

# Half Year

December 31, 2016



| The Crescent Textile Mills Limited





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## COMPANY INFORMATION

Board of Directors		Bankers
Mr. Muhammad Rafi	Chairman	Al Baraka Bank (Pakistan) Limited
Mr. Muhammad Anwar	Chief Executive Officer	Allied Bank Limited
Mr. Ahmad Shafi	Director	Burj Bank Limited
Mr. Amjad Mehmood	Director	Habib Bank Limited
Mr. Anjum Muhammad Saleem	Director	MCB Bank Limited
Mr. Khalid Bashir	Director	National Bank of Pakistan
Mr. Khurram Mazhar Karim	Director	NIB Bank Limited
Mr. Muhammad Asif (Nominee NIT)	Director	Standard Chartered Bank (Pakistan) Limited
		The Bank of Punjab
		United Bank Limited
Audit Committee		Mills & Head Office
Mr. Khalid Bashir	Chairman	Sargodha Road,
Mr. Anjum Muhammad Saleem	Member	Faisalabad, Pakistan
Mr. Khurram Mazhar Karim	Member	T: + 92-41-111-105-105
		F: + 92-41-8786525
		E: crestex@ctm.com.pk
HR & R Committee		
Mr. Khalid Bashir	Chairman	
Mr. Ahmad Shafi	Member	
Mr. Anjum Muhammad Saleem	Member	
Chief Financial Officer		
Mr. Sadiq Saleem		
Corporate Secretary		Registered Office
Mr. Naseer Ahmad Chaudhary		45-A, Off: Zafar Ali Road, Gulberg-V, Lahore, Pakistan
		T: + 92-42-111-245-245
Head of Internal Audit		F: + 92-42-111-222-245
Mr. Kashif Saleem		E: crestex@ctm.com.pk
Auditors		
Riaz Ahmed & Company		
Chartered Accountants		
Legal Advisor		Share Registrar
Syed Masroor Ahmad	Advocate	CorpTec Associates (Pvt) Ltd., 503 - E, Johar Town, Lahore, Pakistan
Stock Exchange Listing		
The Crescent Textile Mills Limited is a listed Company and its shares are traded on Pakistan Stock Exchange.		T: +92-42-35170336-37 F: +92-42-35170338 E: info@corptec.com.pk
The Company's shares are quoted in leading dailies under textile composite sector.		www.ctm.com.pk

# DIRECTORS' REPORT TO THE SHAREHOLDERS

for the Half Year Ended December 31, 2016

Directors of the company are pleased to present their view along with the review of auditors on financial statements of company for the 1st Half Year ended on December 31, 2016.

## Review of industry and company's performance

Performance of the industry remained sluggish during 1H FY17 as exports contracted by 1.79% over SPLY. Exports of value added segment posted some stability with nominal growth of 3% YoY basis while non value added category buckled the trend by declining to 7%. Decrease in exports was attributed to regional in-competitiveness of the industry and increase in input costs mainly on strong cotton prices due supply-demand gap, higher energy cost and rise in other operating costs. Inordinate delays in release of drawbacks and tax refunds by GoP also remained a serious bottleneck for growth of industry as it increased its borrowings and financing cost.

During this period plant performance remained satisfactory on an improved RLNG supply but sales volumes declined modestly due tepid export demand. Alongside rise in cotton prices (showing 19.61% YoY increase) the increase in average selling prices depicted slower and moderate growth showing an increase of 9.64% and 3.97% in yarn and fabric prices respectively. Pressure on selling prices dragged gross margins (went down by whopping 54.77% YoY) resulting into an after tax net loss of Rs.81.058 million as against an after tax net profit Rs.145.200 million during SPLY.

Decline in operating and finance costs, down by 10.29% and 40.67% respectively and with hefty reduction in tax liability due rebate on investment in plant and machinery helped to mitigate overall losses of company during this period but reduction in other income (down by 37.07%) also had an adverse impact on bottom line of the company.

Summary of financial results excluding associate's share of the company for 1H FY17 verses same period of last year is as below:

1st Half Year	2017		2016		Var.	
	Million Rs.	%	Million Rs.	%	Million Rs.	%
Sales revenue	5,221	100.00	5,323	100.00	(102)	(1.92)
Gross profit	311	5.96	688	12.93	(377)	(54.80)
Operating costs	427	8.18	476	8.94	(49)	(10.29)
Other income	129	2.47	205	3.85	(76)	(37.07)
Finance cost	124	2.38	209	3.93	(85)	(40.67)
(Loss)/profit before tax	(111)	(2.13)	207	3.89	(318)	(153.62)
Taxation	30	0.57	(62)	(1.16)	(92)	(148.39)
Net (loss)/profit after taxation	(81)	(1.55)	145	2.72	(226)	(155.86)

## Future outlook:

Local and imported cotton prices are showing increasing trend which will give rise to yarn prices to some extent but will ultimately erode margins of value added segment. However, recently announced textile incentive package will help in restoring some balance and will help in boosting exports of the country on short term basis. In the long run discontinuation of textile package and lack of measures to address issues relating to expensive RLNG supply to Punjab based industry and structural changes to increase in quantity and quality of cotton will remain key concerns in slowing down exports.

However, we remain focused and positive in improving overall performance of company and are optimistic that our capacity to improve sales revenues due BMR undertaken against SBP LTFF financing and support through incentives in textile package will restore parity and enhance value of our stakeholders in the future periods. Whilst cost reduction initiatives and strengthening of value added segment by shifting to FIEDMC are continued to be our priority tasks for an improved performance of company during the times ahead.

for and on behalf of the Board.



Muhammad Anwar  
Chief Executive Officer

## حصص یافتگان کے لیے ڈائریکٹرز کا جائزہ

پہلی ششماہی پختہ 31 دسمبر 2016ء

آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر 2016 کو پختہ پہلی ششماہی کے لیے مالی معلومات پراڈیگز کے جائزے کے ہمراہ اپنا جائزہ آپ کی خدمت میں پیش کرتے ہیں۔

### صنعت اور کمپنی کی کارکردگی کا جائزہ:

صنعت کی کارکردگی برآمدات میں پچھلے سال کے اسی دورانیہ سے 1.79 فیصد کمی کے ساتھ مالی سال 2017ء کی پہلی ششماہی میں سست رہی۔ ویلیو ایڈ شیبہ میں 3 فیصد معمولی بڑھوتری کے ساتھ کچھ بہتری نظر آئی جبکہ نان ویلیو ایڈ شیبہ میں خلاف توقع 7 فیصد تک کمی آئی۔ برآمدات میں کمی انٹرنیٹ کی علاقائی غیر مسابقتی صورتحال اور بنیادی طور پر طلب و رسد کے فرق کی وجہ سے کمپاس کی منظم قیمت، انرجی کی زیادہ قیمت اور دیگر رواں اخراجات خاص مال کی قیمتوں میں اضافہ کا باعث بنے۔ حکومت کی جانب سے ٹیکس ری فنڈ اور ڈرائیگ کے اجراء میں مسلسل تاخیر بھی انٹرنیٹ کی بڑھوتری کے راستے میں بڑی رکاوٹ رہی کیونکہ اس سے قرضے اور مابین الاگت میں اضافہ ہوا۔

اس عرصہ کے دوران RLING سپلائی پر پلانٹ کی صلاحیت اطمینان بخش رہی لیکن فروخت کا حجم نہایت کم برآمدی مانگ کی وجہ سے کافی حد تک کم رہا۔ دریں اثنا اوسط قیمت فروخت میں اضافہ کے مقابلہ میں روٹی کی قیمتوں میں اضافہ (19.61 فیصد سالانہ) سے کم نظر آیا جبکہ سوت اور کپڑے کی قیمتوں میں بالترتیب 9.64 فیصد اور 3.97 فیصد درمیانی اضافہ دکھائی دیا۔ قیمت فروخت پر دیاؤ کی وجہ سے مجموعی نفع میں کمی آئی (54.77 فیصد نیچے چلا گیا) نتیجہ کے طور پر گزشتہ سال کے اسی عرصہ کے دوران کے بعد از محصولات خاص نفع 145.2 ملین کے مقابلہ میں اس مالیاتی سال کی پہلی شش ماہی میں بعد از محصولات خاص نقصان 81.058 ملین روپے رہا عملیاتی اور مالیاتی اخراجات میں بالترتیب 10.29 فیصد اور 40.67 فیصد کمی، محصولات اور مشینری میں سرمایہ کاری پر چھوٹ کی وجہ سے اس عرصہ کے دوران کمپنی کے مجموعی نقصان کو کم کرنے میں مدد ملی، دیگر آمدنی میں کمی (37.07 فیصد کمی) نے بھی کمپنی کے نفع پر مثبتی اثر ڈالا۔

کمپنی کے ایسی ایفٹ ممبرانہ کرنے کے بعد مالی سال 2017ء کی پہلی ششماہی اور اس عرصہ کے گزشتہ سال کے مالیاتی نتائج کا خلاصہ درج ذیل ہے:

پہلی شش ماہی سال	2017		2016		فرق
	ملین روپے	فیصد	ملین روپے	فیصد	
آمدنی اور فروخت	5221	100.00	5323	100.00	(102)
مجموعی نفع	311	5.96	688	12.93	(377)
عملی اخراجات	427	8.18	476	8.94	(49)
دیگر آمدنی	129	2.47	205	3.85	(76)
مالیاتی اخراجات	124	3.38	209	3.93	(85)
(نقصان) نفع قبل از محصولات	(111)	(2.13)	207	3.89	(318)
محصولات	30	0.57	(62)	(1.16)	(92)
خالص (نقصان) نفع بعد از محصولات	(81)	(1.55)	145	2.72	(226)

### مستقبل کے امکانات:

مقامی اور درآمد شدہ کمپاس کی قیمتیں بڑھوتری کا رجحان دکھاتی ہیں جس سے سوت کی قیمتوں میں ایک حد تک اضافہ جبکہ ویلیو ایڈ شیبہ کے منافع میں خاصی کمی ہوگی۔ تاہم حالیہ اعلان کردہ کیٹسٹس کی تصدیق پکچھ وازن برقرار رکھنے اور کم مدتی بنیادوں پر نئی برآمدات میں اضافہ کرنے میں مدد دے گا۔ لیے عرصے کے لیے کیٹسٹس کی تصدیق کا عدم اجراء، پنجاب کی انٹرنیٹ کو بھی RLING کی فراہمی سے متعلقہ معاملات کو حل کرنے کے لیے اقدامات کی کمی اور کمپاس کی معیار و مقدار میں اضافہ کے لیے بنیادی تبدیلیاں برآمدات کو کم کرنے میں کلیدی خدمات رہیں گے۔

تاہم کمپنی کی مجموعی کارکردگی بہتر بنانے میں مثبت اور متوجہ رہیں گے اور ہم پر امید ہیں کہ ٹیٹف پاکستان کی LTFE ٹرانسنگ سے BMR کی وجہ سے اور کیٹسٹس کی تصدیق میں ترجیحات کے ذریعے ہمارا وقار بحال ہوگا اور نئے والے عرصہ میں ہمارے سٹیک ہولڈرز کی قدر بڑھے گی۔ دریں اثنا، اخراجات میں کمی کے لیے اقدامات اور فیڈبک میں شغف کے ذریعہ ویلیو ایڈ شیبہ کی مضبوطی آنے والے وقت میں کمپنی کی بہتر کارکردگی کے لیے ہماری ترجیحات میں شامل ہیں۔

منجانب: بورڈ آف ڈائریکٹرز



محمد انور

چیف ایگزیکٹو آفیسر

# AUDITORS' REPORT TO THE MEMBERS

on Review of Condensed Interim Financial Information

## Introduction

We have reviewed the accompanying condensed interim balance sheet of THE CRESCENT TEXTILE MILLS LIMITED as at 31 December 2016 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2016 and 31 December 2015 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 2016.

## 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 information 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 information as of and for the half year ended 31 December 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Riaz Ahmad & Company  
Chartered Accountants



Name of engagement partner:  
Mubashar Mehmood

20 February 2017  
Faisalabad



# CONDENSED INTERIM BALANCE SHEET

as at December 31, 2016

(Rupees in '000)	Note	Un-Audited December 31, 2016	Audited June 30, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
100 000 000 (June 30, 2016: 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
Reserves		4,074,728	3,751,934
<b>TOTAL EQUITY</b>		<b>4,874,728</b>	<b>4,551,934</b>
Surplus on revaluation of operating fixed assets- net of deferred income tax		2,214,013	2,214,012
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	5	1,157,323	445,371
Deferred income tax liability		7,084	58,026
		1,164,407	503,397
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,220,747	925,013
Accrued markup		68,320	59,941
Short term borrowings		5,782,914	5,484,784
Current portion of non-current liabilities		97,238	65,745
Provision for taxation		26,845	70,227
		7,196,064	6,605,710
<b>TOTAL LIABILITIES</b>		<b>8,360,471</b>	<b>7,109,107</b>
Contingencies and commitments	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>15,449,212</b>	<b>13,875,053</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	5,213,821	4,494,639
Long term investments	8	3,958,093	3,449,038
Long term loans and advances		2,400	2,867
Long term deposits		5,149	5,288
		9,179,463	7,951,832
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		187,165	185,062
Stock-in-trade		2,193,798	1,635,911
Trade debts		2,274,490	2,365,485
Loans and advances		492,493	469,018
Short term deposits and prepayments		41,877	29,450
Accrued interest		4,035	4,109
Other receivables		981,484	1,130,440
Short term investments		89,634	94,449
Cash and bank balances		4,773	9,297
		6,269,749	5,923,221
<b>TOTAL ASSETS</b>		<b>15,449,212</b>	<b>13,875,053</b>

The annexed notes form an integral part of this condensed interim financial information.

  
Muhammad Anwar  
Chief Executive Officer

  
Khalid Bashir  
Director

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

for the Half Year Ended December 31, 2016

(Rupees in '000)	Note	Half year ended		Quarter ended	
		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Sales		5,221,359	5,322,839	2,722,648	2,697,937
Cost of sales	9	4,910,327	4,635,199	2,575,457	2,345,783
Gross profit		311,032	687,640	147,191	352,154
Distribution cost		268,511	324,235	144,101	163,757
Administrative expenses		152,832	138,545	75,668	70,826
Other expenses		5,972	13,703	1,225	2,174
		427,315	476,483	220,994	236,757
		(116,283)	211,157	(73,803)	115,397
Other income		129,052	205,159	51,841	81,106
Profit / (loss) from operations		12,769	416,316	(21,962)	196,503
Finance cost		123,511	209,469	66,028	84,171
Share of profit from associate		-	41,329	-	28,133
(Loss) / profit before taxation		(110,742)	248,176	(87,990)	140,465
Taxation		29,684	(61,647)	44,946	(35,638)
(Loss) / profit after taxation		(81,058)	186,529	(43,044)	104,827
			Restated		Restated
(Loss) / earnings per share - basic and diluted (Rupees)		(1.01)	2.99	(0.54)	1.68

The annexed notes form an integral part of this condensed interim financial information.

  
Muhammad Anwar  
Chief Executive Officer

  
Khalid Bashir  
Director

Half Year  
December 31, 2016

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

for the Half Year Ended December 31, 2016

(Rupees in '000)	Half year ended		Quarter ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
(Loss) / profit after taxation	(81,058)	186,529	(43,044)	104,827
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss:				
Surplus arising on remeasurement of available for sale investments to fair value	504,240	607,727	307,788	382,059
Other comprehensive income for the period	504,240	607,727	307,788	382,059
<b>Total comprehensive income for the period</b>	<b>423,182</b>	<b>794,256</b>	<b>264,744</b>	<b>486,886</b>

The annexed notes form an integral part of this condensed interim financial information.

  
Muhammad Anwar  
Chief Executive Officer

  
Khalid Bashir  
Director

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

for the Half Year Ended December 31, 2016

(Rupees in '000)	Note	Half year ended	
		December 31, 2016	December 31, 2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from / (utilized in) operations	10	70,018	(98,553)
Finance cost paid		(115,132)	(215,049)
Income tax paid		(98,132)	(66,807)
Dividend Paid		(98,978)	(86,955)
Workers' profit participation fund paid		(1,076)	(1,868)
Net decrease in long term loans and advances		467	1,201
Net decrease in long term deposits		139	-
Net cash utilized in operating activities		(242,694)	(468,031)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(839,262)	(287,653)
Proceeds from sale of property, plant and equipment		5,622	24,073
Proceeds from non-current asset held for sale		-	144,129
Investment made		-	(99,044)
Dividend received		30,235	5,309
Net cash used in investing activities		(803,405)	(213,186)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		776,631	47,400
Repayment of long term financing		(24,993)	(46,285)
Repayment of liabilities against assets subject to finance lease		(8,193)	(16,926)
Short term borrowings - net		298,130	698,689
Net cash generated from financing activities		1,041,575	682,878
Net (decrease) / increase in cash and cash equivalents		(4,524)	1,661
Cash and cash equivalents at the beginning of the period		9,297	5,195
Cash and cash equivalents at the end of the period		4,773	6,856

The annexed notes form an integral part of this condensed interim financial information.

  
Muhammad Anwar  
Chief Executive Officer

  
Khalid Bashir  
Director

Half Year  
December 31, 2016

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

for the Half Year Ended December 31, 2016

(Rupees in '000)	Share Capital	Reserves							Total Equity	
		Capital Reserves			Revenue Reserves					
		Premium on issue of right shares	Fair Value	Sub total	General	Dividend Equalization	Unappropriated profit	Sub total		Total
Balance as at June 30, 2015 - (Audited)	615,124	61,512	462,030	523,542	1,773,643	30,000	505,959	2,309,602	2,833,144	3,448,268
Transaction with owners - Final dividend for the year ended June 30, 2015 at the rate of Rupees 1.45 per share	-	-	-	-	-	-	(89,193)	(89,193)	(89,193)	(89,193)
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred income tax	-	-	-	-	-	-	11	11	11	11
Transfer from surplus on revaluation of operating fixed assets on disposal of operating fixed asset	-	-	-	-	-	-	76,687	76,687	76,687	76,687
Profit for the half year ended December 31, 2015	-	-	-	-	-	-	186,529	186,529	186,529	186,529
Other comprehensive income for the half year ended December 31, 2015	-	-	607,727	607,727	-	-	-	-	607,727	607,727
Total comprehensive income for the half year ended December 31, 2015	-	-	607,727	607,727	-	-	186,529	186,529	794,256	794,256
Balance as at December 31, 2015 - (Un-audited)	615,124	61,512	1,069,757	1,131,269	1,773,643	30,000	679,993	2,483,636	3,614,905	4,230,029
Transaction with owners - issue of 30.0551% right shares at premium of Rupees 7.50 per share	184,876	138,657	-	138,657	-	-	-	-	138,657	323,533
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred income tax	-	-	-	-	-	-	14	14	14	14
Profit for the half year ended June 30, 2016	-	-	-	-	-	-	64,014	64,014	64,014	64,014
Other comprehensive loss for the half year ended June 30, 2016	-	-	(65,656)	(65,656)	-	-	-	-	(65,656)	(65,656)
Total comprehensive (loss) / income for the half year ended June 30, 2016	-	-	(65,656)	(65,656)	-	-	64,014	64,014	(1,642)	(1,642)
Balance as at June 30, 2016 - (Audited)	800,000	200,169	1,004,101	1,204,270	1,773,643	30,000	744,021	2,547,664	3,751,934	4,551,934
Transaction with owners - Final dividend for the year ended June 30, 2016 at the rate of Rupees 1.255 per share	-	-	-	-	-	-	(100,400)	(100,400)	(100,400)	(100,400)
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred income tax	-	-	-	-	-	-	12	12	12	12
Loss for the half year ended December 31, 2016	-	-	-	-	-	-	(81,058)	(81,058)	(81,058)	(81,058)
Other comprehensive income for the half year ended December 31, 2016	-	-	504,240	504,240	-	-	-	-	504,240	504,240
Total comprehensive income / (loss) for the half year ended December 31, 2016	-	-	504,240	504,240	-	-	(81,058)	(81,058)	423,182	423,182
Balance as at December 31, 2016 - (Un-audited)	800,000	200,169	1,508,341	1,708,510	1,773,643	30,000	562,575	2,366,218	4,074,728	4,874,728

The annexed notes form an integral part of this condensed interim financial information.

  
Muhammad Anwar  
Chief Executive Officer

  
Khalid Bashir  
Director

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

for the Half Year Ended December 31, 2016

### 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 Ordinance, 1984). The registered office of the Company is situated at 45-A, Off: Zafar Ali Road, Gulberg-V, Lahore. 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. The Company also operates a cold storage unit.

### 2. BASIS OF PREPARATION

This condensed interim financial information is un-audited but subject to limited scope review by the statutory auditors and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This condensed interim financial information of the Company for the half year ended December 31, 2016 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information should be read in conjunction with the audited annual published financial statements of the Company for the year ended June 30, 2016.

### 3. ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and methods of computations adopted for the preparation of this condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended June 30, 2016.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial information, 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 applied in the preceding audited annual published financial statements of the Company for the year ended June 30, 2016.

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

for the Half Year Ended December 31, 2016

(Rupees in '000)	Un-Audited December 31, 2016	Audited June 30, 2016
5. LONG TERM FINANCING		
Financing from banking companies - secured		
Opening balance	500,104	179,167
Add: Obtained during the period / year	776,631	400,111
Less: Repaid during the period / year	24,993	79,174
	1,251,742	500,104
Less: Current portion shown under current liabilities	94,419	54,733
	1,157,323	445,371

### 6. CONTINGENCIES AND COMMITMENTS

#### a) Contingencies

- i) Guarantees of Rupees 199.764 million (June 30, 2016: Rupees 157.232 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections and to Faisalabad Electric Supply Company against electricity connections.
- ii) Post dated cheques of Rupees 207.414 million (June 30, 2016: Rupees 166.641 million) are issued to custom authorities in respect of duties on imported material 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.
- iii) The Company has issued post dated cheques of Rupees 21.886 million (June 30, 2016: Rupees Nil) favoring National Logistics Cell (NLC) against claim of demurrage under court orders due to detention of imported cotton by Custom Authorities at Wagha. The petition is currently pending before the Honorable Lahore High Court. Management of the Company is confident that the ultimate outcome of this case will be in Company's favor.
- iv) Commissioner Inland Revenue has filed appeals with Honorable Supreme Court of Pakistan for the recovery of sales tax liabilities on account of various provisions of Sales Tax Act, 1990. In case of adverse decision, the Company may face tax liability of Rupees 16.673 million (June 30, 2016: Rupees 16.673 million). The Company's management is confident that appeals are likely to be dismissed.

#### b) Commitments

- i) Contracts for capital expenditure are of Rupees 317.333 million (June 30, 2016: Rupees 920.181 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 47.304 million (June 30, 2016: Rupees 84.016 million).

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

for the Half Year Ended December 31, 2016

- iii) Ijarah (operating lease) commitments are of Rupees 0.179 million (June 30, 2016: Rupees 0.562 million).

(Rupees in '000)	Un-Audited December 31, 2016	Audited June 30, 2016
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets		
-Owned (Note 7.1)	4,718,087	4,319,844
-Leased (Note 7.2)	27,350	47,983
Capital work-in-progress (Note 7.3)	468,384	126,812
	5,213,821	4,494,639
<b>7.1 Operating fixed assets - Owned</b>		
Opening book value	4,319,844	3,926,969
Add:		
Cost of additions during the period / year (Note 7.1.1)	497,690	553,066
Book value of assets transferred from leased assets to owned assets during the period / year (Note 7.2)	18,394	55,750
	4,835,928	4,535,785
Less: Book value of deletions during the period / year (Note 7.1.2)	1,694	12,388
	4,834,234	4,523,397
Less: Depreciation charged during the period / year	116,147	203,553
	4,718,087	4,319,844
<b>7.1.1 Cost of additions during the period / year</b>		
Buildings on freehold land	-	59,482
Buildings on leasehold land	5,640	26,659
Plant and machinery	487,123	427,992
Factory tools and equipment	1,317	3,028
Gas and electric installations	319	27,342
Vehicles	693	4,803
Furniture and fixture	541	-
Office equipment	2,057	3,760
	497,690	553,066
<b>7.1.2 Book value of deletions during the period / year</b>		
Buildings on freehold land	26	18
Plant and machinery	1,668	11,103
Vehicles	-	1,267
	1,694	12,388



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

for the Half Year Ended December 31, 2016

(Rupees in '000)	Un-Audited December 31, 2016	Audited June 30, 2016
7.2 Operating fixed assets - Leased		
Opening book value	47,983	114,027
Less: Transferred to owned assets during the period / year (Note 7.1)	18,394	55,750
	29,589	58,277
Less: Depreciation charged during the period / year	2,239	10,294
	27,350	47,983
7.3 Capital work-in-progress		
Buildings on freehold land	399	141
Buildings on leasehold land	825	1,457
Plant and machinery	402,133	67,428
Advance against purchase of land	49,911	49,911
Advance against vehicles	2,366	-
Advance against Enterprise Resource Planning (ERP) implementation	12,750	7,875
	468,384	126,812
8. LONG TERM INVESTMENTS		
Available for sale	58,010	58,010
Quoted - Related parties	198,168	198,168
Quoted - Others	2,245,764	2,245,764
	2,501,942	2,501,942
Unquoted - Others	1,456,151	947,096
Fair value adjustment	3,958,093	3,449,038

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

for the Half Year Ended December 31, 2016

(Rupees in '000)	Un-Audited			
	Half year ended		Quarter ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
<b>9. COST OF SALES</b>				
Raw materials consumed	1,773,693	1,537,088	880,798	771,498
Cloth and yarn purchased	836,035	690,554	452,235	376,729
Stores, spare parts and loose tools consumed	316,721	292,399	163,683	158,954
Packing materials consumed	332,310	301,841	175,512	149,792
Processing and weaving charges	349,481	379,305	188,405	187,671
Salaries, wages and other benefits	481,270	466,703	231,495	228,031
Fuel and power	592,217	598,284	283,936	284,931
Repair and maintenance	33,691	32,533	19,047	18,126
Insurance	7,494	6,655	4,144	4,015
Depreciation	113,505	92,397	59,798	47,814
Other factory overheads	17,721	18,470	10,493	10,146
	4,854,138	4,416,229	2,469,546	2,237,707
Work-in-process:				
Opening stock	107,784	102,549	123,818	87,290
Closing stock	(130,868)	(102,803)	(130,868)	(102,803)
	(23,084)	(254)	(7,050)	(15,513)
Cost of goods manufactured	4,831,054	4,415,975	2,462,496	2,222,194
Finished goods:				
Opening stock	943,426	1,035,897	1,105,157	1,004,190
Closing stock	(1,145,656)	(893,924)	(1,145,656)	(893,924)
	(202,230)	141,973	(40,499)	110,266
	4,628,824	4,557,948	2,421,997	2,332,460
Cost of sales - purchased for resale	281,503	77,251	153,460	13,323
	4,910,327	4,635,199	2,575,457	2,345,783

(Rupees in '000)	Un-Audited	
	Half year ended	
	December 31, 2016	December 31, 2015
<b>10. CASH UTILIZED IN OPERATIONS</b>		
(Loss) / profit before taxation	(110,742)	248,176
Adjustments for non-cash charges and other items:		
Depreciation	118,386	97,094
Gain on sale of property, plant and equipment	(3,928)	(20,373)
Gain on sale of non-current asset held for sale	-	(59,811)
Dividend income	(66,828)	(54,709)
Provision for workers' profit participation fund	-	4,929
Provision for doubtful other receivables	-	1,724
Share of profit from associate	-	(41,329)
Finance cost	123,511	209,469
Working capital changes (Note 10.1)	9,619	(483,723)
	70,018	(98,553)

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

for the Half Year Ended December 31, 2016

(Rupees in '000)	Un-Audited Half year ended	
	December 31, 2016	December 31, 2015
10.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(2,103)	(89,350)
Stock-in-trade	(557,887)	(76,002)
Trade debts	90,995	(730)
Loans and advances	10,030	9,817
Short term deposits and prepayments	(12,427)	(3,328)
Accrued interest	74	694
Other receivables	185,549	(115,690)
	(285,769)	(274,589)
Increase / (decrease) in trade and other payables	295,388	(209,134)
	9,619	(483,723)

### 11. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, staff retirement fund 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 are as follows:

(Rupees in '000)	Un-Audited			
	Half year ended December 31, 2016	Half year ended December 31, 2015	Quarter ended December 31, 2016	Quarter ended December 31, 2015
i) Transactions				
Associated companies				
Purchase of goods	-	8,682	-	8,682
Sale of goods and services	58,691	173,738	33,964	69,791
Insurance premium charged	10,283	8,888	5,537	3,653
Insurance claim received	5,240	300	715	-
Interest income	-	27,097	-	13,046
Dividend income	-	54,181	-	29,481
Dividend paid	2,472	6,137	2,472	6,137
Right shares subscribed (Number of shares)	-	1 707 660	-	1 707 660
Other related parties				
Company's contribution to Employees' Provident Fund Trust	11,714	10,880	5,851	5,365
Remuneration paid to Chief Executive Officer, Director and Executives	108,991	93,928	54,251	46,423
Dividend paid	19,977	16,470	19,977	16,470

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

for the Half Year Ended December 31, 2016

(Rupees in '000)	Un-Audited December 31, 2016	Audited June 30, 2016
ii) Period end balances		
Associated companies and other related parties		
Trade and other payables	12,871	3,378
Trade debts	7,835	5,649
Other receivables	144	525

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

for the Half Year Ended December 31, 2016

### 12. SEGMENT INFORMATION

12.1  (Rupees in '000)	Spinning		Weaving	
	(Un-audited)		(Un-audited)	
	Half year ended		Half year ended	
	December 31,2016	December 31,2015	December 31,2016	December 31,2015
Sales				
External	1,854,924	1,787,692	107,553	280,092
Intersegment	809,451	745,314	1,862,093	1,944,947
	2,664,375	2,533,006	1,969,646	2,225,039
Cost of sales	2,695,652	2,505,943	1,923,502	2,171,796
Gross (loss) / profit	(31,277)	27,063	46,144	53,243
Distribution cost	20,778	30,675	5,072	14,940
Administrative expenses	44,501	41,698	13,912	11,648
	65,279	72,373	18,984	26,588
(Loss) / profit before taxation and unallocated income and expenses	(96,556)	(45,310)	27,160	26,655
Unallocated income and expenses:				
Other expenses				
Other income				
Finance cost				
Share of profit from associate				
Taxation				
(Loss) / profit after taxation				

#### 12.2 Reconciliation of reportable segment assets and liabilities:

(Rupees in '000)	Spinning		Weaving	
	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)
	December 31,2016	June 30,2016	December 31,2016	June 30,2016
Total assets for reportable segments	2,996,854	2,300,510	1,377,042	1,017,400
Unallocated assets				
Total assets as per balance sheet				
All segment assets are allocated to reportable segments other than those directly relating to corporate and tax assets.				
Total liabilities for reportable segments	3,676,722	3,151,599	819,517	700,195
Unallocated liabilities				
Total liabilities as per balance sheet				

All segment liabilities are allocated to reportable segments other than major portion of trade and other payables,

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

for the Half Year Ended December 31, 2016

Processing & Home Textile		Power Generation		Cold Storage		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 31,2016	December 31,2015	December 31,2016	December 31,2015	December 31,2016	December 31,2015	December 31,2016	December 31,2015	December 31,2016	December 31,2015
3,252,158	3,249,081	-	-	6,724	5,974	-	-	5,221,359	5,322,839
-	-	522,503	489,301	-	-	(3,194,047)	(3,179,562)	-	-
3,252,158	3,249,081	522,503	489,301	6,724	5,974	(3,194,047)	(3,179,562)	5,221,359	5,322,839
2,969,042	2,652,666	511,381	479,762	4,797	4,594	(3,194,047)	(3,179,562)	4,910,327	4,635,199
283,116	596,415	11,122	9,539	1,927	1,380	-	-	311,032	687,640
241,048	277,115	1,613	1,505	-	-	-	-	268,511	324,235
86,198	78,272	7,818	6,549	403	378	-	-	152,832	138,545
327,246	355,387	9,431	8,054	403	378	-	-	421,343	462,780
(44,130)	241,028	1,691	1,485	1,524	1,002	-	-	(110,311)	224,860
								(5,972)	(13,703)
								129,052	205,159
								(123,511)	(209,469)
								-	41,329
								29,684	(61,647)
								(81,058)	186,529

Processing & Home Textile		Power Generation		Cold Storage		Total - Company	
(Un-Audited)	(Audited)	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)
December 31,2016	June 30,2016	December 31,2016	June 30,2016	December 31,2016	June 30,2016	December 31,2016	June 30,2016
2,568,404	2,436,194	278,163	305,997	22,492	22,779	7,242,955	6,082,880
						8,206,257	7,792,173
						15,449,212	13,875,053
2,452,592	2,057,772	156,964	146,275	9	1,800	7,105,804	6,057,641
						1,254,667	1,051,466
						8,360,471	7,109,107

current and deferred tax liabilities.

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

for the Half Year Ended December 31, 2016

### 13. FINANCIAL INSTRUMENTS

#### 13.1 Fair value of Financial Instruments

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates.

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these 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.

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

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale 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.

#### 13.2 Financial instruments by category

The table given as Note 13.3 shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

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

for the Half Year Ended December 31, 2016

13.3	Carrying Amount				Fair Value			
	Loans and receivables	Available for sale	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)								
December 31, 2016 (Un-audited)								
Financial assets								
Investments at fair value	-	1,801,963	-	1,801,963	1,801,963	-	-	1,801,963
Investments at cost	-	2,245,764	-	2,245,764	-	-	-	-
Loans and advances	6,122	-	-	6,122	-	-	-	-
Deposits	44,215	-	-	44,215	-	-	-	-
Trade debts	2,274,490	-	-	2,274,490	-	-	-	-
Accrued interest	4,035	-	-	4,035	-	-	-	-
Other receivables	619,693	-	-	619,693	-	-	-	-
Cash and bank balances	4,773	-	-	4,773	-	-	-	-
	2,953,328	4,047,727	-	7,001,055	1,801,963	-	-	1,801,963
Financial liabilities								
Long term financing	-	-	1,251,742	1,251,742	-	-	-	-
Liabilities against assets subject to finance lease	-	-	2,819	2,819	-	-	-	-
Trade and other payables	-	-	1,171,141	1,171,141	-	-	-	-
Accrued mark-up	-	-	68,320	68,320	-	-	-	-
Short term borrowings	-	-	5,782,914	5,782,914	-	-	-	-
	-	-	8,276,936	8,276,936	-	-	-	-
June 30, 2016 (Audited)								
Financial assets								
Investments at fair value	-	1,297,723	-	1,297,723	1,297,723	-	-	1,297,723
Investments at cost	-	2,245,764	-	2,245,764	-	-	-	-
Loans and advances	6,164	-	-	6,164	-	-	-	-
Deposits	32,817	-	-	32,817	-	-	-	-
Trade debts	2,365,485	-	-	2,365,485	-	-	-	-
Accrued interest	4,109	-	-	4,109	-	-	-	-
Other receivables	582,317	-	-	582,317	-	-	-	-
Cash and bank balances	9,297	-	-	9,297	-	-	-	-
	3,000,189	3,543,487	-	6,543,676	1,297,723	-	-	1,297,723
Financial liabilities								
Long term financing	-	-	500,104	500,104	-	-	-	-
Liabilities against assets subject to finance lease	-	-	11,012	11,012	-	-	-	-
Trade and other payables	-	-	886,904	886,904	-	-	-	-
Accrued mark-up	-	-	59,941	59,941	-	-	-	-
Short term borrowings	-	-	5,484,784	5,484,784	-	-	-	-
	-	-	6,942,745	6,942,745	-	-	-	-



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

for the Half Year Ended December 31, 2016

### 14. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved and authorized for issue on February 20, 2017 by the Board of Directors of the Company.

### 15. CORRESPONDING FIGURES

In order to comply with the requirements of IAS 34, the condensed interim balance sheet 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 profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement 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 exchange gain amounting to Rupees 32.452 million reclassified from sales to other income.

### 16. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.



Muhammad Anwar  
Chief Executive Officer



Khalid Bashir  
Director

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