

2021



HALF YEAR |
DECEMBER 31 |



| The Crescent Textile Mills Limited



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COMPANY INFORMATION

Board of Directors

		Bankers
Mr. Khalid Bashir	Chairman	Allied Bank Limited
Mr. Muhammad Anwar	Chief Executive Officer	Askari Bank Limited
Mr. Ahmad Shafi	Director	Habib Bank Limited
Mr. Amjad Mehmood	Director	MCB Bank Limited
Mr. Khurram Mazhar Karim	Director	MCB Islamic Bank Limited
Mr. Amin Anjum Saleem	Independent Director	National Bank of Pakistan
Mrs. Nazia Maqbool	Independent Director	Standard Chartered Bank (Pakistan) Limited
		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	Chairperson
Mr. Ahmad Shafi	Member
Mr. Khurram Mazhar Karim	Member

Chief Financial Officer

Mr. Asim Siddique

Company Secretary

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

Head of Internal Audit

Mr. Usman Yaseen

Auditors

Riaz Ahmad and Company
Chartered Accountants

Legal Advisor

Syed Masroor Ahmad

Stock Exchange Listing

The Crescent Textile Mills Limited is a listed Company and its shares are traded on Pakistan Stock Exchange.	Share Registrar
	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, 2021

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, 2021.

Economy and Industry overview

Pakistan's economy demonstrated quick recovery and posted 3.9% growth in last year and 4.3% growth anticipated in current year. The economic recovery underway since the start of the year, as reflected in most high-frequency indicators of domestic demand, the strength of imports and tax revenues. Pakistan's overall exports increased by 24.91 percent to \$15.127 billion in the first half of the current fiscal year. Textile exports increased by 26.05 percent to \$9.381 billion from \$7.442 billion in reported period. Bed wear exports increased by 19.04 percent in USD value and 20.24 percent in quantity. Knit wear exports increased by 35.21 percent in USD value and decreased by 0.7 percent in quantity.

Company's performance

Brief financial analysis of the Company is presented here under:

Rupees in million	1st HY FY 22	1st HY FY 21	Variance	%
Revenue	9,491	8,530	961	11
Gross Profit	1,591	1,122	469	42
Operating cost	835	623	212	34
Finance cost	211	220	(9)	(4)
Other income	151	75	76	101
Taxation	193	134	59	44
Net profit after tax	504	220	284	129
Earning Rs. per share	5.09	2.22	2.87	129

Company's performance during the period under consideration remained promising. Operational performance of the company in the first half of this financial year improved significantly. Revenue of the Company grew by 11 percent. This increase is mainly attributed to increase in local sale that grew by 43 percent. Company recorded gross profit of Rs. 1,591 million compared to Rs. 1,122 million in the corresponding period of last year, witnessing an increase of 42 percent. Operating cost increased by 34 percent due to increase in distribution cost on account of high sea freight rates. Finance cost decreased due utilization of cheaper borrowing mix. Other income increased by Rs 101 million mainly on account of exchange gain due rupee depreciation. Tax provision increased due increase in turnover tax and deferred tax expense due increase in profitability. The net profit increased by 129 percent to Rs. 504 million, compared to net profit of Rs. 220 million in the corresponding period. The Company was able to reap benefits of higher profit margins mainly due to increased sales over and above breakeven point. The Management continued to focus on profitable avenues, maximizing efficiency in production activities and cost realization through various means. The future prospects of Company are encouraging due surge in our products demand and full capacity utilization in all business segments.

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 31 دسمبر 2021 کو ختم ہونے والے نصف سال کیلئے

بورڈ آف ڈائریکٹرز کو 31 دسمبر 2021 کو ختم ہونے والے نصف سال کیلئے کمپنی کی آپریشنل اور مالی کارکردگی کا مختصر جائزہ پیش کرتے ہوئے خوشی ہو رہی ہے۔

معیشت اور صنعت کا جائزہ

پاکستان کی معیشت نے فوری بحالی کا مظاہرہ کیا اور گزشتہ سال میں 3.9 فیصد اور موجودہ سال میں 4.3 فیصد نمو متوقع ہے۔ سال کے آغاز سے جاری معاشی بحالی، جیسا کہ گھر بلو طلب کے زیادہ تر ہائی فریکوئنسی اشاریوں، درآمدات کی طاقت اور ٹیکس محصولات میں ظاہر ہوتا ہے۔ رواں مالی سال کی پہلی ششماہی میں پاکستان کی مجموعی برآمدات 24.91 فیصد اضافے کے ساتھ 15.127 ارب ڈالر رہی۔ ٹیکسٹائل کی برآمدات 26.05 فیصد اضافے کے ساتھ 9.381 ارب ڈالر ہو گئیں جو رپورٹ کردہ مدت میں 7.442 ارب ڈالر تھیں۔ بیڈویئر کی برآمدات میں امریکی ڈالر کی قدر میں 19.04 فیصد اور مقدار میں 20.24 فیصد اضافہ ہوا۔ امریکی ڈالر کی قدر میں نیٹ ویئر کی برآمدات میں 35.21 فیصد اضافہ ہوا اور مقدار میں 0.7 فیصد کمی ہوئی۔

کمپنی کی کارکردگی

کمپنی کا مختصر مالی تجزیہ یہاں پیش کیا گیا ہے:

ٹھیکس روپے	پہلی ششماہی مالی سال 2022	پہلی ششماہی مالی سال 2021	اختلاف	فیصد فرق
آمدن	9,491	8,530	961	11
مجموعی منافع	1,591	1,122	469	42
آپریٹنگ لاگت	835	623	212	34
مالی لاگت	211	220	(9)	(4)
دیگر آمدنی	151	75	76	101
ٹیکس	193	134	59	44
ٹیکس کے بعد حاصل منافع	504	220	284	129
نی چھس آمدن	5.09	2.22	2.87	129

زیر فروخت کے دوران کمپنی کی کارکردگی امید افزا رہی۔ رواں مالی سال کی پہلی ششماہی میں کمپنی کی آپریشنل کارکردگی میں نمایاں بہتری آئی ہے۔ کمپنی کی آمدنی میں 11 فیصد اضافہ ہوا۔ اس اضافے کی بنیادی وجہ متاثرہ فرخت میں اضافہ ہے جس میں 43 فیصد اضافہ ہوا ہے۔ کمپنی کا مجموعی منافع 1,591 ملین روپے ریکارڈ کیا گیا جبکہ گزشتہ سال کی اسی مدت میں یہ 1,122 ملین روپے تھا جس میں 42 فیصد اضافہ دیکھنے میں آیا۔ سمنڈر میں مال برداری کی بلینڈ شرحوں کی وجہ سے تقابلی لاگت میں اضافے کی وجہ سے آپریٹنگ لاگت میں 34 فیصد اضافہ ہوا۔ ستنے قرض لینے کے مرکب کے مناسب استعمال سے مالی لاگت میں کمی آئی۔ دیگر آمدنی میں 101 ملین روپے کا اضافہ بنیادی طور پر روپے کی قدر میں کمی کی وجہ سے ایکٹیوٹیٹین کی وجہ سے ہو گیا۔ ٹیکس کی فراہمی میں اضافہ، ٹران اوور ٹیکس اور بڑھتے ہوئے منافع پر واجب الادا موٹر ٹیکس اخراجات کی بدولت ہے۔ خاص منافع 129 فیصد اضافے کے ساتھ 504 ملین روپے رہا جبکہ اسی مدت میں سابقہ سال خاص منافع 220 ملین روپے رہا۔ کمپنی زیادہ منافع کے مارجن کے فوائد حاصل کرنے میں کامیاب رہی جس کی بنیادی وجہ بریک ایون پوائنٹ کے علاوہ فروخت میں اضافہ ہے۔ انتظامیہ نے منافع بخش راستوں پر توجہ مرکوز رکھی، پیداواری سرگرمیوں میں زیادہ سے زیادہ کارکردگی اور مختلف ذرائع سے لاگت کی وصولی کی۔ کمپنی کے مستقبل کے امکانات ہماری مصنوعات کی مانگ میں مناسب اضافے اور تمام کاروباری طبقات میں مکمل صلاحیت کے استعمال کی حوصلہ افزائی کر رہے ہیں۔

اعتراف

بورڈ اپنے تمام ساتھیوں، صارفین، بینکوں، انتظامیہ اور ٹیکسری عملے کے لئے اپنی گہری تعریف ریکارڈ کرتا ہے جو اپنے کام کے لئے پر عزم ہیں کیونکہ آپ کی کمپنی کی کامیابی ان کی کوششوں کے ارد گرد گھبرائی گئی ہے۔ ہم اپنی کمپنی پر اعتماد کے لئے اپنے شیئرز، ہولڈرز کا بھی شکریہ ادا کرتے ہیں اور انہیں یقین دلاتے ہیں کہ ہم کمپنی میں ان کی سرمایہ کاری کے لئے بہترین اخراجات کو یقینی بنانے کے لئے اپنی پوری کوشش کرنے کے لئے پر عزم ہیں۔

منجانب: بورڈ آف ڈائریکٹرز



خالد انور
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 2021 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 2021 and 31 December 2020 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 2021.

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 and reporting 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



Faisalabad

Date: February 25, 2022

UDIN: RR202110184FcGH5gANS

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

as at December 31, 2021

(Rupees in '000')	Note	Un-Audited DECEMBER 31, 2021	Audited June 30, 2021
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 200 000 000 (June 30, 2021: 100 000 000) ordinary shares of Rupees 10 each		2,000,000	1,000,000
Issued, subscribed and paid up share capital	3	1,000,000	800,000
Share deposit money		-	312,152
Reserves			
Capital reserves			
Premium on issue of right shares		391,559	200,169
Fair value reserve		1,023,286	1,079,509
Surplus on revaluation of operating fixed assets - net of deferred income tax		4,160,577	4,160,718
Revenue reserves		5,575,422	5,440,396
Total reserves		3,840,877	3,321,998
TOTAL EQUITY		10,416,299	8,762,394
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	4	771,276	964,336
Deferred income tax liability		132,505	-
Deferred liabilities		-	46,144
		903,781	1,010,480
CURRENT LIABILITIES			
Trade and other payables		2,180,206	2,059,812
Unclaimed dividend		11,019	11,109
Accrued mark-up		87,641	79,606
Short term borrowings		6,823,426	6,127,540
Current portion of long term financing		471,154	479,090
Current portion of deferred liabilities		400,038	407,040
Provision for taxation		127,463	215,248
Total liabilities		10,100,947	9,379,445
		11,004,728	10,389,925
CONTINGENCIES AND COMMITMENTS			
	5		
TOTAL EQUITY AND LIABILITIES		21,421,027	20,264,471
Assets			
Non-current assets			
Property, plant and equipment	6	7,454,121	7,376,131
Intangible asset		9,613	13,456
Long term investments		4,034,788	3,806,670
Long term loans and advances		1,417	307
Long term deposits and prepayments		15,765	15,208
Deferred income tax asset		-	1,362
		11,515,704	11,213,134
Current assets			
Stores, spare parts and loose tools		317,510	224,719
Stock-in-trade		5,107,437	3,711,478
Trade debts		2,546,321	2,694,954
Loans and advances		37,418	42,032
Short term deposits and prepayments		126,990	130,661
Income tax		628,267	737,009
Other receivables		528,134	381,037
Short term investments		556,136	791,517
Cash and bank balances		57,110	337,930
		9,905,323	9,051,337
TOTAL ASSETS		21,421,027	20,264,471

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

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

for the Half Year Ended December 31, 2021

(Rupees in '000)	Note	Half year ended		Quarter ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Revenue		9,490,883	8,530,113	4,778,117	4,637,262
Cost of sales	7	(7,899,840)	(7,408,502)	(3,896,504)	(4,071,142)
Gross profit		1,591,043	1,121,611	881,613	566,120
Distribution cost		(456,653)	(352,549)	(212,310)	(178,333)
Administrative expenses		(237,381)	(213,814)	(122,952)	(111,965)
Other expenses		(140,591)	(56,699)	(121,271)	(20,813)
		(834,625)	(623,062)	(456,533)	(311,111)
		756,418	498,549	425,080	255,009
Other income		151,388	75,363	39,667	56,278
Profit from operations		907,806	573,912	464,747	311,287
Finance cost		(210,524)	(219,927)	(113,045)	(118,209)
Profit before taxation		697,282	353,985	351,702	193,078
Taxation		(193,382)	(134,003)	(93,085)	(74,468)
Profit after taxation		503,900	219,982	258,617	118,610
Earnings per share - basic and diluted (Rupees)		5.09	Restated 2.22	2.59	Restated 1.20

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, 2021

(Rupees in '000)	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Profit after taxation	503,900	219,982	258,617	118,610
Other comprehensive (loss) / 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	12,840	422,519	166,441	315,848
Deferred income tax relating to investments at fair value through other comprehensive income	(54,158)	(22,890)	(51,672)	(24,865)
	(41,318)	399,629	114,769	290,983
Items that may be reclassified to profit or loss in subsequent periods	-	-	-	-
Other comprehensive (loss) / income for the period - net of tax	(41,318)	399,629	114,769	290,983
Total comprehensive income for the period	462,582	619,611	373,386	409,593

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

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

for the Half Year Ended December 31, 2021

(Rupees in '000)	SHARE CAPITAL	SHARE DEPOSIT MONEY	RESERVES							TOTAL EQUITY	
			CAPITAL RESERVES				REVENUE RESERVES				TOTAL
			Premium on issue of right shares	Fair value reserve of investments at FVTOCI	Surplus on revaluation of operating fixed assets - net of deferred income tax	Sub total	General	Unappropriated profit	Sub total		
Balance as at June 30, 2020 - (Audited)	800,000	-	200,169	673,438	4,160,766	5,034,373	1,803,643	1,001,688	2,805,331	7,699,704	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 December 31, 2020 - (Un-audited)	800,000	-	200,169	1,073,825	4,160,839	5,483,833	1,803,643	1,221,974	3,025,617	8,459,450	9,259,450
Transaction with owners - Share deposit money received during the period against right shares at the rate of Rupees 20 per share	-	312,152	-	-	-	-	-	-	-	-	312,152
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred income tax	-	-	-	-	(86)	(86)	-	86	86	-	-
Adjustment of deferred income tax liability due to re-assessment at period end	-	-	-	-	(34)	(34)	-	-	-	(34)	(34)
Gain realized on disposal of equity investment at fair value through other comprehensive income	-	-	-	(627)	-	(627)	-	627	627	-	-
Profit for the period	-	-	-	-	-	-	-	295,668	295,668	295,668	295,668
Other comprehensive income for the period	-	-	-	7,310	-	7,310	-	-	-	7,310	7,310
Total comprehensive income for the period	-	-	-	7,310	-	7,310	-	295,668	295,668	302,978	302,978
Balance as at June 30, 2021 - (Audited)	800,000	312,152	200,169	1,079,509	4,160,718	5,440,396	1,803,643	1,518,355	3,321,998	8,762,394	9,874,546
Transactions with owners:											
Share deposit money received during the period against right shares at the rate of Rupees 20 per share	-	87,848	-	-	-	-	-	-	-	-	87,848
Issue of right shares during the period at the premium of Rupees 10 per share	200,000	(400,000)	200,000	-	-	200,000	-	-	-	200,000	-
Share issuance costs	-	-	(8,610)	-	-	(8,610)	-	-	-	(8,610)	(8,610)
	200,000	(312,152)	191,390	-	-	191,390	-	-	-	191,390	79,238
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred income tax	-	-	-	-	(74)	(74)	-	74	74	-	-
Adjustment of deferred income tax liability due to re-assessment at period end	-	-	-	-	(67)	(67)	-	-	-	(67)	(67)
Gain realized on disposal of equity investment at fair value through other comprehensive income	-	-	-	(14,905)	-	(14,905)	-	14,905	14,905	-	-
Profit for the period	-	-	-	-	-	-	-	503,900	503,900	503,900	503,900
Other comprehensive loss for the period	-	-	-	(41,318)	-	(41,318)	-	-	-	(41,318)	(41,318)
Total comprehensive income for the period	-	-	-	(41,318)	-	(41,318)	-	503,900	503,900	462,582	462,582
Balance as at December 31, 2021 - (Un-audited)	1,000,000	-	391,559	1,023,286	4,160,577	5,575,422	1,803,643	2,037,234	3,840,877	9,416,299	10,416,299

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 Half Year Ended December 31, 2021

(Rupees in '000')	Note	DECEMBER 31, 2021	DECEMBER 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	8	(340,833)	(487,297)
Finance cost paid		(201,051)	(214,975)
Income tax paid - net		(92,783)	(36,041)
Dividend paid		(90)	(117)
Workers' profit participation fund paid		(921)	-
Net (increase) / decrease in long term loans and advances		(1,682)	390
Net (increase) / decrease in long term deposits and prepayments		(557)	19,399
Net cash used in operating activities		(637,917)	(718,641)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant, equipment and intangible assets		(239,067)	(201,692)
Proceeds from sale of property, plant and equipment		7,910	70
Proceeds from sale of investment		20,103	381
Net cash used in investing activities		(211,054)	(201,241)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		38,542	414,685
Share deposit money received - net		79,238	-
Repayment of long term financing		(245,515)	-
Short term borrowings - net		695,886	512,183
Net cash from financing activities		568,151	926,868
Net (decrease) / increase in cash and cash equivalents		(280,820)	6,986
Cash and cash equivalents at the beginning of the period		337,930	38,985
Cash and cash equivalents at the end of the period		57,110	45,971

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, 2021

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 (PSX). 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, stitching unit which is situated at Lahore Road, Jaranwala, 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 annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2021.

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. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 31 December 2021 and 31 December 2020 and notes forming parts thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half year ended 31 December 2021 and 31 December 2020.

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

for the Half Year Ended December 31, 2021

b. Accounting policies

The accounting policies and methods of computations used in 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 2021.

2.2 Critical 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. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

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 2021.

3. Issued, subscribed and paid up share capital

Un-Audited DECEMBER 31, 2021 (Number of Shares)	Audited June 30, 2021		Un-Audited DECEMBER 31, 2021 (Rupees in '000')	Audited June 30, 2021
70 571 213	50 571 213	Ordinary shares of Rupees 10 each fully paid in cash (Note 3.1)	705,712	505,712
29 428 787	29 428 787	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	294,288	294,288
100 000 000	80 000 000		1,000,000	800,000

3.1 Movement during the period / year

50 571 213	50 571 213	Opening balance	505,712	505,712
20 000 000	-	Ordinary shares of Rupees 10 each issued as fully paid right shares	200,000	-
70 571 213	50 571 213	Closing balance	705,712	505,712

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

for the Half Year Ended December 31, 2021

(Rupees in '000')	Un-Audited DECEMBER 31, 2021	Audited June 30, 2021
4. LONG TERM FINANCING		
Financing from banking companies - secured		
Opening balance	1,443,426	1,154,940
Add:		
Obtained during the period / year	38,542	414,686
Amortized during the period / year	5,977	14,687
	1,487,945	1,584,313
Less:		
Repaid during the period / year	245,515	116,176
Deferred income recognized during the period / year	-	24,711
	245,515	140,887
	1,242,430	1,443,426
Less: Current portion shown under current liabilities	471,154	479,090
Closing balance	771,276	964,336

5. CONTINGENCIES AND COMMITMENTS

a. Contingencies

- i) Guarantees of Rupees 251.534 million (30 June 2021: Rupees 248.691 million) are given by the banks of the Company to Collector of Customs against import of certain items, Sui Northern Gas Pipelines Limited (SNGPL) against gas connections and Faisalabad Electric Supply Company Limited (FESCO) against electricity connections.
- ii) Post dated cheques of Rupees 431.387 million (30 June 2021: Rupees 536.370 million) are issued to custom authorities in respect of duties on imported materials availed on the basis of consumption and export plans and security cheques covering full amount plus profit for three months against diminishing musharkah to bank. If documents of exports / rentals are not provided / paid on due dates, cheques issued as security shall be encashable.
- iii) 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 2021: 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.
- iv) The Company filed a petition in the Honorable Lahore High Court, Lahore on 24 March 2021 pertaining to the oppression of the Company as shareholder by Crescent Bahuman Limited. Any outcome of this petition will not have any financial impact on the Company. Based on advice from legal advisor, the Company is confident that there are reasonable grounds for a favorable decision.

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

for the Half Year Ended December 31, 2021

b) Commitments

- i) Contracts for capital expenditure are of Rupees 541.052 million (30 June 2021: Rupees 250.660 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 727.128 million (30 June 2021: Rupees 426.643 million).
- iii) Ijarah commitments are of Rupees 52.824 million (30 June 2021: Rupees 68.847 million).

(Rupees in '000')	Un-Audited DECEMBER 31, 2021	Audited June 30, 2021
6. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 6.1)	7,168,896	7,188,601
Capital work-in-progress (Note 6.2)	285,225	187,530
	7,454,121	7,376,131
6.1 Operating fixed assets		
Opening book value	7,188,601	7,328,499
Add: Cost of additions during the period / year (Note 6.1.1)	141,372	194,877
	7,329,973	7,523,376
Less: Book value of deletions during the period / year (Note 6.1.2)	3,481	1,262
	7,326,492	7,522,114
Less: Depreciation charged during the period / year	157,596	333,513
	7,168,896	7,188,601
6.1.1 Cost of additions during the period / year		
Plant and machinery	72,926	165,798
Factory tools and equipment	-	2,516
Gas and electric installations	2,325	1,553
Vehicles	64,251	16,047
Furniture and fixtures	-	169
Office equipment	1,870	8,794
	141,372	194,877
6.1.2 Book value of deletions during the period / year		
Plant and machinery	1,665	1,245
Office equipment	-	17
Vehicles	1,816	-
	3,481	1,262

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

for the Half Year Ended December 31, 2021

(Rupees in '000')	Un-Audited DECEMBER 31, 2021	Audited June 30, 2021
6.2 Capital work-in-progress		
Buildings on freehold land	129,687	41,260
Plant and machinery	13,426	24,546
Advance against purchase of vehicles	6,435	13,026
Advance against furniture and fixtures	459	-
Advance against gas and electric installations	2,999	-
Advance against purchase of land	132,219	108,698
	285,225	187,530

(Rupees in '000')	Un-Audited			
	Half year ended		Quarter ended	
	DECEMBER 31, 2021	DECEMBER 31, 2020	DECEMBER 31, 2021	DECEMBER 31, 2020
7. COST OF SALES				
Raw materials consumed	3,225,105	2,527,041	1,711,685	1,284,941
Cloth and yarn purchased	1,748,986	1,712,483	1,010,207	1,190,516
Stores, spare parts and loose tools consumed	567,352	641,333	294,610	348,937
Packing materials consumed	412,150	483,243	187,550	277,362
Processing and weaving charges	409,217	503,726	189,048	320,693
Salaries, wages and other benefits	733,481	637,208	352,516	327,824
Fuel and power	841,067	761,369	444,547	373,489
Repair and maintenance	28,061	23,313	9,905	10,282
Insurance	9,300	5,953	4,247	2,651
Depreciation	142,784	151,866	72,067	77,032
Other factory overheads	46,004	36,192	19,193	19,782
	8,163,507	7,483,727	4,295,575	4,233,509
Work-in-process				
Opening stock	196,289	227,357	238,264	230,295
Closing stock	(235,347)	(213,166)	(235,347)	(213,166)
	(39,058)	14,191	2,917	17,129
Cost of goods manufactured	8,124,449	7,497,918	4,298,492	4,250,638
Finished goods				
Opening stock	2,118,777	2,082,927	1,941,398	1,992,847
Closing stock	(2,343,386)	(2,172,343)	(2,343,386)	(2,172,343)
	(224,609)	(89,416)	(401,988)	(179,496)
	7,899,840	7,408,502	3,896,504	4,071,142

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

for the Half Year Ended December 31, 2021

(Rupees in '000')	Un-Audited	
	Half year ended DECEMBER 31, 2021	DECEMBER 31, 2020
8. CASH GENERATED FROM OPERATIONS		
Profit before taxation	697,282	353,985
Adjustments for non-cash charges and other items:		
Depreciation	157,596	164,478
Amortization	3,843	3,811
Provision for workers' profit participation fund	34,641	12,502
Gain on sale of property, plant and equipment	(4,429)	(53)
Allowance / (reversal of allowance) for expected credit losses	100,000	(232)
Gain on remeasurement of deferred liability	-	(38,031)
Finance cost	210,524	219,927
Working capital changes (Note 8.1)	(1,540,290)	(1,203,684)
	(340,833)	(487,297)
8.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(92,791)	(16,134)
Stock-in-trade	(1,395,959)	(668,743)
Trade debts	48,633	(491,950)
Loans and advances	5,186	(1,236)
Short term deposits and prepayments	3,671	(42,884)
Other receivables	(147,097)	(67,183)
	(1,578,357)	(1,288,130)
Increase in trade and other payables	38,067	84,446
	(1,540,290)	(1,203,684)

9. 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:

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

for the Half Year Ended December 31, 2021

(Rupees in '000')	Un-Audited			
	Half year ended		Quarter ended	
	DECEMBER 31, 2021	DECEMBER 31, 2020	DECEMBER 31, 2021	DECEMBER 31, 2020
i) Transactions				
Associated companies				
Purchase of goods	5,136	24,634	5,136	24,634
Services provided	353	367	177	181
Sale of goods	5,688	-	-	-
Plant and machinery purchased	2,600	-	-	-
Insurance premium paid	17,270	10,675	4,964	3,503
Insurance claim received	5,047	-	5,047	-
Dividend income	1,624	-	1,624	-
Other related parties				
Company's contribution to Employees' Provident Fund Trust	20,709	16,327	10,267	8,499
Remuneration paid to Chief Executive Officer, directors and executives	121,157	111,917	59,714	57,638
			Un-audited DECEMBER 31, 2021	Audited June 30, 2021
(Rupees in '000')				
ii) Period end balances				
Associated companies				
Trade and other payables			10,381	567
Trade debts			-	17,145
Other receivables			-	31
Other related parties				
Trade and other payables			7,991	6,116

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

for the Half Year Ended December 31, 2021

10. SEGMENT INFORMATION

(Rupees in '000)	Spinning	
	(Un-audited)	
	Half year ended	
	December 31, 2021	December 31, 2020
Revenue		
External	3,959,315	2,990,976
Intersegment	1,084,474	1,338,489
	5,043,789	4,329,465
Cost of sales	(4,200,067)	(3,898,452)
Gross profit	843,722	431,013
Distribution cost	(44,706)	(31,072)
Administrative expenses	(68,605)	(61,787)
	(113,311)	(92,859)
Profit before taxation and unallocated income and expenses	730,411	338,154
Unallocated income and expenses:		
Other expenses		
Other income		
Finance cost		
Taxation		
Profit after taxation		

10.1 Reconciliation of reportable segment assets and liabilities:

(Rupees in '000)	Spinning	
	(Un-Audited)	(Audited)
	December 31, 2021	June 30, 2021
Total assets for reportable segments	5,237,871	3,605,880
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	3,841,433	3,483,617
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 Half Year Ended December 31, 2021

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, 2021	December 31, 2020	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
490,799	79,588	5,040,769	5,459,549	-	-	-	-	9,490,883	8,530,113
2,591,659	4,084,236	-	-	697,740	605,986	(4,373,873)	(6,028,711)	-	-
3,082,458	4,163,824	5,040,769	5,459,549	697,740	605,986	(4,373,873)	(6,028,711)	9,490,883	8,530,113
(2,988,212)	(4,073,242)	(4,404,201)	(4,874,133)	(681,233)	(591,386)	4,373,873	6,028,711	(7,899,840)	(7,408,502)
94,246	90,582	636,568	585,416	16,507	14,600	-	-	1,591,043	1,121,611
(10,935)	(5,580)	(398,230)	(313,766)	(2,782)	(2,131)	-	-	(456,653)	(352,549)
(21,403)	(19,249)	(135,320)	(121,939)	(12,053)	(10,839)	-	-	(237,381)	(213,814)
(32,338)	(24,829)	(533,550)	(435,705)	(14,835)	(12,970)	-	-	(694,034)	(566,363)
61,908	65,753	103,018	149,711	1,672	1,630	-	-	897,009	555,248
								(140,591)	(56,699)
								151,388	75,363
								(210,524)	(219,927)
								(193,382)	(134,003)
								503,900	219,982

Weaving		Processing & Home Textile		Power Generation		Total - Company	
(Un-Audited)	(Audited)	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)
December 31, 2021	June 30, 2021	December 31, 2021	June 30, 2021	December 31, 2021	June 30, 2021	December 31, 2021	June 30, 2021
1,786,062	1,410,306	3,103,472	3,884,270	368,706	358,657	10,496,111	9,259,113
						10,924,916	11,005,358
						21,421,027	20,264,471
574,734	608,144	3,626,352	3,496,886	72,436	61,925	8,114,955	7,650,572
						2,889,773	2,739,353
						11,004,728	10,389,925

current and deferred tax liabilities.

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

for the Half Year Ended December 31, 2021

10.2 Geographical Information

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

	Spinning		Weaving		Processing & Home Textile		Total Company	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
America	-	-	-	-	646,836	488,135	646,836	488,135
Asia, Africa and Australia	-	-	-	-	407,891	307,988	407,891	307,988
Europe	-	-	55,528	4,954	3,867,152	4,576,647	3,922,680	4,581,601
Pakistan	3,959,315	2,990,976	435,271	74,634	118,890	86,779	4,513,476	3,152,389
	3,959,315	2,990,976	490,799	79,588	5,040,769	5,459,549	9,490,883	8,530,113

10.3 The Company's revenue from external customers in respect of products is detailed below:

Yarn	3,777,830	2,839,338	974	14,018	-	-	3,778,804	2,853,356
Fabric	-	-	474,944	63,099	1,097,083	796,484	1,572,027	859,583
Made ups	-	-	-	-	3,898,272	4,657,342	3,898,272	4,657,342
Processing income	-	-	11,180	-	45,170	5,482	56,350	5,482
Waste	181,485	151,638	3,701	2,471	244	241	185,430	154,350
	3,959,315	2,990,976	490,799	79,588	5,040,769	5,459,549	9,490,883	8,530,113

11. 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:

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

for the Half Year Ended December 31, 2021

(Rupees in '000)	Level 1	Level 2	Level 3	Total
Financial assets - recurring fair value measurement				
At 31 December 2021 - (Un-audited)				
At fair value through other comprehensive income	1,064,152	-	3,526,772	4,590,924
	1,064,152	-	3,526,772	4,590,924
At 30 June 2021 - (Audited)				
At fair value through other comprehensive income	1,357,077	-	3,241,110	4,598,187
	1,357,077	-	3,241,110	4,598,187

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.

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 (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 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 comparable company valuation multiple technique method for most of the unlisted securities.

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

for the Half Year Ended December 31, 2021

(iii) Fair value measurement using significant unobservable input (level 3)

Following table presents the changes in level 3 items for the period ended 31 December 2021:

(Rupees in '000)	Unlisted equity securities
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
Add: Surplus recognized in other comprehensive income	-
Balance as on 30 June 2021 - Audited	3,241,110
Add: Surplus recognized in other comprehensive income	285,662
Balance as on 31 December 2021 - Unaudited	3,526,772

(iv) Valuation input and relationship to fair value

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

Description	Fair value at		Unobservable inputs	Range of inputs (probability weighted average)	Relationship of unobservable inputs to fair value
	31 December 2021	30 June 2021			
(Rupees in '000')	Un-audited	Audited		31 December 2021	
At fair value through other comprehensive income					
Crescent Bahuman Limited	3,526,272	3,241,036	Market multiple	12.15	Increase / decrease in market multiple factor by 0.50% would increase / decrease fair value by Rupees 23.734 million.

There was no significant inter-relationship between unobservable input that materially affect fair value.

12. 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 2021.

13. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on February 25, 2022.

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

for the Half Year Ended December 31, 2021

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 except for 'Accrued Interest' which has been included in 'Other Receivables' instead of separately showing on the face of statement of financial position.

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

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