

  
Muhammad Anwar  
Chief Executive Officer

  
Khalid Bashir  
Director

  
Asim Siddique  
Chief Financial Officer

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

for the Half Year Ended December 31, 2020

(Rupees in '000)	Reserves								Total Equity	
	Share Capital	Capital Reserves			Revenue Reserves			Total		
		Premium on issue of right shares	Fair value reserve of available for sale investments	Fair value reserve of FVOCI investments	Sub total	General	Unappropriated profit			Sub total
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	-	-	-	(19)	(19)	-	19	19	-	-
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	-	-	(2,790)	-	(2,790)	-	2,790	2,790	-	-
Profit for the period	-	-	-	-	-	-	170,284	170,284	170,284	170,284
Other comprehensive income for the period	-	-	93,004	-	93,004	-	-	-	93,004	93,004
Total comprehensive income for the period	-	-	93,004	-	93,004	-	170,284	170,284	263,288	263,288
Balance as at 31 December 2019 - (Un-audited)	800,000	200,169	614,025	3,567,428	4,381,622	1,803,643	1,136,748	2,940,391	7,322,013	8,122,013
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred income tax	-	-	-	(20)	(20)	-	20	20	-	-
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	-	-	(1,605)	-	(1,605)	-	1,605	1,605	-	-
Loss for the period	-	-	-	-	-	-	(136,685)	(136,685)	(136,685)	(136,685)
Other comprehensive loss for the period	-	-	61,018	593,348	654,366	-	-	-	654,366	654,366
Total comprehensive income for the period	-	-	61,018	593,348	654,366	-	(136,685)	(136,685)	517,681	517,681
Balance as at 30 June 2020 - (Audited)	800,000	200,169	673,438	4,160,766	5,034,373	1,803,643	1,001,688	2,805,331	7,839,704	8,639,704
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred income tax	-	-	-	(63)	(63)	-	63	63	-	-
Adjustment of deferred income tax liability due to re-assessment at period end	-	-	-	135	135	-	-	-	135	135
Gain realized on disposal of equity investment at fair value through other comprehensive income	-	-	(241)	-	(241)	-	241	241	-	-
Profit for the period	-	-	-	-	-	-	219,982	219,982	219,982	219,982
Other comprehensive income for the period	-	-	399,629	-	399,629	-	-	-	399,629	399,629
Total comprehensive income for the period	-	-	399,629	-	399,629	-	219,982	219,982	619,611	619,611
Balance as at 31 December 2020 - (Un-audited)	800,000	200,169	1,072,826	4,160,838	5,433,833	1,803,643	1,221,574	3,025,617	8,459,450	9,259,450

  
Muhammad Anwar  
Chief Executive Officer

  
Khalid Bashir  
Director

  
Asim Siddique  
Chief Financial Officer

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

for the Half Year Ended December 31, 2020

(Rupees in '000')	Note	DECEMBER 31, 2020	DECEMBER 31, 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (used in) / generated from operations	7	(474,795)	617,531
Finance cost paid		(214,975)	(260,487)
Income tax paid		(36,041)	(90,877)
Dividend paid		(117)	(45,456)
Net decrease in long term loans and advances		390	408
Net decrease in long term deposits and prepayments		19,399	567
Net cash (used in) / generated from operating activities		(718,641)	221,686
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant, equipment and intangible assets		(201,692)	(255,792)
Proceeds from sale of property, plant and equipment		70	4,652
Proceeds from sale of investment		381	4,805
Dividend received		-	853
Net cash used in investing activities		(201,241)	(245,482)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		414,685	-
Repayment of long term financing		-	(129,019)
Short term borrowings - net		512,183	158,908
Net cash from financing activities		926,868	29,889
Net increase in cash and cash equivalents		6,986	6,093
Cash and cash equivalents at the beginning of the period		38,985	4,468
Cash and cash equivalents at the end of the period		45,971	10,561

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 Half Year Ended December 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 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 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 annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual audited financial statements.
- iii) These condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and section 237 of the Companies Act, 2017.

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

for the Half Year Ended December 31, 2020

### b) Accounting policies

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended 30 June 2020 except as disclosed in Note 2.3.

### 2.2 Accounting estimates, judgments and financial risk management

In preparing these condensed interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 2020.

### 2.3 Government grants

The benefit of lower interest rate than market rate on borrowings obtained under State Bank of Pakistan (SBP) refinance scheme for payment of salaries and wages to the employees and workers of the Company, is accounted for as a government grant which is the difference between loan received and the fair value of the loan. The differential amount is recognized and presented as deferred government grant.

In subsequent periods, the grant shall be amortized over the period of loan and amortization shall be recognized in the profit or loss.

(Rupees in '000')	Un-Audited DECEMBER 31, 2020	Audited June 30, 2020
<b>3. LONG TERM FINANCING</b>		
Financing from banking companies - secured		
Opening balance	1,154,940	1,395,071
Add: Obtained during the period / year	414,685	-
	1,569,625	1,395,071
Less:		
Repaid during the period / year	-	240,131
Deferred income - Government grant (Note 3.1)	18,323	-
	18,323	240,131
	1,551,302	1,154,940
Less: Current portion shown under current liabilities	347,414	34,727
	1,203,888	1,120,213

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

for the Half Year Ended December 31, 2020

- 3.1 This represents deferred income on initial recognition of loans obtained under State Bank of Pakistan (SBP) Refinance Scheme for payment of wages and salaries to workers.

### CONTINGENCIES AND COMMITMENTS

#### a. Contingencies

- i) Guarantees of Rupees 245.736 million (30 June 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 (30 June 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 425.140 million (30 June 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.
- 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 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 317.297 million (30 June 2020: Rupees 384.177 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 1,026.125 million (30 June 2020: Rupees 447.143 million).
- iii) Ijarah commitments are of Rupees 22.813 million (30 June 2020: Rupees 38.023 million).

(Rupees in '000')	Un-Audited DECEMBER 31, 2020	Audited June 30, 2020
5. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 5.1)	7,312,088	7,328,499
Capital work-in-progress (Note 5.2)	125,844	73,165
	<b>7,437,932</b>	<b>7,401,664</b>

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

for the Half Year Ended December 31, 2020

(Rupees in '000')	Un-Audited DECEMBER 31, 2020	Audited June 30, 2020
5.1 Operating fixed assets		
Opening book value	7,328,499	6,618,899
Add:		
Cost of additions during the period / year (Note 5.1.1)	148,084	449,837
Effect of surplus on revaluation	-	594,381
	148,084	1,044,218
	7,476,583	7,663,117
Less: Book value of deletions during the period / year (Note 5.1.2)	17	7,934
	7,476,566	7,655,183
Less: Depreciation charged during the period / year	164,478	326,684
	7,312,088	7,328,499
5.1.1 Cost of additions during the period / year		
Land-Freehold	-	99,783
Buildings on freehold land	-	89,268
Plant and machinery	129,227	213,804
Factory tools and equipment	1,860	2,434
Gas and electric installations	1,021	224
Vehicles	11,994	40,807
Office equipment	3,982	3,517
	148,084	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
Office equipment	17	-
	17	7,934
5.2 Capital work-in-progress		
Buildings on freehold land	22,992	22,992
Plant and machinery	12,690	-
Advance against purchase of vehicles	4,985	-
Advance against purchase of land	85,177	49,911
Advance against gas and electric installations	-	262
	125,844	73,165



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

for the Half Year Ended December 31, 2020

(Rupees in '000)	Un-Audited			
	Half year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
<b>6. COST OF SALES</b>				
Raw materials consumed	2,527,041	2,609,070	1,284,941	1,325,278
Cloth and yarn purchased	1,712,483	875,540	1,190,516	638,728
Stores, spare parts and loose tools consumed	641,333	493,370	348,937	262,383
Packing materials consumed	483,243	354,295	277,362	195,614
Processing and weaving charges	503,726	331,683	320,693	183,312
Salaries, wages and other benefits	637,208	602,449	327,824	298,870
Fuel and power	761,369	780,338	373,489	376,253
Repair and maintenance	23,313	25,614	10,282	14,099
Insurance	5,953	6,409	2,651	3,640
Depreciation	151,866	149,901	77,032	75,213
Other factory overheads	36,192	31,111	19,782	16,574
	7,483,727	6,259,780	4,233,509	3,389,964
Work-in-process				
Opening stock	227,357	142,034	230,295	171,957
Closing stock	(213,166)	(197,728)	(213,166)	(197,728)
	14,191	(55,694)	17,129	(25,771)
Cost of goods manufactured	7,497,918	6,204,086	4,250,638	3,364,193
Finished goods				
Opening stock	2,082,927	1,567,562	1,992,847	1,364,684
Closing stock	(2,172,343)	(1,719,201)	(2,172,343)	(1,719,201)
	(89,416)	(151,639)	(179,496)	(354,517)
	7,408,502	6,052,447	4,071,142	3,009,676

(Rupees in '000)	Un-Audited	
	Half year ended	
	December 31, 2020	December 31, 2019
<b>7. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	353,985	269,321
Adjustments for non-cash charges and other items:		
Depreciation	164,478	159,939
Amortization	3,811	3,389
Gain on sale of property, plant and equipment	(53)	(3,963)
Reversal of allowance for expected credit loss	(232)	-
Gain on remeasurement of deferred liability	(38,031)	-
De-recognition of accrued interest on debt instruments	-	1,143
Dividend income	-	(25,553)
Finance cost	219,927	242,882
Working capital changes (Note 7.1)	(1,178,680)	(29,627)
	(474,795)	617,531

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

for the Half Year Ended December 31, 2020

(Rupees in '000)	Un-Audited Half year ended	
	December 31, 2020	December 31, 2019
7.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(16,134)	(45,678)
Stock-in-trade	(668,743)	(777,020)
Trade debts	(491,950)	291,379
Loans and advances	(1,236)	10,587
Short term deposits and prepayments	(42,884)	(2,106)
Accrued interest	2,006	(1,123)
Other receivables	(69,189)	114,147
	(1,288,130)	(409,814)
Increase in trade and other payables	109,450	380,187
	(1,178,680)	(29,627)

### 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			
	Half year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
i) Transactions				
Associated companies				
Purchase of goods	24,634	49,469	24,634	49,469
Provision of services	367	424	181	256
Insurance premium charged	10,675	10,627	3,503	5,224
Dividend income	-	853	-	853
Dividend paid	-	1,446	-	1,446
Other related parties				
Company's contribution to Employees' Provident Fund Trust	16,327	13,735	8,499	6,880
Dividend paid to Employees' Provident Fund Trust	-	2,927	-	2,927
Remuneration paid to Chief Executive Officer, directors and executives	111,917	116,651	57,638	58,552
Dividend paid to Chief Executive Officer, directors, executives and other related parties	-	5,014	-	5,014

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

for the Half Year Ended December 31, 2020

(Rupees in '000)	Un-Audited December 31, 2020	Audited June 30, 2020
ii) Period end balances		
Associated companies		
Trade and other payables	19,506	23,030
Other receivables	121	617
Other related parties		
Trade and other payables	6,629	6,152

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

for the Half Year Ended December 31, 2020

### 9. SEGMENT INFORMATION

(Rupees in '000)	Spinning	
	(Un-audited)	
	Half year ended	
	December 31,2020	December 31,2019
Revenue		
External	2,990,976	2,633,668
Intersegment	1,338,489	1,295,839
	4,329,465	3,929,507
Cost of sales	(3,898,452)	(3,702,566)
Gross profit	431,013	226,941
Distribution cost	(31,072)	(31,777)
Administrative expenses	(61,787)	(55,317)
	(92,859)	(87,094)
Profit before taxation and unallocated income and expenses	338,154	139,847
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)
	December 31,2020	June 30,2020
Total assets for reportable segments	3,609,949	3,267,675
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	3,940,016	3,619,918
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 Half Year Ended December 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)	
Half year ended		Half year ended		Half year ended		Half year ended		Half year ended	
December 31,2020	December 31,2019	December 31,2020	December 31,2019	December 31,2020	December 31,2019	December 31,2020	December 31,2019	December 31,2020	December 31,2019
79,588	231,547	5,459,549	4,119,246	-	-	-	-	8,530,113	6,984,461
4,084,236	2,876,351	-	-	605,986	640,473	(6,028,711)	(4,812,663)	-	-
4,163,824	3,107,898	5,459,549	4,119,246	605,986	640,473	(6,028,711)	(4,812,663)	8,530,113	6,984,461
(4,073,242)	(3,058,742)	(4,874,133)	(3,477,007)	(591,386)	(626,795)	6,028,711	4,812,663	(7,408,502)	(6,052,447)
90,582	49,156	585,416	642,239	14,600	13,678	-	-	1,121,611	932,014
(5,580)	(7,944)	(313,766)	(233,250)	(2,131)	(2,716)	-	-	(352,549)	(275,687)
(19,249)	(17,259)	(121,939)	(109,084)	(10,839)	(9,718)	-	-	(213,814)	(191,378)
(24,829)	(25,203)	(435,705)	(342,334)	(12,970)	(12,434)	-	-	(566,363)	(467,065)
65,753	23,953	149,711	299,905	1,630	1,244	-	-	555,248	464,949
								(56,699)	(24,916)
								75,363	72,170
								(219,927)	(242,882)
								(134,003)	(99,037)
								219,982	170,284

Weaving		Processing & Home Textile		Power Generation		Total - Company	
(Un-Audited)	(Audited)	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)
December 31,2020	June 30,2020	December 31,2020	June 30,2020	December 31,2020	June 30,2020	December 31,2020	June 30,2020
1,554,831	1,423,516	4,152,634	3,480,550	386,516	390,496	9,703,930	8,562,237
						10,636,132	10,232,631
						20,340,062	18,794,868
649,389	859,304	3,726,708	2,957,133	79,912	58,839	8,396,025	7,495,194
						2,684,587	2,659,970
						11,080,612	10,155,164

and current tax liabilities.

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

for the Half Year Ended December 31, 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	
	December 31,2020	December 31,2019	December 31,2020	December 31,2019	December 31,2020	December 31,2019	December 31,2020	December 31,2019
America	-	-	-	-	488,135	279,423	488,135	279,423
Asia, Africa and Australia	-	-	-	-	307,988	372,755	307,988	372,755
Europe	-	-	4,954	48,827	4,576,647	3,400,590	4,581,601	3,449,417
Pakistan	2,990,976	2,633,668	74,634	182,720	86,779	66,478	3,152,389	2,882,866
	2,990,976	2,633,668	79,588	231,547	5,459,549	4,119,246	8,530,113	6,984,461

### 10. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

#### i) Fair value hierarchy

Judgements 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. An explanation of each level follows underneath the table:

(Rupees in '000)	Level 1	Level 2	Level 3	Total
Financial assets - recurring fair value measurement				
At 31 December 2020				
At fair value through other comprehensive income	1,351,155	-	3,241,110	4,592,265
	1,351,155	-	3,241,110	4,592,265
At 30 June 2020				
At fair value through other comprehensive income	1,007,278	-	3,162,849	4,170,127
	1,007,278	-	3,162,849	4,170,127

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to the short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

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

for the Half Year Ended December 31, 2020

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period. Further there was no transfer out of level 3 measurements.

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

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

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

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

### ii) 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.

### iii) Fair value measurements using significant unobservable inputs (level 3)

Following table presents the changes in level 3 items for the period ended 31 December 2020:

(Rupees in '000)	Unlisted equity securities
Balance as on 30 June 2019 - Audited	2,245,709
Add: Surplus recognized in other comprehensive income	71,578
Balance as on 31 December 2019 - Unaudited	2,317,287
Less:	
Preference shares converted into non-voting ordinary shares	1,976,000
Deficit recognized in other comprehensive income	43,638
Add:	
Non-voting ordinary shares converted from preference shares	1,976,000
Dividend converted into non-voting ordinary shares	889,200
Balance as on 30 June 2020 - Audited	3,162,849
Add: Surplus recognized in other comprehensive income	78,261
Balance as on 31 December 2020 - Unaudited	3,241,110

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

for the Half Year Ended December 31, 2020

iv) Valuation inputs and relationships to fair value

Following table summarizes the quantitative information about the significant unobservable inputs used in level 3 fair value measurements of unquoted investments in Crescent Bahuman Limited.

Description (Rupees in '000)	Fair value at		Unobservable inputs	Range of inputs (probability weighted average) 31 December 2020	Relationship of unobservable inputs to fair value
	31 December 2020	30 June 2020			
At fair value through other comprehensive income					
Crescent Bahuman Limited	3,241,036	3,162,675	Revenue growth factor	6.29%	Increase / decrease in revenue growth factor by 0.05% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees + 1,015.669 million / - 793.257 million.
			Risk adjusted discount rate	10.50%	

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

11. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2020.

12. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on February 23, 2021

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.

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



**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)