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C O N T E N T S

CRESCENT COTTON MILLS LIMITED

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CRESCENT COTTON MILLS LIMITED AND ITS SUBSIDIARY

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FORM OF PROXY

GENERAL INFORMATION

PRINCIPAL & REGISTERED OFFICE

New Lahore Road,
 Nishatabad,
 Faisalabad.
 Phones : (041) 8752111-4
 Fax : (041) 8750366
 E-mail :
 URL : www.crescentcotton.com
info@crescentcotton.com

KARACHI OFFICE

Office # 409, Business Avenue,
 Plot # 26-A, Block # 6, P.E.C.H.S.,
 Shahrah-e-Faisal,
 Karachi - Pakistan.
 Phones : (021) 34387315-7
 Fax : (021) 34387318

WORKS

Spinning Unit # 1&2

Kotla Kahlon,
 8/9 Kilometers from
 Shahkot towards Sheikupura,
 Shahkot Distt. Nankana.
 Phones : (041) 2024350
 Fax : (041) 2044590

Spinning Unit # 3

B-10, S.I.T.E., Kotri.
 Phones : (022) 3870053 & 3871138
 Fax : (022) 3870322

Spinning Unit # 4

46 Km, Lahore Multan Road,
 Chak # 66, Dina Nath, Tehsil Pattoki,
 Distt. Kasur.
 Phone : (049) 4540137-8

SUBSIDIARY

CRESCOT MILLS LIMITED

PRINCIPAL & REGISTERED OFFICE

Office # 409, Business Avenue,
 Plot # 26-A, Block # 6, P.E.C.H.S.,
 Shahrah-e-Faisal,
 Karachi - Pakistan.
 Phones : (021) 34387315-7
 Fax : (021) 34387318

Chief Executive Officer

Mr. Naveed Gulzar

COMPANY PROFILE

BOARD OF DIRECTORS

Mr. Zahid Bashir
(Chairman)

Mr. Muhammad Arshad
(Chief Executive Officer)

DIRECTORS (In alphabetical order)

Mr. Abid Mehmood
Mr. Adnan Amjad
Mr. Humayun Mazhar
Mr. Naveed Gulzar
Mr. Salman Rafi
Mr. Taimur Amjad

AUDIT COMMITTEE

Mr. Salman Rafi (Chairman)
Mr. Adnan Amjad (Member)
Mr. Taimur Amjad (Member)

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Abid Mehmood (Chairman)
Mr. Adnan Amjad (Member)
Mr. Salman Rafi (Member)

COMPANY SECRETARY

Mr. Sami Ullah Chaudhry

BANKERS

National Bank of Pakistan

AUDITORS

Riaz Ahmad & Company
Chartered Accountants

COMPANY REGISTRAR

Vision Consulting Limited,
3-C, LDA Flats, 1st Floor,
Lawrance Road, Lahore.
Ph: 042-36283096-7

URL

www.crescentcotton.com

**CRESCENT COTTON MILLS LIMITED
NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 60th Annual General Meeting of the shareholders of the Company will be held on Saturday the 27th October, 2018 at 9.30 a.m. at Registered Office of the Company New Lahore Road, Nishatabad, Faisalabad to transact the following business:

1. To approve, as recommended by the Directors the payment of cash dividend @1% i.e Rs. 0.10 per share for the period ended June 30, 2018.
2. To receive, consider and adopt Annual Audited Financial Statements of the Company for the year ended June 30, 2018 together with the Directors' and Auditors' Reports thereon.
3. To appoint External Auditors and fix their remuneration.
4. To transact any other business with the permission of the chair.

REGISTERED OFFICE:
Crescent Cotton Mills Limited
New Lahore Road, Nishatabad,
Faisalabad: Phone No. 8752111-13
Fax No. 8750366
Dated: October 04, 2018

**On Behalf Of The Board
(Sami Ullah Ch.)
Company Secretary**

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 19, 2018 to October 27, 2018 (both days inclusive) and Cash Dividend if approved, will be issued to such members whose names appear in the Company's Register of Members by the close of business on October 18, 2018. Transfers received at the share registrar office M/s. Vision Consulting Limited, 3-C, LDA Flats, Lawrence Road, Lahore at the close of business on October 18, 2018 will be treated in time for the entitlement of cash dividend.
2. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote instead of him/her. A Proxy must be a member of the Company
3. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notorially attested copy of the power of attorney must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting.
4. CDC account holders will further have to follow the under mentioned guidelines as laid down in Circular No.1 dated January 26, 2000 of the Securities and Exchange Commission of Pakistan:
 - a. **For attending the meeting:**
 - i). In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account; and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original National Identity Card (NIC) or original passport at the time of attending the meeting. The shareholders registered on CDC are also requested to bring their Participants I.D. numbers and account numbers in CDC.
 - ii). In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.
 - b. **For appointing proxies**
 - i). In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account; and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
 - ii). The proxy form shall be witnessed by two persons whose names and NIC Nos. shall be mentioned on the form.
 - iii). Attested Copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iv). The proxy shall produce his original NIC or original passport at the time of the meeting.
 - v). In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

5. Computerized National Identity Card (CNIC) / National Tax Number (NTN)

CNIC or NTN of the shareholders is mandatory in terms of the directive of the Securities and Exchange Commission of Pakistan contained in S.R.O. 831(1)/2012 dated July 5, 2012 for the issuance of future dividend warrants etc., and in the absence of such information, payment of dividend may be withheld in term of SECP's above mentioned directive. Therefore, the shareholders who have not yet provided their CNICs or NTN are once again advised to provide the attested copies of their CNICs or NTN (if not already provided) directly to our Independent Share Registrar without any further delay.

6. Dividend Mandate

Section 242 of Companies Act, 2017 and Circular No. 18/2017 dated August 01, 2017 issued by Securities and Exchange Commission of Pakistan (SECP) has directed all listed companies to pay dividend only through electronic mode directly into the bank accounts designated by the entitled shareholders with effect from November 01, 2017.

Dividend Mandate Detail

Folio Number	
Name of Shareholder	
Title of Bank Account	
Bank Account Number (Complete)	
Bank's Name, Branch Name, Code and Address	
Cell Number	
Landline number, if any	
CNIC Number (also attach copy)	

It is stated that the above mentioned information is correct, that I will intimate the changes in the above mentioned information to the company and the concerned Share Registrar as soon as these occur.

7. Transmission of Financial Statements to the Members through e-mail

In pursuance of SECP notification S.R.O 787 (1)2014 dated September 08, 2014, the companies have been allowed to circulate their Annual Balance Sheet and Profit and Loss Account, Auditor's Report and Director's Report (Annual Financial Statements) along with Notice of Annual General Meeting (Notice) through e-mail to the members of the company. Members desiring to avail this facility may provide the requisite information to the Company. Members desiring to avail this facility may provide the requisite information to the company for which form may be downloaded from the Company's website: www.crescentcotton.com

8. Deduction of Income Tax from Dividend at Revised Rates

Pursuant to the provisions of Finance Act, 2018 effective 1 July 2018, deduction of income tax from dividend payments shall be made on the basis of filers and non-filers as follows:

Income Tax Return Filer	15.0%
Income Tax Return Non-Filer	20.0%

Income Tax will be deducted on the basis of Active Tax Payers List posted on the Federal Board of Revenue website. Members seeking exemption from deduction of income tax or are eligibility for deduction at reduce tax rate are requested to provide us valid tax certificate or documentary evidence as the case may be. The shareholders who have joint shareholdings held by Filers and Non-Filers shall be dealt with separately and in such particular situation, each account holder is to be treated as either a Filer or a Non-Filer and tax will be deducted according to his shareholding. If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company latest by the AGM date.

VISION

To continue to hold a highly prestigious profile amongst the national as well as international industry through producing international quality yarn, embroidered cloth, grey cloth and socks, while ever endeavoring for a sustainable growth of the Company.

MISSION

The company's primary mission is to be a profitable performance proven leader in quality yarn, embroidered cloth, grey cloth and socks manufacturing, with recognition coming from our customers, our equity holder, our employees and the public at large. The company seeks to accomplish this in a manner that contributes to the strengthening of the free enterprise system, to the development and growth of its employees, and to the goals of the country and the community towards fulfilling its social responsibilities/obligations in a befitting manner.

DIRECTORS' REPORT TO THE SHARE HOLDERS

The Directors of your Company are pleased to present their report and audited financial statements for the year ended June 30, 2018 together with the auditors' report thereon.

Financial Results

The financial results of the Company are summarized below :-

	2018	2017
	(RUPEES IN THOUSAND)	
Profit / Loss before taxation	48,961	81,334
Taxation	<u>(43,078)</u>	<u>(52,497)</u>
Profit / Loss after taxation	<u>5,883</u>	<u>28,837</u>

The board of directors has recommended cash dividend at the rate of 1%.

Statement on Corporate and financial reporting framework

- The financial statements, prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of account of the listed Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained, if any.
- The system of internal control is sound in design and has been effectively implemented and monitored, and,
- There are no significant doubts upon the listed Company's ability to continue as a going concern.
- Details of significant deviations in the Company's operating results during the current year are stated in the Chief Executive Officer's Review.
- Summarized key operating and financial data for last six years is annexed.
- All the statutory payments on account of taxes, duties, levies and charges have been made except those disclosed in the financial statements.
- There have been four (4) Board Meetings during the year and attendance of each director is stated under :-

NAME OF DIRECTOR (In alphabetical order)	MEETINGS ATTENDED
---	--------------------------

Mr. Abid Mahmood	4
Mr. Adnan Amjad	4
Mr. Humayun Mazhar	3
Mr. Naveed Gulzar	4
Mr. Salman Rafi	4
Mr. Taimur Amjad	4
Mr. Zahid Bashir	3

Leave of absence was granted to directors who could not attend board meetings.

- During the year five (5) meetings of the Audit Committee were held and following were the attendance :-

NAME OF DIRECTOR (In alphabetical order)	MEETINGS ATTENDED
---	--------------------------

Mr. Adnan Amjad	5
Mr. Salman Rafi	5
Mr. Taimur Amjad	5

Financial Statements

As required under clause 26 of Listed Companies (Code of Corporate Governance) Regulations 2017, the Chief Executive Officer and Chief Financial Officer presented the financial statements, duly endorsed under their respective signatures, for consideration and approval of the Board of Directors and the Board after consideration and approval authorized the signing of financial statements for issuance and circulation.

The financial statements of the Company have been duly audited and approved without qualification by the auditors of the Company M/s. Riaz Ahmad & Company, Chartered Accountants and their report is attached with the financial statements.

A winding up petition # CO 36 of 2013 was filed by Dr. Yasir Mehmood etc. against the Company in the Lahore High Court, Lahore. On January 26, 2015 the honorable judge of Lahore High Court, Lahore was pleased to dismiss the winding up petition filed against the company. The petitioner has filed an Intra Court Appeal before the Lahore High Court, Lahore which still lies pending.

Pattern of Shareholding

The pattern of shareholding as per section 227 of the Companies Act, 2017 is attached.
During the year the detail of shares purchased by a director is as under:-

SR.#	NAME OF DIRECTOR/SPOUSE/MINOR	SHARES PURCHASED
1.	Mr. Adnan Amjad	1,000

Except that of the above directors/spouses/minor children, remaining directors, CFO, Company Secretary and their spouses and minor children have not traded in the shares of the Company.

Related Parties

The transactions between the related parties were carried out at arm's length prices determined in accordance with the comparable uncontrolled prices method. These transactions have been ratified by the Audit Committee and approved by the Board.

Corporate Governance

The Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017 as required under clause 40 of Listed Companies (Code of Corporate Governance) Regulations, 2017 is annexed.

Committees Of The Board

The board of directors in compliance with the Code of Corporate Governance has established an Audit Committee and Human Resources and Remuneration Committee. The names of its members are given in the company profile.

Corporate Social Responsibility

Your company understands its corporate responsibility towards the society and fulfills its obligation by providing financial support to under privileged members of the society and its deserving employees as well as doing philanthropy work. The company is also contributing considerable amounts to the National Exchequer, applying solutions for energy conservation and environment protection, providing best quality products and after-sales technical services to its valued customers.

Your company regularly donates generous amounts to various institutions constituted for dealing with natural calamities as part of its philanthropic activities. Your company is providing healthy, safe and learning work environment to its employees and sends them to attend training courses, seminars, workshops and conferences both within the country and abroad.

Acquisition Of Spinning Unit

Management is pleased to inform that pursuant to an Assets Sale & Purchase Agreement for the purchase of a complete Spinning Unit, management has taken over possession of the spinning unit which is located at 46 Km Lahore Multan Road, Tehsil Pattoki, District Kasur. This Spinning Unit has commenced its operations during the year under review. The revenues and expenses during the year have increased when compared with the previous year mainly due to the addition of the Spinning Unit.

External Auditors

The present external auditors M/s. Riaz Ahmad & Company, Chartered Accountants would retire at the conclusion of the annual general meeting and being eligible for re-appointment have given their consent. Based on the suggestion of the audit committee, the Board has recommended re-appointment of M/s. Riaz Ahmad & Company, Chartered Accountants as external auditors for the year ending June 30, 2019.

Post Balance Sheet Events

There is no significant post balance sheet event which needs mention in Directors' Report.

Consolidated financial Statements

Consolidated financial statements with accompanying information have been annexed as required under section 237 of the Companies Ordinance, 1984.

Crescot Mills Limited

The auditors have drawn attention that the company has ceased all production activities since August 1998 and has disposed of major part of plant and machinery. Accordingly, the company is no more a going concern. The company has been de-listed from KSE with effect from 28 July 2005.

For and on behalf of
the Board of Directors



MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER



ABID MEHMOOD
DIRECTOR

Faisalabad
October, 04, 2018

حصص یافتگان کے لیے ڈائریکٹرز کا جائزہ

آپ کی کمپنی کے ڈائریکٹرز مالی سال ختمہ 30 جون 2018ء کے لیے آڈٹ شدہ مالی معلومات پر مبنی رپورٹ آڈیٹران کی رپورٹ کے ہمراہ آپ کی خدمت میں پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

مالیاتی نتائج:

کمپنی کے مالیاتی نتائج کا خلاصہ درج ذیل ہے:

(ہزار روپے)		
2017	2018	
81,334	48,961	منافع / (نقصان) قبل از محصولات
(52,497)	(43,078)	محصولات
28,837	5,883	منافع / (نقصان) قبل از محصولات

بورڈ آف ڈائریکٹرز نے فیصد کی شرح سے کی سفارش کی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک پر بیان:

- 1- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی سٹیٹمنٹ متصفانہ طور پر اس کے معاملات کی حالت، اس کے عوامل کے نتائج، کمپنی کا بہاؤ اور مساوات میں تبدیلی پر مشتمل ہے۔
- 2- متذکرہ کمپنی اکاؤنٹس کی کتاب میں مناسب طریقہ سے مرتب کی گئی ہیں۔
- 3- مالیاتی سٹیٹمنٹ کی تیاری میں اکاؤنٹنگ کی مخصوص پالیسیوں کو مسلسل لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور ٹھوس فیصلوں پر مبنی ہیں۔
- 4- مالیاتی سٹیٹمنٹ کی تیاری میں انٹرنیشنل فنانشل رپورٹنگ کے معیارات، جیسے پاکستان میں لاگو ہیں، ان کی پیروی کی گئی ہے اور ان سے کسی بھی رخصت پر مناسب وضاحت دی گئی ہے۔
- 5- اندرونی کنٹرول کا نظام ڈیزائن میں محفوظ ہے اور اس کا نفاذ اور نگرانی مؤثر طریقے سے کی گئی ہے۔
- 6- اس میں کوئی شک نہیں کہ کمپنی میں متعلقہ معاملات کو جاری رکھنے کے لئے ممکنہ صلاحیت موجود ہے۔
- 7- دو سال کے دوران کمپنی کے عملی نتائج میں مخصوص رخصتوں کی تفصیلات، چیف ایگزیکٹو آفیسر کے جائزہ میں بیان کی گئی ہیں۔
- 8- پچھلے چھ سال کا تخمینہ شدہ بنیادی عملی اور مالیاتی ڈیٹا لگ ہے۔
- 9- مالیاتی سٹیٹمنٹ میں ظاہر کی گئی کے علاوہ ایکسز، ڈیویڈنڈ، لیویز اور چارجز کی مدد میں تمام قانونی ادائیگیاں کر دی گئی ہیں۔

10- سال کے دوران بورڈ کے چار اجلاس منعقد ہوئے جن میں ہر ڈائریکٹر کی حاضری درج ذیل ہے:

ڈائریکٹر کا نام (القاب کی ترتیب کے مطابق)	شرکت کردہ اجلاس
مسٹر عابد محمود	4
مسٹر عدنان امجد	4
مسٹر ہمایوں مظہر	3
مسٹر نوید گلزار	4
مسٹر سلمان رفیع	4
مسٹر تیمور امجد	4
مسٹر زاہد بشیر	3

جو ڈائریکٹر ان بورڈ کے اجلاس میں شرکت نہ کر سکے انہیں رخصت دے دی گئی۔

11- سال کے دوران آڈٹ کمیٹی کے پانچ اجلاس منعقد ہوئے جن میں حاضری درج ذیل رہی:

ڈائریکٹر کا نام (القاب کی ترتیب کے مطابق)	شرکت کردہ اجلاس
مسٹر عدنان امجد	5
مسٹر سلمان رفیع	5
مسٹر تیمور امجد	5

مالیاتی شیڈولنگ:

مندرجہ ذیل کمیٹیوں کے قواعد و ضوابط اور آف کارپوریشن گورننس 2017 کے ضابطہ نمبر 26 کے تحت چیف ایگزیکٹو آفیسر اور چیف فنانس ایگزیکٹو آفیسر اپنے دستخطوں کے ساتھ مالیاتی شیڈولنگ بورڈ آف ڈائریکٹرز اور بورڈ کی طرف سے غور اور منظوری کے لیے پیش کرتے ہیں۔ غور و عرض اور منظوری کے بعد دستخط کروہ مالیاتی شیڈولنگ کو اجراء اور اشاعت کی اجازت دیتے ہیں۔

کمیٹی کی مالیاتی شیڈولنگ کمیٹی کے آڈیٹرز میسرز ریاض احمد اینڈ کو چارٹرزڈ اکاؤنٹنٹس کی طرف سے اچھی طرح آڈٹ اور بغیر قابلیت کے منظور کی گئی ہیں اور ان کی رپورٹ مالیاتی شیڈولنگ کے ساتھ لگائی ہے۔

کمیٹی کے خلاف ایک وائٹنگ اپ پٹیشن نمبر CO 36 بابت 2013ء ایکٹریا سر محمود وغیرہ کی طرف سے لاہور ہائیکورٹ، لاہور میں دائر کی گئی تھی۔ 26 جنوری 2015ء کو لاہور ہائیکورٹ کے عزت مآب جج نے کمیٹی کے خلاف دائر کردہ وائٹنگ اپ پٹیشن خارج کر دی۔ پٹیشنر نے لاہور ہائی کورٹ میں ایک انٹرا کورٹ اپیل دائر کی ہے جو ابھی تک زیر التواء ہے۔

حصص یا قلمی کاموں:

کمیٹی ایکٹ 2017 کی دفعہ 227 کے تحت حصص یا قلمی کاموں سے لطف ہے۔

سال کے دوران ایک ڈائریکٹر کی طرف سے خریدے گئے حصص کی تفصیل درج ذیل ہے:

نمبر شمار	ڈائریکٹر اہلیہ اوجھل کا نام	خریدے گئے حصص
1	مسٹر صنان احمد	1,000

متذکرہ بالا ڈائریکٹر کے علاوہ سال کے دوران کسی بھی ڈائریکٹر اس کی اہلیہ انا ہالنگ بچوں، چیف فنانس آفیسر، کینی بکریٹری اور ان کی عیالات یا باہلج بچوں کی طرف سے حصص کی کوئی خرید و فروخت نہیں ہوئی۔

متعلقہ پارٹیاں:

متعلقہ پارٹیوں کے درمیان لین دین طے شدہ حیثیت کے مطابق قابل موازنہ طریقہ قیمت کے مطابق عمل میں لایا گیا۔ یہ شرائط بینکنگز حساب کیمپنی کی طرف سے تصدیق اور بورڈ کی طرف سے منظور کی گئی ہیں۔

کارپوریٹ گورننس:

مندرجہ ذیل کیمپنیوں کے قواعد و ضوابط کوڈ آف کارپوریٹ گورننس 2017 کی شیٹ نمبر 40 کے تحت مطلوبہ تخیل کا بیان ہمراہ مندرجہ کیمپنیوں کے قواعد و ضوابط کوڈ آف کارپوریٹ گورننس 2017 لف ہے۔

بورڈ کی کیمپنیاں:

بورڈ آف ڈائریکٹرز نے کارپوریٹ گورننس کی پیمائش کے ضابطہ کے ہمراہ حساب کیمپنی اور انسانی وسائل و تھریڈ کیمپنی قائم کی ہے۔ اس کے ممبران کے نام کیمپنی پروفائل میں دیے گئے ہیں۔

ادارہ جاتی سماجی ذمہ داری:

آپ کی کیمپنی سماجی زندگی کی طرف سے عائد ذمہ داری ادارہ جاتی ذمہ داری سمجھتی ہے اور معاشرے کے بہتر انداز اور اپنے مستحق ملازمین کو مالی امداد فراہم کرنے کے ساتھ ساتھ رفاہ عامہ کے کام کے ذریعے اپنی ذمہ داری پوری کرتی ہے۔ کیمپنی انسانی کی بچت اور ماحولیاتی تحفظ کے لیے مختلف عمل لاگو کر کے، اپنے قابل قدر کارکنوں کو بہترین معیار کی مصنوعات اور بہتر ذمہ داری کی فراہمی کے ذریعے قومی و مقامی معیار میں اپنا حصہ ڈال رہی ہے۔

آپ کی کیمپنی رفاہ عامہ کی سرگرمیوں کے طور پر مختلف اداروں کو ہماری رقم مستحقہ چندہ دے رہی ہے جو قدرتی آفات سے نمٹنے کے لیے قائم کیے گئے ہیں۔ آپ کی کیمپنی اپنے ملازمین کو صحت مند، محفوظ اور سیکھنے کا ماحول فراہم کر رہی ہے اور انہیں اندرون و بیرون ملک ترقی کو سزا دینے کے ساتھ ساتھ ورکشاپس اور کانفرنسز میں بھیجا جاتا ہے۔

سپینڈنگ بونٹ کا حصول:

انتظامیہ یا اطلاع دینے ہوئے خوشی محسوس کرتی ہے کہ اچانک ہجرت کی خرید و فروخت کے ضمن میں ایک مکمل سپینڈنگ بونٹ کی خرید کا معاہدہ طے پایا ہے۔ انتظامیہ نے سپینڈنگ بونٹ کی ملکیت حاصل کر لی ہے جو 46 کروڑ 80 لاکھ روپے کی شرح پر حصول چوکی ضلع تصور میں واقع ہے۔ اس سپینڈنگ بونٹ نے زیر جائزہ سال کے دوران کام شروع کر دیا گیا۔ پچھلے سال کے مقابلہ میں اس سال آمدنی اور اخراجات دونوں میں اضافہ ہوا ہے جس کی بنیاد ہی جو اس سپینڈنگ بونٹ کا اضافہ ہے۔

بیرونی محاسب:

موجودہ بیرونی محاسب میسرز ریاض احمد اینڈ کو، چارٹرڈ اکاؤنٹنٹس سالانہ اجلاس عام کے اختتام پر ریٹائر ہو جائیں گے اور اہل ہونے کی صورت میں انہوں نے اپنی رضامندی ظاہر کی ہے۔ محاسب کمپنی کی تجویز کی بنیاد پر بورڈ نے میسرز ریاض احمد اینڈ کو، چارٹرڈ اکاؤنٹنٹس کی 30 جون 2019 کو ختم ہونے والے مالی سال کے لیے بطور بیرونی محاسب دوبارہ تعیناتی کی سفارش کی ہے۔

بعد از مجلس شیٹ تغیرات:

مجلس شیٹ کی تیاری کے بعد ایسا کوئی اہم واقعہ یا تغیر رونما نہیں ہوا جسے ڈائریکٹرز رپورٹ میں ظاہر کرنا ضروری ہو۔

مضبوط مالی بیانات:

مضبوط مالیاتی سٹینڈنٹ ہمراہ حلقہ معلومات کمپنیز آرڈیننس مجریہ 1984 کی دفعہ 237 کے تحت لف ہیں۔

کریم سکوٹ ملز لمیٹڈ:

آڈیٹرز نے توجہ دلائی ہے کہ کمپنی اپنی تمام پیداواری سرگرمیاں اگست 1998ء سے ختم کر چکی ہے اور اپنی پلانٹ اور مشینری کا بیشتر حصہ فارغ کر چکی ہے۔ اسکے مطابق اس کمپنی کا اب مزید کوئی تعلق باقی نہیں رہا۔ کمپنی کو 28 جولائی 2005ء سے کے ایس ای کی فہرست سے نکالا جا چکا ہے۔

منجانب

بورڈ آف ڈائریکٹرز



محمد ارشد

چیف ایگزیکٹو آفیسر

فیصل آباد

104 اکتوبر 2018ء

CHIEF EXECUTIVE OFFICER'S REVIEW

Overview of Economy And Industry

Historically, economic growth in Pakistan has remained volatile and thereby, lacking a steady growth pattern. As per economic survey of Pakistan, the country achieved 5.8% GDP growth during last year and the industrial sector also followed this pattern and recorded similar growth rate of 5.8% which in all probability indicate that the country's overall progress is satisfactory.

However, the real challenge was the current account deficit last year that shot up to US\$ 17.994 billion for the period ended June 30, 2018. The country's economic managers had to readjust the Rupee/Dollar parity many times during the year under review and in June 2018 the rupee parity touched new heights at Rs.128 plus to the US dollar, however, same improved to Rs.125 after the general elections in Pakistan. The adjustment of the dollar always fuels inflation in the country and the cost of inputs and cost of utilities hiked making the industrial working very difficult. The textile exports recorded increase when the government announced an incentive package for the export sector in January 2017, but still majority of claims of Drawback of Local Taxes and Levies (DLTL) are yet to be settled by the government.

Raw Material Outlook

The cotton crop situation in the country for the last many years has not been good both in quantitative as well as qualitative terms. Pakistan is not achieving the set production target and in addition to this, the quality of cotton is also gradually declining. There has been an abnormal fluctuation in the price of cotton, which is not conducive for the growth and working of textile sector in Pakistan. During last year, we have witnessed massive rise in the price of polyester fiber due to hike in the prices of oil. Polyester staple fiber is widely used in Pakistan and is blended with cotton lint to produce cheap yarn but this massive increase in the prices of polyester staple fiber is badly hitting the spinning industry.

General Market Review

Financial year 2017-18 was another tough year for the textile sector in Pakistan. A significant drop was recorded in the textile exports, which is mainly attributable to high cost of production as compared to that of our competitors. The cost of doing business such as high labour cost, expensive gas, soaring power tariff and over-valued Pak rupee created pressure on textile sector. Pakistan's textile exports especially the export of yarn and fabric is facing severe pressure from our competitors such as India and Vietnam. Our country's export of yarn to China is almost non-existent and our market share has been taken over by others.

Decline in textile exports is the continuation of consistent trend due to which textile exports have decreased by around 14% over the last ten years. Against this background, the Government of Pakistan announced Rs. 180 billion incentive package for the exports oriented sectors of which textile sector was the main beneficiary. This package included rebates on exports, reduction in import duties of machinery and man made fibers except polyester, imposition of additional duties on import of Indian yarn and subsidy on long term loans for up-gradation of plant and machinery.

Financial And Operational Performance

The current fiscal year was not been very good for the textile industry as a whole. Our textile business faced a number of challenges wherein both the demand and margins fell considerably. In spite of operating in such adverse circumstances your company managed to earn profit during the year under review hence, we have performed much better than many other similar units operating in the country.

During the year under review, company's newly acquired spinning unit started its operations. While comparing the revenues and expenses an increase can be observed which is mainly due to the addition of the spinning unit.

The company has been able to earn a pre-tax profit Rs. 48.961 million against pre-tax profit of Rs. 81.334 million in the last year.

Sales of during the year under review have been recorded at Rs. 6,094.091 million which is better than last year's sales of Rs. 3,984,008 million. Our gross profit ratio to sales this year is 4.00% (2017: 3.19%).

Summary of key financial results in comparison to last year are highlighted as below :-

PROFIT AND LOSS	FY-2018		FY-2017		INCREASE/(DECREASE)	
	RS. IN "000"	%	RS. IN "000"	%	RS. IN "000"	%
Sales revenue	6,094,091	100.00	3,984,008	100.00	2,110,083	52.96
Cost of sales	5,850,287	96.00	3,856,798	96.81	1,993,489	51.69
Gross profit	243,804	4.00	127,210	3.19	116,594	91.65
Operating expenses	223,537	3.67	186,891	4.69	36,646	19.61
Other income	84,056	1.38	170,278	4.27	(86,222)	(50.64)
Profit from operations	104,323	1.71	110,597	2.78	(6,274)	(5.67)
Finance cost	55,362	0.91	29,263	0.73	26,099	89.19
Taxation	43,078	0.71	52,497	1.32	(9,419)	(17.94)
Profit after taxation	5,883	0.10	28,837	0.72	(22,954)	(79.60)
Earnings per share (Rs.)	0.26		1.35		(1.09)	

Right from the start of the financial year 2017-18, we have witnessed a continuation of unfavorable circumstances for the spinning industry that were prevalent in the previous year.

Spinners were carrying expensive cotton stocks from the purchases of the last year and even the new cotton crop prices could not help spinners in making a good cotton price mix because local cotton prices stayed at higher level due to continuous buying by spinners during first three quarters.

The Company, in order to mitigate the cotton supply and price risk, completed most of the purchase of raw cotton in December 2017 in order to fulfill the production requirements for the whole financial year. On the other hand, throughout the year, international cotton prices remained depressed due to reduced demand from the major markets. This was one of the reasons for low prices of yarn. Although for a short period of time, high volume of trading in local cotton market increased the prices of yarn in local market but this trend didn't last long. The Company successfully avoided negative results through improved pricing. The main market of cotton yarn, Hong Kong / China, remained low toned; however, marketing team kept working hard to get business from the international market. This lack of demand, high input cost and higher utilities prices put severe pressure on our company's earnings. The management remained alert to market changes and despite of all factors, with the professional expertise and broader vision of the management, company managed to reduce the impact of loss to its minimal as compared to the other companies in textile industry.

Financial Strength

The company has been able to improve its financial strength, the current ratio of the company is now 1.20. The Company's cash flow management system projects cash inflows and outflows on a regular basis and monitors the cash position on a daily basis. The Company manages its working capital requirements through short term borrowings.

Earning Per Share

The profit per share for operations stood at Rs. 0.26 per share (2017 : Earning Rs: 1.27 per share).

Risk and Opportunities

Crescent Cotton Mills Limited takes risks and creates opportunities in the normal course of business. Taking risk is important to remain competitive and ensure sustainable success. Our risk and opportunity management encompass an effective framework to conduct business in a wellcontrolled environment where risk is mitigated and opportunities are availed. Each risk and opportunity is properly weighted and considered before making any choice. Decisions are formulated only if opportunities outweigh risks. Following is the summary of risks and strategies to mitigate those risks:

Strategic Risks

We are operating in a competitive environment where innovation, quality and cost matters. This risk is mitigated through continuous research & development and persistent introduction of new technologies under BMR. Strategic risk is considered as the most crucial of all the risks. Head of all business divisions meet at regular basis to form an integrated approach towards tackling risks both at the international and national level.

Business Risks

The Company faces a number of following business risks:

Cotton Supply and Price

The supply and prices of cotton is subject to the act of nature and demand dynamics of local and international cotton markets. There is always a risk of non-availability of cotton and upward shift in the cotton prices in local and international markets. The Company mitigates this risk by the procurement of the cotton in bulk at the start of the harvesting season.

Export Demand and Price

The exports are major part of our sales. We face the risk of competition and decline in demand of our products in international markets. We minimize this risk by building strong relations with customers, broadening our customer base, developing innovative products without compromising on quality and providing timely deliveries to customers.

Energy Availability and Cost

The rising cost and un-availability of energy i.e. electricity and gas shortage is a major threat to manufacturing industry. This risk, if unmitigated can render us misfit to compete in the international markets. In order to counter the rising energy costs, the Company is opting for alternative fuel diesel. The measures to conserve energy have also been taken at all manufacturing facilities of the Company. Likewise, risk of non-availability of the energy has been minimized by installing power plants for generating electricity at almost all locations of the Company along with securing electricity connections from WAPDA.

Financial Risks

The Board of Directors of the Company is responsible to formulate the financial risk management policies that are implemented by the Finance Department of the Company. The Company faces the following financial risks:

Currency risk

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to United States Dollar (USD), and Euro. The Company's foreign exchange risk exposure is restricted to the bank balances and the amounts receivable/ payable from/to the foreign entities.

Interest rate risk

The Company's interest rate risk arises from long term financing, short term borrowings, loans and advances to subsidiary companies, term deposit receipts and bank balances in saving accounts. Fair value sensitivity analysis and cash flow sensitivity analysis shows that the Company's profitability is not materially exposed to the interest rate risk.

Credit risk

The Company's credit exposure to credit risk and impairment losses relates to its trade debts. This risk is mitigated by the fact that majority of our customers have a strong financial standing and we have a long standing business relationship with all our customers. We do not expect nonperformance by our customers; hence, the credit risk is minimal.

Liquidity risk

It is at the minimum due to the availability of enough funds through committed credit facilities from the Banks and Financial institutions.

Employee Recruitment And Retention

Failure to attract and retain the right people may adversely affect the achievement of company's growth plan. Strong emphasis is placed on the company's human resource and its skill set. We operate the best talent management and human resource instruments to attract, retain and motivate personnel and staff.

Product Development

The management of the company is focused on the product development for the export market and later on development of our own brand of high international value products, which should create its own demand in the international market. More than 90% production of the company can be classified to the basic commodity items and to develop a suitable market for a commodity item is a big task for which the management is constantly striving.

Way Forward

Pakistan textile exports have declined in the last four years due to high business costs. Though Government is supplying 24 hour RLNG supply to textile sector in Punjab but RLNG cost to Punjab based industry is 60% higher than Natural gas supply to SIND and KPK province which is discriminative. The spinning and weaving sectors are backbone of the textile value chain and are facing the brunt of high cost of doing business and this has made them unviable. Government should take steps to provide gas at the regionally competitive rate for viability of the textile industry. The country is expected to get 14.23 million bales of the cotton crop during this season (2018- 19). Traders and market experts say that the country's cotton crop is likely to improve during this season compared to the previous season mainly due to favorable weather conditions. However there is no doubt that the country's cotton crop would remain lower side during 2018-19 but likely to be better than last season. Currently yarn sale margins are depressed. Management of your company is closely watching the cotton outlook to procure cotton at minimum rates and is focusing efforts on minimizing cost by enhancing capacity to achieve the favorable financial results in the forthcoming financial year.

SUBSIDIARIES

CRESCOT MILLS LIMITED

As already reported, the company has ceased all its production activities and during the year ended June 30, 2018, the company earned a profit of Rs. 4.349 million as compared to profit of Rs. 1.407 million of last year. The company has been de-listed from the Karachi Stock Exchange with effect from July 28, 2005.

ACKNOWLEDGMENT

The Board of Directors of the Company, wish to place on record their thanks and appreciation to all workers, staff members and executives for their contribution towards the operations of the company. The Directors are thankful to the bankers and financial institutions for their continued support to the company. The Directors also place on record sincere thanks to the shareholders for their continued support, co-operation and confidence in the management of the company.

For and on behalf of
the Board of Directors



MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER

Faisalabad
October, 04, 2018

KEY OPERATING AND FINANCIAL DATA

(RUPEES IN MILLION)

	2018	2017	2016	2015	2014	2013
Summary of Profit and Loss Account						
Sales	6,094	3,984	3,454	3,810	4,959	3,817
Gross profit	244	127	128	201	369	482
Profit from operations	104	110	17	25	152	303
Finance cost	55	29	32	37	40	39
(Loss)/profit before taxation	49	81	(15)	(12)	112	264
Taxation	43	52	7	9	15	63
(Loss)/profit after taxation	6	29	(22)	(21)	97	201

Summary of Balance Sheet

Property, plant and equipment	4,135	4,024	3,666	3,035	2,903	2,878
Other non-current assets	31	43	66	50	26	27
Stock in trade	379	270	386	395	414	389
Trade debts	127	64	40	56	79	96
Other current assets	716	729	402	367	515	549
Current assets	1,222	1,063	828	818	1,008	1,034
Total assets	5,388	5,130	4,560	3,903	3,937	3,939
Shareholders equity	698	861	578	598	617	572
Surplus on revaluation of operating fixed assets	3,080	3,080	3,080	2,543	2,523	2,523
Long term financing	178	226	-	-	-	-
Other non-current liabilities	81	75	67	59	57	40
Trade and other payables	723	392	350	330	380	334
Short term borrowings	529	440	447	328	305	328
Other current liabilities	99	56	38	45	55	142
Current liabilities	1,351	888	835	703	740	804
Total equity and liabilities	5,388	5,130	4,560	3,903	3,937	3,939

Summary of Cash Flow Statement

Cash and cash equivalents at the beginning of the year	41	32	16	120	136	178
Net cash (used in) / generated from operating activities	118	18	(15)	54	54	201
Net cash used in investing activities	(130)	(240)	(85)	(143)	(39)	30
Net cash from / (used in) financing activities	77	231	116	(15)	(31)	(273)
Net increase / (decrease) in cash and cash equivalents	65	9	16	(104)	(16)	(42)
Cash and cash equivalents at the end of the year	106	41	32	16	120	136

PERFORMANCE INDICATORS

	2018	2017	2016	2015	2014	2013
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Profitability Ratios

Gross profit ratio	%	4.00	3.19	3.71	5.28	7.44	12.63
Net profit to sales	%	0.10	0.73	(0.64)	(0.55)	1.96	5.27
Return on equity	%	0.86	3.37	(3.81)	(3.51)	15.72	35.14
Return on capital employed	%	7.34	12.87	(2.38)	(1.91)	17.79	41.94

Liquidity Ratios

Current ratio	Times	0.90	1.20	0.99	1.16	1.36	1.29
Quick ratio	Times	0.62	0.89	0.53	0.60	0.80	0.80
Cash to current liabilities	%	0.08	0.05	0.04	0.02	0.16	0.17

Activity / Turnover Ratios

Inventory turnover	Times	18	12	9	9	11	8
Number of days in inventory	Days	20	31	43	41	32	48
Debtor turnover	Times	64	77	72	56	57	41
Number of days in receivables	Days	6	5	5	6	6	9
Creditors turnover	Times	10	10	10	10	13	9
Number of days in payables	Days	35	35	37	36	28	42
Total assets turnover	Times	1.16	0.82	0.82	0.97	1.26	0.97
Property, plant and equipment turnover	Times	1.49	1.04	1.03	1.28	1.72	1.34

Investment / Market Ratios

Basic and diluted earning/(loss) per share	Rs.	0.26	1.35	(1.05)	(1.00)	4.53	12.01
Price earning ratio	Times	96.69	33.07	(42.86)	(54.55)	12.40	4.06
Market value per share							
- At the end of year	Rs.	25.14	44.65	45.00	54.55	56.15	48.82
- Highest during the year	Rs.	39.64	53.90	54.95	54.55	60.58	48.82
- Lowest during the year	Rs.	25.14	44.00	45.00	37.05	27.80	27.80
Break up value w/o surplus on revaluation	Rs.	30.80	40.28	27.04	27.97	28.86	26.76
Break up value with surplus on revaluation	Rs.	166.72	184.35	171.11	146.93	146.88	144.78

Capital Structure Ratios

Financial leverage ratio	Times	1	1	1	1	0	1
Long term debt to equity ratio	%	25.50	26.25	-	-	-	-
Interest coverage ratio	Times	1.89	3.79	0.53	0.68	3.80	7.77

Form - 34

The Companies Act 2017 (Section 227)

Pattern Of Shareholding

1 Incorporation Number **0000984**2 Name of The Company **Crescent Cotton Mills Limited**3 Pattern of Holding of the Shares held by the Shareholders as at : **June 30, 2018**

Shareholders	From	To	Total Shares
570	1	100	17,218
424	101	300	101,184
154	521	7,000	106,816
175	1,001	5,000	354,100
33	3,001	10,000	230,014
9	10,001	15,000	110,155
6	15,001	20,000	96,848
4	25,001	25,000	49,439
4	25,001	30,000	109,467
8	30,001	35,000	163,380
8	35,001	40,000	119,227
7	40,001	45,000	294,736
3	45,001	50,000	146,700
9	50,001	55,000	103,775
4	55,001	60,000	234,567
2	60,001	65,000	128,129
2	65,001	70,000	134,235
3	70,001	75,000	219,790
4	80,001	80,000	328,604
1	85,001	90,000	99,061
1	95,001	100,000	96,102
3	100,001	105,000	308,904
3	105,001	110,000	212,000
1	110,001	115,000	113,178
8	115,001	120,000	35,1600
1	120,001	125,000	121,480
1	125,001	130,000	128,365
2	135,001	140,000	27,1329
6	145,001	150,000	873,747
1	150,001	155,000	150,000
3	155,001	160,000	814,670
1	160,001	165,000	162,541
2	165,001	170,000	333,988
1	170,001	175,000	17,1615
1	175,001	180,000	176,700
3	185,001	190,000	575,130
1	195,001	200,000	200,000
1	205,001	210,000	207,200
2	210,001	215,000	226,255
2	210,001	220,000	464,203
1	225,001	240,000	229,130
2	270,001	275,000	545,275
1	330,001	335,000	353,224
2	380,001	385,000	763,305
1	385,001	390,000	388,557
1	390,001	395,000	391,468
1	405,001	410,000	407,500
1	410,001	415,000	413,254
2	425,001	430,000	853,264
1	430,001	435,000	436,623
1	540,001	545,000	544,622
1	570,001	575,000	573,999
1	580,001	590,000	589,856
1	590,001	595,000	590,744
1	888,001	895,000	896,589
1	895,001	900,000	896,464
1	1,330,001	1,335,000	1,334,400
1	1,105,001	1,110,000	1,108,348
1	1,335,001	1,340,000	1,333,206
1	1,750,001	1,750,000	1,750,131

1,475

22,660,126

Sr.#	Categories of Shareholders	Numbers	Shares Held	Percentage
1	Insurance Companies	1	212,000	0.94
2	Others	8	148,730	0.66
3	Financial Institutions	11	865,469	3.82
4	Individuals	1429	17,330,911	76.48
5	Investment Companies	4	14,556	0.06
6	Joint Stock Companies	21	2,980,112	13.15
7	Mutual Fund	1	1,108,348	4.89
	Grand Total	1,475	22,660,126	100.00

PATTERN OF HOLDING OF SHARES

Held by Shareholders as at June 30, 2018

Categories of Shareholder	Total Holding	%Age
1 - Directors, Chief Executive Officer, Their Spouses and Minor Children		
Chief Executive Officer		
Mr. Muhammad Arshad	856,454	3.78
Directors		
Mr. Humayun Mazhar	85,958	0.38
Mr. Abid Mehmood	167,866	0.74
Mr. Adnan Amjad	692,099	3.05
Mr. Naveed Gulzar	430,910	1.90
Mr. Saïman Rafi	80,203	0.35
Mr. Taimur Amjad	427,250	1.89
Mr. Zahid Bashir	25,373	0.11
Director's Spouses and Their Minor Children		
Mrs. Mariam Naveed	100	0.00
Mst. Shireen Abid	546,783	2.41
Mrs. Mehreen Humayun Mazhar	10,135	0.04
	3,323,111	14.67
2 - Executives		
Executives	1,372,707	6.06
	1,372,707	6.06
3 - Associated Companies, Undertakings & Related Parties		
Crescent Powertec Limited	121,480	0.54
Premier Insurance Limited	212,000	0.94
	333,480	1.47
6 - Banks, NBFCs, DFIs, Takaful, Pension Funds		
Banks, NBFCs, DFIs, Takaful, Pension Funds	865,469	3.82
	865,469	3.82
7 - Other Companies		
Other Companies, Corporate Bodies, Trust etc.	4,463,746	19.70
	4,463,746	19.70
9 - General Public		
A. Local	12,301,613	54.29
B. Foreign	-	-
	12,301,613	54.29
	22,660,126	100.00

Shareholders More Than 5.00%	Shares	%Age
Miss Nazish Arshad	1,769,631	7.81
Crescent Foundation	1,283,896	5.67

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

Name of company CRESCENT COTTON MILLS LIMITED
 Year ended June 30, 2018

The company has complied with the requirements of the Regulations in the following manner:

- 1 The total number of directors are 07 (Seven) as per the following:
 - a). Male: 07
 - b). Female: Exempt for current term

- 2 The composition of board is as following:
 - a). Independent Directors
 - i). Mr. Salman Rafi
 - b). Other Non-executive Directors
 - i). Mr. Zahid Bashir
 - ii). Mr. Adnan Amjad
 - iii). Mr. Humayun Mazhar
 - iv). Mr. Taimur Amjad
 - c). Executive Directors
 - i). Mr. Abid Mahmood
 - ii). Mr. Naveed Gulzar

- 3 The directors have confirmed that none of them is serving as director on more than five listed companies, including this company.

- 4 The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

- 5 The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

- 6 All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Act and these Regulations.

- 7 The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the

board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board remained fully compliant with the provision regarding directors' training. The majority of the Board members have either attended Directors' training programs or have prescribed qualification and experience required for exemption from training program of directors as per requirement of regulation 20 of the CCG.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees of members given below :
 - a). **Audit Committee**

Mr. Salman Rafi	(Chairman)
Mr. Adnan Amjad	(Member)
Mr. Taimur Amjad	(Member)
 - b). **Human Resource & Remuneration Committee**

Mr. Abid Mehmood	(Chairman)
Mr. Adnan Amjad	(Member)
Mr. Salman Rafi	(Member)
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following :

	No. of meetings
a). Audit Committee	5
b). HR and Remuneration Committee	1
15. The board has outsourced the internal audit function to RSM Avas Hyder Liquat Nauman, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. The Company Secretary and Chief Financial Officer are the same person. However the Company will appoint different persons.
19. We confirm that all other requirements of the Regulations have been complied with.

For and on behalf of
the Board of Directors



CHAIRMAN

Faisalabad

October, 04, 2018



CHIEF EXECUTIVE OFFICER

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Crescent Cotton Mills Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Regulations") prepared by the Board of Directors of Crescent Cotton Mills Limited ("the Company") for the year ended 30 June 2018 in accordance with the requirements of Regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2018.

Further, we highlight below instance of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

Paragraph Reference	Description
18	Company Secretary and Chief Financial Officer are the same person.

RIAZ AHMAD & COMPANY

Chartered Accountants



Faisalabad

October, 04, 2018

INDEPENDENT AUDITOR'S REPORT
To the members of Crescent Cotton Mills Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Crescent Cotton Mills Limited ('the Company'), which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of the profit, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan ('the Code') and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Following are the key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1.	<p>Inventory existence and valuation</p> <p>Inventories as at 30 June 2018 amounting to Rupees 435.683 million represented a material position in the statement of financial position, break up of which is as follows:</p> <ul style="list-style-type: none"> - Stores, spare parts and loose tools of Rupees 56.888 million - Stock-in-trade of Rupees 378.794 million <p>The business is characterized by high volume serial</p>	<p>Our procedures over existence and valuation of inventory included, but were not limited to:</p> <ul style="list-style-type: none"> • To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of

<p>production and the valuation and existence of inventories are significant to the business. Therefore, considered as one of the key audit matters.</p> <p>Inventories are stated at lower of cost and net realizable value. Cost is determined as per accounting policy disclosed in Note 2.9 to the financial statements.</p> <p>At year end, the valuation of inventories is reviewed by management and the cost of inventories is reduced where it is forecasted to be sold below cost.</p> <p>Usable stores, spare parts and loose tools are valued at moving average cost, raw materials are valued at weighted average cost whereas, costing of work-in-process and finished goods is considered to carry more significant risk as the cost of material, labor and manufacturing overheads is allocated on the basis of complex formulas and involves management judgment.</p> <p>The determination of whether inventories will be realized for a value less than cost requires management to exercise judgment and apply assumptions. Management undertake the following procedures for determining the level of write down required:</p> <ul style="list-style-type: none"> • Use inventory ageing reports together with historical trends to estimate the likely future salability of slow moving and older inventory items. • Perform a line-by-line analysis of remaining inventories to ensure it is stated at the lower of cost and net realizable value and a specific write down is recognized, if required. <p>For further information on inventories, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Inventories (Note 2.9 to the 	<p>the management.</p> <ul style="list-style-type: none"> • For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. • We tested that the ageing report used by management correctly aged inventory items by agreeing a sample of aged inventory items to the last recorded invoice. • On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any. • In the context of our testing of the calculation, we analyzed individual cost components and traced them back to the corresponding underlying documents. • We also made inquiries from management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required. <p>We also assessed the adequacy of the disclosures made in respect of the accounting policies and related notes to the financial statements.</p>
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	<p>financial statements).</p> <ul style="list-style-type: none"> - Stores, spare parts and loose tools (Note 18) and Stock-in-trade (Note 19) to the financial statements. <p>2. Revenue recognition</p> <p>The Company generates revenue from sale of goods to domestic as well as export customers.</p> <p>We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not be recognized in the appropriate period.</p> <p>For further information on revenue recognition, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Revenue recognition Note 2.12 to the financial statements. - Revenue Note 26 to the financial statements. 	<p>Our audit procedures to assess the recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> • We obtained an understanding of and assessed the design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period. • We assessed the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards <p>We performed audit measures that included comparing sales transactions recognized at the turn of the financial period to documentation supporting revenue recognition, analysis of nominal ledger entries to identify uncommon entries and comparing outstanding sales receivables at the turn of the financial period with payment transactions.</p>
3.	<p>Preparation of financial statements under the Companies Act, 2017</p> <p>The Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018.</p> <p>The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. In case of the Company, specific additional disclosures and changes to the existing disclosures have been included in the financial statements.</p> <p>The above changes and enhancements in the financial</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We assessed the procedures applied by the management for identification of the changes required in the financial statements due to the application of the Act. • We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. <p>We verified on test basis the supporting evidences for</p>

<p>statements are considered important and a key audit matter because of the volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Act.</p> <p>For further information, refer to Note 2.1(b) to the financial statements.</p>	<p>the additional disclosures and ensured appropriateness of the disclosures made.</p>
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Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Company and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

RIAZ AHMAD & COMPANY

Chartered Accountants

Riaz Ahmad & Co.

Faisalabad

October, 04, 2018

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

EQUITY AND LIABILITIES	NOTE	2018	2017	2016
(RUPEES IN THOUSAND)				
SHARE CAPITAL AND RESERVES			Restated	Restated
Authorized share capital				
30 000 000 (2017: 30 000 000) ordinary shares of Rupees 10 each		<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
Issued, subscribed and paid up share capital	3	226,601	213,775	213,775
Capital reserves				
Premium on issue of shares reserve	4	5,496	5,496	5,496
Plant modernization reserve		12,000	12,000	12,000
Fair value reserve	5	192,403	358,282	100,008
Surplus on revaluation of freehold land and investment properties	6	3,079,990	3,079,990	3,079,990
Revenue reserves	7	<u>262,370</u>	<u>271,627</u>	<u>246,507</u>
Total equity		3,778,860	3,941,170	3,657,776
LIABILITIES				
NON-CURRENT LIABILITIES				
Long term financing	8	178,252	225,787	-
Employees' retirement benefit	9	80,592	74,797	66,799
		258,844	300,584	66,799
CURRENT LIABILITIES				
Trade and other payables	10	723,195	387,930	345,728
Unclaimed dividend		3,940	3,942	3,942
Accrued mark-up	11	14,561	12,186	7,001
Short term borrowings	12	528,780	439,919	446,814
Current portion of long term financing	8	47,534	11,883	-
Provision for taxation		32,595	32,713	31,384
		1,350,605	888,573	834,869
TOTAL LIABILITIES		1,609,449	1,189,157	901,668
CONTINGENCIES AND COMMITMENTS	13			
TOTAL EQUITY AND LIABILITIES		<u>5,388,309</u>	<u>5,130,327</u>	<u>4,559,444</u>

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


 CHIEF EXECUTIVE OFFICER

ASSETS	NOTE	2018	2017	2016
(RUPEES IN THOUSAND)				
NON-CURRENT ASSETS				
Property, plant and equipment	14	3,885,036	3,776,111	3,495,625
Investment properties	15	250,111	248,008	169,724
Long term investments	16	9,820	13,133	16,699
Long term deposits		3,092	3,092	2,659
Deferred income tax asset	17	17,596	27,327	46,195
		4,165,655	4,067,671	3,730,902
CURRENT ASSETS				
Stores, spare parts and loose tools	18	56,888	45,026	34,014
Stock-in-trade	19	378,794	269,885	385,883
Trade debts	20	127,024	63,873	40,019
Loans and advances	21	43,735	51,911	36,777
Prepayments and balances with statutory authority	22	183,819	127,564	102,439
Other receivables	23	76,059	45,405	30,587
Short term investments	24	250,418	417,515	166,489
Cash and bank balances	25	105,917	41,477	32,334
		1,222,654	1,062,656	828,542
TOTAL ASSETS		5,388,309	5,130,327	4,559,444



DIRECTOR



CHIEF FINANCIAL OFFICER

**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2018 (RUPEES IN THOUSAND)	2017
REVENUE	26	6,094,091	3,984,008
COST OF SALES	27	(5,850,287)	(3,656,798)
GROSS PROFIT		243,804	127,210
DISTRIBUTION COST	28	(57,848)	(32,397)
ADMINISTRATIVE EXPENSES	29	(165,378)	(152,388)
OTHER EXPENSES	30	(311)	(2,106)
OTHER INCOME	31	84,056	170,278
FINANCE COST	32	(55,362)	(29,263)
PROFIT BEFORE TAXATION		48,961	81,334
TAXATION	33	(43,078)	(52,497)
PROFIT AFTER TAXATION		5,883	28,837
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	34	0.26	1.27

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

	2018	2017
	(RUPEES IN THOUSAND)	
PROFIT AFTER TAXATION	5,883	28,837
OTHER COMPREHENSIVE (LOSS) / INCOME:		
Items that will not be reclassified subsequently to profit or loss:		
Experience adjustment on defined benefit plan	(3,066)	(4,633)
Deferred income tax related to experience adjustment	752	916
	(2,314)	(3,717)
Items that may be reclassified subsequently to profit or loss:		
(Deficit) / surplus arising on remeasurement of available for sale investments to fair value	(110,473)	272,682
Reclassification adjustment for gain included in profit or loss	(55,406)	(14,408)
	(165,879)	258,274
Other comprehensive (loss) / income for the year - net of tax	(168,193)	254,557
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR	(162,310)	283,394

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

SHARE CAPITAL	RESERVES										TOTAL EQUITY
	CAPITAL RESERVES					REVENUE RESERVES					
	Premium on issues of shares	Profit (modernization)	Fair value reserve	Reserve for bonus shares	Reserve for issue of fully paid up bonus shares	Sub total	General reserve	Dividend equalisation	Unappropriated profit	Sub total	
213,775	5,496	12,000	100,008	-	117,504	96,988	4,000	145,519	246,507	364,011	577,786
-	-	-	-	-	3,079,990	-	-	-	-	-	3,079,990
Balance as at 30 June 2016											
213,775	5,496	12,000	100,008	-	3,197,494	96,988	4,000	145,519	246,507	364,011	3,657,776
-	-	-	258,274	-	258,274	-	-	28,837	28,837	28,837	28,837
-	-	-	258,274	-	258,274	-	-	(3,717)	(3,717)	(3,717)	254,557
-	-	-	-	-	-	-	-	25,120	25,120	283,394	283,394
Balance as at 30 June 2017 - restated											
213,775	5,496	12,000	358,282	-	3,455,768	96,988	4,000	170,639	271,627	3,727,395	3,941,170
-	-	-	-	12,826	-	-	-	(12,826)	(12,826)	-	-
12,826	-	-	-	(12,826)	-	(12,826)	-	-	-	(12,826)	-
-	-	-	(165,879)	-	(165,879)	-	-	5,883	5,883	5,883	5,883
-	-	-	(165,879)	-	(165,879)	-	-	(2,314)	(2,314)	(168,193)	(168,193)
-	-	-	-	-	-	-	-	3,569	3,569	(162,310)	(162,310)
Balance as at 30 June 2018											
226,601	5,496	12,000	192,403	-	3,079,990	96,988	4,000	161,382	267,370	3,552,259	3,778,650

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2018 (RUPEES IN THOUSAND)	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	248,197	99,892
Finance cost paid		(52,987)	(24,078)
Income tax paid		(56,367)	(37,667)
Employees' retirement benefit paid		(21,109)	(19,220)
Increase in long term deposits		-	(433)
Net cash generated from operating activities		117,734	18,494
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(197,070)	(335,193)
Proceeds from sale of property, plant and equipment		7,136	2,822
Proceeds from sale of investments		59,665	92,245
Net cash used in investing activities		(130,269)	(240,126)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		-	237,670
Repayment of long term financing		(11,884)	-
Short term borrowings - net		88,861	(6,895)
Dividend paid		(2)	-
Net cash from financing activities		76,975	230,775
NET INCREASE IN CASH AND CASH EQUIVALENTS		64,440	9,143
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		41,477	32,334
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 25)		105,917	41,477

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1. THE COMPANY AND ITS OPERATIONS

Crescent Cotton Mills Limited 'the Company' is a public limited company incorporated in March 1959 in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. The Company is engaged in the business of manufacturing and sale of yarn and hosiery items along with buying, selling and otherwise dealing in cloth. The Company also operates an embroidery unit. The Company's registered office is situated at New Lahore Road, Nishatabad, Faisalabad, Punjab.

Geographical location and addresses of all business units of the Company are as follows:

Manufacturing Unit	Address
Spinning Unit No. 1 and 2, Hosiery	Chak No. 44 R.B., Kotla Kahlawan, Tehsil Shahkot, District Nankana Sahib, Punjab
Spinning Unit No. 3	S.I.T.E. Kotri, District Jamshoro, Sindh
Spinning Unit No. 4	45-Km Lahore Multan Road, Dina Nath, Phool Nagar, Tehsil Pattoki, District Kasur, Punjab
Embroidery Unit	New Lahore Road, Nishatabad, Faisalabad, Punjab

1.1 Summary of significant transactions and events affecting the Company's financial position and performance

- a) During the year, the Company has capitalized a new spinning unit at Dina Nath, Phool Nagar, Tehsil Pattoki, District Kasur, Punjab.
- b) For a detailed discussion about the Company's performance, please refer to the Directors' report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) 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 provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

b) Preparation of financial statements under the Companies Act, 2017

The fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for preparation of these financial statements. The Companies Act, 2017 (including its fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Change in accounting policy of surplus on revaluation of freehold land and investment properties (Note 2.6.1) and additional disclosures include but are not limited to, particulars of immovable assets of the Company (Note 14.1.5), disclosure of export sales debtors (Note 20.1), management's assessment of sufficiency of tax provision in the financial statements (Note 33.3), additional disclosure requirements for related parties (Note 37), change in threshold for identification of executives (Note 38) etc.

c) Accounting convention

These financial statements have been prepared under the historical cost convention, except for the recognition of employees' retirement benefit at present value and investment properties and freehold land which are carried at their fair value.

d) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

Taxation

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Provision for doubtful debts

The Company reviews its receivable balances against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

Employees retirement benefit

Certain actuarial assumptions have been adopted as disclosed in Note 9 to the financial statements for determination of present value of defined benefit obligation. Any change in these assumptions in future years might affect the current and remeasurement gains and losses in those years.

Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

e) Amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2017:

International Accounting Standard (IAS) 7 (Amendments), 'Statement of Cash Flows' (effective for annual periods beginning on or after 01 January 2017). Amendments have been made to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The aforesaid amendments have resulted in certain additional disclosures in the Company's financial statements.

IAS 12 (Amendments), 'Income Taxes' (effective for annual periods beginning on or after 01 January 2017). The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments have no significant impact on the Company's financial statements.

On 08 December 2016, IASB issued Annual Improvements to IFRSs: 2014 - 2016 Cycle, incorporating amendments to three IFRSs more specifically in IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2017). IFRS 12 states that an entity need not to provide summarized financial information for interests in subsidiaries, associates or joint ventures that are classified, or included in a disposal group that is classified as held for sale (in accordance with IFRS 5 'Non - Current Assets Held for Sale and Discontinued Operations'). The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests. The amendments have no impact on the Company's financial statements.

The application of the above amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

f) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following standards, interpretations and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2018 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 July 2018) A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner as under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the de-recognition of financial assets

and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 July 2018). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The aforesaid standard is not expected to have a material impact on the Company's financial statements.

Amendments to IFRS 9 (effective for annual periods beginning on or after 01 January 2019) clarify that for the purpose of assessing whether a payment feature meets the Solely Payments of Principal and Interest ('SPPI') condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendments are not likely to have significant impact on the Company's financial statements.

IFRS 15 (Amendments), 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 July 2018). Amendments clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations and licensing) and to provide some transition relief for modified contracts and completed contracts. The aforesaid amendments are not expected to have a material impact on the Company's financial statements.

IAS 19 (Amendments), 'Employee Benefits' - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 01 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Company's financial statements.

IAS 28 (Amendments), 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 01 January 2019). The IASB has clarified that IFRS 9, including its impairment requirements, applies to long-term interests. Furthermore, in applying IFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28). The amendments are not likely to have significant impact on the Company's financial statements.

IAS 40 (Amendments), 'Investment Property' (effective for annual periods beginning on or after 01 January 2018). The amendments clarify that an entity shall transfer a property to, or from investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have a significant impact on the Company's financial statements.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018). IFRIC 22 clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The interpretation is not expected to have a material impact on the Company's financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact on the Company's financial statements.

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. The management of the Company is in the process of evaluating the impacts of the aforesaid amendments on the Company's financial statements.

On 08 December 2016, IASB issued Amendment Improvements to IFRSs: 2014 - 2016 Cycle, incorporating amendments to three IFRSs more specifically in IAS 28. These amendments are effective for annual periods beginning on or after 01 January 2018. These amendments have no significant impact on the Company's financial statements and have therefore not been analyzed in detail.

On 12 December 2017, IASB issued Annual Improvements to IFRSs: 2015-2017 Cycle, incorporating amendments to four IFRSs more specifically in IAS 12 'Income Taxes' and IAS 23 'Borrowing Costs', relevant to the Company. The amendments are effective for annual periods beginning on or after 01 January 2019. The amendments have no significant impact on the Company's financial statements and have therefore not been analyzed in detail.

On 29 March 2018, the IASB issued a revised Conceptual Framework. The new Framework reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits - this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value

measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS and does not override any standard, so nothing will change in short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRSs. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 01 January 2020 for preparers that develop an accounting policy based on the Framework.

g) Standards and amendments to published approved accounting standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2018 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Foreign currencies

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date, while the transactions in foreign currencies during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in the statement of profit or loss.

2.3 Staff retirement benefit

The Company operates defined benefit plan - unfunded gratuity scheme for its permanent employees, who have completed the minimum qualifying period of service as defined under the scheme. The liabilities relating to defined benefit plan are determined through actuarial valuation using the Projected Unit Credit Method. Latest actuarial valuation has been carried on 30 June 2018. The method involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long term nature of the benefit, such estimates are subject to certain uncertainties. Significant assumptions used to carry out the actuarial valuation have been disclosed in Note 9.3 to these financial statements.

Remeasurements changes which comprise actuarial gains and losses are recognized immediately in other comprehensive income.

2.4 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

2.5 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.6 Property, plant, equipment and depreciation

Operating fixed assets

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any identified impairment loss. Capital work-in-progress is stated at cost less any identified impairment loss. Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to the construction / erection period of qualifying assets and other directly attributable cost of bringing the assets to working condition.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the statement of profit or loss during the period in which they are incurred.

2.6.1 Change in accounting policy

The specific provision in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of IAS 16, 'Property, Plant and Equipment', surplus on revaluation of fixed assets would now be presented under equity.

Following the application of IAS 16, the Company's accounting policy for surplus on revaluation of operating fixed assets stands amended as follows:

Increases in the carrying amounts arising on revaluation of freehold land are recognized in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The effect of change in accounting policy is summarized below:

	As at 30 June 2017			As at 30 June 2016		
	As previously reported	As restated	Restatement	As previously reported	As restated	Restatement
(RUPEES IN THOUSAND)						
Effect on statement of financial position						
Surplus on revaluation of freehold land and investment properties	3,079,990	-	(3,079,990)	3,079,990	-	(3,079,990)
Share capital and reserves	-	3,079,990	3,079,990	-	3,079,990	3,079,990
Effect on statement of changes in equity						
Surplus on revaluation of freehold land and investment properties	-	3,079,990	3,079,990	-	3,079,990	3,079,990

There was no impact on statement of profit or loss, on statement of comprehensive income and on statement of cash flows as a result of the retrospective application of change in accounting policy.

Depreciation

Depreciation on property, plant and equipment is charged to statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 14.1. The Company charges the depreciation on additions from the date when the asset is available for use and on deletions upto the date when the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of profit or loss in the year the asset is de-recognized.

2.7 Investment properties

Land and buildings held to earn rental income are classified as investment properties. Investment properties are carried at fair value which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The valuation of the properties is carried out with sufficient regularity.

Gain or loss arising from a change in the fair value of investment properties is included in the statement of profit or loss for the year in which it arises.

2.8 Investments

Classification of an investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on regular basis.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "Investment at fair value through profit or loss" which is initially measured at fair value.

The Company assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the Company applies the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' to all investments, except investment in subsidiary company, which is tested for impairment in accordance with the provisions of IAS 36 'Impairment of Assets'.

a) Investments at fair value through profit or loss

Investments classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if these are acquired for the purpose of selling in the short term. Gains or losses on investments held-for-trading are recognized in the statement of profit or loss.

b) Held-to-maturity investments

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long term investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in the statement of profit or loss when the investments are de-recognized or impaired, as well as through the amortization process.

c) Available for sale investments

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available for sale. After initial recognition, investments which are classified as available for sale are measured at fair value. Gains or losses on available for sale investments are recognized directly in other comprehensive income until the investment is sold, de-recognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in other comprehensive income is included in the statement of profit or loss. These are sub-categorized as under:

Quoted

For investments that are actively traded in organized capital markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the reporting date.

Unquoted

The investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, subsequent to after initial recognition are carried at cost less any identified impairment loss.

d) Investment in subsidiary company

Investment in subsidiary company is stated at cost less any identified impairment loss, in accordance with the provisions of IAS 27 'Separate Financial Statements'.

2.9 Inventories

Inventories, except for stock in transit and waste stock, are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spare parts and loose tools

Usable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at invoice amount plus other charges paid thereon.

Stock-in-trade

Cost of raw material, work-in-process and finished goods is determined as follows:

(i)	For raw materials	-	Weighted average basis
(ii)	For work-in-process and finished goods	-	Average material cost, proportionate direct labour and factory overheads

Stock in transit is valued at cost comprising invoice value plus other charges paid thereon. Waste stock is valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.11 Non-current assets held for sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.12 Revenue recognition

Revenue from different sources is recognized as under:

- Revenue from local sales is recognized on delivery of goods to customers.
- Revenue from export sales is recognized when goods are shipped on board. Related Government grant is recognized when there is reasonable assurance that the Company will comply with the conditions attached to it and grant will be received.
- Dividend on equity investments is recognized when right to receive the dividend is established.
- Profit on deposits with banks is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon.
- Rental income is recognized when rent is accrued.

2.13 Financial instruments

Financial instruments carried on the statement of financial position include investments, deposits, trade debts, loans and advances, other receivables, cash and bank balances, long term financing, short term borrowings, accrued mark-up and trade and other payables etc. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instruments at fair value through profit or loss" which are initially measured at fair value.

Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and de-recognition is charged to the profit or loss currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

2.14 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

2.15 Trade and other receivables

Trade debts and other receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

2.16 Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

2.17 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

2.18 Borrowing cost

Interest, mark-up and other charges on long term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long term finances. All other interest, mark-up and other charges are recognized in the statement of profit or loss.

2.19 Impairment**a) Financial assets**

A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

2.20 Offsetting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

2.21 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.

2.22 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has two reportable business segments: Textiles and Trading. Transactions among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases are eliminated from the total.

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2018 (NUMBER OF SHARES)		2018 (RUPEES IN THOUSAND)		2017 (RUPEES IN THOUSAND)	
5 509 767	5 509 767	Ordinary shares of Rupees 10 each fully paid in cash	55,098	55,098	
16 992 345	15 709 697	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	169,923	157,097	
158 014	158 014	Ordinary shares of Rupees 10 each fully paid up, issued to a financial institution against its right of option for conversion of debentures pursuant to a loan agreement	1,580	1,580	
<u>22 660 126</u>	<u>21 377 478</u>		<u>226,601</u>	<u>213,775</u>	

3.1 Movement during the year

15 709 697	15 709 697	Opening balance	157,097	157,097
1 282 648	-	Ordinary shares of Rupees 10 each issued during the year as fully paid up bonus shares	12,826	-
<u>16 992 345</u>	<u>15 709 697</u>	Closing balance	<u>169,923</u>	<u>157,097</u>

3.2 Ordinary shares of the Company held by the associated companies:

	2018 (NUMBER OF SHARES)	2017 (NUMBER OF SHARES)
Premier Insurance Limited	212 000	200 000
Crescent Powertec Limited	121 480	114 605
	<u>333 480</u>	<u>314 605</u>

4. PREMIUM ON ISSUE OF SHARES RESERVE

This reserve can be utilized by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

5. FAIR VALUE RESERVE

This represents the unrealized gain on re-measurement of available for sale investments at fair value and is not available for distribution. This will be transferred to the statement of profit or loss on realization.

Reconciliation of fair value reserve is as under:

	2018 (RUPEES IN THOUSAND)	2017 (RUPEES IN THOUSAND)
Balance as on 01 July	358,282	100,008
Fair value adjustment during the year	(110,473)	272,682
Reclassification adjustment for gain included in profit or loss	(55,406)	(14,408)
Balance as on 30 June	<u>192,403</u>	<u>358,282</u>

2018 2017
(RUPEES IN THOUSAND)

6. SURPLUS ON REVALUATION OF FREEHOLD LAND AND INVESTMENT PROPERTIES

Freehold land	2,966,851	2,966,851
Investment properties	113,139	113,139
	3,079,990	3,079,990

- 6.1** This represents surplus resulting from revaluation of freehold land carried out on 30 June 2016 by independent valuers, Messrs Evaluation Focused Consulting and Messrs Empire Enterprises (Private) Limited. The valuation was determined with respect to the present market value of similar properties. Previously revaluation was carried out in March 2010 and June 2015 by independent valuers.

7. REVENUE RESERVES

General	96,988	96,988
Dividend equalization	4,000	4,000
Unappropriated profit	161,382	170,639
	262,370	271,627

8. LONG TERM FINANCING

From banking company - secured

National Bank of Pakistan:

Term finance-1 (Note 8.1)	199,186	209,670
Term finance-2 (Note 8.1)	26,600	28,000
	225,786	237,670
Less: Current portion shown under current liabilities	47,534	11,883
	178,252	225,787

- 8.1** This represents term finance facilities obtained to acquire assets of a spinning unit at Dina Nath, Phool Nagar, Tehsil Pattoki, District Kasur, Punjab and for Balancing, Modernization and Replacement (BMR) of an existing spinning unit at S.I.T.E. Kotri, District Jamshoro, Sindh. The facilities are secured against temporary first charge of Rupees 318 million over the fixed assets of the Company at Nishatabad, Faisalabad and personal guarantee of directors and executive of the Company. After acquisition of new spinning unit and after repayment of first two installments of Term Finance-1, the charge shall be created on the newly acquired spinning unit and the temporary arrangement will be released / discharged. Mark-up is payable on these finances on quarterly basis at the rate of 3 months KIBOR plus 3 percent per annum. These facilities are repayable in 20 equal quarterly installments with a grace period of one year starting from April 2018.

2018 **2017**
(RUPEES IN THOUSAND)

9. EMPLOYEES' RETIREMENT BENEFIT

Reconciliation of the movements in the net liability recognized in the statement of financial position

Opening balance	74,797	66,799
Add: Provision for the year (Note 9.2)	23,838	22,585
Experience adjustment recognized in other comprehensive income	3,066	4,633
	101,701	<u>94,017</u>
Less: Paid during the year	(21,109)	(19,220)
	80,592	<u>74,797</u>

9.1 Movements in the present value of defined benefit obligation

Opening balance	74,797	66,799
Current service cost	19,020	18,508
Interest expense	4,818	4,077
Retirement benefit paid	(21,109)	(19,220)
Experience adjustment recognized in other comprehensive income	3,066	4,633
Closing balance	80,592	<u>74,797</u>

9.2 Provision for the year

Current service cost	19,020	18,508
Interest expense	4,818	4,077
	23,838	<u>22,585</u>

2018 **2017**

9.3 Significant actuarial assumptions used

Discount rate to determine defined benefit cost (per annum)	7.50%	9.75%
Expected rate of increase in salary to determine defined benefit cost (per annum)	8.00%	6.50%
Discount rate to determine defined benefit obligation (per annum)	9.00%	7.50%
Expected rate of increase in salary to determine defined benefit obligation (per annum)	6.50%	8.50%
Average duration of the benefit (years)	9.7	8
Mortality rates	SLIC 2001-05 set back 1 year	SLIC 2001-05 set back 1 year
Withdrawal rate	Low	Age based

2018 **2017**
(RUPEES IN THOUSAND)

9.4 The estimated expenses to be charged to the statement of profit or loss for the year ending on 30 June 2019 is Rupees 33.855 million.

9.5 Sensitivity analysis for actuarial assumptions:

The sensitivity of the defined benefit obligation as at reporting date to changes in the weighted principal assumption is:

	2018	2017
Discount rate	1.00%	1.00%
Increase in assumption (Rupees in thousand)	(4,293)	(5,403)
Decrease in assumption (Rupees in thousand)	12,454	6,420
 Future salary increase	 1.00%	 1.00%
Increase in assumption (Rupees in thousand)	(12,539)	(6,533)
Decrease in assumption (Rupees in thousand)	(4,519)	(5,622)

9.6 Amounts for the current and previous four years:

	2018	2017	2016	2015	2014
	RUPEES IN THOUSAND				
Present value of defined benefit obligation	80,592	74,797	66,799	59,000	48,157
Experience adjustment on obligation	3,066	4,633	-	2,230	10,282

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognized within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year except for certain changes as given in Note 9.3.

9.7 The defined benefit obligation exposes the Company to the actuarial risks such as:

Discount rate risk

The risk of changes in discount rate, since discount rate is based on corporate / government bonds, any decrease in bond yields will increase plan liabilities.

Salary increase / inflation risk

The risk that the actual salary increase are higher than the expected salary increase, where benefits are linked with final salary at the time of cessation of service, is likely to have an impact on liability.

Mortality risk

The risk that the actual mortality experience is lighter than that of expected i.e. the actual life expectancy is longer than assumed.

Withdrawal risk

The risk of actual withdrawals experience may be different from that assumed in the calculation.

2018 **2017**
(RUPEES IN THOUSAND)

10. TRADE AND OTHER PAYABLES

Creditors	387,934	164,441
Accrued liabilities (Note 10.1 and 10.2)	297,679	194,043
Advances from customers	32,325	24,670
Income tax deducted at source	5,257	4,776
	723,195	387,930

10.1 These include insurance premium of Rupees 2.319 million (2017: Rupees 3.153 million) due to Premier Insurance Limited, a related party.

10.2 These include rental for leasehold premises of Rupees 5.606 million (2017: Rupees 1.454 million) due to Crescot Mills Limited, the subsidiary company.

11. ACCRUED MARK-UP

Long term financing	5,436	5,340
Short term borrowings	9,125	6,846
	14,561	12,186

12. SHORT TERM BORROWINGS**From banking company - secured**

Cash finances (Note 12.1)	259,533	187,194
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Others - unsecured

Other related parties (Note 12.2)	253,686	217,923
Temporary bank overdraft	15,561	34,802
	269,247	252,725

528,780 **439,919**

12.1 These form part of total credit facility of Rupees 1,250 million (2017: Rupees 1,000 million) and carries mark-up at the rate of 3 months KIBOR plus 2 percent (2017: 3 months KIBOR plus 2 percent) per annum. These are secured against charge, pledge and hypothecation over fixed and current assets of the Company and personal guarantee of directors and executive. The rate of mark-up ranges from 8.14 percent to 8.50 percent (2017: 8.05 percent to 8.12 percent) per annum.

12.2 These represent interest free loans obtained from Chief Executive Officer, Directors, Executives and Sponsors of the Company which are repayable on demand.

13. CONTINGENCIES AND COMMITMENTS

a) Contingencies

i) Certain additions have been made by the assessing officers in tax years 1993, 2002, 2004, 2006 and 2010 on various grounds and have created demand of Rupees 7.013 million (2017: Rupees 10.787 million). The Company, being aggrieved, has filed appeals with Lahore High Court, Lahore and with Supreme Court of Pakistan, which are still pending. Dates of the institution of above mentioned appeals were 14 October 2002, 22 July 2008, 23 May 2012, 05 September 2016 and 05 April 2017 respectively. No provision has been made in these financial statements against the aforesaid demand as the management is hopeful for positive outcome of the appeals filed by the Company.

ii) The Company filed a suit against Crescent Fibres Limited (CFL) for the recovery of Rupees 23.000 million (2017: Rupees 23.000 million) along with mark-up in Civil Court, Lahore. CFL filed an application seeking rejection of the suit but the said application was dismissed by Civil Court, Lahore. Against this rejection, CFL filed civil revision petition before Lahore High Court, Lahore on 08 October 2016 and under order of Lahore High Court, Lahore, the proceedings before Civil Court, Lahore were stayed. No provision against this receivable has been made in these financial statements as the management is hopeful that the case will be decided in favour of the Company and all the outstanding dues will be recovered.

iii) Guarantees of Rupees 47.480 million (2017: Rupees 47.480 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited (SNGPL) against gas connections.

iv) Cheques of Rupees 26.444 million (2017: Rupees 8.377 million) are issued to Nazir of Sindh High Court as security against impugned gas rate difference suit. If the outcome of the suit comes against the Company, cheques issued as security shall be encashable.

b) Commitments

i) Commitments in respect of capital expenditure are of Rupees 13.034 million (2017: Rupees 20.318 million).

ii) Commitment in respect of other than capital expenditure is Nil (2017: Rupees 1.323 million).

2018 **2017**
(RUPEES IN THOUSAND)

14. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 14.1)	3,880,320	3,298,983
Capital work-in-progress (Note 14.2)	4,716	477,128
	3,885,036	3,776,111

14.1 OPERATING FIXED ASSETS

	Freehold land	Address not as stated land	Plant and machinery	Stand-by equipment	Electric installations	Tools and equipment	Furniture & fixtures	Vehicles	Office equipment	Service equipment	Total
(RUPEES IN THOUSANDS)											
At 30 June 2016											
Cost / revalued amount	2,890,723	130,744	754,518	97,980	31,508	17,798	13,137	23,110	10,132	1,058	4,089,704
Accumulated depreciation	-	(108,003)	(538,971)	(59,334)	(21,095)	(14,858)	(8,091)	(10,117)	(9,872)	(875)	(771,816)
Net book value	2,890,723	22,741	214,545	38,646	10,413	3,138	4,046	12,993	460	183	3,297,888
Year ended 30 June 2017											
Opening net book value	2,890,723	22,741	214,545	38,646	10,413	3,138	4,046	12,993	460	183	3,297,888
Additions	-	-	44,570	-	2,989	41	1,247	6,744	211	-	56,802
Transferred to Investment properties	(18,568)	(8)	-	-	-	-	-	-	-	-	(18,576)
Dispose:											
Cost	-	-	(7,630)	-	-	-	-	(140)	-	-	(7,970)
Accumulated depreciation	-	-	5,130	-	-	-	-	105	-	-	5,235
Depreciation charge	-	(1,061)	(22,122)	(3,869)	(1,210)	(532)	(495)	(3,108)	(258)	(45)	(33,396)
Closing net book value	2,872,155	20,772	234,293	34,781	12,192	2,847	4,798	18,594	413	138	3,269,983
At 30 June 2017											
Cost / revalued amount	2,872,155	130,738	761,258	97,980	34,497	17,537	13,384	23,714	10,345	1,058	4,098,960
Accumulated depreciation	-	(108,964)	(558,963)	(63,199)	(22,305)	(14,990)	(8,586)	(13,120)	(9,930)	(820)	(799,877)
Net book value	2,872,155	20,772	234,293	34,781	12,192	2,847	4,798	18,594	413	138	3,299,083
Year ended 30 June 2018											
Opening net book value	2,872,155	20,772	234,293	34,781	12,192	2,847	4,798	18,594	413	138	3,269,983
Additions	87,905	146,261	381,604	-	37,965	4,800	1,129	6,066	1,963	-	669,482
Dispose:											
Cost	-	-	(59,287)	-	-	-	-	(2,894)	-	-	(62,181)
Accumulated depreciation	-	-	55,114	-	-	-	-	1,473	-	-	56,587
Depreciation charge	-	(16,116)	(54,751)	(3,487)	(3,233)	(670)	(545)	(3,788)	(925)	(35)	(62,551)
Closing net book value	3,060,060	163,907	568,973	31,294	16,924	6,777	5,382	17,460	1,460	103	3,880,320
At 30 June 2018											
Cost / revalued amount	3,060,060	278,987	1,115,573	97,980	72,462	22,437	14,513	32,865	12,306	1,058	4,706,261
Accumulated depreciation	-	(125,080)	(556,600)	(66,686)	(25,538)	(15,660)	(9,131)	(15,435)	(10,856)	(855)	(825,841)
Net book value	3,060,060	163,907	568,973	31,294	16,924	6,777	5,382	17,460	1,460	103	3,880,320
Depreciation rate per annum (%)	-	5.19	10	10	10	10, 12	10	20	50	10, 25	

14.1.1 The book value of freehold land on cost basis is Rupees 93.209 million (2017: Rupees 5.304 million).

14.1.2 Forced sales value of freehold land as per the last revaluation carried out on 30 June 2016 was Rupees 2,526.307 million.

14.1.3 Depreciation charge for the year has been allocated as follows:

	2018	2017
	(RUPEES IN THOUSAND)	
Cost of sales (Note 27)	76,845	29,046
Administrative expenses (Note 29)	5,706	4,350
	82,551	33,396

14.1.4 Particulars of immovable properties (i.e. land and buildings) in the name of the Company are as follows:

Particulars	Location	Area of land	Covered Area of
		Acers	Sq. Ft.
Head office and manufacturing facility of embroidery	New Lahore Road, Nishatabad, Faisalabad, Punjab	87.20	80,214
Manufacturing facility of Spinning and Hosiery	Chak No. 44 R.B., Kotla Kahlawan, Tehsil Shahkot, District Nankana Sahib, Punjab	48.33	338,046
Manufacturing facility of Spinning	45-Km Lahore Multan Road, Dina Nath, Phool Nagar, Tehsil Pattoki, District Kasur, Punjab	12.29	178,417
Manufacturing facility of Spinning *	S.I.T.E. Kotri, District Jamshoro, Sindh	25.00	213,527

*This building was constructed and capitalized at S.I.T.E. Kotri, District Jamshoro, Sindh at the premises taken on rent from Crescot Mills Limited, the subsidiary company.

14.1.5 Detail of operating fixed assets, exceeding the book value of Rupees 500,000 disposed of during the year is as follows:

Description	Qty	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain/loss	Mode of disposal	Particulars of Purchasers
(RUPEES IN THOUSAND)								
Plant and machinery								
Ring Frames	12	9,847	9,165	742	1,320	578	Negotiation	Mr. Kaleem Ashraf, Mohalla Sanat Pura, Faisalabad
Auto Cone Machines	2	11,424	10,849	575	670	95	Negotiation	Mr. Tarveer Ashraf, Shahkot
Auto Cone Machines	2	20,443	18,898	1,545	670	(875)	Negotiation	Mr. Tarveer Ashraf, Shahkot
Vehicle								
Honda Civic LED-11-2018	1	1,620	696	924	1,193	269	Negotiation	Mr. Tanzeem Ahmed, Awam Town, Lahore
Aggregate of other item of property, plant and equipment with individual book value not exceeding Rupees 500,000								
		18,847	17,039	1,806	3,283	1,475		
		<u>62,181</u>	<u>56,587</u>	<u>5,594</u>	<u>7,136</u>	<u>1,542</u>		

2018 2017
(RUPEES IN THOUSAND)

14.2 CAPITAL WORK-IN-PROGRESS

Advance against purchase of new industrial unit (Note 14.2.1)	-	325,435
Expenses against purchase of new industrial unit (Note 14.2.1)	-	138,438
Buildings and roads on freehold land	-	801
Plant and machinery	4,716	12,454
	<u>4,716</u>	<u>477,128</u>

- 14.2.1** New industrial unit at Dina Nath, Phool Nagar, Tehsil Pattoki, District Kasur along with the related expenses were capitalized during the year.

2018 **2017**
(RUPEES IN THOUSAND)

15. INVESTMENT PROPERTIES

Balance as on 01 July	248,008	169,724
Transferred from property, plant and equipment	-	18,576
Fair value gain (Note 31)	2,103	59,708
Balance as on 30 June	250,111	248,008

- 15.1** The fair value of investment properties comprising freehold land and buildings thereon at Nishatabad, Faisalabad has been determined on 30 June 2018 by Messrs Evaluation Focused Consulting, an independent valuer.

- 15.2** Forced sales value of investment properties is Rupees 212.594 million (2017: Rupees 210.806 million).

- 15.3** Particulars of investment properties are as follows:

Particulars	Location	Area of land	Covered Area of
		Acers	Sq. Ft.
Land and buildings	New Lahore Road, Nishatabad, Faisalabad.	4.38	184 128

16. LONG TERM INVESTMENTS

Subsidiary Company - Unquoted

Crescot Mills Limited

1 932 187 (2017: 1 932 187) ordinary shares of Rupees 10 each fully paid. Equity held 66.15% (2017: 66.15%)

- 1,893

Available for sale

Associated companies

Quoted

Premier Insurance Limited

303 384 (2017: 275 804) ordinary shares of Rupees 10 each fully paid
Equity held 0.60% (2017: 0.60%)

75 75

2018 2017
(RUPEES IN THOUSAND)

Crescent Jute Products Limited 201 933 (2017: 201 933) ordinary shares of Rupees 10 each fully paid. Equity held 0.85% (2017: 0.85%)	100	100
Jubilee Spinning and Weaving Mills Limited 474 323 (2017: 474 323) ordinary shares of Rupees 10 each fully paid. Equity held 1.46% (2017: 1.46%)	427	427
Unquoted		
Premier Financial Services (Private) Limited 2 500 (2017: 2 500) ordinary shares of Rupees 1,000 each fully paid. Equity held 11.11% (2017: 11.11%)	2,500	2,500
Others		
Quoted		
Crescent Fibres Limited 71 820 (2017: 71 820) ordinary shares of Rupees 10 each fully paid. Equity held 0.58% (2017: 0.58%)	615	615
Security Papers Limited 522 (2017: 522) ordinary shares of Rupees 10 each fully paid.	1	1
Unquoted		
Crescent Modaraba Management Company Limited 119 480 (2017: 119 480) ordinary shares of Rupees 10 each fully paid. Equity held 6.52% (2017: 6.52%)	456	650
Crescent Bahuman Limited 1 043 988 (2017: 1 043 988) ordinary shares of Rupees 10 each fully paid. Equity held 0.77% (2017: 0.77%)	-	-
Crescent Spinning Mills Limited 696 000 (2017: 696 000) ordinary shares of Rupees 10 each fully paid. Equity held 4.59% (2017: 4.59%)	-	-
	4,174	6,261
Less: Impairment loss charged to the statement of profit or loss account (Note 30)	(272)	(2,087)
Add: Fair value adjustment	5,918	8,959
	9,820	13,133

2018 2017
(RUPEES IN THOUSAND)

16.1 Investments made in associated companies are in accordance with the requirements of Companies Act, 2017.

17. DEFERRED INCOME TAX ASSET

Taxable temporary difference

Tax depreciation allowance	(74,172)	(34,424)
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Deductible temporary differences

Unused tax losses	62,655	44,654
Minimum tax	6,458	-
Provision for gratuity	19,770	14,785
Provision for doubtful other receivables	2,885	2,312
	91,768	61,751
	<u>17,596</u>	<u>27,327</u>

18. STORES, SPARE PARTS AND LOOSE TOOLS

Stores	24,569	18,112
Spare parts (Note 18.1)	31,959	26,587
Loose tools	360	327
	<u>56,888</u>	<u>45,026</u>

18.1 These include spare parts in transit of Rupees Nil (2017: Rupees 4.838 million).

19. STOCK-IN-TRADE

Raw materials	211,920	99,505
Work-in-process	29,916	21,293
Finished goods (Note 19.1)	134,097	147,640
Waste	2,861	1,447
	<u>378,794</u>	<u>269,885</u>

19.1 These include stock of Rupees 36.549 million (2017: Rupees 25.591 million) sent to outside parties for weaving.

19.2 Stock-in-trade of Rupees 2.861 million (2017: Rupees 1.447 million) is being carried at net realizable value.

2018 2017
(RUPEES IN THOUSAND)

20. TRADE DEBTS

Considered good:

Unsecured (Note 20.1) 127,024 63,873

20.1 Trade debts include Rupees 17,553 million (2017: Rupees Nil) representing receivable against export sales to China and Nigeria amounting to Rupees 10,499 million (2017: Rupees Nil) and Rupees 7,054 million (2017: Rupees Nil) respectively against contracts.

20.2 As at 30 June 2018, trade debts of Rupees 75,722 million (2017: Rupees 37,722 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:

Upto 1 month	28,182	17,323
1 to 6 months	17,150	10,184
More than 6 months	30,390	10,215
	<u>75,722</u>	<u>37,722</u>

21. LOANS AND ADVANCES

Considered good:

Employees - interest free:

Against expenses	3,325	1,806
Against salary (Note 21.1)	9,014	10,153
	<u>12,339</u>	<u>11,959</u>

Advances to suppliers / contractors	31,396	39,887
Letters of credit	-	65
	<u>43,735</u>	<u>51,911</u>

21.1 These represent interest free loans given to employees for meeting their personal expenditure and are secured against balances to the credit of employees in the retirement benefit. These are recoverable in equal monthly installments.

22. PREPAYMENTS AND BALANCES WITH STATUTORY AUTHORITY

Prepayments	2,142	1,954
Balances with statutory authority:		
Advance income tax	106,938	83,284
Sales tax and excise duty refundable	74,739	42,326
	181,677	125,610
	<u>183,819</u>	<u>127,564</u>

2018 **2017**
(RUPEES IN THOUSAND)

23. OTHER RECEIVABLES**Considered good:**

Duty drawback	21,322	1,103
Insurance claim receivable	4,851	-
Others	49,886	44,302
	76,059	45,405

Considered doubtful	11,760	11,760
Less: Provision for doubtful other receivables	11,760	11,760

	76,059	45,405
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24. SHORT TERM INVESTMENTS**Available for sale****Associated companies - quoted**

Shakarganj Limited 1 689 193 (2017: 2 366 293) ordinary shares of Rupees 10 each fully paid. Equity held 1.35% (2017: 2.15%)	10,625	14,884
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Crescent Steel and Allied Products Limited 76 (2017: 76) ordinary shares of Rupees 10 each fully paid.	1	1
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Others - quoted

Samba Bank Limited 2 804 313 (2017: 2 804 313) ordinary shares of Rupees 10 each fully paid. Equity held 0.28% (2017: 0.28%)	7,709	7,709
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The Crescent Textile Mills Limited 4 359 891 (2017: 4 359 891) ordinary shares of Rupees 10 each fully paid. Equity held 5.45% (2017: 5.45%)	45,598	45,598
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	63,933	68,192
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Add: Fair value adjustment	186,485	349,323
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	250,418	417,515
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	2018	2017
	(RUPEES IN THOUSAND)	
25. CASH AND BANK BALANCES		
With banks:		
On current accounts	105,059	40,895
Cash in hand	858	582
	<u>105,917</u>	<u>41,477</u>
26. REVENUE		
Local sales (Note 26.1)	5,539,017	3,719,661
Export sales (Note 26.2)	534,854	262,622
Export rebate and duty drawback	20,220	1,725
	<u>6,094,091</u>	<u>3,984,008</u>
26.1 Local Sales		
Yarn	5,481,799	3,696,476
CMT income	7,140	1,082
Cloth	68	1,056
Waste	54,616	21,919
	<u>5,543,623</u>	<u>3,720,533</u>
Less: Sales tax	4,606	872
	<u>5,539,017</u>	<u>3,719,661</u>
26.2 Export sales		
Yarn	326,574	15,546
Cloth	208,280	247,076
	<u>534,854</u>	<u>262,622</u>

2018 2017
(RUPEES IN THOUSAND)

27. COST OF SALES

Raw materials consumed	4,395,854	2,710,218
Salaries, wages and other benefits (Note 27.1)	479,691	330,798
Stores, spare parts and loose tools consumed	144,764	97,855
Fuel and power	694,885	474,793
Outside weaving / other charges	31,681	25,537
Other manufacturing overheads	9,410	9,001
Insurance	7,981	6,040
Repair and maintenance	5,670	1,438
Depreciation (Note 14.1.2)	76,845	29,046
	<u>5,846,781</u>	<u>3,684,726</u>
Work-in-process		
Opening stock	<u>21,293</u>	16,154
Closing stock	<u>(29,916)</u>	<u>(21,293)</u>
	<u>(8,623)</u>	<u>(5,139)</u>
Cost of goods manufactured	<u>5,838,158</u>	<u>3,679,587</u>
Finished goods		
Opening stock	<u>149,087</u>	238,084
Closing stock	<u>(136,958)</u>	<u>(149,087)</u>
	<u>12,129</u>	<u>88,997</u>
	<u>5,850,287</u>	<u>3,768,584</u>
Cost of goods purchased for resale	-	88,214
	<u>5,850,287</u>	<u>3,856,798</u>

27.1 Salaries, wages and other benefits include staff retirement benefit amounting to Rupees 19.268 million (2017: Rupees 18.255 million).

28. DISTRIBUTION COST

Freight and forwarding	25,673	13,987
Commission to selling agents	21,711	12,890
Insurance	873	541
Loading and handling	9,191	4,710
Others	400	269
	<u>57,848</u>	<u>32,397</u>

2018 2017
(RUPEES IN THOUSAND)

29. ADMINISTRATIVE EXPENSES

Salaries and other benefits (Note 29.1)	98,292	91,762
Workers' welfare	2,396	1,482
Traveling and conveyance	4,015	4,113
Insurance	2,432	2,395
Rent, rates and taxes	7,635	7,196
Entertainment	3,432	2,775
Fee and subscription	1,722	968
Communication	3,111	2,444
Vehicles' running	10,445	8,591
Repair and maintenance	9,533	9,886
Utilities	6,141	6,666
Printing and stationery	1,448	1,271
Books and periodicals	63	92
Advertisement	65	100
Auditors' remuneration:		
Statutory audit	1,000	800
Other certifications including half yearly review	325	200
Out of pocket expenses	45	42
	1,370	1,042
Legal and professional	2,755	3,553
Miscellaneous	4,817	3,702
Depreciation (Note 14.1.2)	5,706	4,350
	165,378	152,388

29.1 Salaries and other benefits include staff retirement benefit amounting to Rupees 4.570 million (2017: Rupees 4.330 million).

30. OTHER EXPENSES

Donations (Note 30.1)	39	19
Impairment loss on long term investments (Note 16)	272	2,087
	311	2,106

30.1 There is no interest of any director or his spouse in donees' fund.

2018 2017
(RUPEES IN THOUSAND)

31. OTHER INCOME**Income from financial assets**

Net exchange gain	2,710	3,575
Gain on sale of investments	55,406	83,518
Dividend income (Note 31.1)	2,269	5,611
	60,385	92,704

Income from non-financial assets

Rental income	18,925	16,741
Scrap sales	1,101	1,038
Gain on sale of property, plant and equipment	1,542	87
Gain on remeasurement of fair value of investment properties (Note 15)	2,103	59,708
	23,671	77,574
	84,056	170,278

31.1 Dividend income**From associated companies**

Shakarganj Limited	2,265	-
Crescent Steel and Allied Products Limited	-	63
	2,265	63

Others

Crescent Fibres Limited	-	72
Security Papers Limited	4	4
The Crescent Textile Mills Limited	-	5,472
	4	5,548
	2,269	5,611

32. FINANCE COST**Mark-up on:**

Long term financing	20,133	841
Short term borrowings	30,341	25,184
	4,888	3,238
	55,362	29,263

2018 2017
(RUPEES IN THOUSAND)

33. TAXATION

Current

- For the year (Note 33.1)
- Prior year

32,538	35,792
57	(3,079)
32,595	32,713

Deferred

10,483 19,784

43,078 **52,497**

33.1 Provision for current taxation represents the tax deducted against export sales, minimum tax on local sales and tax on different heads of other income under the relevant provisions of the Income Tax Ordinance, 2001. Tax losses available as at 30 June 2018 are Rupees 216.050 million (2017: Rupees 148.847 million). Reconciliation of tax expenses and product of accounting profit multiplied by the applicable tax rate is not presented, being impracticable.

33.2 Under Section 5A of the Income Tax Ordinance, 2001, a tax shall be imposed at the rate of 5% of accounting profit before tax of the Company if it does not distribute at least 20% of its after tax profit for the year within six months of the end of the year ended 30 June 2018 through cash. The requisite cash dividend has been proposed by the Board of Directors of the Company in their meeting held on October 04, 2018 and will be distributed within the prescribed time limit. Therefore, the recognition of any income tax liability in this respect is not considered necessary.

33.3 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purposes of taxation is available which can be analyzed as follows:

	Financial Year		
	2016-17	2015-16	2014-15
	(RUPEES IN THOUSAND)		

Provision for taxation	35,792	33,028	38,731
Tax assessed	35,849	29,949	37,087

34. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share which is based on:

		2018	2017 Restated
Profit attributable to ordinary shareholders	(Rupees in thousand)	<u>5,883</u>	<u>28,837</u>
Weighted average number of ordinary shares	(Rupees)	<u>22 660 126</u>	<u>22 660 126</u>
Earnings per share	(Rupees)	<u>0.26</u>	<u>1.27</u>

2018 2017
(RUPEES IN THOUSAND)

35. CASH GENERATED FROM OPERATIONS

Profit before taxation	48,961	81,334
Adjustments for non cash charges and other items:		
Depreciation	82,551	33,396
Provision for employees' retirement benefit	23,838	22,585
Gain on sale of property, plant and equipment	(1,542)	(87)
Gain on remeasurement of fair value of investment properties	(2,103)	(59,708)
Gain on sale of investments	(55,406)	(83,518)
Impairment loss on long term investments	272	2,087
Finance cost	55,362	29,263
Working capital changes (Note 35.1)	96,264	74,540
	<u>248,197</u>	<u>99,892</u>

35.1 Working capital changes

(Increase) / decrease in current assets

Stores, spare parts and loose tools	(11,862)	(11,012)
Stock-in-trade	(108,909)	115,998
Trade debts	(63,151)	(23,854)
Loans and advances	8,176	(15,134)
Prepayments and balances with statutory authority	(32,601)	(18,842)
Other receivables	(30,654)	(14,818)
Increase in trade and other payables	335,265	42,202
	<u>96,264</u>	<u>74,540</u>

35.2 Reconciliation of movement of liabilities to cash flows arising from financing activities:

	Long term Financing	Short term borrowings	Unclaimed dividend	Total
(RUPEES IN THOUSAND)				
Balance as at 01 July 2017	237,670	439,919	3,942	677,589
Short term borrowings obtained - net	-	88,861	-	88,861
Repayment of financing	(11,884)	-	-	(11,884)
Dividend paid	-	-	(2)	(2)
Balance as at 30 June 2018	<u>225,786</u>	<u>528,780</u>	<u>3,940</u>	<u>754,564</u>

36. EVENT AFTER THE REPORTING PERIOD

The Board of Directors of the Company has proposed a cash dividend for the year ended 30 June 2018 of Rupees 0.10 per share (2017: Rupees Nil) at their meeting held on October 04, 2018. However, this event has been considered as non-adjusting event under IAS 10 'Events after the Reporting Period' and has not been recognized in these financial statements.

37. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise subsidiary company, 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 with related parties, other than those which have been specifically disclosed elsewhere in these financial statements is as follows:

Name of Company	Basis of relationship	Nature of transaction	2018	2017
			(RUPEES IN THOUSAND)	
Subsidiary Company				
Crescot Mills Limited	66.15 % shareholding and common directorship	Rentals paid Stores consumed by Company	4,500 18	4,500 6
Associated companies				
Shakarganj Limited	Common directorship	Dividend income	2,265	-
Crescent Steel and Allied Products Limited	Common directorship	Dividend income	-	63
Premier Insurance Limited	Common directorship	Service charges	11,011	1,458
Other related parties				
Directors / executives / sponsors	Members of Board of Directors, key management personnel and their sponsors	Loan received-net	35,763	34,194
			2018	2017
			NUMBER OF SHARES	
Premier Insurance Limited	Common directorship	Bonus shares received	27 580	25 073

37.1 Detail of compensation to key management personnel comprising of Chief Executive Officer, Directors and Executives is given in Note 38.

38. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration including all benefits to Chief Executive Officer, Directors and Executives of the Company are as follows:

	Chief Executive Officer		Directors		Executives	
	2018	2017	2018	2017	2018	2017
	(RUPEES IN THOUSAND)					
Managerial remuneration	7,502	6,877	9,905	8,952	16,750	13,345
Allowances:						
Housing	3,376	3,095	4,389	4,023	7,469	5,999
Utilities	750	688	975	894	1,660	1,333
Group insurance	-	-	15	15	44	44
Reimbursable expenses	750	688	975	894	1,648	1,322
	12,378	11,348	16,259	14,778	27,571	22,043
Number of persons	1	1	2	2	6	5

38.1 Aggregate amount charged in the financial statements for meeting fee to five directors (2017: five directors) was Rupees 360,000 (2017: Rupees 280,000).

38.2 The Chief Executive Officer, Directors and Executives of the Company have been provided with Company maintained vehicles.

38.3 No remuneration was paid to non-executive directors of the Company.

38.4 Comparative figures have been amended to reflect changes in the definition of executive as per the Companies Act, 2017.

39. NUMBER OF EMPLOYEES

	2018	2017
	(NUMBER OF PERSONS)	
Number of employees as on 30 June (Note 39.1)	2,395	1,831
Average number of employees during the year (Note 39.2)	2,379	1,745

39.1 This includes 2,323 (2017: 1,759) total number of factory employees.

39.2 This includes 2 307 (2017: 1 699) average number of factory employees.

40. SEGMENT INFORMATION

	Textiles		Trading		Elimination of inter - segment transactions		Total - Company	
	2018	2017	2018	2017	2018	2017	2018	2017
(RUPEES IN THOUSAND)								
Revenue	6,044,688	3,780,780	215,302	251,532	(165,899)	(48,304)	6,094,091	3,984,008
Cost of sales	(5,817,657)	(3,668,849)	(198,529)	(241,253)	165,899	48,304	(5,850,287)	(3,856,798)
Gross profit	227,031	116,931	16,773	10,279	-	-	243,804	127,210
Distribution cost	(51,404)	(25,888)	(6,444)	(6,509)	-	-	(57,848)	(32,397)
Administrative expenses	(163,908)	(1,50,946)	(1,470)	(1,442)	-	-	(165,378)	(1,52,388)
Other income	84,056	166,703	-	3,575	-	-	84,056	1,70,278
Finance cost	(54,799)	(28,478)	(563)	(785)	-	-	(55,362)	(29,263)
Profit before taxation and unallocated expenses	40,976	78,322	8,295	5,118	-	-	49,272	83,440
Unallocated expenses:								
Other expenses							(311)	(2,106)
Taxation							(43,078)	(52,497)
Profit after taxation							5,883	28,837

40.1 Reconciliation of reportable segment assets and liabilities:

	Textiles		Trading		Total - Company	
	2018	2017	2018	2017	2018	2017
(RUPEES IN THOUSAND)						
Total assets for reportable segments	5,362,629	5,101,746	8,084	1,254	5,370,713	5,103,000
Unallocated asset:						
Deferred income tax asset					17,596	27,327
Total assets as per statement of financial position					5,388,309	5,130,327
Total liabilities for reportable segments	1,576,854	1,156,444	-	-	1,576,854	1,156,444
Unallocated liability:						
Provision for taxation					32,595	32,713
Total liabilities as per statement of financial position					1,609,449	1,189,157

40.2 Geographical information

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

	2018 (RUPEES IN THOUSAND)	2017
Africa	17,865	-
Asia	537,209	264,347
Pakistan	5,539,017	3,719,661
	<u>6,094,091</u>	<u>3,984,008</u>

40.3 All non-current assets of the Company as at reporting date are located and operating in Pakistan.

40.4 Revenue from major customers

The Company's revenue is earned from a large mix of customers.

41. PLANT CAPACITY AND ACTUAL PRODUCTION

		2018	2017
Spinning:			
100% plant capacity converted to 20s count based on 3 shifts per day for 1095 shifts (2017: 1095 shifts)	Kgs.	29 023 339	21 967 736
Actual production converted to 20s count based on 3 shifts per day for 1095 shifts (2017: 1095 shifts)	Kgs.	28 227 924	21 945 225

Embroidery and Hosiery:

Capacity of such units cannot be determined due to nature of their operations.

41.1 Reason For Low Production

Under utilization of available capacity is due to normal maintenance.

42. FINANCIAL RISK MANAGEMENT

42.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, investment of excess liquidity and use of non-derivative financial instruments.

(a) Market risk**(i) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to the amounts payable to the foreign entities. The Company's exposure to currency risk was as follows:

	2018	2017
Trade debts - USD	144,595	-
Loans and advances - USD	13,168	35,939
Trade and other payables - USD	(196,517)	(60,480)
Net exposure - USD	(38,754)	(24,541)

Following significant exchange rates were applied during the year:

Rupees per US Dollar

	2018	2017
Average rate	109.64	102.90
Reporting date rate	121.60	105.00

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 0.236 million (2017: Rupees 0.129 million) lower / higher, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to commodity price risk.

Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Pakistan Stock Exchange Limited (PSX) Index on the Company's profit after taxation for the year and on equity (fair value reserve). The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:

Index	Impact on profit after taxation		Impact on other comprehensive income (fair value reserve)	
	2018	2017	2018	2017
----- (RUPEES IN THOUSANDS) -----				
PSX 100 (5% increase)	-	-	12,873	21,385
PSX 100 (5% decrease)	-	-	(12,873)	(21,385)

Equity (fair value reserve) would increase / decrease as a result of gains / losses on equity investments classified as available for sale.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises from long term financing and short term borrowings. Financial instruments obtained at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

2018 2017
(RUPEES IN THOUSAND)

Floating rate instruments

Financial liabilities

Long term financing	225,786	237,670
Short term borrowings	259,533	187,194

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 4.853 million (2017: Rupees 4.249 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate financial instruments. This analysis is prepared assuming that amounts of financial instruments outstanding at reporting date were outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2018	2017
	(RUPEES IN THOUSAND)	
Investments	260,238	430,648
Loans and advances	9,014	10,153
Deposits	3,092	3,092
Trade debts	127,024	63,873
Other receivables	54,737	44,302
Bank balances	105,059	40,895
	<u>559,164</u>	<u>592,963</u>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

Rating			2018	2017
Short Term	Long Term	Agency	Rupees In Thousands	

Banks**Conventional Accounts**

National Bank of Pakistan	A-1+	AAA	JCR-VIS	429	480
Allied Bank Limited	A1+	AAA	PACRA	2,831	57
Bank Alfalah Limited	A1+	AA+	PACRA	1,021	3,887
Habib Bank Limited	A-1+	AAA	JCR-VIS	52,940	16,793
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	3,607	223
MCB Bank Limited	A1+	AAA	PACRA	6,399	171
United Bank Limited	A-1+	AAA	JCR-VIS	5,808	128
Askari Bank Limited	A1+	AA+	PACRA	12	14
Bank Al-Habib Limited	A1+	AA+	PACRA	5,119	2,036
The Bank of Punjab	A1+	AA	PACRA	741	53
JS Bank Limited	A1+	AA-	PACRA	9	-
				<u>78,916</u>	<u>23,842</u>

Shariah Compliant Accounts

Meezan Bank Limited	A-1+	AA+	JCR-VIS	25,266	16,894
Faysal Bank Limited	A1+	AA	PACRA	20	20
MCB Bank Limited	A1+	AAA	PACRA	36	38
Bank Al-Habib Limited	A1+	AA+	PACRA	375	4
Askari Bank Limited	A1+	AA+	PACRA	407	72
Bank Alfalah Limited	A1+	AA+	PACRA	39	25
				<u>26,143</u>	<u>17,053</u>
				<u>105,059</u>	<u>40,895</u>

The Company's exposure to credit risk related to trade debts is disclosed in Note 20.

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Accordingly the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2018, the Company had Rupees 990.467 million (2017: Rupees 812.806 million) available borrowing limits from financial institutions and Rupees 105.917 million (2017: Rupees 41.477 million) cash and bank balances. Management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the tables are undiscounted cash flows.

Contractual maturities of financial liabilities as at 30 June 2018:

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
(RUPEES IN THOUSAND)						
Non-derivative financial liabilities:						
Long term financing	225,786	275,865	33,910	32,626	62,057	147,272
Trade and other payables	685,613	685,613	685,613	-	-	-
Unclaimed dividend	3,940	3,940	3,940	-	-	-
Accrued mark-up	14,561	14,561	14,561	-	-	-
Short term borrowings	528,780	539,810	539,810	-	-	-
	<u>1,458,680</u>	<u>1,519,789</u>	<u>1,277,834</u>	<u>32,626</u>	<u>62,057</u>	<u>147,272</u>

Contractual maturities of financial liabilities as at 30 June 2017:

Non-derivative financial liabilities:

Long term financing	237,670	308,205	11,004	22,715	113,663	160,823
Trade and other payables	358,484	358,484	358,484	-	-	-
Unclaimed dividend	3,942	3,942	3,942	-	-	-
Accrued mark-up	12,186	12,186	12,186	-	-	-
Short term borrowings	439,919	450,719	450,719	-	-	-
	<u>1,052,201</u>	<u>1,133,536</u>	<u>836,335</u>	<u>22,715</u>	<u>113,663</u>	<u>160,823</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective at the year end. The rates of interest / mark up have been disclosed in Note 8 and 12 to these financial statements.

42.2 Financial instruments by categories

2018			2017		
Loans and receivables	Available for sale	Total	Loans and receivables	Available for sale	Total

(RUPEES IN THOUSAND)

Assets as per statement of financial position

Investments	-	260,238	260,238	-	430,648	430,648
Loans and advances	9,014	-	9,014	10,153	-	10,153
Deposits	3,092	-	3,092	3,092	-	3,092
Trade debts	127,024	-	127,024	63,873	-	63,873
Other receivables	54,737	-	54,737	44,302	-	44,302
Cash and bank balances	105,917	-	105,917	41,477	-	41,477
	<u>299,784</u>	<u>260,238</u>	<u>560,022</u>	<u>162,897</u>	<u>430,648</u>	<u>593,545</u>

2018	2017
Financial liabilities at amortized cost	

(RUPEES IN THOUSAND)

Liabilities as per statement of financial position

Long term financing	225,786	237,670
Accrued mark-up	14,561	12,186
Short term borrowings	528,780	439,919
Trade and other payables	685,613	358,484
Unclaimed dividend	3,940	3,942
	<u>1,458,680</u>	<u>1,052,201</u>

42.3 Offsetting financial assets and financial liabilities

As on reporting date, recognized financial instruments are not subject to offsetting as there are no enforceable master netting arrangements and similar agreements.

42.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends to be paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing and short term borrowings obtained by the Company as referred to in Note 8 and Note 12 respectively. Total capital employed includes 'total equity' as shown in the statement of financial position plus 'borrowings'.

		2018	2017 Restated
Liabilities as per statement of financial position			
Borrowings	Rupees in thousand	754,566	677,589
Total equity	Rupees in thousand	3,778,860	3,941,170
Total capital employed	Rupees in thousand	<u>4,533,426</u>	<u>4,618,759</u>
Gearing ratio	Percentage	<u>16.64</u>	<u>14.67</u>

The increase in gearing ratio resulted primarily from increase in borrowings of the Company.

43. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

The judgements and estimates are made in determining the fair values of the financial instruments that are recognized 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 three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements At 30 June 2018	Level 1	Level 2	Level 3	Total
(RUPEES IN THOUSAND)				
Financial assets				
Available for sale financial assets	257,453	-	-	257,453
Total financial assets	<u>257,453</u>	<u>-</u>	<u>-</u>	<u>257,453</u>
Recurring fair value measurements At 30 June 2017	Level 1	Level 2	Level 3	Total
(RUPEES IN THOUSAND)				
Financial assets				
Available for sale financial assets	427,691	-	-	427,691
Total financial assets	<u>427,691</u>	<u>-</u>	<u>-</u>	<u>427,691</u>

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 was no transfer between levels 1 and 2 for recurring fair value measurements during the year. Further there was no transfer in and 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 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 maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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

(ii) **Valuation techniques used to determine fair values**

Specific valuation technique used to value financial instruments was the use of quoted market prices.

44. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) **Fair value hierarchy**

The judgements and estimates are made for the non-financial assets that are recognized 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 non-financial assets into the following three levels.

	Level 1	Level 2	Level 3	Total
----- (RUPEES IN THOUSAND) -----				
At 30 June 2018				
Investment properties	-	250,111	-	250,111
Freehold land	-	3,060,060	-	3,060,060
Total non-financial assets	-	3,310,171	-	3,310,171
	Level 1	Level 2	Level 3	Total
----- (RUPEES IN THOUSAND) -----				
At 30 June 2017				
Investment properties	-	248,008	-	248,008
Freehold land	-	2,972,155	-	2,972,155
Total non-financial assets	-	3,220,163	-	3,220,163

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.

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

(II) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuations for its investment properties annually and for its freehold land (classified as property, plant and equipment) at least after every three years. The management updates the assessment of the fair value of each property, taking into account the most recent independent valuations. The management determines property's value within a range of reasonable fair value estimates. The best evidence of fair value of freehold land is current prices in an active market for similar lands. The best evidence of fair value of buildings is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same building.

The Company engages external, independent and qualified valuers to determine the fair value of the Company's investment properties at the end of every financial year and for freehold land at least after every three years. As at 30 June 2018, the fair value of the investment properties have been determined by Messrs Evaluation Focused Consulting. The valuation of freehold land has been performed by Messrs Evaluation Focused Consulting and Messrs Empire Enterprises (Private) Limited as at 30 June 2016.

Changes in fair values are analyzed at each reporting date during the annual valuation discussion between the Chief Financial Officer and the valuers. As part of this discussion the team presents a report that explains the reason for the fair value movements.

45. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

Description	Note	2018	2017
		(RUPEES IN THOUSAND)	
Revenue earned from shariah compliant business	26	6,094,091	111,297
Exchange gain earned	31	2,710	3,575
Gain / (loss) or dividend earned from shariah complaint investments			
Gain on sale of investment	31	55,406	83,518
Dividend income	31	2,269	139
Unrealized (loss) / gain arising on remeasurement of available for sale investments to fair value		(55,490)	197,473
Shariah compliant bank deposits and bank balances			
Bank balances	42.1 (b)	26,143	17,053
Profits earned or interest paid on any conventional loan / advance			
Mark-up on long term financing	32	20,133	841
Mark-up on short term borrowings	32	30,341	25,184
Loans / advances obtained as per Islamic mode			
Advances from customers	10	32,325	24,670
Short term borrowings	12	269,247	187,194

There is no profit earned from shariah compliant bank balances as all the bank balances are in current accounts. Moreover there was no mark-up on Islamic mode of financing as all loans / advances were interest free. The relationship with all shariah compliant banks are related to bank accounts only as given in Note 42.1 (b).

46. DATE OF AUTHORIZATION

These financial statements were authorized for issue on October 04, 2018 in accordance with the resolution of the Board of Directors of the Company.

47. CORRESPONDING FIGURES

Comparative figures have been rearranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made in these financial statements except for following:

Reclassification from statement of financial position	Reclassification to statement of financial position
Trade and other payables	Unclaimed dividend

48. GENERAL

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



 CHIEF EXECUTIVE OFFICER



 DIRECTOR



 CHIEF FINANCIAL OFFICER

**CRESCENT COTTON MILLS LIMITED
AND ITS SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS
WITH ACCOMPANYING INFORMATION**

YEARN ENDED 30 JUNE 2018

INDEPENDENT AUDITOR'S REPORT

To the members of Crescent Cotton Mills Limited

Opinion

We have audited the annexed consolidated financial statements of Crescent Cotton Mills Limited and its subsidiary ('the Group'), which comprise the consolidated statement of financial position as at 30 June 2018, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan ('the Code') and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 1.1 to the consolidated financial statements, which states that the subsidiary company is no longer a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1.	<p>Inventory existence and valuation</p> <p>Inventories as at 30 June 2018 amounting to Rupees 439.003 million represented a material position in the consolidated statement of financial position, break up of which is as follows:</p> <ul style="list-style-type: none"> - Stores, spare parts and loose tools of Rupees 60.209 million - Stock-in-trade of Rupees 378.794 million 	<p>Our procedures over existence and valuation of inventory included, but were not limited to:</p> <ul style="list-style-type: none"> • To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and

The business is characterized by high volume serial production and the valuation and existence of inventories are significant to the business. Therefore, considered as one of the key audit matters.

Inventories are stated at lower of cost and net realizable value. Cost is determined as per accounting policy disclosed in Note 2.10 to the consolidated financial statements.

At year end, the valuation of inventories is reviewed by management and the cost of inventories is reduced where it is forecasted to be sold below cost.

Usable stores, spare parts and loose tools are valued at moving average cost, raw materials are valued at weighted average cost whereas, costing of work-in-process and finished goods is considered to carry more significant risk as the cost of material, labor and manufacturing overheads is allocated on the basis of complex formulas and involves management judgment.

The determination of whether inventories will be realized for a value less than cost requires management to exercise judgment and apply assumptions. Management undertake the following procedures for determining the level of write down required:

- Use inventory ageing reports together with historical trends to estimate the likely future salability of slow moving and older inventory items.
- Perform a line-by-line analysis of remaining inventories to ensure it is stated at the lower of cost and net realizable value and a specific write down is recognized, if required.

For further information on inventories, refer to the following:

- Summary of significant accounting policies, Inventories (Note 2.10 to the

compared the quantities counted by us with the results of the counts of the management.

- For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets.
- We tested that the ageing report used by management correctly aged inventory items by agreeing a sample of aged inventory items to the last recorded invoice.
- On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any.
- In the context of our testing of the calculation, we analyzed individual cost components and traced them back to the corresponding underlying documents.
- We also made inquiries from management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.
- We also assessed the adequacy of the disclosures made in respect of the accounting policies and related notes to the consolidated financial statements.

<p>2.</p>	<p>Revenue recognition</p> <p>The Group generates revenue from sale of goods to domestic as well as export customers.</p> <p>We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Group and because of the potential risk that revenue transactions may not be recognized in the appropriate period.</p> <p>For further information on revenue recognition, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Revenue recognition Note 2.13 to the consolidated financial statements. - Revenue Note 27 to the consolidated financial statements. 	<p>Our audit procedures to assess the recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> • We obtained an understanding of and assessed the design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period. • We assessed the appropriateness of the Group's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards • We performed audit measures that included comparing sales transactions recognized at the turn of the financial period to documentation supporting revenue recognition, analysis of nominal ledger entries to identify uncommon entries and comparing outstanding sales receivables at the turn of the financial period with payment transactions.
<p>3.</p>	<p>Preparation of consolidated financial statements under the Companies Act, 2017</p> <p>The Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Group's annual financial statements for the year ended 30 June 2018.</p> <p>The Act forms an integral part of the statutory financial reporting framework as applicable to the Group and amongst others, prescribes the nature and contents of disclosures in relation to various elements of the consolidated financial statements.</p> <p>In case of the Group, specific additional disclosures and changes to the existing disclosures have been included in the consolidated financial statements.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We assessed the procedures applied by the management for identification of the changes required in the consolidated financial statements due to the application of the Act. • We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements.

<p>The above changes and enhancements in the consolidated financial statements are considered important and a key audit matter because of the volume and significance of the changes in the consolidated financial statements resulting from the transition to the new reporting requirements under the Act.</p> <p>For further information, refer to Note 2.1(b) to the consolidated financial statements.</p>	<ul style="list-style-type: none"> * We verified on test basis the supporting evidences for the additional disclosures and ensured appropriateness of the disclosures made.
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Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements of the Group and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

RIAZ AHMAD & COMPANY

Chartered Accountants



Faisalabad
October, 04, 2018

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2018

EQUITY AND LIABILITIES	NOTE	2018 (RUPEES IN THOUSAND)	2017 Restated	2016 Restated
SHARE CAPITAL AND RESERVES				
Authorized share capital 30 000 000 (2017: 30 000 000) ordinary shares of Rupees 10 each		<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
Issued, subscribed and paid up share capital	3	226,601	213,775	213,775
Capital reserves				
Premium on issue of shares reserve	4	5,496	5,496	5,496
Plant modernization reserve		12,000	12,000	12,000
Fair value reserve	5	61,760	114,892	39,830
Surplus on revaluation of freehold land and investment properties	6	3,079,990	3,079,990	3,079,990
Revenue reserves	7	324,166	344,618	333,874
Equity attributable to equity holders of the Holding Company		<u>3,710,013</u>	<u>3,770,771</u>	<u>3,684,965</u>
Non-controlling interest		(6,206)	(7,678)	(8,154)
Total equity		<u>3,703,807</u>	<u>3,763,093</u>	<u>3,676,811</u>
NON-CURRENT LIABILITIES				
Long term financing	8	178,252	225,787	-
Employees' retirement benefit	9	80,592	74,797	66,799
		<u>258,844</u>	<u>300,584</u>	<u>66,799</u>
CURRENT LIABILITIES				
Trade and other payables	10	724,879	393,741	351,211
Unclaimed dividend		3,940	3,942	3,942
Accrued mark-up	11	28,163	25,188	19,403
Short term borrowings	12	533,780	444,919	451,814
Current portion of long term financing	8	47,534	11,883	-
Provision for taxation		33,821	33,744	32,450
		<u>1,372,117</u>	<u>913,417</u>	<u>858,820</u>
TOTAL LIABILITIES		<u>1,630,961</u>	<u>1,214,001</u>	<u>925,619</u>
CONTINGENCIES AND COMMITMENTS				
	13			
TOTAL EQUITY AND LIABILITIES		<u>5,334,768</u>	<u>4,977,094</u>	<u>4,602,430</u>



CHIEF EXECUTIVE OFFICER

ASSETS	NOTE	2018	2017	2016
		(RUPEES IN THOUSAND)		
NON-CURRENT ASSETS				
Property, plant and equipment	14	3,885,983	3,777,165	3,496,799
Investment properties	15	270,443	267,476	187,158
Investments in equity accounted investees	16	38,159	56,170	80,189
Other long term investments	17	2,389	2,767	5,593
Long term deposits and prepayments		3,614	3,614	3,181
Deferred income tax asset	18	20,035	31,105	51,133
		4,220,623	4,138,297	3,824,053
CURRENT ASSETS				
Stores, spare parts and loose tools	19	60,209	48,365	37,359
Stock-in-trade	20	378,794	269,885	385,883
Trade debts	21	127,024	63,873	40,019
Loans and advances	22	43,735	51,911	36,777
Prepayments and balances with statutory authority	23	184,558	128,183	102,898
Other receivables	24	79,135	48,344	33,388
Short term investments	25	131,323	183,329	106,384
Cash and bank balances	26	109,367	44,907	35,669
		1,114,145	838,797	778,377
TOTAL ASSETS		5,334,768	4,977,094	4,602,430

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



DIRECTOR



CHIEF FINANCIAL OFFICER

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2018 (RUPEES IN THOUSAND)	2017 Restated
REVENUE	27	6,094,091	3,984,008
COST OF SALES	28	(5,850,287)	(3,856,798)
GROSS PROFIT		243,804	127,210
DISTRIBUTION COST	29	(57,848)	(32,397)
ADMINISTRATIVE EXPENSES	30	(161,236)	(152,586)
OTHER EXPENSES	31	(210)	(1,811)
OTHER INCOME	32	75,910	149,081
FINANCE COST	33	(55,962)	(29,864)
		44,458	59,633
SHARE OF LOSS IN EQUITY ACCOUNTED INVESTEEES	16	(14,531)	(2,602)
PROFIT BEFORE TAXATION		29,927	57,031
TAXATION	34	(44,611)	(51,791)
(LOSS) / PROFIT AFTER TAXATION		(14,684)	5,240
SHARE OF (LOSS) / PROFIT ATTRIBUTABLE TO:			
EQUITY HOLDERS OF HOLDING COMPANY		(16,156)	4,764
NON-CONTROLLING INTEREST		1,472	476
		(14,684)	5,240
			Restated
(LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	35	(0.65)	0.23

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


 CHIEF EXECUTIVE OFFICER


 DIRECTOR


 CHIEF FINANCIAL OFFICER

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

	2018 (RUPEES IN THOUSAND)	2017 Restated
(LOSS) / PROFIT AFTER TAXATION	(14,684)	5,240
OTHER COMPREHENSIVE (LOSS) / INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Experience adjustment on defined benefit plan	(3,066)	(4,633)
Deferred income tax related to experience adjustment	752	916
Share of other comprehensive income of equity accounted investees	-	899
	(2,314)	(2,818)
Items that may be reclassified subsequently to profit or loss:		
Surplus arising on remeasurement of available for sale investments	(52,407)	76,320
Reclassification adjustment included in profit or loss	-	(1,755)
Share of other comprehensive income of equity accounted investees	(725)	497
	(53,132)	75,062
Other comprehensive (loss) / income for the year - net of deferred income tax	(55,446)	72,244
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR	(70,130)	77,484
SHARE OF TOTAL COMPREHENSIVE (LOSS) / INCOME ATTRIBUTABLE TO:		
EQUITY HOLDERS OF HOLDING COMPANY	(71,602)	77,008
NON-CONTROLLING INTEREST	1,472	476
	(70,130)	77,484

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

SHARE CAPITAL	ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY											NON-CONTROLLING INTEREST	TOTAL EQUITY	
	CAPITAL RESERVES			REVENUE RESERVES			TOTAL RESERVES		SHAREHOLDERS' EQUITY	TOTAL	NON-CONTROLLING INTEREST			TOTAL EQUITY
	Premium on issue of shares	Fair value reserve	Reserve for issue of bonus shares	General reserve	Dividend equalisation	Unappropriated profit	Sub total	Sub total						
213,775	5,496	12,000	39,830	44,975	4,000	284,899	333,874	391,200	604,975	604,975	18,154	596,821		
-	-	-	-	-	-	3,079,990	-	-	-	-	-	-	3,079,990	
213,775	5,496	12,000	39,830	44,975	4,000	284,899	333,874	391,200	604,975	604,975	18,154	3,675,811		
-	-	-	-	-	-	-	8,798	8,798	8,798	8,798	-	8,798		
-	-	-	-	-	-	-	4,764	4,764	4,764	4,764	476	5,240		
-	-	-	75,062	-	-	-	(2,818)	72,244	72,244	72,244	-	72,244		
-	-	-	75,062	-	-	-	1,946	77,008	77,008	77,008	476	77,484		
213,775	5,496	12,000	114,892	44,975	4,000	285,543	341,618	477,006	590,781	590,781	(7,678)	3,763,093		
-	-	-	-	-	-	12,826	(12,826)	-	-	-	-	-		
12,826	-	-	-	-	-	(12,826)	(12,826)	(12,826)	-	-	-	-		
-	-	-	-	-	-	-	10,844	10,844	10,844	10,844	-	10,844		
-	-	-	-	-	-	-	(16,156)	(16,156)	(16,156)	(16,156)	1,472	(14,684)		
-	-	-	(53,132)	-	-	-	(2,314)	(55,446)	(55,446)	(55,446)	-	(55,446)		
-	-	-	(53,132)	-	-	-	(18,470)	(71,602)	(71,602)	(71,602)	1,472	(70,130)		
226,601	5,496	12,000	61,760	44,975	4,000	275,181	324,166	403,422	600,023	600,023	(6,206)	3,703,807		

Balance as at 30 June 2016

Impact of reclassification - Note 2.7.1

Balance as at 30 June 2016 - restated

Share of items of associates directly credited in equity

Profit for the year

Other comprehensive income / (loss) for the year

Total comprehensive income for the year

Balance as at 30 June 2017 - restated

Transferred from unappropriated profit for issue of bonus shares

Transaction with owners

Issue of 6% bonus shares

Share of items of associates directly credited in equity

(Loss) / profit for the year

Other comprehensive income / (loss) for the year

Total comprehensive (loss) / income for the year

Balance as at 30 June 2018



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2018 (RUPEES IN THOUSAND)	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	246,072	100,085
Finance cost paid		(52,987)	(24,079)
Income tax paid		(56,487)	(37,827)
Employees' retirement benefit paid		(21,109)	(19,220)
Increase in long term deposits and prepayments		-	(433)
Net cash generated from operating activities		115,489	18,526
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(197,070)	(335,193)
Proceeds from sale of property, plant and equipment		7,136	2,822
Proceeds from sale of investments		59,665	92,245
Dividend received from associated companies		2,265	63
Net cash used in investing activities		(128,004)	(240,063)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		-	237,670
Repayment of long term financing		(11,884)	-
Dividend paid		(2)	-
Short term borrowings - net		88,861	(6,895)
Net cash from financing activities		76,975	230,775
NET INCREASE IN CASH AND CASH EQUIVALENTS		64,460	9,238
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		44,907	35,669
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 26)		109,367	44,907

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

1. THE GROUP AND ITS OPERATIONS

The Group consists of Crescent Cotton Mills Limited (the Holding Company) and its Subsidiary Company, Crescot Mills Limited.

Crescent Cotton Mills Limited

Crescent Cotton Mills Limited 'the Company' is a public limited company incorporated in March 1959 in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. The Company is engaged in the business of manufacturing and sale of yarn and hosiery items along with buying, selling and otherwise dealing in cloth. The Company also operates an embroidery unit. The Company's registered office is situated at New Lahore Road, Nishatabad, Faisalabad, Punjab.

Geographical location and addresses of all business units of the Company are as follows:

Manufacturing Unit	Address
Spinning Unit No. 1 and 2, Hosiery	Chak No. 44 R.B., Kotla Kahlawan, Tehsil Shahkot, District Nankana Sahib, Punjab
Spinning Unit No. 3	S.I.T.E. Kotri, District Jamshoro, Sindh
Spinning Unit No. 4	45-Km Lahore Multan Road, Dina Nath, Phool Nagar, Tehsil Pattoki, District Kasur, Punjab
Embroidery Unit	New Lahore Road, Nishatabad, Faisalabad, Punjab

Crescot Mills Limited

Crescot Mills Limited (CML) is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017). Crescot Mills Limited is a subsidiary of Crescent Cotton Mills Limited due to 66.15% equity holding. The registered office of CML is also situated at New Lahore Road, Nishatabad, Faisalabad, Punjab. The mills premises are located at Plot No. B-10, S.I.T.E., Kotri, District Jamshoro, Sindh. The principal business of CML was manufacturing and sale of yarn.

- 1.1** A special resolution was passed in the general meeting of the members of CML on 28 September 1998 authorizing the Board of Directors to dispose of the plant and machinery of the CML. CML has ceased all production activities since August 1998 and has disposed of major part of the plant and machinery. CML has leased out its buildings and other facilities to its Holding Company, Crescent Cotton Mills Limited. Due to the above mentioned reasons, CML is not considered a gaining concern.

1.2 Summary of significant transactions and events affecting the Group's financial position and performance

For a detailed discussion about the Group's performance, please refer to the Directors' report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of preparation

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) 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 provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

b) Preparation of consolidated financial statements under the Companies Act, 2017

The fourth schedule to the Companies Act, 2017 became applicable to the Group for the first time for preparation of these consolidated financial statements. The Companies Act, 2017 (including its fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Group and amongst others, prescribes the nature and content of disclosures in relation to various elements of the consolidated financial statements. Change in accounting policy of surplus on revaluation of freehold land and investment properties (Note 2.6.1) and additional disclosures include but are not limited to, particulars of immovable assets of the Group (Note 14.1.4), disclosure of export sales debtors (Note 21.1), management's assessment of sufficiency of tax provision in the financial statements (Note 34.1), additional disclosure requirements for related parties (Note 38), change in threshold for identification of executives (Note 39) etc.

c) Accounting convention

These consolidated financial statements have been prepared under the historical cost convention, except for the recognition of employees' retirement benefit at present value and investment properties and freehold which are carried at their fair value.

d) Critical accounting estimates and judgments

The preparation of these consolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the 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. The areas where various assumptions and estimates are significant to the consolidated financial statements or where judgments were exercised in application of accounting policies are as follows:

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management. Further, the Group reviews the value of assets for possible impairment on annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

Taxation

In making the estimates for income tax currently payable, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Provision for doubtful debts

The Group reviews its receivable balances against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

Employees' retirement benefit

Certain actuarial assumptions have been adopted as disclosed in Note 9 to the financial statements for determination of present value of defined benefit obligations. Any change in these assumption in future years might affect the current and remeasurement gains and losses in those years.

Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

e) Amendments to published approved accounting standards that are effective in current year and are relevant to the Group

Following amendments to published approved accounting standards are mandatory for the Group's accounting periods beginning on or after 01 July 2017:

International Accounting Standard (IAS) 7 (Amendments), 'Statement of Consolidated Cash Flows' (effective for annual periods beginning on or after 01 January 2017). Amendments have been made to clarify that entities shall provide disclosures that enable users of consolidated financial statements to evaluate changes in liabilities arising from financing activities. The aforesaid amendments have resulted in certain additional disclosures in the Group's financial statements.

IAS 12 (Amendments), 'Income Taxes' (effective for annual periods beginning on or after 01 January 2017). The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments have no significant impact on the Group's financial statements.

On 08 December 2016, IASB issued Annual Improvements to IFRSs: 2014 - 2016 Cycle, incorporating amendments to three IFRSs more specifically in IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2017). IFRS 12 states that an entity need not to provide summarized financial information for interests in subsidiaries, associates or joint ventures that are classified, or included in a disposal group that is classified as held for sale (in accordance with IFRS 5 'Non - Current Assets Held for Sale and Discontinued Operations'). The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests. The amendments have no impact on the Group's financial statements.

The application of the above amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

f) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant to the Group

Following standards, interpretations and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2018 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 July 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner as under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the de-recognition of financial assets and liabilities are carried forward from IAS 39. The management of the Group is in the process of evaluating the impacts of the aforesaid standard on the Group's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 July 2018). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The aforesaid standard is not expected to have a material impact on the Group's financial statements.

Amendments to IFRS 9 (effective for annual periods beginning on or after 01 January 2019) clarify that for the purpose of assessing whether a prepayment feature meets the Solely Payments of Principal and Interest ('SPPI') condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendments are not likely to have significant impact on the Group's financial statements.

IFRS 15 (Amendments), 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 July 2018). Amendments clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts. The aforesaid amendments are not expected to have a material impact on the Group's financial statements.

IAS 19 (Amendments), 'Employee Benefits' - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 01 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when

calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Group's financial statements.

IAS 28 (Amendments), 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 01 January 2019). The IASB has clarified that IFRS 9, including its impairment requirements, applies to long-term interests. Furthermore, in applying IFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28). The amendments are not likely to have significant impact on the Group's financial statements.

IAS 40 (Amendments), 'Investment Property' (effective for annual periods beginning on or after 01 January 2018). The amendments clarify that an entity shall transfer a property to, or from investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have a significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. The management of the Group is in the process of evaluating the impacts of the aforesaid amendments on the Group's financial statements.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018). IFRIC 22 clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The interpretation is not expected to have a material impact on the Group's financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact on the Group's financial statements.

On 08 December 2016, IASB issued Annual Improvements to IFRSs: 2014 - 2016 Cycle, incorporating amendments to three IFRSs more specifically in IFRS 12 and IAS 28. These amendments are effective for annual periods beginning on or after 01 January 2018. These amendments have no significant impact on the Group's financial statements and have therefore not been analyzed in detail.

On 12 December 2017, IASB issued Annual Improvements to IFRSs: 2015-2017 Cycle, incorporating amendments to four IFRSs more specifically in IAS 12 'Income Taxes' and IAS 23 'Borrowing Costs', relevant to the Company. The amendments are effective for annual periods beginning on or after 01 January 2019. The amendments have no significant impact on the Group's financial statements and have therefore not been analyzed in detail.

On 29 March 2018, the IASB issued a revised Conceptual Framework. The new Framework reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits - this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, de-recognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS and does not override any standard, so nothing will change in short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRSs. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 01 January 2020 for preparers that develop an accounting policy based on the Framework.

g) Standards and amendments to published approved accounting standards that are not yet effective and not considered relevant to the Group

There are other standards and amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2018 but are considered not to be relevant to the Group's consolidated financial statements and are therefore not detailed in these financial statements.

2.2 Basis of Consolidation

a) Subsidiary

Subsidiary is the entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiary is fully consolidated from the date on which control is transferred to the Group. It is deconsolidated from the date that control ceases.

The assets and liabilities of Subsidiary Company have been consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against Holding Company's share in paid up capital of the Subsidiary Company.

Intragroup balances and transactions have been eliminated.

Non-controlling interest is that part of net results of the operations and of net assets of Subsidiary Company attributable to interest which are not owned by the Holding Company. Non-controlling interest is presented as separate item in the consolidated financial statements.

b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in equity method accounted for associates are tested for impairment in accordance with the provision of IAS 36 'Impairment of Assets'.

2.3 Staff retirement benefit

The Holding Company operates defined benefit plan - unfunded gratuity scheme for its permanent employees, who have completed the minimum qualifying period of service as defined under the scheme. The liabilities relating to defined benefit plan are determined through actuarial valuation using the Projected Unit Credit Method. Latest actuarial valuation has been carried on 30 June 2018. The method involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long term nature of the benefit, such estimates are subject to certain uncertainties. Significant assumptions used to carry out the actuarial valuation have been disclosed in Note 9.3 to these consolidated financial statements.

Remeasurements changes which comprise actuarial gains and losses are recognized immediately in other comprehensive income.

2.4 Dividend and other appropriations

Dividend distribution to the shareholders is recognized as a liability in the consolidated financial statements in the period in which the dividend is declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

2.5 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the consolidated statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.6 Property, plant, equipment and depreciation

Operating fixed assets

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any identified impairment loss. Capital work-in-progress is stated at cost less any identified impairment loss. Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to the construction / erection period of qualifying assets and other directly attributable cost of bringing the assets to working condition.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to consolidated statement of profit or loss during the period in which they are incurred.

2.6.1 Change in accounting policy

The specific provision in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of IAS 16, 'Property, Plant and Equipment', surplus on revaluation of fixed assets would now be presented under equity.

Following the application of IAS 16, the Company's accounting policy for surplus on revaluation of freehold land stands amended as follows:

Increases in the carrying amounts arising on revaluation of freehold land are recognized in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the consolidated statement of profit or loss, the increase is first recognized in the consolidated statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the consolidated statement of profit or loss.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The effect of change in accounting policy is summarized below:

	As at 30 June 2017			As at 30 June 2016		
	As previously reported	As restated	Restatement	As previously reported	As restated	Restatement
----- (RUPEES IN THOUSAND) -----						
Effect on consolidated statement of financial position						
Surplus on revaluation of freehold land and investment properties	3,079,990	-	(3,079,990)	3,079,990	-	(3,079,990)
Share capital and reserves	-	3,079,990	3,079,990	-	3,079,990	3,079,990
Effect on consolidated statement of changes in equity						
Surplus on revaluation of freehold land and investment properties	-	3,079,990	3,079,990	-	3,079,990	3,079,990

There was no impact on consolidated statement of profit or loss, on consolidated statement of comprehensive income and on consolidated statement of cash flows as a result of the retrospective application of change in accounting policy.

Depreciation

Depreciation on property, plant and equipment is charged to consolidated statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 14.1. The Holding Company charges the depreciation on additions from the date when the asset is available for use and on deletions upto the date when the asset is de-recognized. The Subsidiary Company charges the depreciation on additions from the month when the asset is available for use and no depreciation is charged in the month of disposal. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the consolidated statement of profit or loss in the year the asset is de-recognized.

2.7 Foreign currencies

These consolidated financial statements are presented in Pak Rupees, which is the Group's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date, while the transactions in foreign currencies during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in the consolidated statement of profit or loss.

2.8 Investment properties

Land and buildings held to earn rental income are classified as investment properties. Investment properties are carried at fair value which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The valuation of the properties is carried out with sufficient regularity.

Gain or loss arising from a change in the fair value of investment properties is included in the consolidated statement of profit or loss for the year in which it arises.

2.9 Investments

Classification of an investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on regular basis.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "Investment at fair value through profit or loss" which is measured initially at fair value.

The Group assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' are applicable to all investments.

a) Investments at fair value through profit or loss

Investment classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if these are acquired for the purpose of selling in the short term. Gains or losses on investments held-for-trading are recognized in consolidated statement of profit or loss.

b) Held-to-maturity Investments

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when there is positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long term investments that are intended to be held-to-maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in consolidated statement of profit or loss when the investments are de-recognized or impaired, as well as through the amortization process.

c) Available for sale investments

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available for sale. After initial recognition, investments which are classified as available for sale are measured at fair value. Gains or losses on available for sale investments are recognized directly in the consolidated statement of other comprehensive income until the investment is sold, de-recognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in the other comprehensive income is included in consolidated statement of profit or loss. These are sub-categorized as under:

Quoted

For investments that are actively traded in organized capital markets, fair value is determined with reference to stock exchange quoted market bids at the close of business on the reporting date.

Unquoted

The investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, subsequent to after initial recognition are carried at cost less any identified impairment loss.

2.10 Inventories

Inventories, except for stock in transit and waste stock, are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spare parts and loose tools

Usable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at invoice amount plus other charges paid thereon.

Stock-in-trade

Cost of raw material, work-in-process and finished goods is determined as follows:

- | | | |
|--|---|--|
| i) For raw materials | - | Weighted average basis |
| ii) For work-in-process and finished goods | - | Average material cost, proportionate direct labour and factory overheads |

Stock in transit is valued at cost comprising invoice value plus other charges paid thereon. Waste stock is valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.12 Non-current assets held for sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.13 Revenue recognition

Revenue from different sources is recognized as under:

- Revenue from local sales is recognized on delivery of goods to customers.
- Revenue from export sales is recognized when goods are shipped on board. Related Government grant is recognized when there is reasonable assurance that the Company will comply with the conditions attached to it and grant will be received.
- The share of profits or losses of the associates after tax is included in the consolidated statement of profit or loss to recognize the post acquisition changes in the share of the net assets of the investees. Dividend from associates is recognized as reduction in cost of investments as prescribed by IAS 28.
- Dividend on available for sale investments is recognized when right to receive the dividend is established.
- Profit on deposits with banks is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon.
- Rental income is recognized when rent is accrued.

2.14 Financial instruments

Financial instruments carried on the consolidated statement of financial position include investments, deposits, trade debts, loans and advances, other receivables, cash and bank balances, long term financing, short term borrowings, accrued mark-up and trade and other payables etc. Financial assets and liabilities are recognized when the Group becomes a party to contractual provisions of the instruments. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instruments at fair value through profit or loss" which are measured initially at fair value.

Financial assets are de-recognized when the Group loses control of the contractual rights that comprise the financial asset. The Group loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Group surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and de-recognition is charged to the consolidated profit or loss currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

2.15 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

2.16 Trade and other receivables

Trade debts and other receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

2.17 Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

2.18 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

2.19 Provisions

Provisions are recognized when the Group has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.

2.20 Borrowing cost

Interest, mark-up and other charges on finances are capitalized upto the date of commissioning of respective qualifying assets acquired out of the proceeds of such finances. All other interest, mark-up and other charges are recognized in consolidated statement of profit or loss.

2.21 Impairment

a) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) Non-Financial assets

The carrying amounts of the non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in consolidated statement of profit or loss. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in consolidated statement of profit or loss. Moreover, for revalued assets, impairment loss is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

2.22 Offsetting

Financial assets and financial liabilities are set off and the net amount is reported in the consolidated financial statements when there is a legal enforceable right to set off and the management intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

2.23 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Group's chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief operating decision makers include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Group has two reportable business segments: Textiles and Trading. Transactions among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases are eliminated from the total.

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2018 (NUMBER OF SHARES)	2017 (NUMBER OF SHARES)		2018 (RUPEES IN THOUSAND)	2017 (RUPEES IN THOUSAND)
5 509 767	5 509 767	Ordinary shares of Rupees 10 each fully paid in cash	55,098	55,098
16 992 345	15 709 697	Ordinary shares of Rupees 10 each issued as fully paid up bonus shares (Note 3.1)	169,923	157,097
158 014	158 014	Ordinary shares of Rupees 10 each fully paid up, issued to a financial institution against its right of option for conversion of debentures pursuant to a loan agreement	1,580	1,580
22 660 126	21 377 478		226,601	213,775

3.1 Movement during the year

15 709 697	15 709 697	Opening balance	157,097	157,097
1 282 648	-	Ordinary shares of Rupees 10 each issued during the year as fully paid up bonus shares	12,826	-
16 992 345	15 709 697	Closing balance	169,923	157,097

3.2 Ordinary shares of the Holding Company held by the associated companies:

	2018 (NUMBER OF SHARES)	2017 (NUMBER OF SHARES)
Premier Insurance Limited	212 000	200 000
Crescent Powertec Limited	121 480	114 605
	333 480	314 605

4. PREMIUM ON ISSUE OF SHARES RESERVE

This reserve can be utilized by the Holding Company only for the purposes specified in section 81 of the Companies Act, 2017.

5. FAIR VALUE RESERVE

This represents the unrealized gain on remeasurement of available for sale investments at fair value and is not available for distribution. This will be transferred to consolidated statement of profit or loss on realization. Reconciliation of fair value reserve is as under:

	2018 (RUPEES IN THOUSAND)	2017 (RUPEES IN THOUSAND)
Balance as on 01 July	114,892	39,830
Fair value adjustment during the year	(52,407)	76,320
Reclassification adjustment included in profit or loss	-	(1,755)
Share of fair value reserves of associates	(725)	497
Balance as on 30 June	61,760	114,892

2018 2017
(RUPEES IN THOUSAND)

6. SURPLUS ON REVALUATION OF FREEHOLD LAND AND INVESTMENT PROPERTIES

Freehold land	2,966,851	2,966,851
Investment properties	113,139	113,139
	3,079,990	3,079,990

- 6.1 This represents surplus resulting from revaluation of freehold land carried out on 30 June 2016 by independent valuers, Messrs Evaluation Focused Consulting and Messrs Empire Enterprises (Private) Limited. The valuation was determined with respect to the present market value of similar properties. Previously revaluation was carried out in March 2010 and June 2015 by independent valuers.

7. REVENUE RESERVES

General	44,975	44,975
Dividend equalization	4,000	4,000
Unappropriated profit	275,191	295,643
	324,166	344,618

8. LONG TERM FINANCING

From banking company - secured

National Bank of Pakistan:

Term finance-1 (Note 8.1)	199,186	209,670
Term finance-2 (Note 8.1)	26,600	28,000
	225,786	237,670
Less: Current portion shown under current liabilities	47,534	11,883
	178,252	225,787

- 8.1 This represents term finance facilities obtained to acquire assets of a spinning unit at Dina Nath, Phool Nagar, Tehsil Pattoki, District Kasur, Punjab and for Balancing, Modernization and Replacement (BMR) of an existing spinning unit at S.I.T.E. Kotri, District Jamshoro, Sindh. The facilities are secured against temporary first charge of Rupees 318 million over the fixed assets of the Company at Nishatabad, Faisalabad and personal guarantee of directors and executive of the Company. After acquisition of new spinning unit and after repayment of first two installments of Term Finance-1, the charge shall be created on the newly acquired spinning unit and the temporary arrangement will be released / discharged. Mark-up is payable on these finances on quarterly basis at the rate of 3 months KIBOR plus 3 percent per annum. These facilities are repayable in 20 equal quarterly installments with a grace period of one year starting from April 2018.

2018 2017
(RUPEES IN THOUSAND)

9. EMPLOYEES' RETIREMENT BENEFIT

Reconciliation of the movements in the net liability recognized in the statement of financial position

Opening balance	74,797	66,799
Add: Provision for the year (Note 9.2)	23,838	22,585
Experience adjustment recognized in consolidated other comprehensive income	3,066	4,633
	<u>101,701</u>	<u>94,017</u>
Less: Paid during the year	(21,109)	(19,220)
	<u>80,592</u>	<u>74,797</u>

9.1 Movements in the present value of defined benefit obligation

Opening balance	74,797	66,799
Current service cost	19,020	18,508
Interest expense	4,818	4,077
Retirement benefit paid	(21,109)	(19,220)
Experience adjustment recognized in consolidated other comprehensive income	3,066	4,633
	<u>80,592</u>	<u>74,797</u>

9.2 Provision for the year

Current service cost	19,020	18,508
Interest expense	4,818	4,077
	<u>23,838</u>	<u>22,585</u>

9.3 Significant actuarial assumptions used

	2018	2017
Discount rate to determine defined benefit cost (per annum)	7.50%	9.75%
Expected rate of increase in salary to determine defined benefit cost (per annum)	8.00%	6.50%
Discount rate to determine defined benefit obligation (per annum)	9.00%	7.50%
Expected rate of increase in salary to determine defined benefit obligation (per annum)	6.50%	8.50%
Average duration of the benefit (years)	9.7	8
Mortality rates	SLIC 2001-05 set back 1 year Low	SLIC 2001-05 set back 1 year Age based
Withdrawal rate		

9.4 The estimated expenses to be charged to the statement of profit or loss for the year ending on 30 June 2019 is Rupees 33.855 million.

9.5 Sensitivity analysis for actuarial assumptions:

The sensitivity of the defined benefit obligation as at reporting date to changes in the weighted principal assumption is:

Discount rate	1.00%	1.00%
Increase in assumption (Rupees in thousand)	(4,293)	(5,403)
Decrease in assumption (Rupees in thousand)	12,454	6,420
Future salary increase	1.00%	1.00%
Increase in assumption (Rupees in thousand)	(12,539)	(6,533)
Decrease in assumption (Rupees in thousand)	(4,519)	(5,622)

9.6 Amounts for the current and previous four years:

	2018	2017	2016	2015	2014
	(RUPEES IN THOUSAND)				
Present value of defined benefit obligation	80,592	74,797	66,799	59,000	48,157
Experience adjustment on obligation	3,066	4,633	-	2,230	10,282

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit plan to significant actuarial assumptions, the same method (present value of the defined benefit plan calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognized within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year except for certain changes as given in Note 9.3.

9.7 The defined benefit obligation exposes the Company to the actuarial risks such as:

Discount rate risk

The risk of changes in discount rate, since discount rate is based on corporate / government bonds, any decrease in bond yields will increase plan liabilities

Salary increase / Inflation risk

The risk that the actual salary increase are higher than the expected salary increase, where benefits are linked with final salary at the time of cessation of service, is likely to have an impact on liability.

Mortality risk

The risk that the actual mortality experience is lighter than that of expected i.e. the actual life expectancy is longer than assumed.

Withdraw risk

The risk of actual withdrawals experience may be different from that assumed in the calculation.

2018 2017
(RUPEES IN THOUSAND)

10. TRADE AND OTHER PAYABLES

Creditors	394,440	170,947
Accrued liabilities (Note 10.1)	292,857	193,348
Advances from customers	32,325	24,670
Income tax deducted at source	5,257	4,776
	724,879	393,741

10.1 These include insurance premium of Rupees 2.319 million (2017: Rupees 3.153 million) due to a related party, Premier Insurance Limited.

11. ACCRUED MARK-UP

Long term financing	5,436	5,340
Short term borrowings	22,727	19,848
	28,163	25,188

12. SHORT TERM BORROWINGS**Holding Company****From banking company - secured**

Cash finances and export finances (Note 12.1)	259,533	187,194
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Others - unsecured

Other related parties (Note 12.2)	253,686	217,923
Temporary bank overdraft	15,561	34,802
	269,247	252,725

528,780

439,919

Subsidiary Company

Samba Bank Limited - secured (Note 12.3)	5,000	5,000
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533,780

444,919

12.1 These form part of total credit facility of Rupees 1,250 million (2017: Rupees 1,000 million) and carries mark-up at the rate of 3 months KIBOR plus 2 percent (2017: 3 months KIBOR plus 2 percent) per annum. These are secured against charge, pledge and hypothecation over fixed and current assets of the Company and personal guarantee of directors and executive. The rate of mark-up ranges from 8.14 percent to 8.50 percent (2017: 8.05 percent to 8.12 percent) per annum.

12.2 These represent interest free loans from Chief Executive Officer, Directors, Executives and Sponsors of the Holding Company which are repayable on demand.

12.3 This represents overdue balance of loan obtained from Samba Bank Limited and is secured against demand promissory note. It carries mark-up at the rate of 12 percent (2017: 12 percent) per annum.

13. CONTINGENCIES AND COMMITMENTS

a) Contingencies

Holding Company

i) Certain additions have been made by the assessing officers in tax years 1993, 2002, 2004, 2006 and 2010 on various grounds and have created demand of Rupees 7.013 million (2017: Rupees 10.787 million). The Company, being aggrieved, has filed appeals with Lahore High Court, Lahore and with Supreme Court of Pakistan, which are still pending. Dates of the institution of above mentioned appeals were 14 October 2002, 22 July 2008, 23 May 2012, 05 September 2016 and 05 April 2017 respectively. No provision has been made in these consolidated financial statements against the aforesaid demand as the management is hopeful for positive outcome of the appeals filed by the Holding Company.

ii) The Holding Company filed a suit against Crescent Fibres Limited (CFL) for the recovery of Rupees 23,000 million (2017: Rupees 23,000 million) along with mark-up in Civil Court, Lahore. CFL filed an application seeking rejection of the suit but the said application was dismissed by Civil Court, Lahore. Against this rejection, CFL filed civil revision petition before Lahore High Court, Lahore on 08 October 2016 and under order of Lahore High Court, Lahore, the proceedings before Civil Court, Lahore were stayed. No provision against this receivable has been made in these consolidated financial statements as the management is hopeful that the case will be decided in favour of the Holding Company and all the outstanding dues will be recovered.

iii) Guarantees of Rupees 47,480 million (2017: Rupees 47,480 million) are given by the banks of the Holding Company to Sui Northern Gas Pipelines Limited (SNGPL) against gas connections:

iv) Cheques of Rupees 26,444 million (2017: Rupees 8,377 million) are issued to Nazir of Sindh High Court as security against impugned gas rate difference suit. If the outcome of the suit comes against the Holding Company, cheques issued as security shall be encashable.

v) Holding Company's share in contingencies of associated companies accounted for under equity method is Rupees 5,427 million (2017: Rupees 27,340 million).

Subsidiary Company

vi) The Subsidiary Company is contingently liable for a claim of Rupees 0.215 million (2017: Rupees 0.215 million) not acknowledged by the Subsidiary Company in respect of card clothing machine demanded by Customs Authorities in 1987 against which a letter of guarantee has been issued by bank in favour of Collector.

b) Commitments

Holding Company

i) Commitments in respect of capital expenditure are of Rupees 13,034 million (2017: Rupees 20,318 million).

ii) Commitment in respect of other than capital expenditure is Nil (2017: Rupees 1,323 million).

14. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 14.1)

Capital work-in-progress (Note 14.2)

	2018	2017
	(RUPEES IN THOUSAND)	
	3,881,267	3,300,037
	4,716	477,128
	<u>3,885,983</u>	<u>3,777,165</u>

14.1 PROPERTY, PLANT AND EQUIPMENT

	Land - Freehold	Buildings fit roofs on freehold land	Plant and machinery	Tram-ty equipment	Electric installations	Tools and equipment	Furniture and fixtures	Vehicles	Office equipment	Genral equipment	Total
(RUPEES IN THOUSAND)											
At 30 June 2018											
Cost / revalued amount	2,998,723	130,744	262,029	97,960	33,955	19,936	13,093	25,058	10,662	1,058	4,085,240
Accumulated depreciation	-	(7,68,003)	(546,575)	(59,334)	(23,423)	(16,761)	(8,990)	(12,044)	(10,165)	(875)	(766,170)
Net book value	2,998,723	22,741	715,454	38,646	10,532	3,177	4,095	13,014	497	183	3,299,070
Year ended 30 June 2017											
Opening net book value	2,998,723	22,741	715,454	38,646	10,532	3,177	4,095	13,014	497	183	3,279,162
Additions	-	-	(4,570)	-	2,969	41	247	6,744	211	-	55,802
Transferred to investment properties	(18,568)	(8)	-	-	-	-	-	-	-	-	(18,576)
Disposals	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	(7,630)	-	-	-	-	(110)	-	-	(7,870)
Accumulated depreciation	-	-	5,130	-	-	-	-	195	-	-	5,235
Depreciation charge	-	(1,361)	(2,701)	(8,855)	(1,222)	(335)	(918)	(31)	(254)	(45)	(2,759)
Closing net book value	2,972,155	20,772	235,111	34,761	12,299	2,882	4,842	16,611	446	138	3,300,037
At 30 June 2017											
Cost / revalued amount	2,972,155	130,738	798,769	97,960	36,944	19,879	14,340	31,663	10,873	1,058	4,114,486
Accumulated depreciation	-	(118,964)	(663,658)	(63,199)	(24,644)	(17,097)	(3,498)	(15,051)	(10,427)	(920)	(814,459)
Net book value	2,972,155	20,772	235,111	34,761	12,299	2,882	4,842	16,611	446	138	3,300,037
Year ended 30 June 2016											
Opening net book value	2,972,155	20,772	235,111	34,761	12,299	2,882	4,842	16,611	446	138	3,300,037
Additions	87,905	148,251	381,684	-	37,965	4,600	1,129	6,065	1,963	-	669,492
Disposals	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	(59,287)	-	-	-	-	(2,894)	-	-	(62,181)
Accumulated depreciation	-	-	55,114	-	-	-	-	1,473	-	-	56,587
Depreciation charge	-	(15,116)	(31,833)	(3,487)	(3,244)	(674)	(549)	(3,791)	(929)	(35)	(52,656)
Closing net book value	3,060,060	153,907	557,709	31,294	17,020	6,008	5,422	17,464	1,480	102	3,881,267
At 30 June 2016											
Cost / revalued amount	3,060,060	278,987	1,121,086	97,960	74,909	24,579	15,469	34,933	12,826	1,058	4,721,797
Accumulated depreciation	-	(125,080)	(663,377)	(66,086)	(27,889)	(17,777)	(10,047)	(17,969)	(11,346)	(395)	(841,526)
Net book value	3,060,060	153,907	557,709	31,294	47,020	6,808	5,422	17,464	1,480	103	3,881,267
Annual rate of depreciation (%)	-	5.10	10	10	10	10.12	10	20	10.58	10.25	

14.1.1 The book value of freehold land on cost basis is Rupees 93.209 million (2017: Rupees 5.304 million).

14.1.2 Forced sales value of freehold land as per the last revaluation carried out on 30 June 2016 was Rupees 2,526.307 million.

14.1.3 Depreciation charge for the year has been allocated as follows:

	2018	2017
	(RUPEES IN THOUSAND)	
Cost of sales (Note 28)	76,845	29,046
Administrative expenses (Note 30)	5,813	4,470
	82,658	33,516

14.1.4 Particulars of immovable properties (i.e. land and buildings) in the name of the Holding Company are as follows:

Particulars	Location	Area of land	Covered Area of building
		Acers	Sq. ft.
Head office and manufacturing facility of embroidery	New Lahore Road, Nishatabad, Faisalabad, Punjab	87.20	80 214
Manufacturing facility of Spinning and Hosiery	Chak No. 44 R.B., Kotla Kahlawan, Tehsil Shahkot, District Nankana Sahib, Punjab	48.33	338 046
Manufacturing facility of Spinning	45-Km Lahore Multan Road, Dina Nath, Phool Nagar, Tehsil Pattoki, District Kasur, Punjab	12.29	178 417
Manufacturing facility of Spinning *	S.I.T.E. Kotri, District Jamshoro, Sindh	25.00	213 527

*This building was constructed and capitalized by the Holding Company at S.I.T.E. Kotri, District Jamshoro, Sindh at the premises taken on rent from Crescot Mills Limited, the subsidiary company.

14.1.5 Detail of operating fixed assets, exceeding the book value of Rupees 500,000 disposed of during the year is as follows:

Description	Quantity	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain/Loss	Mode of disposal	Particulars of purchasers
Plant and machinery	NOS	(RUPEES IN THOUSAND)						
Ring Frames	12	9,847	9,105	742	1,320	578	Negotiation	Mr. Kaleem Ashraf, Mohalla Sanat Pura, Faisalabad
Auto Cone Machines	2	11,424	10,849	575	670	95	Negotiation	Mr. Tarveer Arshad, Shahkot
Auto Cone Machines	2	20,443	18,898	1,545	670	(875)	Negotiation	Mr. Tarveer Arshad, Shahkot
Vehicle								
Honda Civic LED-11-208	1	1,620	696	924	1,193	269	Negotiation	Mr. Farukh Javed, Awan Town, Lahore
Aggregate of other items of property, plant and equipment with individual book value not exceeding Rupees 500,000		18,847	17,039	1,808	3,283	1,475		
		<u>62,181</u>	<u>56,587</u>	<u>5,594</u>	<u>7,136</u>	<u>1,542</u>		

14.2 CAPITAL WORK-IN-PROGRESS

	2018	2017
	(RUPEES IN THOUSAND)	
Advance against purchase of new industrial unit (Note 14.2.1)	-	325,435
Expenses against purchase of new industrial unit (Note 14.2.1)	-	138,438
Buildings and roads on freehold land	-	801
Plant and machinery	4,716	12,454
	<u>4,716</u>	<u>477,128</u>

14.2.1 New industrial unit at Dina Nath, Phool Nagar, Tehsil Pattoki, District Kasur along with the related expenses were capitalized by the Holding Company during the year.

2018 2017
(RUPEES IN THOUSAND)

15. INVESTMENT PROPERTIES

Balance as on 01 July	267,476	187,158
Transferred from property, plant and equipment	-	18,576
Fair value gain (Note 32)	2,967	61,742
Balance as on 30 June	<u>270,443</u>	<u>267,476</u>

15.1 The fair value of investment properties of the Holding Company comprising freehold land and buildings thereon at Nishatabad, Faisalabad, Punjab and of the Subsidiary Company comprising buildings on leasehold land at S.I.T.E. Kotri, District Jamshoro, Sindh have been determined on 30 June 2018 by independent valuers, Messrs Evaluation Focused Consulting and Messrs Sadruddin Associates (Private) Limited respectively. The investment properties of the Holding Company comprise of 4.38 acres having covered area of 184 128 square feet. The covered area of the investment properties of the Subsidiary Company is 254 144 square feet.

15.2 Forced sales value of investment properties is Rupees 232.926 million (2017: Rupees 230.274 million).

16. INVESTMENTS IN EQUITY ACCOUNTED ASSOCIATES

16.1 Reconciliation of investments in equity accounted associates under equity method:

	Shahjirangy Limited		Crown Steel & Allied Products Limited		Jodha Spinning & Weaving Mills Limited		Prakash Insurance Limited		Prakash Financial Services (Private) Limited		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Cost	18,624	31,983	-	58	423	423	39	39	2,900	2,508	21,626	25,944
Share of post acquisition reserves:												
As at 01 July	29,461	36,975	-	3	-	-	638	2,626	(34)	-	30,299	39,607
Share of (loss) / profit after income tax	(15,597)	(605)	-	-	1,482	-	(675)	(7,084)	17	(-)	(14,534)	(2,682)
Share of other comprehensive (loss) / income	(483)	1,400	-	-	(306)	-	28	(4)	-	-	(725)	1,396
Share of items directly credited in equity	14,844	3,725	-	-	-	-	-	-	-	-	14,844	3,725
Net disposal of investment	(7,089)	(16,910)	-	-	-	-	-	-	-	-	(7,089)	(16,910)
Dividend received	(2,255)	-	-	(50)	-	-	-	-	-	-	(2,265)	(62)
As at 30 June	(14,516)	(7,815)	-	(50)	1,378	-	(653)	(7,082)	17	(-)	(13,766)	(9,281)
	15,951	29,561	-	(50)	1,378	-	(19)	638	5	(-)	16,533	30,226
As at 30 June	33,775	52,544	-	-	1,406	477	62	713	2,540	2,486	34,199	55,170

	Shahjirangy Limited		Crown Steel & Allied Products Limited		Prakash Insurance Limited		Prakash Financial Services Limited		Jodha Spinning & Weaving Mills Limited	
	As at 30 September 2017	As at 30 September 2016	As at 30 June 2017	As at 30 June 2016	As at 30 June 2017	As at 30 June 2016	As at 31 December 2017	As at 31 December 2016	As at 30 June 2017	As at 30 June 2016

16.2 Summarized statement of financial position

Current assets	1,599,932	814,000	5,829,595	4,527,148	23,277	20,170	8,116,849	3,957,135	197,762	136,778
Non-current assets	2,670,879	10,025,793	5,249,993	4,957,065	42,691	30,186	394,775	389,078	645,682	501,508
Current liabilities	3,962,002	4,567,308	4,733,466	3,127,948	11,442	10,566	714,279	770,642	15,381	165,724
Non-current liabilities	1,166,879	1,301,258	526,495	548,833	20,719	18,836	1,653,627	1,732,438	191,135	-
Net assets	5,142,140	4,971,233	5,819,717	5,807,725	33,766	21,767	1,133,709	1,242,074	616,955	572,902
Reconciliation to carrying amounts:										
As at 01 July	4,971,233	4,481,253	5,007,725	4,833,417	21,767	60,679	1,242,074	1,908,434	528,169	-
Movement in reserves	952,236	456,440	-	-	11,850	(38,953)	-	-	(5,626)	-
profit / (loss) after income tax	210,619	(17,893)	1,012,435	967,136	149	(498)	(112,437)	(330,705)	115,352	-
Other comprehensive income / (loss)	7,852	41,433	(387,720)	183,545	-	-	4,072	(817)	(20,338)	-
Dividend paid	-	-	(388,163)	(276,373)	-	-	-	(24,824)	-	-
As at 30 June	5,142,140	4,971,233	5,819,717	5,807,725	33,766	21,767	1,133,709	1,242,074	616,955	-
Group's share (%)	1.35%	2.15%	8.60%	0.02%	11.11%	11.71%	8.60%	0.66%	1.46%	1.66%
Group's share (Rupees in thousand)	33,775	52,544	-	2,062	2,508	2,486	62	2,707	1,895	-
Carrying amount	33,775	52,544	-	-	2,508	2,486	62	2,707	1,895	-

Shakarganj Limited		Crescent Steel & Allied Products Limited		Premier Financial Services (Private) Limited		Premier Insurance Limited		Crescent Jute Products Limited	
As at 30 September 2017	As at 30 September 2016	As at 30 June 2017	As at 30 June 2016	As at 30 June 2017	As at 30 June 2016	As at 31 December 2017	As at 31 December 2016	As at 30 June 2017	As at 30 June 2016

(RUPEES IN THOUSAND)

16.3 Summarized statement of comprehensive income

Revenue	11,360,157	4,373,219	10,208,844	7,412,035	9,761	3,354	517,834	623,366	24,032	17,895
Profit / (loss) for the year	210,819	(17,893)	1,012,435	267,136	149	(499)	(112,437)	(330,709)	115,352	5,747
Other comprehensive income / (loss)	7,852	41,433	387,720	183,545	-	-	4,072	(817)	(20,990)	1,685
Total comprehensive income / (loss)	218,671	23,540	1,400,155	1,750,681	149	(499)	(108,365)	(331,526)	94,422	7,432
Dividend received from associates	2,255	-	-	63	-	-	-	-	-	-

16.4 All companies are associated companies due to common directorship.

16.5 Interests in equity accounted associates

Name of associated company	Country of Incorporation	% of ownership interest		Measurement method	Quoted fair value		Carrying amount	
		2018	2017		2018	2017	2018	2017

(RUPEES IN THOUSAND)

Shakarganj Limited (Note 16.5.1)	Pakistan	1.35%	2.15%	Equity method	119,088	234,168	33,775	52,544
Jubilee Spinning and Weaving Mills Limited (Note 16.5.2)	Pakistan	1.46%	1.46%	Equity method	2,789	2,903	1,805	-
Premier Financial Services (Private) Limited (Note 16.5.3)	Pakistan	11.11%	11.11%	Equity method	-*	-*	2,503	2,486
Premier Insurance Limited (Note 16.5.4)	Pakistan	0.60%	0.60%	Equity method	2,351	3,999	62	713
Crescent Steel and Allied Products Limited (Note 16.5.5)	Pakistan	0.00%	0.00%	Equity method	7	18	-	-

16.5.1 Shakarganj Limited is engaged in manufacture, purchase and sale of sugar, bio fuel, building materials, yarn and engaged in generation and sale of electricity.

16.5.2 Jubilee Spinning and Weaving Mills Limited is engaged in the business of manufacturing and selling of yarn, buying, selling and otherwise dealing in yarn and raw cotton. The Company also operates electric power generation facilities.

16.5.3 Premier Financial Services (Private) Limited is engaged to carry on floating and management of modarbas.

16.5.4 Premier Insurance Limited is engaged in general insurance business.

16.5.5 Crescent Steel and Allied Products Limited is engaged in manufacturing of steel products and textile spinning.

16.6 Investments made in associated companies are in accordance with the requirements of the Companies Act, 2017.

*No quoted price available.

2018 2017
(RUPEES IN THOUSAND)

17. OTHER LONG TERM INVESTMENTS

AVAILABLE FOR SALE

Quoted

Crescent Fibres Limited

71 820 (2017: 71 820) ordinary shares of Rupees 10 each fully paid.
Equity held 0.58% (2017: 0.58%)

615 515

Security Papers Limited

522 (2017: 522) ordinary shares of Rupees 10 each fully paid.

1 1

Unquoted

Crescent Modaraba Management Company Limited

119 480 (2017: 119 480) ordinary shares of Rupees 10 each fully paid.
Equity held 6.52% (2017: 6.52%)

664 664

Crescent Bahuman Limited

1 043 988 (2017: 1 043 988) ordinary shares of Rupees 10 each fully paid.
Equity held 1.28% (2017: 1.28%)

- -

Crescent Spinning Mills Limited

696 000 (2017: 696 000) ordinary shares of Rupees 10 each fully paid.
Equity held 4.59% (2017: 4.59%)

- -

1,280 1,280

Less: Impairment loss charged to consolidated statement of profit or
loss (Note 31)

(171) (194)

Add: Fair value adjustment

1,280 1,681

2,389 2,767

2018 2017
(RUPEES IN THOUSAND)

18. DEFERRED INCOME TAX ASSET

Taxable temporary difference

Tax depreciation allowance

(74,172) (34,424)

Deductible temporary differences

Unused tax losses

62,655 44,654

Minimum tax

6,458 -

Provision for gratuity

19,770 14,785

Investments in associates

2,439 3,778

Provision for doubtful other receivables

2,885 2,312

94,207 65,529

20,035 31,105

19. STORES, SPARE PARTS AND LOOSE TOOLS

Stores

25,939 19,493

Spare parts (Note 19.1)

34,434 29,069

Loose tools

480 447

60,853 49,009

Less: Provision for obsolete stores, spare parts and loose tools

644 644

60,209 48,365

19.1 These include spare parts in transit of Rupees Nil (2017: Rupees 4.838 million).

20. STOCK-IN-TRADE

Raw materials

211,920 99,505

Work-in-process

29,916 21,293

Finished goods (Note 20.1)

134,097 147,640

Waste

2,861 1,447

378,794 269,885

20.1 These include stock of Rupees 36.549 million (2017: Rupees 25.591 million) sent to outside parties for weaving.

20.2 Stock-in-trade of Rupees 2.861 million (2017: Rupees 1.447 million) is being carried at net realizable value.

2018 **2017**
(RUPEES IN THOUSAND)

21. TRADE DEBTS**Considered good:**

Unsecured (Note 21.1)

	127,024	63,873
--	----------------	---------------

21.1 Trade debts include Rupees 17,553 million (2017: Rupees Nil) representing receivable against export sales to China and Nigeria amounting to Rupees 10,499 million (2017: Rupees Nil) and Rupees 7,054 million (2017: Rupees Nil) respectively against contracts.

21.2 As at 30 June 2018, trade debts of Rupees 75,722 million (2017: Rupees 37,722 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:

Upto 1 month	28,182	17,323
1 to 6 months	17,150	10,184
More than 6 months	30,390	10,215
	75,722	37,722

22. LOANS AND ADVANCES**Considered good:**

Employees - interest free:

Against expenses

	3,325	1,806
--	-------	-------

Against salary (Note 22.1)

	9,014	10,153
--	-------	--------

	12,339	11,959
--	---------------	---------------

Advances to suppliers / contractors

	31,396	39,887
--	--------	--------

Letters of credit

	-	65
--	---	----

	43,735	51,911
--	---------------	---------------

22.1 These represent interest free loans given to employees for meeting their personal expenditure and are secured against balances to the credit of employees in the retirement benefit. These are recoverable in equal monthly installments.

23. PREPAYMENTS AND BALANCES WITH STATUTORY AUTHORITY

Prepayments

	2,142	1,954
--	-------	-------

Balances with statutory authority:

Advance income tax

	107,677	83,903
--	----------------	--------

Sales tax and excise duty refundable

	74,739	42,326
--	---------------	--------

	182,416	126,229
--	----------------	---------

	184,558	128,183
--	----------------	---------

2018 2017
(RUPEES IN THOUSAND)

24. OTHER RECEIVABLES
Considered good:

Profit on deposit with banks receivable	3,076	2,939
Duty drawback	21,322	1,103
Insurance claim receivable	4,851	-
Others	49,886	44,302

	79,135	48,344
--	--------	--------

Considered doubtful

Less: Provision for doubtful other receivables	11,760	11,760
--	--------	--------

	-	-
--	---	---

	79,135	48,344
--	--------	--------

25. SHORT TERM INVESTMENTS
Available for sale
Quoted
Samba Bank Limited

2 804 313 (2017: 2 804 313) ordinary shares of Rupees 10 each fully paid. Equity held 0.28% (2017: 0.28%)	7,709	7,709
---	-------	-------

The Crescent Textile Mills Limited

4 359 891 (2017: 4 359 891) ordinary shares of Rupees 10 each fully paid. Equity held 5.45% (2017: 5.45%)	82,228	82,228
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	89,937	89,937
--	--------	--------

Add: Fair value adjustment

	41,386	93,392
--	--------	--------

	131,323	183,329
--	---------	---------

26. CASH AND BANK BALANCES
With banks:

On current accounts	105,709	41,525
On deposit account (Note 26.1)	2,800	2,800

	108,509	44,325
--	---------	--------

Cash in hand

	858	582
--	-----	-----

	109,367	44,907
--	---------	--------

- 26.1** The balance in deposit account is lying with bank under lien against bank guarantee issued against additional power surcharge payable. Rate of profit is 4.90 percent (2017: 4.94 percent) per annum

	2018	2017
	(RUPEES IN THOUSAND)	
27. REVENUE		
Local sales (Note 27.1)	5,539,017	3,719,661
Export sales (Note 27.2)	534,854	262,622
Export rebate and duty drawback	20,220	1,725
	<u>6,094,091</u>	<u>3,984,008</u>
27.1 Local Sales		
Yarn	5,481,799	3,696,476
CMT income	7,140	1,082
Cloth	68	1,056
Waste	54,616	21,919
	<u>5,543,623</u>	<u>3,720,533</u>
Less: Sales tax	4,606	872
	<u>5,539,017</u>	<u>3,719,661</u>
27.2 Export Sales		
Yarn	326,574	15,546
Cloth	208,280	247,076
	<u>534,854</u>	<u>262,622</u>

2018 2017
(RUPEES IN THOUSAND)

28. COST OF SALES

Raw materials consumed	4,395,854	2,710,218
Salaries, wages and other benefits (Note 28.1)	479,691	330,798
Stores, spare parts and loose tools consumed	144,764	97,855
Fuel and power	694,885	474,793
Outside weaving / other charges	31,681	25,537
Other manufacturing overheads	9,410	9,001
Insurance	7,981	6,040
Repair and maintenance	5,670	1,438
Depreciation (Note 14.1.3)	<u>76,845</u>	<u>29,046</u>
	5,846,781	3,684,726
Work-in-process		
Opening stock	<u>21,293</u>	<u>16,154</u>
Closing stock	<u>(29,916)</u>	<u>(21,293)</u>
	<u>(8,623)</u>	<u>(5,139)</u>
Cost of goods manufactured	<u>5,838,158</u>	<u>3,679,587</u>
Finished goods		
Opening stock	<u>149,087</u>	<u>238,084</u>
Closing stock	<u>(136,958)</u>	<u>(149,087)</u>
	<u>12,129</u>	<u>88,997</u>
	<u>5,850,287</u>	<u>3,768,584</u>
Cost of goods purchased for resale	-	88,214
	<u>5,850,287</u>	<u>3,856,798</u>

28.1 Salaries, wages and other benefits include staff retirement benefit amounting to Rupees 19.268 million (2017: Rupees 18.255 million).

29. DISTRIBUTION COST

Freight and forwarding	25,673	13,987
Commission to selling agents	21,711	12,890
Insurance	873	541
Loading and handling	9,191	4,710
Others	400	269
	<u>57,848</u>	<u>32,397</u>

2018 2017
(RUPEES IN THOUSAND)

30. ADMINISTRATIVE EXPENSES

Salaries and other benefits (Note 30.1)	98,292	95,796
Workers' welfare	2,396	1,482
Traveling and conveyance	4,015	4,281
Insurance	2,432	2,395
Rent, rates and taxes	3,135	2,696
Entertainment	3,441	2,891
Fee and subscription	1,737	1,009
Communication	3,118	2,542
Vehicles' running	10,445	8,591
Repair and maintenance	9,533	9,896
Utilities	6,141	6,666
Printing and stationery	1,451	1,271
Books and periodicals	63	92
Advertisement	65	100
Auditors' remuneration:		
Statutory audit	1,100	875
Other certifications including half yearly review	325	200
Out of pocket expenses	45	42
	1,470	1,117
Legal and professional	2,853	3,571
Miscellaneous	4,836	3,720
Depreciation (Note 14.1.3)	5,813	4,470
	161,236	152,586

30.1 Salaries and other benefits include staff retirement benefit amounting to Rupees 4.570 million (2017: Rupees 4.330 million).

31. OTHER EXPENSES

Impairment loss on long term investment (Note 17)	171	194
Donations (Note 31.1)	39	19
Loss due to significant influence over investee company	-	1,598
	210	1,811

31.1 There is no interest of any director or his spouse in donees' fund.

2018 2017
(RUPEES IN THOUSAND)

32. OTHER INCOME**Income from financial assets**

Exchange gain	2,710	3,575
Profit on deposit with bank	137	138
Gain on sale of investments	48,524	60,212
Dividend income from other investments (Note 32.1)	4	5,548
	51,375	69,473

Income from non-financial assets

Rental income	18,925	16,741
Scrap sales	1,101	1,038
Gain on sale of property, plant and equipment	1,542	87
Gain on remeasurement of fair value of investment properties (Note 15)	2,967	61,742
	24,535	79,608
	75,910	149,081

32.1 Dividend income from other investments

Crescent Fibres Limited	-	72
Security Papers Limited	4	4
The Crescent Textile Mills Limited	-	5,472
	4	5,548

33. FINANCE COST**Mark-up on:**

long term financing	20,133	841
short term borrowings	30,941	25,784
Bank charges and commission	4,888	3,239
	55,962	29,864

34. TAXATION**Current:**

For the year	33,764	36,824
Prior year	(975)	(4,145)
	32,789	32,679

Deferred	11,822	19,112
	44,611	51,791

- 34.1 The Group computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purposes of taxation is available which can be analyzed as follows:

	FINANCIAL YEAR		
	2016-17	2015-16	2014-15
	----- (RUPEES IN THOUSAND) -----		
Provision for taxation	36,824	34,094	39,498
Tax assessed	35,849	29,949	37,087

35. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic (loss) / earnings per share which is based on:

		2018	2017
			Restated
(Loss) / profit for the year	(Rupees in thousand)	<u>(14,684)</u>	<u>5,240</u>
Weighted average number of ordinary shares	(Numbers)	<u>22 660 126</u>	<u>22 660 126</u>
(Loss) / earnings per share	(Rupees)	<u>(0.65)</u>	<u>0.23</u>

2018 2017
(RUPEES IN THOUSAND)

36. CASH GENERATED FROM OPERATIONS

Profit before taxation	29,927	57,031
Adjustments for non cash charges and other items:		
Depreciation	82,658	33,516
Provision for employees' retirement benefit	23,838	22,585
Gain on sale of property, plant and equipment	(1,542)	(87)
Gain on remeasurement of fair value of investment properties	(2,967)	(61,742)
Loss due to significant influence over investee company	-	1,598
Gain on sale of investments	(48,524)	(60,212)
Share of loss from equity accounted associates	14,531	2,602
Profit on deposits with banks	(137)	(138)
Impairment loss on long term investment	171	194
Finance cost	55,962	29,864
Working capital changes (Note 36.1)	92,155	74,874
	<u>246,072</u>	<u>100,085</u>

2018 2017
 (RUPEES IN THOUSAND)
36.1 Working capital changes**(Increase) / decrease in current assets**

Stores, spare parts and loose tools	(11,844)	(11,006)
Stock-in-trade	(108,909)	115,998
Trade debts	(63,151)	(23,854)
Loans and advances	8,176	(15,134)
Prepayments and balances with statutory authority	(32,601)	(18,842)
Other receivables	(30,654)	(14,818)
	(238,983)	32,344
Increase in trade and other payables	331,138	42,530
	92,155	74,874

36.2 Reconciliation of movement of liabilities to cash flows arising from financing activities:

	Long term financing	Short term financing	Unclaimed dividend	Total
------(RUPEES IN THOUSAND)-----				
Balance as at 01 July 2017	237,670	444,919	3,942	682,589
Short term borrowings obtained - net	-	88,861	-	88,861
Repayment of financing	(11,884)	-	-	(11,884)
Dividend paid	-	-	(2)	(2)
Balance as at 30 June 2018	225,786	533,780	3,940	759,564

37. EVENT AFTER THE REPORTING PERIOD

The Board of Directors of the Crescent Cotton Mills Limited - Holding Company has proposed a cash dividend for the year ended 30 June 2018 of Rupees 0.10 per share (2017: Rupees Nil) at their meeting held on October 04, 2018. However, this event has been considered as non-adjusting event under IAS 10 'Events after the Reporting Period' and has not been recognized in these financial statements.

38. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, other related parties and key management personnel. The Group in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these consolidated financial statements is as follows:

Name of Company	Basis of relationship	Nature of transaction (RUPEES IN THOUSAND)	2018	2017
			NUMBER OF SHARES	
Associated companies				
Shakarganj Limited	Common directorship	Dividend income	2,265	-
Crescent Steel and Allied Products Limited	Common directorship	Dividend income	-	63
Premier Insurance Limited	Common directorship	Service charges	11,011	1,458
Other related parties				
Directors / executives / sponsors	Members of Board of Directors, key management personnel and sponsors	Loan received-net	35,763	34,194
			2017	2016
			NUMBER OF SHARES	
Premier Insurance Limited	Common directorship	Bonus shares received	27,580	25,073

38.1 Detail of compensation to key management personnel comprising of Chief Executive Officer, Directors and Executives is given in Note 39.

39. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these consolidated financial statements for remuneration including all benefits to Chief Executive Officer, Directors and Executives of the Holding Company is as follows:

	Chief Executive Officer		Directors		Executives	
	2018	2017	2018	2017	2018	2017
------(RUPEES IN THOUSAND)-----						
Managerial remuneration	7,502	6,877	9,905	8,952	16,750	13,345
Allowances:						
Housing	3,376	3,095	4,389	4,023	7,469	5,999
Utilities	750	688	975	894	1,660	1,333
Group insurance	-	-	15	15	44	44
Reimbursable expenses	750	688	975	894	1,648	1,322
	12,378	11,348	16,259	14,778	27,571	22,043
Number of persons	1	1	2	2	5	6

- 39.1** Aggregate amount charged in these consolidated financial statements for meeting fee to five directors (2017: five directors) was Rupees 360,000 (2017: Rupees 280,000).
- 39.2** The Chief Executive Officer, Directors and Executives of the Holding Company have been provided with Company maintained vehicles.
- 39.3** No remuneration was paid to non-executive directors of the Holding Company.
- 39.4** Comparative figures have been amended to reflect changes in the definition of executive as per the Companies Act, 2017.

2018 **2017**
(NUMBER OF PERSONS)

40. NUMBER OF EMPLOYEES

Number of employees as on 30 June (Note 40.1)	2 395	1 831
Average number of employees during the year (Note 40.2)	2 379	1 745

40.1 This includes 2 323 (2017: 1 759) total number of factory employees.

40.2 This includes 2 307 (2017: 1 699) average number of factory employees.

41. SEGMENT INFORMATION

	Textiles		Trading		Elimination of inter - segment transactions		Total - Group	
	2018	2017	2018	2017	2018	2017	2018	2017
	(RUPEES IN THOUSAND)							
Revenue	6,044,688	3,780,780	215,302	251,532	(165,899)	(46,304)	6,094,091	3,984,008
Cost of sales	(5,817,657)	(3,663,849)	(198,529)	(241,253)	165,899	48,304	(5,850,287)	(3,856,798)
Gross profit	227,031	116,931	16,773	10,279	-	-	243,804	127,210
Distribution cost	(51,404)	(25,888)	(6,444)	(6,509)	-	-	(57,848)	(32,397)
Administrative expenses	(159,766)	(151,144)	(1,470)	(1,442)	-	-	(161,236)	(152,586)
Other income	75,910	145,506	-	3,575	-	-	75,910	149,081
Finance cost	(55,399)	(29,079)	(563)	(785)	-	-	(55,962)	(29,864)
Profit / (loss) before taxation and unallocated expenses	36,372	56,326	8,296	5,116	-	-	44,668	61,444
Other expenses							(210)	(1,811)
Share of loss from equity accounted investees							(14,531)	(2,602)
Taxation							(44,611)	(51,791)
(Loss) / profit after taxation							(14,684)	5,240

41.1 Reconciliation of reportable segment assets and liabilities:

	Textiles		Trading		Total - Group	
	2018	2017	2018	2017	2018	2017
	(RUPEES IN THOUSAND)					
Total assets for reportable segments	5,268,490	4,888,565	8,084	1,254	5,276,574	4,889,819
Unallocated assets:						
Investments in equity accounted investees					38,159	56,170
Deferred income tax asset					20,035	31,105
Total assets as per statement of financial position					5,334,768	4,977,094
Total liabilities for reportable segments	1,597,140	1,180,257	-	-	1,597,140	1,180,257
Unallocated liabilities:						
Provision for taxation					33,821	33,744
Total liabilities as per statement of financial position					1,630,961	1,214,001

41.2 Geographical information

The Group's revenue from external customers by geographical location is detailed below:

	2018	2017
	(RUPEES IN THOUSAND)	
Africa	17,865	-
Asia	537,209	264,347
Pakistan	5,539,017	3,719,661
	6,094,091	3,984,008

41.3 All non-current assets of the Group as at reporting date are located and operated in Pakistan.

41.4 Revenue from major customers

The Group's revenue is earned from a large mix of customers.

42. INTERESTS IN OTHER ENTITIES
Non-Controlling Interest (NCI)

Set out below is summarized financial information for Crescot Mills Limited - Subsidiary Company that has non-controlling interest that is material to the Group. The amount disclosed for Subsidiary Company is before inter-company eliminations.

2018 2017
 (RUPEES IN THOUSAND)
Summarized statement of financial position

Current assets	16,192	11,781
Current liabilities	(27,118)	(26,299)
Net current liabilities	(10,926)	(14,518)

Non-current assets	21,802	21,045
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Net assets	10,876	6,527
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Accumulated non-controlling interest	3,682	2,209
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Summarized statement of comprehensive income

Revenue	5,501	6,672
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Profit for the year	4,349	1,407
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Other comprehensive income	-	-
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Total comprehensive income	4,349	1,407
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Profit allocated to non-controlling interest	1,472	476
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Summarized cash flows

Cash flows from operating activities	20	95
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Cash flows from investing activities	-	-
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Cash flows from financing activities	-	-
--------------------------------------	---	---

Net increase in cash and cash equivalents	20	95
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43. PLANT CAPACITY AND ACTUAL PRODUCTION

2018 2017

a) Holding Company - Crescent Cotton Mills Limited**Spinning:**

100% plant capacity converted to 20s count based on 3 shifts per day for 1095 shifts (2017: 1095 shifts)	Kgs.	29 023 339	21 967 736
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Actual production converted to 20s count based on 3 shifts per day for 1095 shifts (2017: 1095 shifts)	Kgs.	28 227 924	21 945 225
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Embroidery and Hoslery:

Capacity of such units cannot be determined due to nature of their operations.

b) Subsidiary Company - Crescot Mills Limited

Crescot Mills Limited has ceased its operations since August 1998.

43.1 Reason For Low Production

Under utilization of available capacity by Holding Company is due to normal maintenance.

44. FINANCIAL RISK MANAGEMENT

44.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by the finance department of the Holding Company under policies approved by the Board of Directors of the Holding Company. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, investment of excess liquidity and use of non-derivative financial instruments.

a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Group is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD). Currently, the Group's foreign exchange risk exposure is restricted to the amounts receivable from / payable to the foreign entities. The Group's exposure to currency risk was as follows:

	2018	2017
Trade debts - USD	144,595	-
Loans and advances - USD	13,168	35,939
Trade and other payables - USD	(196,517)	(60,480)
Net exposure - USD	(38,754)	(24,541)

Following significant exchange rates were applied during the year:

Rupees per US Dollar

Average rate	109.64	102.90
Reporting date rate	121.60	105.00

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on (loss) / profit after taxation for the year would have been Rupees 0.236 million higher / lower (2017: Rupees 0.129 million lower / higher) mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is not exposed to commodity price risk.

Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Pakistan Stock Exchange Limited (PSX) Index on the Group's (loss) / profit after taxation for the year and on other comprehensive income (fair value reserve). The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index:

Index	Impact on loss after taxation		Impact on statement of other comprehensive income (fair value reserve)	
	2018	2017	2018	2017
	(RUPEES IN THOUSAND)			
PSX 100 (5% increase)	-	-	6,661	9,272
PSX 100 (5% decrease)	-	-	(6,661)	(9,272)

Equity (fair value reserve) would increase / decrease as a result of gains / losses on equity investments classified as available for sale.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises from deposit account, long term financing and short term borrowings. Financial instruments obtained at variable rates expose the Group to cash flow interest rate risk. Financial instruments at fixed rate expose the Group to fair value interest rate risk.

At the reporting date, the interest rate profile of the Group's interest bearing financial instruments was:

2018 2017
(RUPEES IN THOUSAND)

Fixed rate Instruments

Financial liabilities

Short term borrowings	5,000	5,000
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Floating rate instruments

Financial assets

Deposit account	2,800	2,800
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Financial liabilities

Long term financing	225,786	237,670
Short term borrowings	259,533	187,194

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Group.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, (loss) / profit after taxation for the year would have been Rupees 4.825 million higher / lower (2017: Rupees 4.221 million lower / higher), mainly as a result of higher / lower interest expense on floating rate financial instruments. This analysis is prepared assuming that amounts of financial instruments outstanding at reporting date were outstanding for the whole year.

b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2018	2017
	(RUPEES IN THOUSAND)	
Investments	133,048	185,432
Loans and advances	9,014	10,153
Deposits	3,614	3,614
Trade debts	127,024	63,873
Other receivables	57,813	47,241
Bank balances	108,509	44,325
	439,022	354,638

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating			2018	2017
	Short Term	Long Term	Agency	(RUPEES IN THOUSAND)	
Banks					
National Bank of Pakistan	A-1+	AAA	JCR-VIS	545	576
Allied Bank Limited	A1+	AAA	PACRA	2,831	57
Bank Alfalah Limited	A1+	AA+	PACRA	3,886	6,738
Habib Bank Limited	A-1+	AAA	JCR-VIS	52,960	16,813
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	3,607	223
MCB Bank Limited	A1+	AAA	PACRA	6,435	209
United Bank Limited	A-1+	AAA	JCR-VIS	6,293	613
Askari Bank Limited	A1+	AA+	PACRA	12	14
Bank Al-Habib Limited	A1+	AA+	PACRA	5,904	2,115
The Bank of Punjab	A1+	AA	PACRA	741	53
JS Bank Limited	A1+	AA-	PACRA	9	-
Meezan Bank Limited	A-1+	AA+	JCR-VIS	25,266	16,894
Faysal Bank Limited	A1+	AA	PACRA	20	20
				108,509	44,325

The Group's exposure to credit risk and impairment loss related to trade debts is disclosed in Note 21.

Due to the Group's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Group. Accordingly the credit risk is minimal.

c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2018, the Group had Rupees 990,467 million (2017: Rupees 812,806 million) available borrowing limits from financial institutions and Rupees 109,367 million (2017: Rupees 44,907 million) cash and bank balances. Management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the tables are undiscounted cash flows.

Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
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RUPEES IN THOUSAND

Contractual maturities of financial liabilities as at 30 June 2018:
Non-derivative financial liabilities:

Long term financing	225,786	275,865	33,910	32,626	62,057	147,272
Trade and other payables	687,297	687,297	687,297	-	-	-
Unclaimed dividend	3,940	3,940	3,940	-	-	-
Accrued mark-up	28,163	28,163	28,163	-	-	-
Short term borrowings	533,780	545,110	545,110	-	-	-
	<u>1,478,966</u>	<u>1,540,375</u>	<u>1,298,420</u>	<u>32,626</u>	<u>62,057</u>	<u>147,272</u>

Contractual maturities of financial liabilities as at 30 June 2017:
Non-derivative financial liabilities:

Long term financing	237,670	308,205	11,004	22,715	113,663	160,823
Trade and other payables	364,295	364,295	364,295	-	-	-
Unclaimed dividend	3,942	3,942	3,942	-	-	-
Accrued mark-up	25,188	25,188	25,188	-	-	-
Short term borrowings	444,919	455,719	455,719	-	-	-
	<u>1,076,014</u>	<u>1,157,349</u>	<u>860,148</u>	<u>22,715</u>	<u>113,663</u>	<u>160,823</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark-up rates effective at the year end. The rates of interest / mark-up have been disclosed in Note B and Note 12 to these consolidated financial statements.

44.2 Financial instruments by categories

	2018			2017		
	Loans & receivables	Available for sale	Total	Loans & receivables	Available for sale	Total

RUPEES IN THOUSAND

Financial assets						
Investments	-	133,048	133,048	-	185,432	185,432
Loans and advances	9,014	-	9,014	10,153	-	10,153
Deposits	3,614	-	3,614	3,614	-	3,614
Trade debts	127,024	-	127,024	63,873	-	63,873
Other receivables	57,813	-	57,813	47,241	-	47,241
Cash and bank balances	109,367	-	109,367	44,907	-	44,907
	<u>306,832</u>	<u>133,048</u>	<u>439,880</u>	<u>169,788</u>	<u>185,432</u>	<u>355,220</u>

2018	2017
Financial liabilities at amortized cost	
(RUPEES IN THOUSAND)	

Financial liabilities as per consolidated statement of financial position

Long term financing	225,786	237,670
Accrued mark-up	28,163	25,188
Short term borrowings	533,780	444,919
Trade and other payables	687,297	364,295
Unclaimed dividend	3,940	3,942
	<u>1,478,966</u>	<u>1,076,014</u>

44.3 Offsetting financial assets and financial liabilities

As on reporting date, recognized financial instruments are not subject to offsetting as there are no enforceable master netting arrangements and similar agreements.

44.4 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend to be paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing and short term borrowings obtained by the Group as referred to in Note 8 and Note 12, respectively. Total capital employed includes 'total equity' as shown in the consolidated statement of financial position plus 'borrowings'.

		2018	2017 Restated
Borrowings	Rupees in thousand	759,566	444,919
Total equity	Rupees in thousand	3,703,807	3,770,771
Total capital employed	Rupees in thousand	<u>4,463,373</u>	<u>4,215,690</u>
Gearing ratio	Percentage	<u>17.02</u>	<u>10.55</u>

45. FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements At 30 June 2018	Level 1	Level 2	Level 3	Total
----- RUPEES IN THOUSAND -----				
Financial assets				
Available for sale financial assets	133,219	-	-	133,219
Total financial assets	<u>133,219</u>	<u>-</u>	<u>-</u>	<u>133,219</u>
Recurring fair value measurements At 30 June 2017	Level 1	Level 2	Level 3	Total
----- RUPEES IN THOUSAND -----				
Financial assets				
Available for sale financial assets	185,626	-	-	185,626
Total financial assets	<u>185,626</u>	<u>-</u>	<u>-</u>	<u>185,626</u>

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 year. Further there was no transfer in and out of level 3 measurements.

The Group'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 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 Group is the current bid price. These instruments are included in level 1.

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

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

(ii) Valuation techniques used to determine fair values

Specific valuation technique used to value financial instruments was the use of quoted market prices.

46. FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

Judgments and estimates are made in determining the fair values of the non-financial assets that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets into the following three levels.

At 30 June 2018	Level 1	Level 2	Level 3	Total
 RUPEES IN THOUSAND			
Investment properties	-	270,443	-	270,443
Freehold land	-	3,060,060	-	3,060,060
Total non-financial assets		3,330,503		3,330,503

At 30 June 2017	Level 1	Level 2	Level 3	Total
 RUPEES IN THOUSAND			
Investment properties	-	267,476	-	267,476
Freehold land	-	2,972,155	-	2,972,155
Total non-financial assets		3,239,631		3,239,631

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

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

(ii) Valuation techniques used to determine level 2 fair values

The Group obtains independent valuations for its investment properties annually and for its freehold land (classified as property, plant and equipment) at least after every three years. The management updates the assessment of the fair value of each property, taking into account the most recent independent valuations. The management determines property's value within a range of reasonable fair value estimates. The best evidence of fair value of freehold land is current prices in an active market for similar lands. The best evidence of fair value of buildings is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same building.

Valuation processes

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties at the end of each financial year and for freehold land at least after every three years. As at 30 June 2018, the fair value of the investment properties has been determined by Messrs Evaluation Focussed Consulting and Messrs Sadruddin Associates (Private) Limited. The valuation of freehold land has been performed by Messrs Evaluation Focussed Consulting and Messrs Empire Enterprises (Private) Limited as at 30 June 2016.

Changes in fair values are analyzed at each reporting date during the annual valuation discussion between the Chief Financial Officer of the Holding Company and the valuers. As part of this discussion the teams present reports which explain the reason for the fair value movements.

47. DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue on October 04, 2018 in accordance with the resolution of the Board of Directors.

48. CORRESPONDING FIGURES

Comparative figures have been rearranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made in these consolidated financial statements except for following:

Reclassification from statement of financial position	Reclassification to statement of financial position	RUPEES IN THOUSAND
Trade and other payables	Unclaimed dividend	3,942

49. GENERAL

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

FORM OF PROXY

Annual General Meeting

I/We _____ of _____ a member/members of **Crescent Cotton Mills Limited** and holder of _____ shares as per Folio # _____ /CDC Participant's ID # _____ and Sub Account # _____ /CDC Investor Account ID # _____ do hereby appoint _____ of _____ or failing him _____ of _____ who is also member of the Company vide Folio No. _____ /CDC Participant's ID # _____ and Sub Account # _____ /CDC Investor Account ID # _____ as my/our Proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 09:30 a.m. on Saturday the October 27, 2018 at the Registered Office of the Company New Lahore Road, Nishatabad, Faisalabad and at any adjournment thereof.

As witness my hand this _____ day of _____ 2018.

Member's Signature

Affix revenue stamps
of Rs. 5/-

Witnesses:

Signature: _____

Name: _____

Address: _____

Signature: _____

Name: _____

Address: _____

Note:

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy.
2. The instrument appointing a Proxy, together with the Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited at the Registered Office, New Lahore Road, Nishatabad, Faisalabad, not less than 48 hours before the time of holding the Meeting.
3. CDC account holders will further have to follow the under mentioned guidelines as laid down in circular # 1 dated January 26, 2000 of the Securities & Exchange Commission of Pakistan for appointing Proxies:
 - i) In case of individuals, the account holder or sub-account holder and their registration details are uploaded as per the Regulations, shall submit the Proxy form as per the above requirement.
 - ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - iii) Attested copies of CNICs or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iv) The proxy shall produce his original CNIC or original passport at the time of the meeting.
 - v) In case of a corporate entity, the Board of Directors' resolution/Power of attorney with specimen signatures of the proxy holder shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

