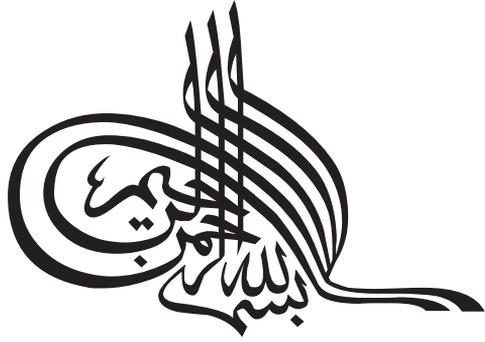


2022

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		Mills & Registered Office
Mr. Naseer Ahmad Chaudhary		Sargodha Road, Faisalabad, Pakistan
Head of Internal Audit		T: + 92-41-111-105-105
Mrs. Sabteela Tosheen		F: + 92-41-8786525
		E: crestex@ctm.com.pk
Auditors		
Riaz Ahmad 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, 2022

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, 2022.

Economy and Industry overview

Pakistan's growth prospects have slowed down as a repercussion of floods and the tight monetary policy adopted by the Central Bank throughout the last year. Pakistan's overall exports decreased by 5.73 percent to \$14.258 billion in the first half of the current fiscal year. Textile exports decreased by 7.07 percent to \$ 8.718 billion from \$ 9.381 billion in reported period. Bed wear exports decreased by 13.97 percent in USD value and 25.88 percent in quantity. Knit wear exports decreased by 1.35 percent in USD value and increased by 16.87 percent in quantity. Garments exports increased by 0.06 percent in USD value and 81.75 percent in quantity.

Company's performance

Brief financial analysis of the Company is presented here under:

Rupees in million	1st HY FY 23	1st HY FY 22	Variance	%
Revenue	9,108	9,491	(383)	(4)
Gross profit	1,310	1,591	(281)	(18)
Operating cost	723	835	(112)	(13)
Finance cost	407	211	196	93
Other income	231	151	80	53
Taxation	108	193	(85)	(44)
Net profit after tax	302	504	(202)	(41)
Earning Rs. per share	3.02	5.16	(2.14)	(41)

Despite many challenges, the Company has been able to post impressive profitability through persistent efforts by the Management. Revenue of the Company decline by 4 percent. This decrease is mainly attributed to quantitative decrease in local and export sale. Gross profit reduced by 18 percent due increase in raw material and energy prices. Finance cost increased significantly due multiple upward revisions in SBP policy rate, ERF and LTFF interest rates. Other income increased mainly on account of exchange gain due rupee depreciation. Tax provision decreased due deferred tax expense in corresponding period.

Future Outlook

Large global economies including Europe and US are expected to undergo recessions in the succeeding years, largely due to the energy supply issues caused by Russia Ukraine conflict and all-time high inflation crises. At the same time all major retailers and brands in Europe and US have accumulated abnormally high inventories. Looking ahead and keeping in view the macroeconomic indicators, the following quarters of ongoing fiscal year seem to be challenging ones. The Management is closely tracking the latest macro developments and taking proactive measures to keep the Company's capacity utilization at a satisfactory level.

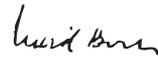
Acknowledgement

The Board records its profound appreciation for all our stakeholders, customers, banks, management and factory staff who are strongly committed to their work as the success of your Company is built around their efforts.

For and on behalf of the Board of Directors



Muhammad Anwar
Chief Executive Officer



Khalid Bashir
Director

ڈائریکٹرز کی رپورٹ

برائے ششماہی پختہ 31 دسمبر 2022ء

بورڈ آف ڈائریکٹرز 31 دسمبر 2022ء کو پختہ ششماہی کے لیے مالی اور عملی کارکردگی پر اپنا مختصر جائزہ آپ کی خدمت میں پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

معیشت اور صنعت کا جائزہ:

سیلاب اور مرکزی بینک کی طرف سے گزشتہ سال بھر کے دوران اختیار کی گئی سخت مالیاتی پالیسی کے نتیجے میں پاکستان کی ترقی کے امکانات سست ہو گئے ہیں۔ موجودہ مالی سال کی پہلی ششماہی میں پاکستان کی مجموعی برآمدات 5.73 فیصد کی سے 14.258 بلین ڈالر تک پہنچ گئیں۔ اسی عرصے میں نیکیٹائل برآمدات 7.07 فیصد کی سے 9.381 بلین ڈالر سے 8.718 بلین ڈالر رہ گئیں۔ بیڈوئیر کی برآمدات ڈالر کی ماییت کے اعتبار سے 13.97 فیصد کم ہوئیں جبکہ مقدار کے اعتبار سے 25.88 فیصد کم ہوئیں۔ فٹ ویئر کی برآمدات ڈالر کی ماییت کے اعتبار سے 1.35 فیصد کم ہوئیں جبکہ مقدار کے اعتبار سے 16.87 فیصد کم ہوئیں۔ جاکٹس کی برآمدات ڈالر کی ماییت کے اعتبار سے 0.06 فیصد بڑھیں جبکہ مقدار کے اعتبار سے ان میں 81.75 فیصد کا اضافہ ہوا۔

کمپنی کی کارکردگی:

کمپنی کا مختصر مالیاتی تجزیہ درج ذیل ہے:

ملین روپے	پہلی ششماہی مالی سال 2023	پہلی ششماہی مالی سال 2022	فرق	فیصد فرق
آمدن	9,108	9,491	(383)	(4)
مجموعی منافع	1,310	1,591	(281)	(18)
عملی اخراجات	723	835	(112)	(13)
مالیاتی اخراجات	407	211	196	93
دیگر آمدن	231	151	80	53
محصولات	108	193	(85)	(44)
خالص نفع بعد از محصولات	302	504	(202)	(41)
آمدن فی شخص	3.02	5.16	(2.14)	(41)

بہت سے چیلنجوں کے باوجود انتظامیہ کی مسلسل کوششوں کے ذریعے کمپنی متاثر کن منافع کمانے میں کامیاب رہی ہے۔ کمپنی کی آمدنی میں 4 فیصد کی توقع ہوئی۔ یہ کمی بنیادی طور پر مقامی اور برآمدی فروخت میں نمایاں کمی کی وجہ سے ہوئی۔ مجموعی منافع میں بھی 18 فیصد کمی واقع ہوئی جس کی وجہ خام مال اور توانائی کی قیمتوں میں اضافہ ہے۔ ٹیسٹ ٹینک کے پالیسی ریٹ اور ERF اور LTFF کی شرح میں متعدد نظر ثانیوں کے باوجود عملی لاگت میں بھی نمایاں اضافہ ہوا۔ دیگر آمدنی میں اضافہ ہوا جس کی بنیادی وجہ روپے کی قدر میں کمی کی وجہ سے تبادلہ کا حصول تھا۔ اسی مدت میں موخر ٹیکس اخراجات کی وجہ سے ٹیکس کی فراہمی میں کمی واقع ہوئی۔

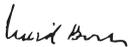
مستقبل کا نقطہ نظر:

روس یوکرین تنازعے اور مہنگائی کے بلند ترین بحرانوں کی وجہ سے توانائی کی فراہمی کے مسائل کے باعث آنے والے سالوں میں یورپ اور امریکہ سمیت بڑی عالمی معیشتوں میں کساد بازاری پھیلنے کے امکانات ہیں۔ ایک ہی وقت میں یورپ اور امریکہ میں تمام بڑے ریٹیلرز اور برانڈز نے غیر معمولی طور پر زیادہ انونیٹی جمع کی ہیں۔ آگے کے منظر نامے اور ٹیکو واکاٹک اشاریوں کو مد نظر رکھتے ہوئے، جاری مالی سال کی اگلی سہ ماہی گھٹتی ہے۔ انتظامیہ تازہ ترین میکرو پیش رفت پر گہری نظر رکھے ہوئے ہے اور کمپنی کی صلاحیت کے استعمال کو عملی بنیاد پر رکھنے کے لیے فعال اقدامات کر رہی ہے۔

اعتراف خدمات:

بورڈ اپنے تمام ساتھیوں، مصارفین، بیٹنگوں، انتظامیہ اور ٹیکسٹ کے عمل کو خراج تحسین پیش کرتا ہے جو اپنے کام کے ساتھ مخلص ہیں کیونکہ ان کی کمپنی کی کامیابی ان کی کوششوں کی مرہون منت ہے۔

منجانب: بورڈ آف ڈائریکٹرز



خالد شیر
ڈائریکٹر



محمد انور
چیف ایگزیکٹو آفیسر

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF THE CRESCENT TEXTILE MILLS LIMITED

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 2022 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 2022 and 31 December 2021 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 2022.

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 27, 2023

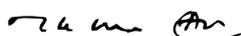
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CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

as at December 31, 2022

(Rupees in '000')	Note	Un-Audited DECEMBER 31, 2022	Audited June 30, 2022
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 200 000 000 (June 30, 2022: 200 000 000) ordinary shares of Rupees 10 each		2,000,000	2,000,000
Issued, subscribed and paid up share capital		1,000,000	1,000,000
Reserves			
Capital reserves			
Premium on issue of right shares		391,559	391,559
Fair value reserve		487,209	596,014
Surplus on revaluation of operating fixed assets - net of deferred income tax		4,160,203	4,160,313
Revenue reserves		5,038,971	5,147,886
Total reserves		9,928,078	9,834,721
TOTAL EQUITY		10,928,078	10,834,721
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	3	1,398,840	843,847
Deferred income tax liability		109,570	149,444
		1,508,410	993,291
CURRENT LIABILITIES			
Trade and other payables		2,228,258	2,341,793
Unclaimed dividend		12,524	10,991
Accrued mark-up		216,301	124,228
Short term borrowings		6,512,389	6,892,369
Current portion of long term financing		372,675	414,286
Current portion of deferred liabilities		325,977	344,983
Provision for taxation		252,929	343,960
		9,921,053	10,472,610
Total liabilities		11,429,463	11,465,901
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	4	22,357,541	22,300,622
Assets			
Non-current assets			
Property, plant and equipment	5	9,004,939	7,879,501
Intangible asset		2,149	5,770
Long term investments		3,711,943	3,728,983
Long term loans and advances		794	1,110
Long term deposits and prepayments		14,626	15,127
		12,734,451	11,630,491
Current assets			
Stores, spare parts and loose tools		388,163	348,363
Stock-in-trade		4,626,547	4,609,502
Trade debts		2,818,785	3,754,888
Loans and advances		79,201	99,803
Short term deposits and prepayments		124,559	126,866
Income tax		658,503	761,198
Other receivables		590,783	378,178
Short term investments		332,467	445,732
Cash and bank balances		4,082	145,601
		9,623,090	10,670,131
		22,357,541	22,300,622

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 PROFIT OR LOSS (UN-AUDITED)

for the Half Year Ended December 31, 2022

(Rupees in '000)	Note	Half year ended		Quarter ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Revenue		9,108,045	9,490,883	4,205,837	4,778,117
Cost of sales	6	(7,798,342)	(7,899,840)	(3,717,789)	(3,896,504)
Gross profit		1,309,703	1,591,043	488,048	881,613
Distribution cost		(417,431)	(456,653)	(185,644)	(212,310)
Administrative expenses		(270,798)	(237,381)	(128,580)	(122,952)
Other expenses		(35,255)	(140,591)	(12,438)	(121,271)
		(723,484)	(834,625)	(326,662)	(456,533)
		586,219	756,418	161,386	425,080
Other income		231,260	151,388	161,173	39,667
Profit from operations		817,479	907,806	322,559	464,747
Finance cost		(407,101)	(210,524)	(209,937)	(113,045)
Profit before taxation		410,378	697,282	112,622	351,702
Taxation		(108,179)	(193,382)	(11,976)	(93,085)
Profit after taxation		302,199	503,900	100,646	258,617
Earnings per share - basic and diluted (Rupees)		3.02	5.16	1.01	2.59

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


Muhammad Anwar
Chief Executive Officer


Khalid Bashir
Director

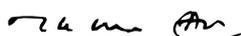

Asim Siddique
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

for the Half Year Ended December 31, 2022

(Rupees in '000)	Half year ended		Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Profit after taxation	302,199	503,900	100,646	258,617
Other comprehensive (loss) / income				
Items that will not be reclassified to profit or loss in subsequent periods:				
(Deficit) / surplus arising on remeasurement of investments at fair value through other comprehensive income	(130,305)	12,840	(108,829)	166,441
Deferred income tax relating to investments at fair value through other comprehensive income	21,500	(54,158)	18,961	(51,672)
	(108,805)	(41,318)	(89,868)	114,769
Items that may be reclassified to profit or loss in subsequent periods	-	-	-	-
Other comprehensive (loss) / income for the period - net of tax	(108,805)	(41,318)	(89,868)	114,769
Total comprehensive income for the period	193,394	462,582	10,778	373,386

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

2022
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DECEMBER 31

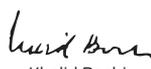
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

for the Half Year Ended December 31, 2022

(Rupees in '000)	SHARE CAPITAL	SHARE DEPOSIT MONEY	RESERVES							TOTAL EQUITY		
			CAPITAL RESERVES			REVENUE RESERVES						
			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		TOTAL	
Balance as at June 30, 2021 - (Audited)	800,000	312,152	200,169	1,079,509	4,160,718	5,440,296	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)	(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	503,900
Other comprehensive loss for the period	-	-	-	(41,318)	-	(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	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	2,097,234	3,840,877	9,416,299	10,416,299	
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred income tax	-	-	-	-	(72)	(72)	-	72	72	-	-	-
Adjustment of deferred income tax liability due to re-assessment at period end	-	-	-	-	(192)	(192)	-	-	-	(192)	(192)	(192)
Gain realized on disposal of equity investment at fair value through other comprehensive income	-	-	-	(2,687)	-	(2,687)	-	2,687	2,687	-	-	-
Profit for the period	-	-	-	-	-	-	-	843,199	843,199	843,199	843,199	843,199
Other comprehensive loss for the period	-	-	-	(424,585)	-	(424,585)	-	-	-	(424,585)	(424,585)	(424,585)
Total comprehensive income for the period	-	-	-	(424,585)	-	(424,585)	-	843,199	843,199	418,614	418,614	418,614
Balance as at June 30, 2022 - (Audited)	1,000,000	-	391,559	596,014	4,160,313	5,147,886	1,803,643	2,883,192	4,686,835	9,834,721	10,834,721	
Transaction with owners - Final dividend for the year ended 30 June 2022 at the rate of Rupee 1 per share	-	-	-	-	-	-	-	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred income tax	-	-	-	-	(73)	(73)	-	73	73	-	-	-
Adjustment of deferred income tax liability due to re-assessment at period end	-	-	-	-	(37)	(37)	-	-	-	(37)	(37)	(37)
Profit for the period	-	-	-	-	-	-	-	302,199	302,199	302,199	302,199	302,199
Other comprehensive loss for the period	-	-	-	(108,805)	-	(108,805)	-	-	-	(108,805)	(108,805)	(108,805)
Total comprehensive income for the period	-	-	-	(108,805)	-	(108,805)	-	302,199	302,199	193,394	193,394	193,394
Balance as at December 31, 2022 - (Un-audited)	1,000,000	-	391,559	487,209	4,160,203	5,038,971	1,803,643	3,085,464	4,889,107	9,928,078	10,928,078	

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, 2022

(Rupees in '000')	Note	DECEMBER 31, 2022	DECEMBER 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	7	1,551,476	(285,135)
Finance cost paid		(308,623)	(201,051)
Income tax paid - net		(114,926)	(92,783)
Gas Infrastructure Development Cess (GIDC) paid		(18,567)	(55,698)
Dividend paid		(98,467)	(90)
Workers' profit participation fund paid		(723)	(921)
Net decrease / (increase) in long term loans and advances		151	(1,682)
Net decrease / (increase) in long term deposits and prepayments		501	(557)
Net cash generated from / (used in) operating activities		1,010,822	(637,917)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(1,285,039)	(239,067)
Proceeds from sale of property, plant and equipment		-	7,910
Proceeds from sale of investment		-	20,103
Net cash used in investing activities		(1,285,039)	(211,054)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		744,983	38,542
Share deposit money received - net		-	79,238
Repayment of long term financing		(232,305)	(245,515)
Short term borrowings - net		(379,980)	695,886
Net cash from financing activities		132,698	568,151
Net decrease in cash and cash equivalents		(141,519)	(280,820)
Cash and cash equivalents at the beginning of the period		145,601	337,930
Cash and cash equivalents at the end of the period		4,082	57,110

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

2022
HALF YEAR
DECEMBER 31

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

for the Half Year Ended December 31, 2022

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 units which are situated at Lahore Road, Jaranwala, Punjab and at Faisalabad Industrial Estate Development and Management Company (FIEDMC) site at Sahianwala, Tehsil Chak Jhumra, District 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 applicable in Pakistan for interim financial reporting comprise of:

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

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ 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 and disclosures as required for annual audited financial statements, and should be read in conjunction with annual financial statements of the Company for the year ended 30 June 2022.

b) Accounting policies and computation methods

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial statements are the same as applied in the preparation of the annual financial statements of the Company for the year ended 30 June 2022.

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

for the Half Year Ended December 31, 2022

2.2 Critical accounting estimates and judgments

The preparation of these condensed interim financial statements in conformity with approved accounting and reporting standards requires management to make estimates, assumptions and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and assumptions are based on historical exposure and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates, assumptions and judgments.

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 annual audited financial statements of the Company for the year ended 30 June 2022.

(Rupees in '000')	Un-Audited DECEMBER 31, 2022	Audited June 30, 2022
3. LONG TERM FINANCING		
Financing from banking companies - secured		
Opening balance	1,258,133	1,443,426
Add: Obtained during the period / year	744,983	293,798
Add: Amortized during the period / year	704	9,320
Less: Repaid during the period / year	232,305	488,411
	1,771,515	1,258,133
Less: Current portion shown under current liabilities	372,675	414,286
	1,398,840	843,847

4. CONTINGENCIES AND COMMITMENTS

a. Contingencies

- i) Guarantees of Rupees 252.324 million (30 June 2022: Rupees 251.834 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) Post dated cheques of Rupees 426.670 million (30 June 2022: Rupees 455.323 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 musharika to bank. If documents of exports / rentals are not provided / paid on due dates, cheques issued as security shall be encashable.
- iii) There has been no change in the status of other contingent liabilities as disclosed in Note 13(a) to

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

for the Half Year Ended December 31, 2022

the annual financial statements of the Company for the year ended 30 June 2022.

b. Commitments

- i) Contracts for capital expenditure are of Rupees 152.687 million (30 June 2022: Rupees 947.550 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 1,261.692 million (30 June 2022: Rupees 686.586 million).
- iii) Ijarah commitments are of Rupees 41.180 million (30 June 2022: Rupees 54.270 million).

(Rupees in '000')	Un-Audited DECEMBER 31, 2022	Audited June 30, 2022
5. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 5.1)	7,261,219	7,395,579
Capital work-in-progress (Note 5.2)	1,743,720	483,922
	9,004,939	7,879,501
5.1 Operating fixed assets		
Opening book value	7,395,579	7,188,601
Add: Cost of additions during the period / year (Note 5.1.1)	25,241	549,157
Less: Book value of deletions during the period / year	-	13,903
	7,420,820	7,723,855
Less: Depreciation charged for the period / year	159,601	328,276
	7,261,219	7,395,579
5.1.1 Cost of additions during the period / year		
Land - Freehold	-	91,900
Buildings on freehold land	1,300	218,639
Plant and machinery	3,296	149,961
Stand-by equipment	1,937	-
Factory tools and equipment	294	511
Gas and electric installations	8,825	7,698
Vehicles	7,774	74,470
Office equipment	1,815	5,978
	25,241	549,157
5.2 Capital work-in-progress		
Buildings on freehold land	75,046	17,645
Buildings on leasehold land	194,724	20,901
Plant and machinery	1,275,631	272,162
Advance against office equipment	46	166
Advance against gas and electric installations	19,013	17,308
Advance against purchase of land	179,260	155,740
	1,743,720	483,922

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

for the Half Year Ended December 31, 2022

(Rupees in '000')	Un-Audited			
	Half year ended		Quarter ended	
	DECEMBER 31, 2022	DECEMBER 31, 2021	DECEMBER 31, 2022	DECEMBER 31, 2021
6. COST OF SALES				
Raw materials consumed	3,987,458	3,225,105	2,026,081	1,711,685
Cost of raw materials sold	5,435	-	-	-
Cloth and yarn purchased	724,295	1,748,986	256,168	1,010,207
Stores, spare parts and loose tools consumed	581,017	567,352	308,572	294,610
Packing materials consumed	318,474	412,150	153,554	187,550
Processing and weaving charges	403,034	409,217	238,983	189,048
Salaries, wages and other benefits	825,000	733,481	402,060	352,516
Fuel and power	1,194,548	841,067	521,204	444,547
Repair and maintenance	26,929	28,061	16,175	9,905
Insurance	11,429	9,300	5,908	4,247
Depreciation	143,371	142,784	71,929	72,067
Other factory overheads	44,226	46,004	19,626	19,193
	8,265,216	8,163,507	4,020,260	4,295,575
Work-in-process				
Opening stock	271,467	196,289	272,110	238,264
Closing stock	(256,881)	(235,347)	(256,881)	(235,347)
	14,586	(39,058)	15,229	2,917
Cost of goods manufactured	8,279,802	8,124,449	4,035,489	4,298,492
Finished goods				
Opening stock	2,356,948	2,118,777	2,520,708	1,941,398
Closing stock	(2,838,408)	(2,343,386)	(2,838,408)	(2,343,386)
	(481,460)	(224,609)	(317,700)	(401,988)
	7,798,342	7,899,840	3,717,789	3,896,504

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

for the Half Year Ended December 31, 2022

(Rupees in '000')	Un-Audited	
	Half year ended DECEMBER 31, 2022	DECEMBER 31, 2021
7. CASH GENERATED FROM / (USED IN) OPERATIONS		
Profit before taxation	410,378	697,282
Adjustments for non-cash charges and other items:		
Depreciation	159,601	157,596
Amortization	3,621	3,843
Provision for workers' profit participation fund	17,948	34,641
Unwinding of discount on GIDC payable	265	8,529
Gain on sale of property, plant and equipment	-	(4,429)
Allowance for expected credit losses	-	100,000
Finance cost	407,101	210,524
Working capital changes (Note 7.1)	552,562	(1,493,121)
	1,551,476	(285,135)
7.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(39,800)	(92,791)
Stock-in-trade	(17,045)	(1,395,959)
Trade debts	936,103	48,633
Loans and advances	20,767	5,186
Short term deposits and prepayments	2,307	3,671
Other receivables	(212,605)	(147,097)
	689,727	(1,578,357)
(Decrease) / increase in trade and other payables	(137,165)	85,236
	552,562	(1,493,121)

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:

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

for the Half Year Ended December 31, 2022

(Rupees in '000')	Un-Audited			
	Half year ended		Quarter ended	
	DECEMBER 31, 2022	DECEMBER 31, 2021	DECEMBER 31, 2022	DECEMBER 31, 2021
i) Transactions				
Associated companies				
Purchase of goods	12,925	5,136	-	5,136
Services provided	311	353	182	177
Sale of goods	7,901	5,688	7,901	-
Plant and machinery purchased	-	2,600	-	-
Insurance premium paid	19,323	17,270	9,478	4,964
Insurance claim received	306	5,047	278	5,047
Dividend income	-	1,624	-	1,624
Dividend paid	3,012	-	3,012	-
Other related parties				
Company's contribution to Employees' Provident Fund Trust	24,666	20,709	11,871	10,267
Dividend paid to Employees' Provident Fund Trust	3,064	-	3,064	-
Remuneration and meeting fee paid to Chief Executive Officer, directors and executives	139,614	121,157	68,477	59,714
Dividend paid to Chief Executive Officer, directors, spouses and executives	26,168	-	26,168	-
			Un-audited DECEMBER 31, 2022	Audited June 30, 2022
ii) Period end balances				
Associated companies				
Trade and other payables			251	4,447
Trade debts			4,228	-
Other receivables			118	115
Other related parties				
Trade and other payables			8,660	7,279

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

for the Half Year Ended December 31, 2022

9. SEGMENT INFORMATION

(Rupees in '000)	Spinning	
	(Un-audited)	
	Half year ended	
	December 31, 2022	December 31, 2021
Revenue		
External	2,644,152	3,959,315
Intersegment	2,412,633	1,084,474
	5,056,785	5,043,789
Cost of sales	(5,030,217)	(4,200,067)
Gross profit	26,568	843,722
Distribution cost	(40,827)	(44,706)
Administrative expenses	(88,677)	(68,605)
	(129,504)	(113,311)
(Loss) / profit before taxation and unallocated income and expenses	(102,936)	730,411
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, 2022	June 30, 2022
Total assets for reportable segments	4,016,607	4,373,669
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	3,180,193	3,756,611
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, 2022

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, 2022	December 31, 2021	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
874,679	490,799	5,589,214	5,040,769	-	-	-	-	9,108,045	9,490,883
2,713,664	2,591,659	-	-	922,620	697,740	(6,048,917)	(4,373,873)	-	-
3,588,343	3,082,458	5,589,214	5,040,769	922,620	697,740	(6,048,917)	(4,373,873)	9,108,045	9,490,883
(3,554,440)	(2,988,212)	(4,359,883)	(4,404,201)	(902,719)	(681,233)	6,048,917	4,373,873	(7,798,342)	(7,899,840)
33,903	94,246	1,229,331	636,568	19,901	16,507	-	-	1,309,703	1,591,043
(15,269)	(10,935)	(358,552)	(398,230)	(2,783)	(2,782)	-	-	(417,431)	(456,653)
(26,992)	(21,403)	(142,223)	(135,320)	(12,906)	(12,053)	-	-	(270,798)	(237,381)
(42,261)	(32,338)	(500,775)	(533,550)	(15,689)	(14,835)	-	-	(688,229)	(694,034)
(8,358)	61,908	728,556	103,018	4,212	1,672	-	-	621,474	897,009
								(35,255)	(140,591)
								231,260	151,388
								(407,101)	(210,524)
								(108,179)	(193,382)
								302,199	503,900

Weaving		Processing & Home Textile		Power Generation		Total - Company	
(Un-Audited)	(Audited)	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)
December 31, 2022	June 30, 2022	December 31, 2022	June 30, 2022	December 31, 2022	June 30, 2022	December 31, 2022	June 30, 2022
3,734,027	2,176,975	3,795,951	4,747,271	555,559	336,166	12,102,144	11,634,081
						10,255,397	10,666,541
						22,357,541	22,300,622
2,135,946	975,599	3,070,729	3,445,151	75,494	58,827	8,462,362	8,236,188
						2,967,101	3,229,713
						11,429,463	11,465,901

current and deferred liabilities.

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

for the Half Year Ended December 31, 2022

9.2 Geographical Information

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

	Spinning		Weaving		Processing & Home Textile		Total Company	
	(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)	
	Half year ended		Half year ended		Half year ended		Half year ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
America	-	-	-	-	804,148	646,836	804,148	646,836
Asia	-	-	-	-	59,295	12,688	59,295	12,688
Africa	-	-	-	-	114,855	102,959	114,855	102,959
Australia	-	-	-	-	304,903	292,244	304,903	292,244
Europe	-	-	50,252	55,528	4,116,368	3,867,152	4,166,620	3,922,680
Pakistan	2,644,152	3,959,315	824,427	435,271	189,645	118,890	3,658,224	4,513,476
	2,644,152	3,959,315	874,679	490,799	5,589,214	5,040,769	9,108,045	9,490,883

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

Yarn	2,388,384	3,777,830	-	974	-	-	2,388,384	3,778,804
Fabric	-	-	870,934	474,944	997,343	1,097,083	1,868,277	1,572,027
Made ups	-	-	-	-	4,520,931	3,898,272	4,520,931	3,898,272
Processing income	-	-	-	11,180	70,940	45,170	70,940	56,350
Raw material	8,852	-	-	-	-	-	8,852	-
Waste	246,916	181,485	3,745	3,701	-	244	250,661	185,430
	2,644,152	3,959,315	874,679	490,799	5,589,214	5,040,769	9,108,045	9,490,883

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:

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

for the Half Year Ended December 31, 2022

(Rupees in '000)	Level 1	Level 2	Level 3	Total
Financial assets - recurring fair value measurement				
At 31 December 2022 - (Un-audited)				
At fair value through other comprehensive income	780,933	-	3,263,477	4,044,410
Total financial assets	780,933	-	3,263,477	4,044,410
At 30 June 2022 - (Audited)				
At fair value through other comprehensive income	911,238	-	3,263,477	4,174,715
Total financial assets	911,238	-	3,263,477	4,174,715

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 equity securities) is based on quoted market prices at the end of the reporting period.

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.

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.

11. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding annual financial statements of the Company for the year ended 30 June 2022.

12. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors of the Company and authorized for issue on February 27, 2023.

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

for the Half Year Ended December 31, 2022

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 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 indicated.



Muhammad Anwar
Chief Executive Officer



Khalid Bashir
Director



Asim Siddique
Chief Financial Officer

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