



Crescent Cotton Mills Ltd.

ANNUAL REPORT 2019










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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 & Compnay
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 61st Annual General Meeting of the shareholders of the Company will be held on Saturday the 28th October, 2019 at 9.30 a.m. at Registered Office of the Company New Lahore Road, Nishatabad, Faisalabad to transact the following business:

1. To receive, consider and adopt Annual Audited Financial Statements of the Company for the year ended June 30, 2019 together with the Directors' and Auditors' Reports thereon.
2. To appoint External Auditors and fix their remuneration.

3. SPECIAL BUSINESS:

To consider and, if thought fit, approve an increase in the authorized share capital of the Company and for this purpose pass the following special resolution, with or without any amendments:

“Resolved that, the authorized share capital of the Company be and is hereby increased from Rs. 300,000,000 (Rupees three hundred million) divided into 30,000,000 (Thirty million) shares of Rs. 10 each to Rs. 400,000,000 (Rupees four hundred million) divided into 40,000,000 (Forty million) shares of Rs. 10 each.

Further resolved that Clause V of the Memorandum of Association of the Company and Article 7 of the Articles of Association of the Company be and is hereby substituted by the following new clause:

“V. The Share Capital of the Company is Rs. 400,000,000/- (Rupees Four hundred million) divided into 40,000,000 (Forty million) Ordinary Shares of Rs. 10/- (Rupees Ten) each with the rights, privileges and conditions attaching thereto as are provided by the Regulation of the Company for the time being, with power to the Company to increase or reduce its Capital, and to divide the share in the Capital for the time being in the several classes, and to attach thereto respectively such preferential, deferred, qualified, or special rights, privileges or conditions as determined by, or in accordance with the Regulation of the Company, and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may, from time to time be decided by the Company.”

“7. The authorised capital of the company is Rupees 400,000,000 (Rupees four hundred million) divided into 40,000,000 (Forty million) Ordinary Shares of Rupees 10 each.”

Further resolved that the Chief Executive Officer and / or Company Secretary of the Company, be and are hereby authorized singly and / or jointly (“Authorized Persons”) to take all necessary steps and execute documents as may be necessary or expedient for the purpose of giving effect to the spirit and intent of the above resolutions.

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 03, 2019

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

NOTES

1. The Share Transfer Books of the Company will remain closed from October 18, 2019 to October 28, 2019 (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, 2019. Transfers received at the Share registrar office 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 notarially 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.

In view of above, you are advised to provide your complete bank account/IBAN detail as per format given below to our share Registrar M/s. Vision Consulting Limited, 3-C, LDA Flats, Lawrence Road, Lahore (in case CDC accountholders/Sub accountholder, please provide said details to respective member Stock Exchange) enabling us to comply with above Section/Circular.

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)12014 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, 2017 effective 1 July 2017, 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.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 CONCERNING THE SPECIAL BUSINESS :

This statement set out the material facts concerning the special business to be transacted at the annual general meeting of the Company to be held on October 28, 2019.

Increase in Authorized Share Capital of the Company and Consequent Amendments in the Memorandum of Association :

The Company is planning to conduct a rights issuance, as such authorized share capital of the Company needs to be enhanced. Accordingly, the Board of Directors has recommended to increase the authorized share capital of the Company from Rs. 300,000,000/= divided into 30,000,000 shares of Rs. 10 each to Rs. 400,000,000/= divided into 40,000,000 shares of Rs. 10 each.

The proposed increase in the authorized share capital of the Company will also necessitate amendments in Clause V of the Memorandum of Association of the Company to reflect the increase in the authorized share capital of the Company. A copy of the Memorandum of Association has been kept at the registered office of the Company and may be inspected during business hours on any working day from the date of publication of this notice till the conclusion of the annual general meeting.

The Directors are not interested, directly or indirectly, in the above special businesses, other than as Directors and shareholders of the Company.

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.

CHAIRMAN'S REVIEW

I present this report to the shareholders of Crescent Cotton Mills Limited pertaining to the overall performance of the Board and the effectiveness of its role in attaining Company's objectives. During the year the Board committees continued to work with a great measure of proficiency. The Audit Committee has focused in particular on the management and control of risks associated with the business. The Human Resource and Remuneration Committee has ensured that the HR policies regarding performance management, HR staffing, compensation and benefits are market driven and are properly aligned to the company's performance, shareholders' interests and the long-term success of the company.

As required under the Listed Companies (Code of Corporate Governance) Regulations, 2017, the Board has developed a mechanism for the evaluation of performance of the Board of Directors. For the financial year ended June 30, 2019, the Board's overall performance and effectiveness has been assessed as Satisfactory. Improvement is an ongoing process leading to action plans. The overall assessment as Satisfactory is based on an evaluation of integral components including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business.

The Board of Directors of the Company received agendas and supporting written material including follow up materials in sufficient time prior to the board and its committee meetings. The board meets frequently enough to adequately discharge its responsibilities. The non-executive and independent directors are equally involved in important decisions.

On an overall basis, I believe that the strategic direction of the Company is clear and appropriate. Further, the processes adopted in developing and reviewing the overall corporate strategy and achievement of company's objectives are commendable.



ZAHID BASHIR

CHAIRMAN

Faisalabad

October, 03, 2019

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, 2019 together with the auditors' report thereon.

Overview Of Economy And Industry

Textile exports from Pakistan have recorded a negative growth of 1.42% (US\$ 13.520 billion to US\$ 13.329 billion) in the financial year of 2018-2019. The decrease in US\$ terms can be attributed to a bottleneck in the shape of limited capacity available in the Textile Industry of Pakistan. The price and quality of Cotton have also further contributed as a deterrent to the smooth progression of the industry. Due to a devaluation in the value of PKR of approximately 30% in the previous financial year, the prices have of Cotton have consequently increased. It can further also be observed that the production volume of Cotton, which is at 10 million bales, is drastically lower compared to the consumption that is between 14-15 million bales currently. Due to the prevalent shortage in supply of cotton, the price has maintained an increasing trend. Furthermore, it can be observed that the quality of cotton has decreased significantly in the recent years. Due to this, millers have been forced to reduce the speed of their machines, resulting in increase in the operational cost to maintain existing quality standards. The other major factor was the two fold increase in the Kibor rate which was 12.972% in June 2019 (6.92% in June 2018).

Uncertain economic conditions dominated during the financial year 2018-19 due to slow world economic growth, uncompleted Brexit and trade dispute between USA and China over tariff policy. Such unpredictable situations created a state of confusion among buyers which negatively affected economic activity. However, Government of Pakistan provided gas and electricity to export oriented sectors at subsidized rates of USD 6.5 per mmbtu and 7.5 cents per KWH w.e.f 27 September 2018 and 01 January 2019 respectively in an effort to boost exports by reducing cost of production of five export oriented sectors including textile. These steps have provided much needed relief to the exporters and enhanced their competitiveness in the international market.

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.

The company incurred a pre-tax loss of Rs. 4.207 million against pre-tax profit of Rs. 48.961 million in the last year.

Sales of during the year under review have been recorded at Rs. 7,393.034 million which is better than last year's sales of Rs. 6,094.091 million. Our gross profit ratio to sales this year is 3.90% (2018 : 4.00%).

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

SUMMARY OF KEY FINANCIAL RESULTS IN COMPARISON TO LAST YEAR

PROFIT AND LOSS	FY-2019		FY-2018		INCREASE/(DECREASE)	
	RS. IN "000"	%	RS. IN "000"	%	RS. IN "000"	%
Sales revenue	7,393,034	100.00	6,094,091	100.00	1,298,943	21.31
Cost of sales	7,104,456	96.10	5,850,287	96.00	1,254,169	21.44
Gross profit	288,578	3.90	243,804	4.00	44,774	18.36
Operating expenses	243,930	3.30	223,537	3.67	20,393	9.12
Other income	34,793	0.47	84,056	1.38	(49,263)	(58.61)
Profit from operations	79,441	1.07	104,323	1.71	(24,882)	(23.85)
Finance cost	83,648	1.13	55,362	0.91	28,286	51.09
Taxation	43,078	0.58	43,078	0.71	0	0.00
Profit after taxation	(47,285)	(0.64)	5,883	0.10	(53,168)	(903.76)
Earnings per share (Rs.)	(4.04)		0.26		(4.30)	

Right from the start of the financial year 2018-19, we have witnessed a continuation of unfavorable circumstances for the spinning industry that were prevalent in the previous year.

The Company, in order to mitigate the cotton supply and price risk, completed most of the purchase of raw cotton in December 2018 in order to fulfill the production requirements for the whole financial year. Spinning industry faced a number of challenges throughout year such as high rate of local cotton due to shortfall in local cotton crop and slow world economic growth. On the other hand, rate of cotton was low in the international market due to availability of abundant cotton supply. Therefore, yarn prices witnessed a downward trend in international market which made difficult for export-oriented companies to sell yarn at competitive rates

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 much as possible.

Financial Strength

The company has been able to improve its financial strength, the current ratio of the company is now 0.81. 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.

Earnings Per Share

The profit per share for operations stood at Rs. (4.04) per share (2018: Earning Rs. 0.26 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 well controlled 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 renewable energy sources. 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.

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 Director Report.
- 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 DIRECTORS

(In alphabetical order)

MEETINGS ATTENDED

Mr. Abid Mahmood	4
Mr. Adnan Amjad	4
Mr. Humayun Mazhar	2
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 four (4) meetings of the Audit Committee were held and following were the attendance :-

<u>NAME OF DIRECTORS</u> (In alphabetical order)	<u>MEETINGS ATTENDED</u>
Mr. Adnan Amjad	4
Mr. Salman Rafi	4
Mr. Taimur Amjad	4

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/sold by directors is as under:-

<u>SR.#</u>	<u>NAME OF DIRECTORS/SPOUSE/MINOR</u>	<u>SHARES PURCHASED</u>	<u>SHARES SOLD</u>
1.	Mr. Adnan Amjad	20,000	12,500
2.	Mr. Humayun Mazhar	-	2,500

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.

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, 2020.

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 228 of the Companies Act, 2017.

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.

Way Forward

New Government has taken decision to supply gas to five zero rated sectors including textile, jute, carpets, leather, sports and surgical goods on a blend of domestic gas and imported RLNG on a 50:50 basis at an weighted average cost of about \$6.5 per MMBTU. The government has reduced electricity tariff for industry to 7.5 cent/kwh. It will help to make the textile industry competitive in the region. Cotton production is estimated to fall 30 percent short of its target of 14.370 million bales in the current season as water shortage and pest attacks have squeezed the crop yields signaling hard time ahead for the already struggling economy that is heavily reliant on fiber. Management of your company is closely watching the cotton outlook and has procured cotton till peak of next cotton season and is focusing efforts on minimizing cost by enhancing capacity, improving efficiencies to achieve the favorable financial results for the financial year ending June 30, 2020. The stability in US\$ rate will also show improvements in the exports volumes in the next financial year.

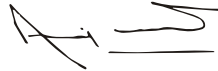
SUBSIDIARIES**CRESCOT MILLS LIMITED**

As already reported, the company has ceased all its production activities and during the year ended June 30, 2019, the company earned a profit of Rs. 6.478 million as compared to profit of Rs. 4.349 million of last year. The company has been de-listed from the Karachi Stock Exchange with effect from July 28, 2005.

For and on behalf of
the Board of Directors



MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER



ABID MEHMOOD
DIRECTOR

Faisalabad
October, 03, 2019

حصص یافتگان کے لیے ڈائریکٹرز کا جائزہ

آپ کی کمپنی کے ڈائریکٹران مالی سال مختتمہ 30 جون 2019ء 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۔

معیشت اور انڈسٹری کا جائزہ:

پاکستان کی ٹیکسٹائل برآمدات میں 2018-2019 کے مالی سال میں 1.42 فیصد (13.520 بلین ڈالر سے 13.329 بلین ڈالر) کی منفی ترقی ریکارڈ کی گئی۔ امریکی ڈالر کی شرائط میں کمی کو پاکستان کی ٹیکسٹائل انڈسٹری میں محدود صلاحیت کی شکل میں ایک رکاوٹ قرار دیا جاسکتا ہے۔ کپاس کی قیمت اور معیار بھی ہموار صنعتی ترقی کی راہ میں رکاوٹ ہے۔ پچھلے مالی سال میں پاکستانی روپے کی قدر میں تقریباً 30 فیصد کمی کی وجہ سے کپاس کی قیمتوں میں اضافہ ہوا ہے۔

یہ بھی مشاہدہ کیا جاسکتا ہے کہ کپاس کا پیداواری حجم، جو 10 ملین گانٹھ ہے، اس کھپت کے مقابلہ میں جو اس وقت 14-15 ملین گانٹھوں کے درمیان ہے، کافی کم ہے۔ کپاس کی فراہمی میں مسلسل کمی کے سبب قیمت میں اضافہ کارہجان برقرار ہے۔ مزید برآں یہ بھی مشاہدہ کیا جاسکتا ہے کہ حالیہ سالوں میں کپاس کا معیار بھی نمایاں طور پر گرا ہے۔ اس کی وجہ سے مل مالکان اپنی مشینوں کی رفتار کم کرنے پر مجبور ہوتے ہیں جس کے نتیجے میں موجودہ کوالٹی اسٹینڈرڈ کو برقرار رکھنے کیلئے عملی اخراجات میں اضافہ ہوتا ہے۔ دوسرا بڑا عنصر کابریٹ میں دوگنا اضافہ تھا جو جون 2019ء میں 12.972 فیصد تھا۔ (جون 2018ء میں 6.92 فیصد)۔

بین الاقوامی معاشی ترقی میں سست روی، غیر نتیجہ خیز بریگزٹ اور ٹیرف پالیسی پر امریکہ اور چین کے درمیان تجارتی تنازعہ کے باعث مالی سال 2018-19 کے دوران غیر یقینی معاشی صورت حال غالب رہی۔ ان غیر متوقع حالات کے باعث خریداروں کے مابین تشکیک کی فضا تخلیق ہوئی جس نے معاشی سرگرمیوں کو بری طرح متاثر کیا۔ تاہم حکومت پاکستان نے برآمدی شعبہ کو ہلکی اور گیس 27 ستمبر 2018 اور یکم جنوری 2019 کو بالترتیب 6.5 فی ایم ایم بی ٹی یو اور 7.5 سینٹ فی کلو واٹ کے رعایتی نرخوں پر فراہم کی جس سے ٹیکسٹائل سمیت پانچ برآمدی شعبہ جات کی پیداواری لاگت میں کمی واقع ہونے سے برآمدات کو فروغ دینے میں مدد ملی۔ ان اقدامات سے برآمد کنندگان کو کافی حد تک راحت ملی ہے اور بین الاقوامی مارکیٹ میں ان کی مسابقت میں اضافہ ہوا ہے۔

مالیاتی اور عملی کارکردگی:

موجودہ مالی سال مجموعی طور پر ٹیکسٹائل کی صنعت کے لئے زیادہ اچھا نہیں رہا۔ ہمارے ٹیکسٹائل کے کاروبار کو متعدد چیلنجز کا سامنا کرنا پڑا ہے جس میں طلب اور منافع دونوں کافی حد تک کم ہو گئے ہیں۔ اس طرح کے نامساعد حالات میں کام کرنے کے باوجود آپ کی کمپنی زیر جائزہ سال کے دوران نفع حاصل کرنے میں کامیاب رہی ہے۔ ہم نے ملک میں کام کرنے والے ایسے ہی دیگر یونٹوں کے مقابلے میں بہت بہتر کارکردگی کا مظاہرہ کیا ہے۔

کمپنی کو پچھلے سال کے 48.961 ملین روپے قبل از ٹیکس منافع کے مقابلہ میں 4.207 ملین روپے قبل از ٹیکس نقصان اٹھانا پڑا۔

زیر جائزہ سال کے دوران فروخت 7,393.034 ملین روپے رہی جو پچھلے سال کی فروخت 6,094.91 ملین روپے کے مقابلے میں بہت بہتر ہے۔ اس سال فروخت پر ہمارے خام منافع کا تناسب 3.90 فیصد ہے۔ (2018 میں 4.00 فیصد)

پچھلے سال کے مقابلے میں کلیدی مالی نتائج کا خلاصہ ذیل میں نمایاں ہے:

نفع اور نقصان	مالی سال 2019 (ہزار روپے)	فیصد	مالی سال 2018 (ہزار روپے)	فیصد	اضافہ/(کمی) (ہزار روپے)	فیصد
فروخت کی آمدنی	7,393,034	100.00	6,094,091	100.00	1,298,943	21.31
فروخت کی لاگت	7,104,456	96.10	5,850,287	96.10	1,254,169	21.44
خام منافع	288,578	3.90	243,804	3.90	44,774	18.36
عملی اخراجات	243,930	3.30	223,537	3.30	20,393	9.12
دیگر آمدنی	34,793	0.47	84,056	0.47	(49,263)	(58.61)
عوامل سے منافع	79,441	1.07	104,323	1.07	(24,882)	(23.85)
مالیاتی لاگت	83,648	1.13	55,362	1.13	28,286	51.09
محصولات	43,078	0.58	43,078	0.58	0	0.00
منافع بعد از محصولات	(47,285)	(0.64)	5,883	(0.64)	(53,168)	(903.76)
فی حصص آمدنی (روپے)	(4.04)		0.26		(4.30)	

مالی سال 2018-19 کے آغاز سے ہی ہم نے سپننگ انڈسٹری کے لیے پچھلے سال سے مروجہ نامساعد حالات کے تسلسل کا مشاہدہ کیا ہے۔

کمپنی نے کپاس کی فراہمی اور قیمت کے خطرے کو کم کرنے کے لئے، پورے مالی سال کی پیداواری ضروریات کو پورا کرنے کے لئے دسمبر 2018 میں ہی خام کپاس کی زیادہ تر خریداری مکمل کر لی تھی۔

سپننگ انڈسٹری کو سال بھر میں متعدد چیلنجز کا سامنا کرنا پڑا جیسے مقامی کپاس کی فصل میں کمی کی وجہ سے مقامی کپاس کی قیمت میں اضافہ اور عالمی معاشی نمو کی سست روی۔ دوسری جانب کپاس کی وافر فراہمی کی وجہ سے بین الاقوامی مارکیٹ میں روئی کی قیمت کم تھی۔ لہذا یارن کی قیمتوں میں بین الاقوامی مارکیٹ میں مندی کا رجحان دیکھا گیا جس کی وجہ سے برآمدی کمپنیوں کو مسابقتی نرخوں پر یارن فروخت کرنا مشکل ہو گیا۔

طلب کی کمی، زیادہ ان پٹ لاگت اور یوٹیلٹیوں کی بلند تر قیمتوں نے ہماری کمپنی کی آمدنی پر سخت دباؤ ڈالا ہے۔

انتظامیہ مارکیٹ میں ہونے والی تبدیلیوں سے خبردار رہی اور تمام عوامل کے باوجود انتظامیہ کی پیشہ ورانہ مہارت اور وسیع ترین کی وجہ سے کمپنی اپنی حد تک نقصان کو کم سے کم کرنے میں کامیاب رہی۔

مالی طاقت:

کمپنی اپنی مالی طاقت کو بہتر بنانے میں کامیاب رہی ہے، کمپنی کا موجودہ تناسب اب 0.81 ہے۔ کمپنی کا کیش فلوی مینجمنٹ سسٹم مستقل بنیادوں پر کیش ان فلواور آؤٹ فلوا کا منصوبہ بناتا ہے اور روزانہ کی بنیاد پر کیش پوزیشن پر نظر رکھتا ہے۔ کمپنی مختصر مدت کے قرضوں کے ذریعے اپنے جاری سرمایہ کی ضروریات کا انتظام کرتی ہے۔

فی حصص آمدنی:

عوامل کے لیے فی حصص منافع (4.04) روپے رہا۔ (2018ء میں فی حصص آمدنی 0.26 روپے)

خطرات اور مواقع:

کرینٹ کاٹن ملز لمیٹڈ خطرہ مول لیتی ہے اور عام کاروبار میں مواقع پیدا کرتی ہے۔ مسابقتی رہنے اور پائیدار کامیابی کو یقینی بنانے کے لئے خطرہ مول لینا ضروری ہے۔ ہمارا ”خطرہ اور موقع“ کا نظم و نسق ایک اچھے کنٹرولڈ ماحول میں کاروبار کرنے کے لئے ایک موثر فریم ورک کا احاطہ کرتا ہے جہاں خطرہ کم ہوتا ہے اور مواقع سے استفادہ کیا جاتا ہے۔ کسی بھی فیصلے سے قبل ”خطرہ اور موقع“ کو مناسب طریقے سے پرکھا اور سمجھا جاتا ہے۔ فیصلے صرف اسی صورت میں طے کیے جاتے ہیں جب مواقع خطرے سے کہیں زیادہ ہوں۔ درپیش خطرات اور ان خطرات کو کم کرنے کی حکمت عملی کا خلاصہ درج ذیل ہے:

تزویریاتی خطرات:

ہم ایک مسابقتی ماحول میں کام کر رہے ہیں جہاں جدت، معیار اور لاگت معنی رکھتے ہیں۔ قوت عملیہ (BMR) کے تحت مسلسل تحقیق و ترقی اور نئی ٹیکنالوجی کے مستقل تعارف کے ذریعے اس خطرے کو کم کیا جاسکتا ہے۔ تزویریاتی خطرہ تمام خطرات میں سب سے اہم سمجھا جاتا ہے۔ تمام کاروباری شعبہ جات کے سربراہ ملکی و بین الاقوامی سطح پر پیش آمدہ خطرات سے نمٹنے کے لیے مربوط حکمت عملی بنانے کیلئے مستقل بنیادوں پر رابطے میں رہتے ہیں۔

کاروباری خطرات:

کمپنی کو درج ذیل متعدد کاروباری خطرات کا سامنا ہے:

کپاس کی رسد اور قیمت:

کپاس کی رسد اور قیمتیں قدرتی عمل اور مقامی و بین الاقوامی کپاس کی منڈیوں میں طلب کے محرکات کے تابع ہیں۔ کپاس کی عدم دستیابی اور قومی و بین الاقوامی منڈیوں میں کپاس کی قیمتوں میں اضافے کا خطرہ ہمیشہ رہتا ہے۔ کمپنی کٹائی کے آغاز پر ہی کپاس کی بھاری مقدار کی خریداری کر کے اس خطرہ کو کم کرتی ہے۔ برآمدی طلب اور قیمت:

برآمدات ہماری فروخت کا بڑا حصہ ہیں۔ ہمیں بین الاقوامی منڈیوں میں اپنی مصنوعات کی طلب میں کمی اور مسابقت کا سامنا رہتا ہے۔ ہم صارفین کے ساتھ مضبوط تعلقات استوار کرنے، کسٹمر بیس کو وسیع کرنے، معیار پر سچھوتہ کیے بغیر جدید مصنوعات تیار کرنے اور صارفین کو بروقت فراہمی فراہم کرنے کو یقینی بنا کر اس خطرے کو کم کرتے ہیں۔

توانائی کی دستیابی اور قیمت:

توانائی کی بڑھتی ہوئی قیمتیں اور عدم دستیابی یعنی بجلی اور گیس کی کمی پیداواری صنعت کیلئے بہت بڑا خطرہ ہے۔ اگر یہ خطرہ کم نہ کیا جائے تو بین الاقوامی منڈیوں میں مسابقت کیلئے ہمیں نااہل کر سکتا ہے۔ توانائی کے بڑھتے ہوئے اخراجات کا مقابلہ کرنے کے لیے کمپنی متبادل قابل تجدید توانائی کے ذرائع اختیار کر رہی ہے۔ کمپنی کی تمام پیداواری سہولیات پر بھی توانائی کے تحفظ کے اقدامات کیے گئے ہیں۔ اسی طرح واپڈ اسے بجلی کے کنکشن حاصل کرنے کے ساتھ ساتھ کمپنی کے تقریباً تمام مقامات پر بجلی پیدا کرنے کے لئے پاور پلانٹس لگا کر توانائی کی عدم دستیابی کے خطرے کو کم کیا گیا ہے۔

مالی خطرات:

کمپنی کا بورڈ آف ڈائریکٹرز ذمہ دار ہے کہ وہ مالیاتی رسک مینجمنٹ کی پالیسیاں مرتب کرے جو کمپنی کے شعبہ فنانس کے ذریعہ نافذ ہیں۔ کمپنی کو درج ذیل مالی خطرات کا سامنا ہے:

کرنسی کا خطرہ:

کمپنی کو بنیادی طور پر امریکی ڈالر اور یورو کے سلسلے میں مختلف کرنسیوں کے اظہار سے پیدا ہونے والے کرنسی کے خطرے کا سامنا ہے۔ کمپنی کے غیر ملکی زر مبادلہ کے خطرہ کا اظہار بینک بیلنس اور غیر ملکی اداروں کو قابل ادائیگی یا ان سے قابل وصولی رقوم تک محدود ہے۔

شرح سود کا خطرہ:

کمپنی کو شرح سود کا خطرہ طویل مدتی فنانسنگ، قلیل مدتی قرضے، ادھار اور ماتحت کمپنیوں کو پیشگی ادائیگیوں، ٹرم ڈیپازٹ کی رسیدوں اور بچت کھاتوں میں بینک بیلنس سے پیدا ہوتا ہے۔ مناسب قدر کی حساسیت کا تجزیہ اور نقد بہاؤ کی حساسیت کا تجزیہ ظاہر کرتا ہے کہ کمپنی کا نفع شرح سود کے خطرے سے مادی طور پر خالی نہیں ہے۔

ادھار کا خطرہ:

کمپنی کے ادھار کے خطرات اور خرابی کے نقصانات کا تعلق اس کے تجارتی قرضوں سے ہوتا ہے۔ اس خطرے کو اس حقیقت سے کم کیا جاسکتا ہے کہ ہمارے بیشتر صارفین کی مالی حیثیت مضبوط ہے اور ہمارے تمام صارفین کے ساتھ ہمارے دیرینہ کاروباری تعلقات ہیں۔ ہم اپنے صارفین کی طرف سے عدم تعاون کی توقع نہیں کرتے لہذا ادھار کا خطرہ کم ہے۔

لیکیو ڈٹی کا خطرہ:

بینکوں اور مالیاتی اداروں سے وابستہ ادھار کی سہولیات کے ذریعہ معقول فنڈز کی دستیابی کی وجہ سے یہ خطرہ کم از کم ہے۔

ملازمین کی بھرتی اور معاوضہ:

درست لوگوں کو راغب کرنے اور انہیں قائم رکھنے میں ناکامی کمپنی کے ترقیاتی منصوبے کے حصول کو بری طرح متاثر کر سکتی ہے۔ کمپنی کے انسانی وسائل اور ہنرمندی پر سخت زور دیا جاتا ہے۔ ہم عملے اور اسٹاف کو راغب اور برقرار رکھنے اور ان کی حوصلہ افزائی کے لیے بہترین ٹیلنٹ مینجمنٹ اور انسانی وسائل کے ذرائع بروئے عمل لاتے ہیں۔

پیداوار میں بہتری:

کمپنی کی انتظامیہ برآمدی منڈی کے لیے مصنوعات کی بہتری اور بعد ازاں ہمارے اپنے براڈ کی اعلیٰ بین الاقوامی معیار کی مصنوعات کی تیاری پر توجہ مرکوز کیے ہوئے ہے جسے بین الاقوامی مارکیٹ میں اپنی طلب پیدا کرنا چاہئے۔ کمپنی کی 90 فیصد سے زیادہ پیداوار کو بنیادی اجناس کی اشیاء میں درجہ بندی کیا جاسکتا ہے اور کسی عام جنس کی مناسب مارکیٹ تیار کرنا ایک بہت بڑا کام ہے جس کے لئے انتظامیہ مسلسل کوشش کر رہی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک پر بیان:

- 1- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی سٹیٹمنٹ منصفانہ طور پر اس کے معاملات کی حالت، اس کے عوامل کے نتائج، کیش کا بہاؤ اور مساوات میں تبدیلی پر مشتمل ہے۔
- 2- متذکرہ کمپنی اکاؤنٹس کی کتابیں 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- رواں سال کے دوران کمپنی کے عملی نتائج میں مخصوص رخنوں کی تفصیلات چیف ایگزیکٹو آفیسر کے جائزہ میں بیان کی گئی ہیں۔
- 8- پچھلے چھ سال کا تجزیہ شدہ بنیادی عملی اور مالیاتی ڈیٹا لف ہے۔
- 9- مالیاتی سٹیٹمنٹ میں ظاہر کی گئی کے علاوہ ٹیکسز، ڈیویڈنڈ، لیویز اور چارجز کی مد میں تمام قانونی ادائیگیاں کردی گئی ہیں۔
- 10- سال کے دوران بورڈ کے چار اجلاس منعقد ہوئے جن میں ہر ڈائریکٹر کی حاضری درج ذیل ہے:

شرکت کردہ اجلاس

ڈائریکٹر کا نام (الفبائی ترتیب کے مطابق)

4	مسٹر عابد محمود
4	مسٹر عدنان امجد
2	مسٹر ہمایوں مظہر
4	مسٹر نوید گلزار
4	مسٹر سلمان رفیع
4	مسٹر تیمور امجد
3	مسٹر زاہد بشیر

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

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

شرکت کردہ اجلاس	ڈائریکٹر کا نام (الفبائی ترتیب کے مطابق)
4	مسٹر عدنان امجد
4	مسٹر سلمان رفیع

شرکت کردہ اجلاس	ڈائریکٹر کا نام (الفبائی ترتیب کے مطابق)
4	مسٹر عدنان امجد
4	مسٹر سلمان رفیع
4	مسٹر تیمورا امجد

مالیاتی سٹیٹمنٹ:

مندرجہ کمپنیوں کے قواعد و ضوابط کوڈ آف کارپوریٹ گورننس 2017 کے ضابطہ نمبر 26 کے تحت چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر اپنے دستخطوں کے ہمراہ مالیاتی سٹیٹمنٹ بورڈ آف ڈائریکٹرز اور بورڈ کی طرف سے غور اور منظوری کے لیے پیش کرتے ہیں۔ غور و خوض اور منظوری کے بعد دستخط کردہ مالیاتی سٹیٹمنٹ کو اجراء اور اشاعت کی اجازت دیتے ہیں۔

کمپنی کی مالیاتی سٹیٹمنٹ کمپنی کے آڈیٹرز میسرز ریاض احمد اینڈ کوچارٹرز ڈاکوٹینٹس کی طرف سے اچھی طرح آڈٹ اور بغیر قابلیت کے منظور کی گئی ہیں اور ان کی رپورٹ مالیاتی سٹیٹمنٹ کے ساتھ لف ہے۔

کمپنی کے خلاف ایک وائٹنگ اپ پٹیشن نمبر 36 CO بابت 2013ء ڈاکٹر یاسر محمود وغیرہ کی طرف سے لاہور ہائیکورٹ، لاہور میں دائر کی گئی تھی۔ 26 جنوری 2015ء کو لاہور ہائیکورٹ کے عزت مآب جج نے کمپنی 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 یافتگی کا نمونہ:

کمپنیز ایکٹ 2017 کی دفعہ 227 کے تحت حصص یافتگی کا نمونہ لف ہے۔

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

نمبر شمار	ڈائریکٹر اہلیہ / بچوں کا نام	خریدے گئے حصص	بیچے گئے حصص
1	مسٹر عدنان امجد	20,000	12,500
2	مسٹر ہمایوں مظہر	-	2,500

متذکرہ بالا ڈائریکٹر کے علاوہ سال کے دوران کسی بھی ڈائریکٹر، اس کی اہلیہ / نابالغ بچوں، چیف فنانشل آفیسر، کمپنی سیکرٹری اور ان کی بیگمات یا نابالغ 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 ٹرانزیکشنز محاسب کمیٹی کی طرف سے تصدیق اور بورڈ کی طرف سے منظور کی گئی ہیں۔

کارپوریٹ گورننس:

مندرجہ کمپنیوں کے قواعد و ضوابط کوڈ آف کارپوریٹ گورننس 2017 کی شق نمبر 40 کے تحت مطلوبہ تکمیل کا بیان ہمراہ مندرجہ کمپنیوں کے قواعد و ضوابط کوڈ آف کارپوریٹ گورننس 2017 لف ہے۔

بورڈ کی کمیٹیاں:

بورڈ آف ڈائریکٹرز نے کارپوریٹ گورننس کی تکمیل کے ضابطہ کے ہمراہ محاسب کمیٹی اور انسانی وسائل و تجدید کمیٹی قائم کی ہے۔ اس کے ممبران کے نام کمپنی پروفائل میں دیئے گئے ہیں۔

ادارہ جاتی سماجی ذمہ داری:

آپ کی کمپنی معاشرے کی طرف سے عائد اپنی ادارہ جاتی ذمہ داری سمجھتی ہے اور معاشرے کے پسماندہ افراد اور اپنے مستحق ملازمین کو مالی امداد فراہم کرنے کے ساتھ ساتھ رفاہ عامہ کے کام کے ذریعے اپنی ذمہ داری پوری کرتی ہے۔ کمپنی توانائی کی بچت اور ماحولیاتی تحفظ کے لیے مختلف حل لاگو کر کے، اپنے قابل قدر گاہکوں کو بہترین معیار کی مصنوعات اور بعد از فروخت تکنیکی خدمات کی فراہمی کے ذریعے قومی و قاریں بھی معتد بہ مقدار میں اپنا حصہ ڈال رہی ہے۔ آپ کی کمپنی رفاہ عامہ کی سرگرمیوں کے طور پر مختلف اداروں کو بھاری رقم مستقلاً چندہ دے رہی ہے جو قدرتی آفات سے نمٹنے کے لیے قائم کیے گئے ہیں۔ آپ کی کمپنی اپنے ملازمین کو صحت مند، محفوظ اور سیکھنے کا ماحول فراہم کر رہی ہے اور انہیں اندرون و بیرون ملک تربیتی کورسز، سیمینارز، ورکشاپس اور کانفرنسز میں بھیجا جاتا ہے۔

بیرونی محاسب:

موجودہ بیرونی محاسب میسرز ریاض احمد اینڈ کو، چارٹرڈ اکاؤنٹینٹس سالانہ اجلاس عام کے اختتام پر ریٹائر ہو جائیں گے اور اہل ہونے کی صورت میں انہوں نے اپنی رضامندی ظاہر کی ہے۔ محاسب کمیٹی کی تجویز کی بنیاد پر بورڈ نے میسرز ریاض احمد اینڈ کو، چارٹرڈ اکاؤنٹینٹس کی 30 جون 2020ء کو ختم ہونے والے مالی سال کے لیے بطور بیرونی محاسب دوبارہ تعیناتی کی سفارش کی ہے۔

بعد از بیلنس شیڈ تغیرات:

بیلنس شیڈ کی تیاری کے بعد ایسا کوئی اہم وقوعہ یا تغیر رونما نہیں ہوا جسے ڈائریکٹرز پورٹ میں ظاہر کرنا ضروری ہو۔

مضبوط مالی بیانات:

مضبوط مالیاتی سٹیٹمنٹ ہمراہ متعلقہ معلومات کمپنیز ایکٹ 2017ء کی شق 228 کے تحت لف ہیں۔

کریسکوٹ 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۔

پیش بندی:

نئی حکومت نے پانچ زیرو ریٹڈ شعبہ جات جن میں ٹیکسٹائل، پٹ سن، قالین، چمڑے، کھیل اور سرجیکل سامان شامل ہیں، کو گھریلو گیس اور RNLG کے 50:50 امتزاج پر گیس کی فراہمی کا فیصلہ کیا ہے جس کی اوسط لاگت 6.5 ڈالر فی ایم بی ٹی یو پڑے گی۔ حکومت نے صنعت کے لیے بجلی کا ٹیرف بھی 7.5 سینٹ فی کلو واٹ تک کم کر دیا ہے۔ اس سے ٹیکسٹائل کی صنعت کو خطے میں مسابقت کرنے میں مدد ملے گی۔ رواں سیزن میں کپاس کی پیداوار 14.370 ملین گانٹھوں کے ہدف سے 30 فیصد کم ہونے کا تخمینہ ہے کیونکہ پانی کی قلت اور کیڑوں کے حملوں نے فصلوں کی پیداوار کو نچوڑ کر رکھ دیا ہے جو کہ فائبر پر انحصار رکھنے والی پہلے سے مصروف جہد معیشت کے لیے مشکل وقت کا اشارہ ہے۔ آپ کی کمپنی کی انتظامیہ کپاس کے معاملات کو بنظر غائر دیکھ رہی ہے اور اگلے کپاس کے موسم کے اختتام تک کپاس کی خریداری مکمل کر چکی ہے اور 30 جون 2020ء کو ختم ہونے والے مالی سال کے لیے سازگار مالی نتائج حاصل کرنے کے لئے استعداد کار کو بہتر بنانے، صلاحیت میں اضافہ کر کے قیمت کو کم سے کم کرنے کی کوششوں پر توجہ دے رہی ہے۔ امریکی ڈالر کی شرح میں استحکام بھی اگلے مالی سال میں برآمدات کے حجم میں بہتری ظاہر کرے گا۔

ماتحت کمپنیاں:

کریسکوٹ ملز لمیٹڈ:

جیسا کہ پہلے بتایا جا چکا ہے کہ کمپنی اپنی تمام پیداواری سرگرمیاں ختم کر چکی ہے اور کمپنی نے پچھلے سال کے 4.349 ملین روپے منافع کے مقابلہ میں 30 جون 2019ء کو ختم ہونے والے سال میں 6.478 ملین روپے کا منافع کمایا۔ 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

03 اکتوبر 2019ء

KEY OPERATING AND FINANCIAL DATA**(RUPEES IN MILLION)**

	2019	2018	2017	2016	2015	2014
Summary of Profit and Loss Account						
Sales	7,393	6,094	3,984	3,454	3,810	4,959
Gross profit	289	244	127	128	201	369
Profit from operations	81	104	110	17	25	152
Finance cost	84	55	29	32	37	40
(Loss)/profit before taxation	(3)	49	81	(15)	(12)	112
Taxation	88	43	52	7	9	15
(Loss)/profit after taxation	(91)	6	29	(22)	(21)	97

Summary of Balance Sheet

Property, plant and equipment	5,151	4,135	4,024	3,666	3,035	2,903
Other non-current assets	63	31	43	66	50	26
Stock in trade	475	379	270	386	395	414
Trade debts	200	127	64	40	56	79
Other current assets	636	716	729	402	367	515
Current assets	1,311	1,222	1,063	828	818	1,008
Total assets	6,525	5,388	5,130	4,560	3,903	3,937
Shareholders equity	531	698	861	578	598	617
Surplus on revaluation of operating fixed assets	4,137	3,080	3,080	3,080	2,543	2,523
Long term financing	131	178	226	-	-	-
Other non-current liabilities	101	81	75	67	59	57
Trade and other payables	789	723	392	350	330	380
Short term borrowings	661	529	440	447	328	305
Other current liabilities	175	99	56	38	45	55
Current liabilities	1,625	1,351	888	835	703	740
Total equity and liabilities	6,525	5,388	5,130	4,560	3,903	3,937

Summary of Cash Flow Statement

Cash and cash equivalents at the beginning of the year	106	41	32	16	120	136
Net cash (used in) / generated from operating activities	(125)	118	18	(15)	54	54
Net cash used in investing activities	(25)	(130)	(240)	(85)	(143)	(39)
Net cash from / (used in) financing activities	94	77	231	116	(15)	(31)
Net increase / (decrease) in cash and cash equivalents	(56)	65	9	16	(104)	(16)
Cash and cash equivalents at the end of the year	50	106	41	32	16	120

PERFORMANCE INDICATORS

		2019	2018	2017	2016	2015	2014
Profitability Ratios							
Gross profit ratio	%	3.91	4.00	3.19	3.71	5.28	7.44
Net profit to sales	%	(1.23)	0.10	0.73	(0.64)	(0.55)	1.96
Return on equity	%	(17.14)	0.86	3.37	(3.81)	(3.51)	15.72
Return on capital employed	%	(0.45)	7.34	12.87	(2.38)	(1.91)	17.79
Liquidity Ratios							
Current ratio	Times	0.81	0.90	1.20	0.99	1.16	1.36
Quick ratio	Times	0.51	0.62	0.89	0.53	0.60	0.80
Cash to current liabilities	%	0.03	0.08	0.05	0.04	0.02	0.16
Activity / Turnover Ratios							
Inventory turnover	Times	17	18	12	9	9	11
Number of days in inventory	Days	22	20	31	43	41	32
Debtor turnover	Times	45	64	77	72	56	57
Number of days in receivables	Days	8	6	5	5	6	6
Creditors turnover	Times	9	10	10	10	10	13
Number of days in payables	Days	39	35	35	37	36	28
Total assets turnover	Times	1.24	1.16	0.82	0.82	0.97	1.26
Property, plant and equipment turnover	Times	1.59	1.49	1.04	1.03	1.28	1.72
Investment / Market Ratios							
Basic and diluted earning/(loss) per share	Rs.	0.26	0.26	1.35	(1.05)	(1.00)	4.53
Price earning ratio	Times	109.15	96.69	33.07	(42.86)	(54.55)	12.40
Market value per share							
- At the end of year	Rs.	28.38	25.14	44.65	45.00	54.55	56.15
- Highest during the year	Rs.	39.64	39.64	53.90	54.95	54.55	60.58
- Lowest during the year	Rs.	23.89	25.14	44.00	45.00	37.05	27.80
Break up value w/o surplus on revaluation	Rs.	23.43	30.80	40.28	27.04	27.97	28.86
Break up value with surplus on revaluation	Rs.	206.00	166.72	184.35	171.11	146.93	146.88
Capital Structure Ratios							
Financial leverage ratio	Times	1.49	1.01	0.77	0.77	0.55	0.49
Long term debt to equity ratio	%	24.67	25.50	26.25	-	-	-
Interest coverage ratio	Times	0.96	1.89	3.79	0.53	0.68	3.80

Form - 34

**The Companies Ordinance 1984
(Section 236(1) and 464)**

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, 2019**

Shareholders	From	To	Total Shares
570	1	100	17,213
424	101	500	101,184
154	501	1,000	106,616
175	1,001	5,000	354,408
33	5,001	10,000	238,014
9	10,001	15,000	110,155
6	15,001	20,000	98,846
4	20,001	25,000	89,439
4	25,001	30,000	105,467
5	30,001	35,000	163,590
3	35,001	40,000	115,227
7	40,001	45,000	294,736
3	45,001	50,000	146,709
2	50,001	55,000	107,775
4	55,001	60,000	234,567
2	60,001	65,000	128,428
2	65,001	70,000	134,235
3	70,001	75,000	219,798
4	80,001	85,000	329,604
1	85,001	90,000	89,061
1	95,001	100,000	96,102
3	100,001	105,000	308,934
2	105,001	110,000	212,000
1	110,001	115,000	112,178
3	115,001	120,000	351,690
1	120,001	125,000	121,480
1	125,001	130,000	128,365
2	135,001	140,000	271,329
6	145,001	150,000	873,741
1	150,001	155,000	153,080
2	155,001	160,000	314,610
1	160,001	165,000	162,541
2	165,001	170,000	333,568
1	170,001	175,000	171,615
1	175,001	180,000	176,790
3	190,001	195,000	575,139
1	195,001	200,000	200,000
1	205,001	210,000	207,208
2	210,001	215,000	426,255
2	230,001	235,000	464,203
1	235,001	240,000	238,138
2	270,001	275,000	545,776
1	350,001	355,000	353,224
2	380,001	385,000	763,985
1	385,001	390,000	388,557
1	390,001	395,000	391,468
1	405,001	410,000	407,559
1	410,001	415,000	413,264
2	425,001	430,000	853,284
1	430,001	435,000	430,823
1	540,001	545,000	544,622
1	570,001	575,000	573,999
1	585,001	590,000	589,856
1	590,001	595,000	590,744
1	685,001	690,000	686,599
1	855,001	860,000	856,454
1	1,030,001	1,035,000	1,034,499
1	1,105,001	1,110,000	1,108,348
1	1,280,001	1,285,000	1,283,896
1	1,755,001	1,760,000	1,759,131

1,475

22,660,126

Sr.#	Categories of Shareholders	Numbers	Shares Held	Percentage
1	Insurance Companies	1	212,000	0.94
2	Others	7	150,249	0.66
3	Financial Institutions	9	658,813	2.91
4	Individuals	1422	17,546,710	77.43
5	Investment Companies	5	9,231	0.04
6	Joint Stock Companies	21	2,974,571	13.13
7	Mutual Fund	2	1,108,552	4.89
	Grand Total	1,467	22,660,126	100.00

PATTERN OF HOLDING OF SHARES

Held by Shareholders as at June 30, 2019

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	83,458	0.37
Mr. Abid Mehmood	167,866	0.74
Mr. Adnan Amjad	672,099	2.97
Mr. Naveed Gulzar	430,910	1.90
Mr. Salman 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. Marium Naveed	105	0.00
Mst. Shireen Abid	556,487	2.46
Mrs. Mehreen Humayun Mazhar	10,135	0.04
	3,310,340	14.61
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	1,776,781	7.84
	1,776,781	7.84
7 - Other Companies		
Other Companies, Corporate Bodies, Trust etc.	3,335,469	14.72
	3,335,469	14.72
9 - General Public		
A. Local	12,531,349	55.30
B. Foreign	-	-
	12,531,349	55.30
	22,660,126	100.00

Shareholders More Than 5.00%	Shares	%Age
Miss Nazish Arshad	1,824,527	8.05
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, 2019

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. AdnanAmjad
 - iii) Mr. HumayunMazhar
 - iv) Mr.TaimurAmjad
 - 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

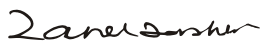
board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

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. Two of the directors have attended the directors' training program, moreover the Company will apply to Securities and Exchange Commission of Pakistan for exemption of some directors' training program in the next financial year.
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	4
b). HR and Remuneration Committee	1
15. The board has outsourced the internal audit function to RSM Avais 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, 03, 2019



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 2019 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 2019.

Further, we highlight below instances 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
9	Exemption of directors from training program has not been taken from Securities and Exchange Commission of Pakistan (SECP).
18	Company Secretary and Chief Financial Officer are the same person.

RIAZ AHMAD & COMPANY

Chartered Accountants



Faisalabad

October, 03, 2019

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 2019, 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 2019 and of the loss, other comprehensive income, 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 2019 amounting to Rupees 550.024 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 75.418 million - Stock-in-trade of Rupees 474.606 million 	<p>Our procedures over existence and valuation of inventories 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>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.</p> <p>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 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 undertakes 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>	<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 of 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 financial statements.
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2.	<p>Revenue recognition</p> <p>The Company recognized revenue of Rupees 7,393.034 million for the year ended 30 June 2019.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicator of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</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 procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents; • We compared a sample of revenue transactions recorded around the year- end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period; • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'; • We compared the detail of a sample of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation; • We also considered the appropriateness of disclosures in the financial statements.
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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 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:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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, 03, 2019

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

EQUITY AND LIABILITIES	NOTE	2019 (RUPEES IN THOUSAND) Restated	2018 Restated
SHARE CAPITAL AND RESERVES			
Authorized share capital 30 000 000 (2018: 30 000 000) ordinary shares of Rupees 10 each		<u>300,000</u>	<u>300,000</u>
Issued, subscribed and paid up share capital	3	226,601	226,601
Capital reserves			
Premium on issue of shares reserve	4	5,496	5,496
Plant modernization reserve		12,000	12,000
Fair value reserve	5	141,708	192,403
Surplus on revaluation of freehold land and investment properties	6	4,136,711	3,079,990
Revenue reserves	7	<u>145,140</u>	<u>262,370</u>
Total equity		4,667,656	3,778,860
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	8	130,719	178,252
Employees' retirement benefit	9	101,141	80,592
		231,860	258,844
CURRENT LIABILITIES			
Trade and other payables	10	789,095	723,195
Unclaimed dividend		4,028	3,940
Accrued mark-up	11	21,695	14,561
Short term borrowings	12	660,837	528,780
Current portion of long term financing	8	59,417	47,534
Provision for taxation		90,053	32,595
		1,625,125	1,350,605
TOTAL LIABILITIES		<u>1,856,985</u>	<u>1,609,449</u>
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		<u>6,524,641</u>	<u>5,388,309</u>

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


 CHIEF EXECUTIVE OFFICER

ASSETS	NOTE	2019	2018
		(RUPEES IN THOUSAND)	
NON-CURRENT ASSETS			
Property, plant and equipment	14	4,891,674	3,885,036
Investment properties	15	258,878	250,111
Long term investments	16	27,950	9,820
Long term deposits		3,767	3,092
Deferred income tax asset	17	31,025	17,596
		5,213,294	4,165,655
CURRENT ASSETS			
Stores, spare parts and loose tools	18	75,418	56,888
Stock-in-trade	19	474,606	378,794
Trade debts	20	200,334	127,024
Loans and advances	21	66,420	43,735
Prepayments and balances with statutory authority	22	204,666	183,819
Other receivables	23	57,646	76,059
Short term investments	24	181,982	250,418
Cash and bank balances	25	50,275	105,917
		1,311,347	1,222,654
TOTAL ASSETS		6,524,641	5,388,309



DIRECTOR



CHIEF FINANCIAL OFFICER

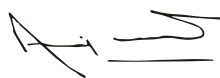
**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2019**

	NOTE	2019 (RUPEES IN THOUSAND)	2018
REVENUE	26	7,393,034	6,094,091
COST OF SALES	27	(7,104,456)	(5,849,769)
GROSS PROFIT		288,578	244,322
DISTRIBUTION COST	28	(60,031)	(57,848)
ADMINISTRATIVE EXPENSES	29	(182,988)	(165,896)
OTHER EXPENSES	30	(911)	(311)
OTHER INCOME	31	34,793	84,056
FINANCE COST	32	(83,648)	(55,362)
(LOSS) / PROFIT BEFORE TAXATION		(4,207)	48,961
TAXATION	33	(87,354)	(43,078)
(LOSS) / PROFIT AFTER TAXATION		<u>(91,561)</u>	<u>5,883</u>
(LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	34	<u>(4.04)</u>	<u>0.26</u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

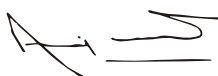
**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

	2019 (RUPEES IN THOUSAND)	2018
(LOSS) / PROFIT AFTER TAXATION	(91,561)	5,883
OTHER COMPREHENSIVE INCOME / (LOSS)		
Items that will not be reclassified subsequently to profit or loss:		
Experience adjustment on defined benefit plan	(8,991)	(3,066)
Deferred income tax related to experience adjustment	2,439	752
	(6,552)	(2,314)
Surplus on revaluation of freehold land	1,056,721	-
Deficit arising on remeasurement of investments at fair value through other comprehensive income	(58,986)	-
Reclassification adjustment regarding disposal of investments	(10,167)	-
Deferred income tax relating to investments at fair value through other comprehensive income	8,291	-
	(60,862)	-
	989,307	(2,314)
Items that may be reclassified subsequently to profit or loss:		
Deficit arising on remeasurement of available for sale investments to fair value	-	(110,473)
Reclassification adjustment for gain included in profit or loss	-	(55,406)
	-	(165,879)
Other comprehensive income / (loss) for the year - net of tax	989,307	(168,193)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	<u>897,746</u>	<u>(162,310)</u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

SHARE CAPITAL	RESERVES										TOTAL EQUITY		
	CAPITAL RESERVES					REVENUE RESERVES							
	Premium on issues of shares	Plant modernization	Fair value reserve of available for sale investments	Fair value reserve of investments at FVOCI	Reserves for issue of bonus shares	Surplus on revaluation of freehold land and investment properties	Sub total	General reserve	Dividend equalization	Unappropriated profit		Sub total	
213,775	5,496	12,000	358,282	-	-	3,079,990	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)	-	-	-	-	(12,826)	-
-	-	-	(165,879)	-	-	-	(165,879)	-	-	5,883 (2,314)	5,883 (2,314)	5,883 (168,193)	5,883 (168,193)
-	-	-	(165,879)	-	-	-	(165,879)	-	-	3,569	3,569	(162,310)	(162,310)
226,601	5,496	12,000	192,403	-	-	3,079,990	3,289,889	96,988	4,000	161,382	262,370	3,552,259	3,778,860
-	-	-	(192,403)	192,403	-	-	-	-	-	(9,870)	(9,870)	(9,870)	(9,870)
-	-	-	-	192,403	-	-	-	-	-	(6,112)	(6,112)	(6,112)	(6,112)
226,601	5,496	12,000	-	192,403	-	3,079,990	3,289,889	96,988	4,000	145,400	246,388	3,536,277	3,762,878
-	-	-	-	-	-	-	-	-	-	(2,266)	(2,266)	(2,266)	(2,266)
-	-	-	-	-	-	-	-	-	-	(869)	(869)	(869)	(869)
-	-	-	(50,695)	-	-	1,056,721	1,006,026	-	-	(91,561) (6,552)	(91,561) (6,552)	(91,561) (999,474)	(91,561) (999,474)
-	-	-	(50,695)	-	-	1,056,721	1,006,026	-	-	(98,113) (98,113)	(98,113) (98,113)	907,913	907,913
226,601	5,496	12,000	-	141,708	-	4,136,711	4,295,915	96,988	4,000	44,152	145,140	4,441,055	4,667,656

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

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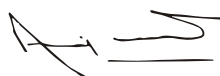
**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019**

	NOTE	2019 (RUPEES IN THOUSAND)	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	22,684	248,197
Finance cost paid		(76,514)	(52,987)
Income tax paid		(49,337)	(56,367)
Employees' retirement benefit paid		(21,066)	(21,109)
Increase in long term deposits		(675)	-
Net cash (used in) / generated from operating activities		(124,908)	117,734
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(38,130)	(197,070)
Proceeds from sale of property, plant and equipment		2,863	7,136
Proceeds from sale of investments		10,304	59,665
Net cash used in investing activities		(24,963)	(130,269)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(35,650)	(11,884)
Short term borrowings - net		132,057	88,861
Dividend paid		(2,178)	(2)
Net cash from financing activities		94,229	76,975
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(55,642)	64,440
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		105,917	41,477
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 25)		50,275	105,917

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 2019

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.

1.1 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
Liasion Unit	408-Business Avenue, Shahrah-e-Faisal, Karachi, Sindh
Liasion Unit	House No. 43/1, FCC Villas, Gulberg-III, Lahore

1.2 These financial statements are the separate financial statements of the Company. Consolidated Financial statements are prepared separately. Detail of the Company's investment in subsidiary is Stated in Note 16 to these financial statements.

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) 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.

b) 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

The estimates for revalued amounts, of different classes of property, plant and equipment, are based on valuation performed by external professional valuer and recommendation of technical teams of the Company. The said recommendations also include estimates with respect to residual values and depreciable lives. Further, the Company reviews the value of the assets for possible impairment on an annual basis. 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. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

Inventories

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

Income tax

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.

Recovery of deferred tax assets

Deferred tax assets are recognized for deductible temporary differences only if the Company considers it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, based on the Company's experience of actual credit loss in past years.

Revenue from contracts with customers involving sale of goods

When recognizing revenue in relation to the sale of goods to customers, the key performance obligation of the Company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

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. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases and mortality rates.

d) Standards, interpretation and amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following standards, interpretation and amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2018:

- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'
- IFRS 15 (Amendments), 'Revenue from Contracts with Customers'
- IAS 40 (Amendments), 'Investment Property'
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'
- Annual Improvements to IFRSs: 2014-2016 Cycle

The Company had to change its accounting policies and make certain adjustments without restating prior year results following the adoption of IFRS 9 and IFRS 15. These are disclosed in Note 2.8 and Note 2.12 respectively. Most of the other amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

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

Following standards, interpretation and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2019 or later periods:

IFRS 16 'Lease' (effective for annual periods beginning on or after 01 January 2019). IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16 approach to lessor accounting substantially unchanged from its predecessor, IAS 17 'Leases'. IFRS 16 replaces IAS 17, IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The management of the Company is in the process of evaluating the impacts of the aforesaid standard in 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 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 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.

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.

Amendments to IFRS 3 'Business Combinations' (effective for annual periods beginning on or after 01 January 2020). The IASB has issued 'Definition of Business' aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing general purpose financial statements in accordance with IFRS.

Amendments to IAS 19 '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 statement of other comprehensive income. The application of the amendments is not likely to have an impact on Company's financial statements.

On 12 December 2017, IASB issued Annual Improvements to IFRSs: 2015 – 2017 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 3 'Business Combinations', 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 has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a 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 the 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.

f) 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 2019 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 Functional and presentation currency along with foreign currency transactions and translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

2.3 Employees' 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 2019. 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.

Remeasurement changes which comprise actuarial gains and losses are recognized immediately in statement of 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.

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.

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.

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 IFRS 9 'Financial Instruments'

The Company has adopted IFRS 9 "Financial Instruments" from 01 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A financial asset shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Company's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Company. New impairment requirements use an 'Expected Credit Loss' ('ECL') model to recognize an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measure expected credit losses using a lifetime expected loss allowance is available.

The Company has adopted IFRS 9 without restating the prior year results. Key changes in accounting policies resulting from application of IFRS 9 are as follows:

i) Recognition of financial instruments

The Company initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

ii) Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 "Financial Instruments: Recognition and Measurement" for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, Fair Value Through Profit or Loss (FVTPL), available for sale and held to maturity with the categories such as amortized cost, FVTPL and Fair Value Through Other Comprehensive Income (FVTOCI).

Investments and other financial assets**a) Classification**

From 01 July 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through other comprehensive income; and
- those to be measured at amortized cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments into following measurement category:

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on de-recognition is recognized directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not

quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3). The Company classifies its equity instruments into following measurement category:

Fair Value Through Other Comprehensive Income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Financial liabilities

Classification and measurement

The adoption of IFRS 9 did not have a significant effect on the Company's accounting policies related to financial liabilities, and therefore there is no change in the classification and measurement of financial liabilities.

iii) Impairment of financial assets

From 01 July 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

iv) De-recognition

Financial assets

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial liabilities

The Company de-recognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expired.

v) Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a 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.

vi) Impacts of adoption of IFRS 9 on these financial statements as on 01 July 2018

On 01 July 2018, the Company's management has assessed which business models apply to the financial assets held by the Company at the date of initial application of IFRS 9 (01 July 2018) and has classified its financial instruments into appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

Financial assets (01 July 2018)

	Available for sale	Loans and receivables	FVTOCI	Amortized Cost
----- (RUPEES IN THOUSAND) -----				
Opening balance (before reclassification)	260,238	299,784	-	
Adjustment on adoption of IFRS 9 reclassification of equity investments from available for sale to FVTOCI	(260,238)	-	260,238	-
Adjustment on adoption of IFRS 9 by reclassifying financial instruments designated as "Loans and Receivables" to "Amortized Cost"	-	(299,784)	-	299,784
Recognition of expected credit losses on trade debts	-	-	-	(9,870)
Opening balance (after reclassification)	-	-	260,238	289,914

The impact of these changes on the Company's reserves and equity is as follows:

Reserves and equity (01 July 2018)

	Effect on fair value reserve of available for sale investments	Effect on fair value reserve of FVTOCI investments	Effect on Unappropriated profit
----- (RUPEES IN THOUSAND) -----			
Opening balance (before reclassification)	192,403	-	161,382
Adjustment on adoption of IFRS 9 reclassification of fair value reserve of available for sale investments to fair value reserve of FVTOCI investments	(192,403)	192,403	-
Adjustment on adoption of IFRS 9 due to recognition of expected life time credit losses on trade debts	-	-	(9,870)
Opening balance (after reclassification)	-	192,403	151,512

Reclassifications of financial instruments on adoption of IFRS 9

As on 01 July 2018, the classification and measurement of following financial assets of the Company were changed:

Reserves and equity (01 July 2018)

	Measurement Category	
	Original (IAS 39)	New (IFRS 9)
Non-current financial assets		
Long term investments	Available for sale	FVTOCI
Long term deposits	Loans and receivables	Amortized cost
Current financial assets		
Trade debts	Loans and receivables	Amortized cost
Loans and advances	Loans and receivables	Amortized cost
Other receivables	Loans and receivables	Amortized cost
Short term investments	Available for sale	FVTOCI
Cash and bank balances	Loans and receivables	Amortized cost

There was no change in the categories of financial liabilities of the Company.

2.9 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'.

2.10 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 Revenue from contracts with customers

The Company has adopted IFRS 15 from 01 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognize revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented as a contract liability, a contract asset, or a receivable, depending on the relationship between the Company's performance and the customer's payment. These are further elaborated hereunder:

i) Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognized as deferred revenue in the form of a separate refund liability.

Sale of goods

Revenue from the sale of goods is recognized at the point of time when the customer obtains control of the goods, which is generally at the time of delivery. Related Government grant is recognized when there is reasonable assurance that Company will comply with the conditions attached to it and grant will be received.

Rendering of services

Revenue from a contract to provide services is recognized over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest income is recognized as interest accrues using the effective interest method. This is a method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rent

Revenue is recognized when rent is accrued.

Dividend

Dividend on equity investments is recognized when right to receive the dividend is established.

Other revenue

Other revenue is recognized when it is received or when the right to receive payment is established.

ii) Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

iii) Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

iv) Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

v) Impacts of adoption of IFRS 15 on these financial statements as on 01 July 2018

Following adjustments were made to the amounts recognized in the financial statements at 01 July 2018:

	30 June 2018 Reported	Adjustment	30 June 2018 Restated
----- (RUPEES IN THOUSAND) -----			
Current assets			
Stock in trade	378,794	16,547	395,341
Trade debts	127,024	(17,553)	109,471
Prepayments and balances with statutory authority	183,819	805	184,624
Current liabilities			
Trade and other payables	723,195	5,911	729,106
Equity			
Unappropriated profit	161,382	(6,112)	155,270

2.13 Borrowings

Financing and borrowings are initially recognized at fair value of the consideration received net of the transaction costs. They are subsequently measured at amortized cost using the effective interest method.

2.14 Trade and other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts overdue by 365 days.

The Company has applied the simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

2.15 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.

2.16 Trade and other payables

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

2.17 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.

2.18 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which assets carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the statement of profit or loss.

2.19 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. Provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate.

2.20 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.

2.21 Earnings / (loss) per share

The Company presents Earnings Per Share (EPS) or Loss Per Share (LPS) data for its ordinary shares. EPS / (LPS) is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

2.22 Contingent assets

Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization becomes certain.

2.23 Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2019 (NUMBER OF SHARES)		2018 (NUMBER OF SHARES)		2019 (RUPEES IN THOUSAND)		2018 (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	16 992 345	Ordinary shares of Rupees 10 each issued as fully paid bonus shares		169,923		169,923	
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>22 660 126</u>			<u>226,601</u>		<u>226,601</u>	

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

	2019	2018
	(NUMBER OF SHARES)	
Premier Insurance Limited	212 000	212 000
Crescent Powertec Limited	121 480	121 480
	<u>333 480</u>	<u>333 480</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. Reconciliation of fair value reserve-net of deferred tax is as under:

	2019	2018
	(RUPEES IN THOUSAND)	
	Fair value reserve of FVTOCI Investments	Fair value reserve of available for sale investment
Balance as on 01 July	192,403	358,282
Fair value adjustment during the year	<u>(69,153)</u>	<u>(110,473)</u>
	123,250	247,809
Deferred income tax relating to investments at fair value through other comprehensive income	8,291	-
Reclassification adjustment for gain included in other comprehensive income	10,167	-
Reclassification adjustment for gain included in profit or loss	-	(55,406)
Balance as on 30 June	<u>141,708</u>	<u>192,403</u>

6. SURPLUS ON REVALUATION OF FREEHOLD LAND AND INVESTMENT PROPERTIES

	2019	2018
	(RUPEES IN THOUSAND)	
Freehold land (Note 6.1)	4,023,572	2,966,851
Investment properties	113,139	113,139
	<u>4,136,711</u>	<u>3,079,990</u>

2019 2018
(RUPEES IN THOUSAND)

6.1 Surplus on revaluation of freehold land

Balance as at 01 July	2,966,851	2,966,851
Surplus arised during the year	1,056,721	-
Balance as at 30 June	<u>4,023,572</u>	<u>2,966,851</u>

6.1.1 This represents surplus resulting from revaluation of freehold land carried out on 30 June 2019 by independent valuer Messrs Evaluation Focused Consulting. The valuation was determined with respect to the present market value of similar properties. Previously revaluation was carried out in March 2010, June 2015 and June 2016 by independent valuers.

7. REVENUE RESERVES

General reserve	96,988	96,988
Dividend equalization reserve	4,000	4,000
Unappropriated profit	44,152	161,382
	<u>145,140</u>	<u>262,370</u>

8. LONG TERM FINANCING

From banking company - secured

National Bank of Pakistan:

Term finance-1 (Note 8.1)	167,736	199,186
Term finance-2 (Note 8.1)	22,400	26,600
	190,136	225,786
Less: Current portion shown under current liabilities	59,417	47,534
	<u>130,719</u>	<u>178,252</u>

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 has to be created on the newly acquired spinning unit and the temporary arrangement has to be released / discharged. Mark-up is payable on these finances on quarterly basis at the rate of 3 Month 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 and ending on February 2023.

2019 **2018**
(RUPEES IN THOUSAND)

9. EMPLOYEES' RETIREMENT BENEFIT

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

Opening balance	80,592	74,797
Add: Provision for the year (Note 9.2)	32,624	23,838
Experience adjustment recognized in other comprehensive income	8,991	3,066
	<u>122,207</u>	<u>101,701</u>
Less: Paid during the year	(21,066)	(21,109)
	<u>101,141</u>	<u>80,592</u>

9.1 Movements in the present value of defined benefit obligation

Opening balance	80,592	74,797
Current service cost	26,319	19,020
Interest expense	6,305	4,818
Retirement benefit paid	(21,066)	(21,109)
Experience adjustment recognized in other comprehensive income	8,991	3,066
Closing balance	<u>101,141</u>	<u>80,592</u>

9.2 Provision for the year

Current service cost	26,319	19,020
Interest expense	6,305	4,818
	<u>32,624</u>	<u>23,838</u>

9.3 Significant actuarial assumptions used

	2019	2018
Discount rate to determine defined benefit cost (per annum)	9.00%	7.50%
Expected rate of increase in salary to determine defined benefit cost (per annum)	8.00%	8.00%
Discount rate to determine defined benefit obligation (per annum)	14.25%	9.00%
Expected rate of increase in salary to determine defined benefit obligation (per annum)	13.25%	6.50%
Average duration of the benefit (years)	9	10
Mortality rates	SLIC 2001-05 set back 1 year	SLIC 2001-05 set back 1 year

9.4 The estimated expenses to be charged to the statement of profit or loss for the year ending on 30 June 2020 is Rupees 42.327 million.

2019 2018

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)	(8,232)	(4,293)
Decrease in assumption (Rupees in thousand)	10,268	12,454
Future salary increase	1.00%	1.00%
Increase in assumption (Rupees in thousand)	10,364	12,539
Decrease in assumption (Rupees in thousand)	(8,479)	(4,519)

9.6 Comparison for past years:

	2019	2018	2017	2016	2015
----- (RUPEES IN THOUSAND) -----					
Present value of defined benefit obligation	101,141	80,592	74,797	66,799	59,000
Experience adjustment on obligation	8,991	3,066	4,633	-	2,230

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.

2019 **2018**
(RUPEES IN THOUSAND)

10. TRADE AND OTHER PAYABLES

Creditors	393,771	387,934
Accrued liabilities (Note 10.1 and 10.2)	335,425	297,679
Advances from customers	52,167	32,325
Income tax deducted at source	7,732	5,257
	789,095	723,195

10.1 These include insurance premium of Rupees 0.487 million (2018: Rupees 2.319 million) due to Premier Insurance Limited, a related party.

10.2 These include rental for leasehold premises of Rupees 7.831 million (2018: Rupees 5.606 million) due to Crescot Mills Limited, the subsidiary company.

11. ACCRUED MARK-UP

Long term financing	6,677	5,436
Short term borrowings	15,018	9,125
	21,695	14,561

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

Cash finances (Note 12.1)	339,068	259,533
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Others - unsecured

Other related parties (Note 12.2)	284,823	253,686
Temporary bank overdrawn	36,946	15,561
	321,769	269,247
	660,837	528,780

12.1 These form part of total credit facility of Rupees 1,250 million (2018: Rupees 1,250 million) and carries mark-up at the rate of 3 months KIBOR plus 2 percent (2018: 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 an executive. The rate of mark-up ranges from 8.92 percent to 12.99 percent (2018: 8.14 percent to 8.50 percent) per annum during the year on the balances outstanding.

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

2019 2018
(RUPEES IN THOUSAND)

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 (2018: Rupees 7.013 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 (2018: 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 47.353 million (2018: 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 31.085 million (2018: Rupees 26.444 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 Nil (2018: Rupees 13.034 million).

ii) There was no commitment in respect of other than capital expenditure as at 30 June 2019 (2018: Rupees Nil).

14. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 14.1)	4,891,284	3,880,320
Capital work-in-progress (Note 14.2)	390	4,716
	<u>4,891,674</u>	<u>3,885,036</u>

14.1 OPERATING FIXED ASSETS

	Freehold land	Buildings and Roads	Plant and machinery	Stand-by equipment	Electric installations	Tools and equipment	Furniture & fixtures	Vehicles	Office equipment	Service equipment	Total
(RUPEES IN THOUSAND)											
At 30 June 2017											
Cost / revalued amount	2,972,155	130,736	791,256	97,980	34,497	17,837	13,384	29,714	10,343	1,058	4,098,960
Accumulated depreciation	-	(109,964)	(556,963)	(63,199)	(22,305)	(14,990)	(8,586)	(13,120)	(9,930)	(920)	(799,977)
Net book value	<u>2,972,155</u>	<u>20,772</u>	<u>234,293</u>	<u>34,781</u>	<u>12,192</u>	<u>2,847</u>	<u>4,798</u>	<u>16,594</u>	<u>413</u>	<u>138</u>	<u>3,298,983</u>
Year ended 30 June 2018											
Opening net book value	2,972,155	20,772	234,293	34,781	12,192	2,847	4,798	16,594	413	138	3,298,983
Additions	87,905	148,251	381,604	-	37,965	4,600	1,129	6,065	1,963	-	669,482
Disposals:											
Cost	-	-	(59,287)	-	-	-	-	(2,894)	-	-	(62,181)
Accumulated depreciation	-	-	55,114	-	-	-	-	1,473	-	-	56,587
Depreciation charge	-	(15,116)	(54,751)	(3,487)	(3,233)	(670)	(545)	(3,788)	(926)	(35)	(82,551)
Closing net book value	<u>3,060,060</u>	<u>153,907</u>	<u>556,973</u>	<u>31,294</u>	<u>46,924</u>	<u>6,777</u>	<u>5,382</u>	<u>17,450</u>	<u>1,450</u>	<u>103</u>	<u>3,880,320</u>
At 30 June 2018											
Cost / revalued amount	3,060,060	278,987	1,113,573	97,980	72,462	22,437	14,513	32,885	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)	(955)	(825,941)
Net book value	<u>3,060,060</u>	<u>153,907</u>	<u>556,973</u>	<u>31,294</u>	<u>46,924</u>	<u>6,777</u>	<u>5,382</u>	<u>17,450</u>	<u>1,450</u>	<u>103</u>	<u>3,880,320</u>
Year ended 30 June 2019											
Opening net book value	3,060,060	153,907	556,973	31,294	46,924	6,777	5,382	17,450	1,450	103	3,880,320
Effects on surplus on revaluation	1,056,721	-	-	-	-	-	-	-	-	-	1,056,721
Additions	-	124	35,457	1,335	1,459	-	362	3,076	596	47	42,456
Disposals:											
Cost	-	-	(22,872)	-	-	-	-	(1,778)	-	-	(24,650)
Accumulated depreciation	-	-	21,121	-	-	-	-	1,382	-	-	22,503
Depreciation charge	-	(15,116)	(57,511)	(3,074)	(4,740)	(691)	(550)	(3,612)	(738)	(34)	(86,066)
Closing net book value	<u>4,116,781</u>	<u>138,915</u>	<u>533,168</u>	<u>29,555</u>	<u>43,643</u>	<u>6,086</u>	<u>5,194</u>	<u>16,518</u>	<u>1,308</u>	<u>116</u>	<u>4,891,284</u>
At 30 June 2019											
Cost / revalued amount	4,116,781	279,111	1,126,158	99,315	73,921	22,437	14,875	34,183	12,902	1,105	5,780,788
Accumulated depreciation	-	(140,196)	(592,990)	(69,760)	(30,278)	(16,351)	(9,681)	(17,665)	(11,594)	(989)	(889,504)
Net book value	<u>4,116,781</u>	<u>138,915</u>	<u>533,168</u>	<u>29,555</u>	<u>43,643</u>	<u>6,086</u>	<u>5,194</u>	<u>16,518</u>	<u>1,308</u>	<u>116</u>	<u>4,891,284</u>
Depreciation rate per annum (%)	-	5, 10	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 (2018: Rupees 93.209 million).

14.1.2 Forced sale value of freehold land as per the revaluation carried out on 30 June 2019 was Rupees 3,499.263 million.

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

	2019 (RUPEES IN THOUSAND)	2018
Cost of sales (Note 27)	80,746	76,845
Administrative expenses (Note 29)	5,322	5,706
	<u>86,066</u>	<u>82,551</u>

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	44.74	338 046
Manufacturing facility of Spinning	45-Km Lahore Multan Road, Dina Nath, Phool Nagar, Tehsil Pattoki, District Kasur, Punjab	11.47	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.

2019 **2018**
(RUPEES IN THOUSAND)

14.2 CAPITAL WORK-IN-PROGRESS

Plant and machinery	390	4,716
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15. INVESTMENT PROPERTIES

Balance as on 01 July	250,111	248,008
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Fair value gain (Note 31)	8,767	2,103
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Balance as on 30 June	258,878	250,111
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15.1 The fair value of investment properties comprising freehold land and buildings thereon at Nishatabad, Faisalabad has been determined on 30 June 2019 by Messrs Evaluation Focused Consulting, an independent valuer.

15.2 Forced sale value of investment properties as on the reporting date is Rupees 220.046 million (2018: Rupees 212.594 million).

15.3 Particulars of investment properties (i.e. land and buildings) 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

2019 **2018**
(RUPEES IN THOUSAND)

16. LONG TERM INVESTMENTS

Equity instruments (Note 16.1)	8,097	9,820
Debt instruments (Note 16.2)	19,853	-
	27,950	9,820

16.1 Equity instruments

Subsidiary Company - Unquoted

Crescot Mills Limited

1 932 187 (2018: 1 932 187) ordinary shares of Rupees 10 each fully paid.

Equity held 66.15% (2018: 66.15%)

- -

At Fair value through Other Comprehensive Income

Quoted

Premier Insurance Limited

303 384 (2018: 303 384) ordinary shares of Rupees 10 each fully paid.

Equity held 0.60% (2018: 0.60%)

75 75

Crescent Jute Products Limited

201 933 (2018: 201 933) ordinary shares of Rupees 10 each fully paid.

Equity held 0.85% (2018: 0.85%)

- 100

Jubilee Spinning and Weaving Mills Limited

474 323 (2018: 474 323) ordinary shares of Rupees 10 each fully paid.

Equity held 1.46% (2018: 1.46%)

427 427

Unquoted

Premier Financial Services (Private) Limited

2 500 (2018: 2 500) ordinary shares of Rupees 1,000 each fully paid.

Equity held 11.11% (2018: 11.11%)

2500 2500

Others

Quoted

Crescent Fibres Limited

71 820 (2018: 71 820) ordinary shares of Rupees 10 each fully paid.

Equity held 0.58% (2018: 0.58%)

615 615

2019 **2018**
(RUPEES IN THOUSAND)

Security Papers Limited 522 (2018: 522) ordinary shares of Rupees 10 each fully paid.	1	1
Unquoted		
Crescent Modaraba Management Company Limited 119 480 (2018: 119 480) ordinary shares of Rupees 10 each fully paid. Equity held 6.52% (2018: 6.52%)	284	456
Crescent Bahuman Limited 1 043 988 (2018: 1 043 988) ordinary shares of Rupees 10 each fully paid. Equity held 0.77% (2018: 0.77%)	-	-
Crescent Spinning Mills Limited 696 000 (2018: 696 000) ordinary shares of Rupees 10 each fully paid. Equity held 4.59% (2018: 4.59%)	-	-
	<u>3,902</u>	<u>4,174</u>
Less: Impairment loss charged to the statement of profit or loss	-	(272)
Add: Fair value adjustment	4,195	5,918
	<u>8,097</u>	<u>9,820</u>

16.2 Debt Instruments

At amortised cost

Sales tax refund bonds (Note 16.2.1) 197 (2018: Nil) bonds of Rupees 100,000 each	19,700	-
Add: Accrued interest (Note 31)	153	-
	<u>19,853</u>	<u>-</u>

- 16.2.1** These represent investment in sales tax refund bonds issued by Federal Board of Revenue (FBR) Refund Settlement Company Limited, under section 67A of Sales Tax Act, 1990 against sales tax refund payment orders issued in favour of the Company. These bonds have maturity period of 3 years and are carried at amortized cost using effective interest rate of 9.14% per annum.

2019 **2018**
(RUPEES IN THOUSAND)

17. DEFERRED INCOME TAX ASSET**Taxable temporary differences**

Tax depreciation allowance	(98,332)	(74,172)
Fair value reserve of investments	(8,291)	-
	(106,623)	(74,172)

Deductible temporary differences

Unused tax losses	106,780	62,655
Minimum tax	-	6,458
Provision for gratuity	27,436	19,770
Provision for doubtful receivables	3,432	2,885
	137,648	91,768
	31,025	17,596

18. STORES, SPARE PARTS AND LOOSE TOOLS

Stores	29,329	24,569
Spare parts	45,820	31,959
Loose tools	269	360
	75,418	56,888

19. STOCK-IN-TRADE

Raw materials (Note 19.1)	357,022	211,920
Work-in-process	37,241	29,916
Finished goods (Note 19.2)	77,546	134,097
Waste	2,797	2,861
	474,606	378,794

19.1 These include stock in transit of Rupees 14.268 million (2018: Rupees Nil).

19.2 These include stock of Rupees 44.151 million (2018: Rupees 36.549 million) sent to outside parties for weaving.

20. TRADE DEBTS**Considered good:**

Unsecured	211,095	127,024
Less: Allowance for expected credit lossess (Note 20.2)	10,761	-
	200,334	127,024

2019 **2018**
(RUPEES IN THOUSAND)

20.1 As at 30 June 2019, trade debts of Rupees 151.292 million (2018: Rupees 75.722 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	17,134	28,182
1 to 6 months	94,935	17,150
More than 6 months	39,223	30,390
	151,292	75,722

20.2 Allowance for expected credit losses

Opening balance	-	-
Add:		
Recognized as on 01 July 2018	(9,870)	-
Recognized during the year (Note 30)	(891)	-
Closing balance	(10,761)	-

21. LOANS AND ADVANCES

Considered good:

Employees - interest free:

Against expenses	4,390	3,325
Against salary (Note 21.1)	11,815	9,014
	16,205	12,339

Advances to suppliers / contractors

	50,215	31,396
	66,420	43,735

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	2,291	2,142
Balances with statutory authority:		
Advance income tax	123,680	106,938
Sales tax and excise duty refundable	78,695	74,739
	202,375	181,677
	204,666	183,819

	2019	2018
	(RUPEES IN THOUSAND)	
23. OTHER RECEIVABLES		
Considered good:		
Duty drawback and export rebate	10,018	21,322
Insurance claim receivable	-	4,851
Others	47,628	49,886
	<u>57,646</u>	<u>76,059</u>
Considered doubtful	11,760	11,760
Less: Loss allowance for doubtful other receivables	11,760	11,760
	-	-
	<u>57,646</u>	<u>76,059</u>
24. SHORT TERM INVESTMENTS		
At fair value through other comprehensive income		
Associated companies - quoted		
Shakarganj Limited 1 531 193 (2018: 1 689 193) ordinary shares of Rupees 10 each fully paid. Equity held 1.22% (2018: 1.35%)	9,631	10,625
Crescent Steel and Allied Products Limited 76 (2018: 76) ordinary shares of Rupees 10 each fully paid.	1	1
Others - quoted		
Samba Bank Limited 2 799 813 (2018: 2 804 313) ordinary shares of Rupees 10 each fully paid. Equity held 0.28% (2018: 0.28%)	7,697	7,709
The Crescent Textile Mills Limited 4 359 891 (2018: 4 359 891) ordinary shares of Rupees 10 each fully paid. Equity held 5.45% (2018: 5.45%)	<u>45,598</u>	<u>45,598</u>
	62,927	63,933
Add: Fair value adjustment	119,055	186,485
	<u>181,982</u>	<u>250,418</u>

2019 **2018**
(RUPEES IN THOUSAND)

25. CASH AND BANK BALANCES
With banks:

On current accounts

49,512 105,059

Cash in hand

763 858

50,275 105,917

26. REVENUE

Local sales (Note 26.1)

7,124,312 5,539,017

Export sales (Note 26.2)

268,260 534,854

Export rebate and duty drawback

462 20,220

7,393,034 6,094,091

26.1 Local Sales

Yarn

7,079,712 **5,481,799**

CMT income

- **7,140**

Cloth

2,777 **68**

Waste

46,365 **54,616**

7,128,854 **5,543,623**

Less: Sales tax

4,542 **4,606**

7,124,312 **5,539,017**

26.2 Export sales

Yarn

115,406 **326,574**

Cloth

152,854 **208,280**

268,260 **534,854**

2019 **2018**
(RUPEES IN THOUSAND)

27. COST OF SALES

Raw materials consumed	5,492,072	4,395,336
Salaries, wages and other benefits (Note 27.1)	543,503	479,691
Stores, spare parts and loose tools consumed	149,648	144,764
Fuel and power	721,096	694,885
Outside weaving / other charges	19,283	31,681
Other manufacturing overheads	12,454	9,410
Insurance	8,708	7,981
Repair and maintenance	7,304	5,670
Depreciation (Note 14.1.2)	80,746	76,845
	<u>7,034,814</u>	<u>5,846,263</u>
Work-in-process		
Opening stock	29,916	21,293
Closing stock	(37,241)	(29,916)
	<u>(7,325)</u>	<u>(8,623)</u>
Cost of goods manufactured	<u>7,027,489</u>	<u>5,837,640</u>
Finished goods		
Opening stock	153,505	149,087
Closing stock	(80,343)	(136,958)
	<u>73,162</u>	<u>12,129</u>
	<u>7,100,651</u>	<u>5,849,769</u>
Cost of goods purchased for resale	3,805	-
	<u>7,104,456</u>	<u>5,849,769</u>

27.1 Salaries, wages and other benefits include staff retirement benefit amounting to Rupees 25.588 million (2018: Rupees 18.750 million).

27.2 This includes the impact of adjustment on adoption of IFRS 15 amounting to Rupees 16.547 million.

28. DISTRIBUTION COST

Freight and forwarding	25,906	25,673
Commission to selling agents	22,418	21,711
Insurance	723	873
Loading and handling	10,515	9,191
Others	469	400
	<u>60,031</u>	<u>57,848</u>

2019 **2018**
(RUPEES IN THOUSAND)

29. ADMINISTRATIVE EXPENSES

Salaries and other benefits (Note 29.1)	107,788	98,810
Workers' welfare	2,382	2,396
Traveling and conveyance	3,964	4,015
Insurance	2,665	2,432
Rent, rates and taxes	8,746	7,635
Entertainment	3,115	3,432
Fee and subscription	1,437	1,722
Communication	3,248	3,111
Vehicles' running	10,604	10,445
Repair and maintenance	13,292	9,533
Utilities	8,084	6,141
Printing and stationery	1,497	1,448
Books and periodicals	66	63
Advertisement	39	65
 Auditor's remuneration:		
Statutory audit	1,100	1,000
Other certifications including half yearly review	500	325
Out of pocket expenses	45	45
	1,645	1,370
 Legal and professional	3,669	2,755
Miscellaneous	5,427	4,817
Depreciation (Note 14.1.3)	5,320	5,706
	<u>182,988</u>	<u>165,896</u>

29.1 Salaries and other benefits include staff retirement benefit amounting to Rupees 7.036 million (2018: Rupees 5.088 million).

30. OTHER EXPENSES

Donations (Note 30.1)	20	39
Impairment loss on long term investments	-	272
Loss allowance under expected credit losses (Note 20.2)	891	-
	<u>911</u>	<u>311</u>

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

2019 2018
(RUPEES IN THOUSAND)

31. OTHER INCOME

Income from financial assets

Net exchange gain	2,423	2,710
Gain on sale of investments	-	55,406
Interest income on sales tax refund bonds (Note 16.2)	153	-
Dividend income (Note 31.1)	4	2,269
	2,580	60,385

Income from non-financial assets

Rental income	21,696	18,925
Scrap sales	1,034	1,101
Gain on sale of property, plant and equipment	716	1,542
Gain on remeasurement of fair value of investment properties (Note 15)	8,767	2,103
	32,213	23,671
	34,793	84,056

31.1 Dividend income

From associated companies

Shakarganj Limited	-	2,265
Others		
Security Papers Limited	4	4
	4	2,269
	4	2,269

32. FINANCE COST

Mark-up on:

Long term financing	25,094	20,133
Short term borrowings	54,684	30,341
Bank charges and commission	3,870	4,888
	83,648	55,362
	83,648	55,362

2019 **2018**
(RUPEES IN THOUSAND)

33. TAXATION

Current

- For the year (Note 33.1)	90,192	32,538
- Prior year	(139)	57
	90,053	32,595

Deferred

	(2,699)	10,483
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	87,354	43,078
--	---------------	--------

- 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 after taking into account tax credits. Tax losses available as at 30 June 2019 are Rupees 368.206 million (2018: Rupees 216.050 million). Reconciliation of tax expenses and product of accounting profit multiplied by the applicable tax rate is not presented, being impracticable.

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

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

		2019	2018
Loss after taxation	(Rupees in thousand)	(91,561)	5,883
Weighted average number of ordinary shares	(Numbers)	22 660 126	22 660 126
(Loss) / earnings per share	(Rupees)	(4.04)	0.26

35. CASH GENERATED FROM OPERATIONS

(Loss) / profit before taxation	(4,207)	48,961
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Adjustments for non cash charges and other items:

Depreciation	86,066	82,551
Provision for employees' retirement benefit	32,624	23,838
Gain on sale of property, plant and equipment	(716)	(1,542)
Gain on remeasurement of fair value of investment properties	(8,767)	(2,103)
Interest income on sales tax refund bonds	(153)	-
Loss allowance under expected credit losses	891	-
Gain on sale of investments	-	(55,406)
Impairment loss on long term investments	-	272
Finance cost	83,648	55,362
Working capital changes (Note 35.1)	(166,702)	96,264
	22,684	248,197

2019 **2018**
(RUPEES IN THOUSAND)

35.1 Working capital changes

(Increase) / decrease in current assets

Stores, spare parts and loose tools	(18,530)	(11,862)
Stock-in-trade	(79,265)	(108,909)
Trade debts	(101,624)	(63,151)
Loans and advances	(22,685)	8,176
Prepayments and balances with statutory authority	(23,000)	(32,601)
Other receivables	18,413	(30,654)
	(226,691)	(239,001)
Increase in trade and other payables	59,989	335,265
	<u>(166,702)</u>	<u>96,264</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 2018	225,786	528,780	3,940	758,506
Short term borrowings obtained - net	-	132,057	-	132,057
Repayment of financing	(35,650)	-	-	(35,650)
Dividend declared	-	-	2,266	2,266
Dividend paid	-	-	(2,178)	(2,178)
Balance as at 30 June 2019	<u>190,136</u>	<u>660,837</u>	<u>4,028</u>	<u>855,001</u>

36. 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	Basis of relationship	Nature of transaction	2019 (RUPEES IN THOUSAND)	2018 (RUPEES IN THOUSAND)
Subsidiary Company				
Crescot Mills Limited	66.15 % shareholding and common directorship	Lease rentals	4,500	4,500
		Stores consumed by Company	17	18
Associated companies				
Shakarganj Limited	Common directorship	Dividend income	-	2,265
Crescent Powertec Limited	Common directorship	Dividend paid	12	-
Premier Insurance Limited	Common directorship	Insurance premium	12,123	11,011
		Dividend paid	21	-
Other related parties				
Directors / executives / sponsors	Members of Board of Directors, Loan received-net key management personnel and their sponsors		31,137	35,763
		Dividend paid	414	-
Associated company				
Premier Insurance Limited	Common directorship	Bonus shares received	-	27580

36.1 Detail of compensation to key management personnel comprising of Chief Executive Officer, Directors and Executives is given in Note 37.

37. 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	
	2019	2018	2019	2018	2019	2018
	----- (RUPEES IN THOUSAND) -----					
Managerial remuneration	7,502	7,502	9,905	9,905	19,295	16,750
Allowances:						
Housing	3,376	3,376	4,389	4,389	8,614	7,469
Utilities	750	750	975	975	1,914	1,660
Group insurance	-	-	11	15	34	44
Reimbursable expenses	750	750	975	975	1,903	1,648
	12,378	12,378	16,255	16,259	31,760	27,571
Number of persons	1	1	2	2	6	6

37.1 Aggregate amount charged in the financial statements for meeting fee to five directors (2018: six directors) was Rupees 580,000 (2018: Rupees 360,000).

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

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

38. NUMBER OF EMPLOYEES

	2019	2018
	(NUMBER OF PERSONS)	
Number of employees as on 30 June	1 291	1 308
Average number of employees during the year	1 299	1 082

38.1 These include only permanent employees of the Company.

39. SEGMENT INFORMATION

	Textiles		Trading		Elimination of inter - segment transactions		Total - Company	
	2019	2018	2019	2018	2019	2018	2019	2018
	(RUPEES IN THOUSAND)							
Revenue	7,350,501	6,044,688	155,603	215,302	(113,070)	(165,899)	7,393,034	6,094,091
Cost of sales	(7,103,153)	(5,817,657)	(114,373)	(198,529)	113,070	165,899	(7,104,456)	(5,850,287)
Gross profit	247,348	227,031	41,230	16,773	-	-	288,578	243,804
Distribution cost	(52,455)	(51,404)	(7,576)	(6,444)	-	-	(60,031)	(57,848)
Administrative expenses	(181,908)	(163,908)	(1,080)	(1,470)	-	-	(182,988)	(165,378)
Other income	33,445	84,056	1,348	-	-	-	34,793	84,056
Finance cost	(82,621)	(54,799)	(1,027)	(563)	-	-	(83,648)	(55,362)
(Loss) / Profit before taxation and unallocated expenses	(36,191)	40,976	32,895	8,296	-	-	(3,296)	49,272
Unallocated expenses:								
Other expenses							(911)	(311)
Taxation							(87,354)	(43,078)
(Loss) / Profit after taxation							(91,561)	5,883

39.1 Reconciliation of reportable segment assets and liabilities:

	Textiles		Trading		Total - Company	
	2019	2018	2019	2018	2019	2018
	(RUPEES IN THOUSAND)					
Total assets for reportable segments	6,490,116	5,362,629	3,500	8,084	6,493,616	5,370,713
Unallocated asset:						
Deferred income tax asset					31,025	17,596
Total assets as per statement of financial position					6,524,641	5,388,309
Total liabilities for reportable segments	1,766,932	1,576,854	-	-	1,766,932	1,576,854
Unallocated liability:						
Provision for taxation					90,053	32,595
Total liabilities as per statement of financial position					1,856,985	1,609,449

39.2 Geographical information

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

	Textiles		Trading		Total	
	2019	2018	2019	2018	2019	2018
----- (RUPEES IN THOUSAND) -----						
Africa	14,460	6,002	141,715	11,863	156,175	17,865
Asia	100,946	340,792	11,601	196,417	112,547	537,209
Pakistan	7,121,563	5,531,995	2,749	7,022	7,124,312	5,539,017
	7,236,969	5,878,789	156,065	215,302	7,393,034	6,094,091

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

39.4 Revenue from major customers

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

40. PLANT CAPACITY AND ACTUAL PRODUCTION

		2019	2018
Spinning:			
100% plant capacity converted to 20s count based on 3 shifts per day for 1095 shifts (2018: 1095 shifts)	Kgs.	31 796 478	29 023 339
Actual production converted to 20s count based on 3 shifts per day for 1095 shifts (2018: 1095 shifts)	Kgs.	31 312 549	28 227 924

Embroidery and Hosiery:

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

40.1 Reason For Low Production

Under utilization of available capacity is due to normal maintenance.

41. FINANCIAL RISK MANAGEMENT

41.1 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 receivable from the foreign entities. The Company's exposure to currency risk was as follows:

	2018	2017
Trade debts - USD	103,339	144,595
Loans and advances - USD	-	13,168
Trade and other payables - USD	-	(196,517)
Net exposure - USD	103,339	(38,754)

Following significant exchange rates were applied during the year:

Rupees per US Dollar

	2019	2018
Average rate	140.90	109.64
Reporting date rate	159.75	121.60

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 0.825 million (2018: Rupees 0.236 million) lower / higher, mainly as a result of exchange gains / losses 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 instruments 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 equity (fair value reserve of FVTOCI investments). 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 statement of other comprehensive income (fair value reserve)	
	2019	2018
	----- (RUPEES IN THOUSANDS) -----	
PSX 100 (5% increase)	9,383	12,873
PSX 100 (5% decrease)	(9,383)	(12,873)

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

(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 sales tax refund bonds, long term financing and short term borrowings. Financial instruments 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:

	2019	2018
	(RUPEES IN THOUSAND)	
Fixed rate instruments		
Financial assets		
Sales tax refund bonds	19,700	-
Floating rate instruments		
Financial liabilities		
Long term financing	190,136	225,786
Short term borrowings	339,068	259,533

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, (loss) / profit after taxation for the year would have been Rupees 5.292 million higher / lower (2018: Rupees 4.853 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 dates 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:

	2019	2018
	(RUPEES IN THOUSAND)	
Investments	209,932	260,238
Loans and advances	11,815	9,014
Deposits	3,767	3,092
Trade debts	200,334	127,024
Other receivables	47,628	54,737
Bank balances	49,512	105,059
	<u>522,988</u>	<u>559,164</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			2019	2018
Short Term	Long Term	Agency	Rupees in Thousands	

Banks

Conventional Accounts

National Bank of Pakistan	A-1+	AAA	VIS	12,537	429
Allied Bank Limited	A1+	AAA	PACRA	53	2,831
Bank Alfalah Limited	A1+	AA+	PACRA	6,491	1,021
Habib Bank Limited	A-1+	AAA	VIS	8,666	52,940
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	2,012	3,607
Faysal Bank Limited	A1+	AA	PACRA	20	20
MCB Bank Limited	A1+	AAA	PACRA	598	6,399
United Bank Limited	A-1+	AAA	VIS	2,097	5,808
Askari Bank Limited	A1+	AA+	PACRA	36	12
Bank Al-Habib Limited	A1+	AA+	PACRA	1,750	5,119
The Bank of Punjab	A1+	AA	PACRA	99	741
Sindh Bank Limited	A-1	A+	VIS	12	-
JS Bank Limited	A1+	AA-	PACRA	5	9
				<u>34,376</u>	<u>78,936</u>

Shariah Compliant Accounts

Meezan Bank Limited	A-1+	AA+	VIS	13,537	25,266
Faysal Bank Limited	A1+	AA	PACRA	1,546	-
MCB Bank Limited	A1	A	PACRA	35	36
Bank Al-Habib Limited	A1+	AA+	PACRA	-	375
Askari Bank Limited	A1+	AA+	PACRA	-	407
Bank Alfalah Limited	A1+	AA+	PACRA	18	39
				15,136	26,123
				49,512	105,059

The Company's exposure to credit risk and allowance for expected credit losses related to trade debts is disclosed in Note 20.

Due to the Company's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties 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 2019, the Company had Rupees 910.932 million (2018: Rupees 990.467 million) available borrowing limits from financial institutions and Rupees 50.275 million (2018: Rupees 105.917 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 2019:

	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	190,136	236,266	47,235	33,936	62,216	92,879
Trade and other payables	729,196	724,918	724,918	-	-	-
Unclaimed dividend	4,028	4,028	4,028	-	-	-
Accrued mark-up	21,695	21,695	21,695	-	-	-
Short term borrowings	660,837	686,687	686,687	-	-	-
	1,605,892	1,673,594	1,484,563	33,936	62,216	92,879

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	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>

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.

Carrying amount of long term financing as at 30 June 2019 includes overdue installments of principal amounting to Rupees 11.883 million (2018: Rupees Nil).

41.2 Financial instruments by categories

2019			2018		
At amortized cost	At FVTOCI	Total	Loans and receivables	Available for sale	Total
(RUPEES IN THOUSAND)					

Assets as per statement of financial position

Investments	-	209,932	209,932	-	260,238	260,238
Loans and advances	11,815	-	11,815	9,014	-	9,014
Deposits	3,767	-	3,767	3,092	-	3,092
Trade debts	200,334	-	200,334	127,024	-	127,024
Other receivables	47,628	-	47,628	54,737	-	54,737
Cash and bank balances	50,275	-	50,275	105,917	-	105,917
	<u>313,819</u>	<u>209,932</u>	<u>523,751</u>	<u>299,784</u>	<u>260,238</u>	<u>560,022</u>

2019	2018
Financial liabilities at amortized cost	
(RUPEES IN THOUSAND)	

Liabilities as per statement of financial position

Long term financing	190,136	225,786
Accrued mark-up	21,695	14,561
Short term borrowings	660,837	528,780
Trade and other payables	729,196	685,613
Unclaimed dividend	4,028	3,940
	<u>1,605,892</u>	<u>1,458,680</u>

41.3 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.

41.4 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'.

		2019	2018
Borrowings	Rupees in thousand	850,973	754,566
Total equity	Rupees in thousand	4,667,656	3,778,860
Total capital employed	Rupees in thousand	<u>5,518,629</u>	<u>4,533,426</u>
Gearing ratio	Percentage	<u>15.42</u>	<u>16.64</u>

Decrease in gearing ratio resulted primarily from increase in surplus on revaluation of freehold land.

42. 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 2019	Level 1	Level 2	Level 3	Total
----- (RUPEES IN THOUSAND) -----				
Financial assets				
At fair value through other comprehensive income	187,659	-	2,420	190,079
Total financial assets	<u>187,659</u>	<u>-</u>	<u>2,420</u>	<u>190,079</u>

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	257,453	-	-	257,453

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 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, trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which 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.

43. 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 2019				
Investment properties	-	258,878	-	258,878
Freehold land	-	4,116,781	-	4,116,781
Total non-financial assets	-	4,375,659	-	4,375,659

	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

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.

Valuation processes

The Company engages external, independent and qualified valuer 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 2019, the fair value of the investment properties and freehold land has been performed by Messrs Evaluation Focused Consulting.

Changes in fair values are analyzed at each reporting date during the 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.

44. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

Description	Note	2019	2018
		(RUPEES IN THOUSAND)	
Revenue earned from shariah compliant business	26	7,393,034	6,094,091
Exchange gain earned	31	2,423	2,710
Gain / (loss) or dividend earned from shariah compliant investments			
Gain on sale of investments	31	-	55,406
Dividend income	31	4	2,269
Unrealized loss on remeasurement of investments measured at FVTOCI		(47,200)	-
Unrealized loss on remeasurement of available for sale investments to fair value		-	(55,406)
Shariah compliant bank deposits and bank balances			
Bank balances	42.1 (b)	15,136	26,123
Profits earned or interest paid on any conventional loan / advance			
Mark-up on long term financing	32	25,094	20,133
Mark-up on short term borrowings	32	54,684	30,341
Interest income on sales tax refund bonds	31	153	-
Loans / advances obtained as per Islamic mode			
Advances from customers	10	52,167	32,325
Short term borrowings	12	321,769	269,247

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 41.1 (b).

45. DATE OF AUTHORIZATION

These financial statements were authorized for issue on October 03, 2019 by the Board of Directors of the Company.

46. 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 profile or	RUPEES IN THOUSAND
Employees' retirement benefit (Cost of sales)	Employees' retirement benefit (Administrative expenses)	518

47. 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**

YEAR ENDED 30 JUNE 2019

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

Opinion

We have audited the annexed consolidated financial statements of Crescent Cotton Mills Limited and Crescot Mills Limited (the Group), which comprise the consolidated statement of financial position as at 30 June 2019, 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 2019, 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 Crescot Mills Limited (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.

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 2019 amounting to Rupees 552.647 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 78.041 million - Stock-in-trade of Rupees 474.606 million <p>The business is characterized by high volume serial</p>	<p>Our procedures over existence and valuation of inventories 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 2.10 to the consolidated 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> <p>Summary of significant accounting policies, Inventories (Note 2.10 to the consolidated financial</p>	<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. • We also assessed the adequacy of the disclosures made in respect of the accounting policies and related notes to the consolidated financial statements.
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	<p>statements).</p> <p>Stores, spare parts and loose tools (Note 19) and Stock-in-trade (Note 20) to the consolidated financial statements.</p> <p>2. Revenue recognition</p> <p>The Group recognized revenue of Rupees 7,393.034 million for the year ended 30 June 2019.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicator of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</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 27 to the financial statements). 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents; • We compared a sample of revenue transactions recorded around the year- end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period; • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'; • We compared the detail of a sample of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation; • We also considered the appropriateness of disclosures in the financial statements.
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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 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, 03, 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	NOTE	2019	2018
(RUPEES IN THOUSAND)			
EQUITY AND LIABILITIES			
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>
Issued, subscribed and paid up share capital	3	226,601	226,601
Capital reserves			
Premium on issue of shares reserve	4	5,496	5,496
Plant modernization reserve		12,000	12,000
Fair value reserve	5	22,384	61,760
Surplus on revaluation of freehold land and investment properties	6	4,136,711	3,079,990
Revenue reserves	7	293,931	324,166
Equity attributable to owners of the Holding Company		<u>4,697,123</u>	3,710,013
Non-controlling interest		(4,013)	(6,206)
Total equity		<u>4,693,110</u>	3,703,807
NON-CURRENT LIABILITIES			
Long term financing	8	130,719	178,252
Employees' retirement benefit	9	101,141	80,592
		231,860	258,844
CURRENT LIABILITIES			
Trade and other payables	10	785,815	724,879
Unclaimed dividend		4,028	3,940
Accrued mark-up	11	35,897	28,163
Short term borrowings	12	665,837	533,780
Current portion of long term financing	8	59,417	47,534
Provision for taxation		90,984	33,821
TOTAL LIABILITIES		<u>1,641,978</u>	1,372,117
		1,873,838	1,630,961
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES		<u>6,566,948</u>	<u>5,334,768</u>



CHIEF EXECUTIVE OFFICER

	NOTE	2019 (RUPEES IN THOUSAND)	2018
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	4,892,524	3,885,983
Investment properties	15	281,746	270,443
Investments in equity accounted investees	16	69,215	38,159
Other long term investments	17	22,825	2,389
Long term deposits and prepayments		4,289	3,614
Deferred income tax asset	18	46,776	20,035
		5,317,375	4,220,623
CURRENT ASSETS			
Stores, spare parts and loose tools	19	78,041	60,209
Stock-in-trade	20	474,606	378,794
Trade debts	21	200,334	127,024
Loans and advances	22	66,420	43,735
Prepayments and balances with statutory authority	23	205,553	184,558
Other receivables	24	60,701	79,135
Short term investments	25	110,242	131,323
Cash and bank balances	26	53,676	109,367
		1,249,573	1,114,145
TOTAL ASSETS		6,566,948	5,334,768

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



DIRECTOR



CHIEF FINANCIAL OFFICER

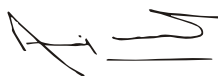
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2019**

	NOTE	2019 (RUPEES IN THOUSAND)	2018
REVENUE	27	7,393,034	6,094,091
COST OF SALES	28	(7,104,456)	(5,849,769)
GROSS PROFIT		288,578	244,322
DISTRIBUTION COST	29	(60,031)	(57,848)
ADMINISTRATIVE EXPENSES	30	(180,775)	(161,754)
OTHER EXPENSES	31	(1,737)	(210)
OTHER INCOME	32	47,070	75,910
FINANCE COST	33	(84,271)	(55,962)
		8,834	44,458
SHARE OF INCOME / (LOSS) IN EQUITY ACCOUNTED INVESTEES	16	332	(14,531)
PROFIT BEFORE TAXATION		9,166	29,927
TAXATION	34	(65,430)	(44,611)
LOSS AFTER TAXATION		(56,264)	(14,684)
SHARE OF LOSS ATTRIBUTABLE TO:			
EQUITY HOLDERS OF HOLDING COMPANY		(58,457)	(16,156)
NON-CONTROLLING INTEREST		2,193	1,472
		(56,264)	(14,684)
LOSS PER SHARE - BASIC AND DILUTED (RUPEES)	35	(2.48)	(0.65)

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

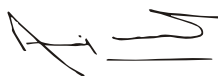
2019 2018
(RUPEES IN THOUSAND)

LOSS AFTER TAXATION	(56,264)	(14,684)
OTHER COMPREHENSIVE INCOME / (LOSS)		
Items that will not be reclassified subsequently to profit or loss:		
Experience adjustment on defined benefit plan	(8,991)	(3,066)
Deferred income tax related to experience adjustment	2,439	752
	(6,552)	(2,314)
Surplus on revaluation of freehold land	1,056,721	
Deficit arising on remeasurement of investments at fair value through other comprehensive income	(20,256)	-
Reclassification adjustment regarding disposal of investments	(22)	-
Deferred income tax relating to investments at fair value through other comprehensive income	(26)	-
	(20,304)	-
	1,029,865	(2,314)
Items that may be reclassified subsequently to profit or loss:		
Surplus arising on remeasurement of available for sale investments	-	(52,407)
Share of other comprehensive income of equity accounted investees	34,419	(725)
	34,419	(53,132)
Other comprehensive income / (loss) for the year - net of tax	1,064,284	(55,446)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	<u>1,008,020</u>	<u>(70,130)</u>
SHARE OF TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO:		
EQUITY HOLDERS OF HOLDING COMPANY	1,005,827	(71,602)
NON-CONTROLLING INTEREST	2,193	1,472
	<u>1,008,020</u>	<u>(70,130)</u>

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



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DIRECTOR



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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019**

	NOTE	2019 (RUPEES IN THOUSAND)	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	22,806	246,072
Finance cost paid		(76,537)	(52,987)
Income tax paid		(49,485)	(56,487)
Employees' retirement benefit paid		(21,066)	(21,109)
Increase in long term deposits		(675)	-
Net cash (used in) / generated from operating activities		(124,957)	115,489
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(38,130)	(197,070)
Proceeds from sale of property, plant and equipment		2,863	7,136
Proceeds from sale of investments		10,304	59,665
Dividend received from associated companies		-	2,265
Net cash used in investing activities		(24,963)	(128,004)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(35,650)	(11,884)
Dividend paid		(2,178)	(2)
Short term borrowings - net		132,057	88,861
Net cash from financing activities		94,229	76,975
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(55,691)	64,460
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		109,367	44,907
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 26)		53,676	109,367

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 2019

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
Liaison Office	408-Business Avenue, Shahrah-e-Faisal, Karachi, Sindh
Liaison Office	House No. 43/1, FCC Villas, Gulberg-II, Lahore

Crescot Mills Limited

Crescot Mills Limited (CML) is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017). It is a subsidiary of Crescent Cotton Mills Limited due to 66.15% equity holding. Its registered office is situated at Office No. 408-409, Plot No. 26-A, Block No. 6, P.E.C.H.S. Shahrah-e-Faisal, Karachi, Sindh. The mills premises are located at Plot No. B-10, S.I.T.E., Kotri, District Jamshoro, Sindh. However its books of account are being maintained at the registered office of its holding Company, Crescent Cotton Mills Limited at New Lahore Road, Nishatabad, Faisalabad, Punjab. 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 going concern.

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) 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 land which are carried at their fair value.

c) 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 Group'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. Revisions to accounting estimates are recognized prospectively commencing from the period of revision. The areas where various assumptions and estimates are significant to the Group's financial statements or where judgments were exercised in application of accounting policies are as follows:

Useful lives, patterns of economic benefits and impairments

The estimates for revalued amounts, of different classes of property, plant and equipment, are based on valuation performed by external professional valuer and recommendation of technical teams of the Company. The said recommendations also include estimates with respect to residual values and depreciable lives. Further, the Group reviews the value of the assets for possible impairment on an annual basis. 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. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

Inventories

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

Taxation

In making the estimates for income tax currently payable by the Group, the management consider the current income tax law and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred income taxes, estimates of the Group's future taxable profits are taken into account.

Impairment of investments

The Group determines that a significant and prolonged decline in the fair value of its investments below their cost is an objective evidence of impairment. The impairment loss is recognized when the carrying amount exceeds the higher of fair value less cost to sell and value in use.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, based on the Group's experience of actual credit loss in past years.

Revenue from contracts with customers involving sale of goods

When recognizing revenue in relation to the sale of goods to customers, the key performance obligation of the Company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Employees retirement benefit

Certain actuarial assumptions have been adopted as disclosed in Note 9 to these consolidated 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.

d) Standards, interpretation and amendments to published approved accounting standards that are effective in current year and are relevant to the Group

Following standards, interpretation and amendments to published approved accounting standards are mandatory for the Group's accounting periods beginning on or after 01 July 2018:

- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'
- IFRS 15 (Amendments), 'Revenue from Contracts with Customers' • IAS 40 (Amendments), 'Investment Property'
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'
- Annual Improvements to IFRSs: 2014–2016 Cycle

The Group had to change its accounting policies and make certain adjustments without restating prior year results following the adoption of IFRS 9 and IFRS 15. These are disclosed in Note 2.9 and Note 2.12 respectively. Most of the other amendments listed above except for IFRS 9 and IFRS 15 did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

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

Following standards, interpretation and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2019 or later periods:

IFRS 16 'Lease' (effective for annual periods beginning on or after 01 January 2019). IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16 approach to lessor accounting substantially unchanged from its predecessor, IAS 17 'Leases'. IFRS 16 replaces IAS 17, IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The management of the Group is in the process of evaluating the impacts of the aforesaid standard in 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.

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.

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.

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 Group is in the process of evaluating the impacts of the aforesaid amendments on the Group's financial statements.

Amendments to IFRS 3 'Business Combinations' (effective for annual periods beginning on or after 01 January 2020). The International Accounting Standards Board (IASB) has issued 'Definition of Business' aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of

assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past consolidated financial statements.

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing general purpose financial statements in accordance with IFRS.

Amendments to IAS 19 '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 consolidated statement of comprehensive income. The application of the amendments is not likely to have an impact on Group's financial statements.

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 Group. 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 has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a 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 the 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.

f) 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 2019 but are considered not to be relevant or do not have any significant impact on the Group's consolidated financial statements and are therefore not detailed in these consolidated financial statements.

2.2 Basis of Consolidation

a) Subsidiary Company

The financial statements of Subsidiary Company are included in the consolidated financial statements from the date of which more than 50 % voting rights are transferred to the Holding Company or power to govern the financial and operating policies of an entity, so as to obtain benefits from its activities. Upon loss of control, the Holding Company de-recognises the assets and liabilities of the Subsidiary Company, any non-controlling interest and other components of equity related to Subsidiary Company. Any surplus or deficit arising on the loss of control is recognized in consolidated statement of profit or loss.

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.

The financial statements of the Subsidiary Company are prepared for the same reporting period as of Holding Company, using accounting policies that are generally consistent with those of the Holding Company.

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 2019. 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 consolidated statement of 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.

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.

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.

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 **Functional and presentation currency along with foreign currency transactions and translation**

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the functional currency). The consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to consolidated statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

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 IFRS 9 'Financial Instruments'

The Group has adopted IFRS 9 "Financial Instruments" from 01 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt instrument shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Group makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Group's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Group. New impairment requirements use an 'Expected Credit Loss' ('ECL') model to recognize an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measure expected credit losses using a lifetime expected loss allowance is available.

The Group has adopted IFRS 9 without restating the prior year results. Key changes in accounting policies resulting from application of IFRS 9 are as follows:

i) Recognition of financial instruments

The Group initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

ii) Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 "Financial Instruments: Recognition and Measurement" for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, Fair Value Through Profit or Loss (FVTPL), available for sale and held to maturity with the categories such as amortized cost, FVTPL and Fair Value Through Other Comprehensive Income (FVTOCI).

Investments and other financial assets

a) Classification

From 01 July 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through other comprehensive income; and
- those to be measured at amortized cost

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into following measurement category:

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on de-recognition is recognized directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses.

Equity instruments

The Group subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3). The Group classifies its equity instruments in to following measurement category:

Fair Value Through Other Comprehensive Income (FVTOCI)

Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Financial liabilities

Classification and measurement

The adoption of IFRS 9 did not have a significant effect on the Group's accounting policies related to financial liabilities, and therefore no change in the classification and measurement of financial liabilities.

iii) Impairment of financial assets

From 01 July 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

iv) De-recognition
Financial assets

The Group de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial liabilities

The Group de-recognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expired.

v) Offsetting of financial instruments

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.

vi) Impacts of adoption of IFRS 9 on these consolidated financial statements as on 01 July 2018

On 01 July 2018, the Group's management has assessed which business models apply to the financial assets held by the Company at the date of initial application of IFRS 9 (01 July 2018) and has classified its financial instruments into appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

Financial assets (01 July 2018)

	Available for sale	Loans and receivables	FVTOCI	Amortized cost
-----RUPEES IN THOUSAND-----				
Opening balance (before reclassification)	133,712	306,832	-	
Adjustment on adoption of IFRS 9 reclassification of equity investments from available for sale to FVTOCI	(133,712)	-	133,712	-
Adjustment on adoption of IFRS 9 by reclassifying financial instruments designated as "Loans and Receivables" to "Amortized Cost"	-	(306,832)	-	306,832
Recognition of expected credit losses on trade debts	-	-	-	(9,870)
Opening balance (after reclassification)	-	-	133,712	296,962

The impact of these changes on the Group's reserves and equity is as follows:

Reserves and equity (01 July 2018)

	Effect on fair value reserve of available for sale investments	Effect on fair value reserve of FVTOCI investments	Share of associate reserve	Effect on Unappropriated profit
-----RUPEES IN THOUSAND-----				
Opening balance (before reclassification)	61,760	-	-	275,191
Adjustment on adoption of IFRS 9 reclassification of fair value reserve of available for sale investments to fair value reserve of FVTOCI investments	(61,760)	42,666	19,094	-
Adjustment on adoption of IFRS 9 due to recognition of expected life time credit losses on trade debts	-	-	-	(9,870)
Opening balance (after reclassification)	-	42,666	19,094	265,321

Reclassifications of financial instruments on adoption of IFRS 9

As on 01 July 2018, the classification and measurement of following financial assets of the Group were changed:

Reserves and equity (01 July 2018)

	Measurement category	
	Original (IAS 39)	New (IFRS 9)
Non-current financial assets		
Other long term investments	Available for sale	FVTOCI
Long term deposits	Loans and receivables	Amortized cost
Current financial assets		
Trade debts	Loans and receivables	Amortized cost
Loans and advances	Loans and receivables	Amortized cost
Other receivables	Loans and receivables	Amortized cost
Short term investments	Available for sale	FVTOCI
Cash and bank balances	Loans and receivables	Amortized cost

There was no change in the categories of financial liabilities of the Group.

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 upto the date of consolidated statement of financial position.

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 as on the date of consolidated statement of financial position. 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 Revenue from contracts with customers

The Group has adopted IFRS 15 from 01 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognize revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented as a contract liability, a contract asset, or a receivable, depending on the relationship between the Group's performance and the customer's payment. These are further elaborated hereunder:

i) Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognized as deferred revenue in the form of a separate refund liability.

Sale of goods

Revenue from the sale of goods is recognized at the point in time when the customer obtains control of the goods, which is generally at the time of delivery. Related Government grant is recognized when there is reasonable assurance that Group will comply with the conditions attached to it and grant will be received.

Rendering of services

Revenue from a contract to provide services is recognized over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest income is recognized as interest accrues using the effective interest method. This is a method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rent

Revenue is recognized when rent is accrued.

Dividend

Dividend on equity investments is recognized when right to receive the dividend is established.

Other revenue

Other revenue is recognized when it is received or when the right to receive payment is established.

ii) Contract assets

Contract assets arise when the Group performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

iii) Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

iv) Contract liabilities

Contract liability is the obligation of the Group to transfer goods to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Group performs its performance obligations under the contract.

v) Impacts of adoption of IFRS 15 on these consolidated financial statements as on 01 July 2018

Following adjustments were made to the amounts recognized in the consolidated financial statements at 01 July 2018:

30 June 2018 Reported	Adjustment	30 June 2018 Restated
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-----RUPEES IN THOUSAND-----

Current assets

Stock in trade	378,794	16,547	395,341
Trade debts	127,024	(17,553)	109,471
Prepayments and balances with statutory authority	184,558	805	185,363

Current liabilities

Trade and other payables	724,879	5,911	730,790
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Equity

Unappropriated profit	275,191	(6,112)	269,079
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2.13 Borrowings

Financing and borrowings are recognized initially at fair value of the consideration received net of the transaction costs. These are subsequently measured at amortized cost using the effective interest method.

2.14 Trade and other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts overdue by 365 days.

The Group has applied the simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

2.15 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.

2.16 Trade and other payables

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

2.17 Provisions

Provisions are recognized when the Group has a present, 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 of the obligation can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate.

2.18 Borrowing cost

Interest, mark-up and other charges on long term finances are capitalized upto 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 consolidated statement of profit or loss.

2.19 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the consolidated statement of profit or loss.

2.20 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.

2.21 Earnings / (Loss) per share

The Group presents Earnings Per Share (EPS) or Loss Per Share (LPS) data for its ordinary shares. EPS / (LPS) is calculated by dividing the profit / loss attributable to ordinary shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the year.

2.22 Contingent assets

Contingent assets are disclosed when the Group has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are not recognized until their realization becomes certain.

2.23 Contingent liabilities

Contingent liability is disclosed when the Group has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the consolidated financial statements.

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2019 (NUMBER OF SHARES)	2018 (NUMBER OF SHARES)		2019 (RUPEES IN THOUSAND)	2018 (RUPEES IN THOUSAND)
5 509 767	5 509 767	Ordinary shares of Rupees 10 each fully paid up in cash	55,098	55,098
16 992 345	16 992 345	Ordinary shares of Rupees 10 each issued as fully paid up bonus shares	169,923	169,923
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	22 660 126		226,601	226,601

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

	2019 (NUMBER OF SHARES)	2018 (NUMBER OF SHARES)
Premier Insurance Limited	212 000	212 000
Crescent Powertec Limited	121 480	121 480
	333 480	333 480

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 investments at fair value through other comprehensive income and is not available for distribution. Reconciliation of fair value reserve - net of deferred tax is as under:

	2019 (RUPEES IN THOUSAND)	2018 (RUPEES IN THOUSAND)
	Fair value reserve of FVTOCI Investments	Fair value reserve of available for sale Investments
Balance as on 01 July	61,760	114,892
Transferred to share of associates' reserve	(19,094)	
Fair value adjustment during the year	(20,256)	(52,407)
Share of fair value reserves of associates	-	(725)
	22,410	61,760
Deferred income tax relating to investments at fair value through other comprehensive income	(26)	-
Balance as on 30 June	22,384	61,760

2019 2018
(RUPEES IN THOUSAND)

6 SURPLUS ON REVALUATION OF FREEHOLD LAND AND INVESTMENT PROPERTIES

Freehold land (Note 6.1)	4,023,572	2,966,851
Investment properties	113,139	113,139
	4,136,711	3,079,990

6.1 Surplus on revaluation of freehold land

Balance as at 01 July	2,966,851	2,966,851
Surplus arised during the year	1,056,721	-
Balance as at 30 June	4,023,572	2,966,851

6.1.1 This represents surplus resulting from revaluation of freehold land carried out on 30 June 2019 by independent valuer, Messrs Evaluation Focused Consulting. The valuation was determined with respect to the present market value of similar properties. Previously revaluation was carried out in March 2010, June 2015 and 30 June 2016 by independent valuers.

7. REVENUE RESERVES

General	44,975	44,975
Dividend equalization	4,000	4,000
Share of associates' reserves	53,020	-
Unappropriated profit	191,936	275,191
	293,931	324,166

8. LONG TERM FINANCING

From banking company - secured

National Bank of Pakistan:

Term finance-1 (Note 8.1)	167,736	199,186
Term finance-2 (Note 8.1)	22,400	26,600
	190,136	225,786
Less: Current portion shown under current liabilities	59,417	47,534
	130,719	178,252

- 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 has to be created on the newly acquired spinning unit and the temporary arrangement has to be released / discharged. Mark-up is payable on these finances on quarterly basis at the rate of 3 Month 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 and ending on February 2023.

2019 **2018**
(RUPEES IN THOUSAND)

9. EMPLOYEES' RETIREMENT BENEFIT

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

Opening balance	80,592	74,797
Add: Provision for the year (Note 9.2)	32,624	23,838
Experience adjustment recognized in other comprehensive income	8,991	3,066
	122,207	101,701

Less: Paid during the year	(21,066)	(21,109)
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	101,141	80,592
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9.1 Movements in the present value of defined benefit obligation

Opening balance	80,592	74,797
Current service cost	26,319	19,020
Interest expense	6,305	4,818
Retirement benefit paid	(21,066)	(21,109)
Experience adjustment recognized in other comprehensive income	8,991	3,066

Closing balance	101,141	80,592
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9.2 Provision for the year

Current service cost	26,319	19,020
Interest expense	6,305	4,818

	32,624	23,838
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9.3 Significant actuarial assumptions used

	2019	2018
Discount rate to determine defined benefit cost (per annum)	9.00%	7.50%
Expected rate of increase in salary to determine defined benefit cost (per annum)	8.00%	8.00%
Discount rate to determine defined benefit obligation (per annum)	14.25%	9.00%
Expected rate of increase in salary to determine defined benefit obligation (per annum)	13.25%	6.50%
Average duration of the benefit (years)	9	10
Mortality rates	SLIC 2001-05	SLIC 2001-05
	set back 1 year	set back 1 year

9.4 The estimated expenses to be charged to the consolidated statement of profit or loss for the year ending on 30 June 2020 is Rupees 42.327 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:

	2019	2018
Discount rate	1.00%	1.00%
Increase in assumption (Rupees in thousand)	(8,232)	(4,293)
Decrease in assumption (Rupees in thousand)	10,268	12,454
Future salary increase	1.00%	1.00%
Increase in assumption (Rupees in thousand)	10,364	(12,539)
Decrease in assumption (Rupees in thousand)	(8,479)	(4,519)

9.6 Comparison for past years:

	2019	2018	2017	2016	2015
	----- (RUPEES IN THOUSAND) -----				
Present value of defined benefit obligation	101,141	80,592	74,797	66,799	59,000
Experience adjustment on obligation	8,991	3,066	4,633	-	2,230

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 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.

	2019	2018
	(RUPEES IN THOUSAND)	
10. TRADE AND OTHER PAYABLES		
Creditors	395,007	394,440
Accrued liabilities (Note 10.1)	330,909	292,857
Advances from customers	52,167	32,325
Income tax deducted at source	7,732	5,257
	785,815	724,879
10.1	These include insurance premium of Rupees 0.487 million (2018: Rupees 2.319 million) due to Premier Insurance Limited, a related party.	
11. ACCRUED MARK-UP		
Long term financing	6,677	5,436
Short term borrowings	29,220	22,727
	35,897	28,163
12. SHORT TERM BORROWINGS		
Holding Company		
From banking company - secured		
Cash finances and export finances (Note 12.1)	339,068	259,533
Others - unsecured		
Other related parties (Note 12.2)	284,823	253,686
Temporary book overdrawn	36,946	15,561
	321,769	269,247
	660,837	528,780
Subsidiary Company		
Samba Bank Limited - secured (Note 12.3)	5,000	5,000
	665,837	533,780
12.1	These form part of total credit facility of Rupees 1,250 million (2018: Rupees 1,250 million) and carries mark-up at the rate of 3 Month KIBOR plus 2 percent (2018: 3 Month KIBOR plus 2 percent) per annum. These are secured against charge, pledge and hypothecation over fixed and current assets of the Holding Company and personal guarantee of directors and executive. The rate of mark-up ranges from 8.92 percent to 12.99 percent (2018: 8.14 percent to 8.50 percent) per annum during the year on balances outstanding.	
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 long term loan obtained from Samba Bank Limited (SBL) and is secured against demand promissory note. It carries mark-up at the rate of 12 percent (2018: 12 percent) per annum. SBL filed a suit in Banking Court No. 2, Lahore for the recovery of Rupees 11.976 million. The case was dismissed in favour of the Subsidiary Company. SBL then filed an appeal against the dismissal of above mentioned case in Lahore High Court, Lahore, which is pending for adjudication.	

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 (2018: Rupees 7.013 million). The Holding 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 (2018: 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 47.353 million (2018: 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 31.085 million (2018: Rupees 26.444 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 6.195 million (2018: Rupees 5.427 million).

Subsidiary Company

vi) The Subsidiary Company is contingently liable for a claim of Rupees 0.215 million (2018: 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

i) Commitments in respect of capital expenditure are of Rupees Nil (2018: Rupees 13.034 million).

ii) There was no commitment in respect of other than capital expenditure as at 30 June 2019 (2018: Rupees Nil).

14. PROPERTY, PLANT AND EQUIPMENT

	2019	2018
	(RUPEES IN THOUSAND)	
Operating fixed assets (Note 14.1)	4,892,134	3,881,267
Capital work-in-progress (Note 14.2)	390	4,716
	<u>4,892,524</u>	<u>3,885,983</u>

14.1 PROPERTY, PLANT AND EQUIPMENT

	Land - Freehold	Buildings and roads	Plant and machinery	Stand-by equipment	Electric installations	Tools and equipment	Furniture and fixtures	Vehicles	Office equipment	Service equipment	Total
(RUPEES IN THOUSAND)											
At 30 June 2017											
Cost / revalued amount	2,972,155	130,736	798,769	97,980	36,944	19,979	14,340	31,662	10,873	1,058	4,114,496
Accumulated depreciation	-	(109,964)	(563,658)	(63,199)	(24,645)	(17,097)	(9,498)	(15,051)	(10,427)	(920)	(814,459)
Net book value	<u>2,972,155</u>	<u>20,772</u>	<u>235,111</u>	<u>34,781</u>	<u>12,299</u>	<u>2,882</u>	<u>4,842</u>	<u>16,611</u>	<u>446</u>	<u>138</u>	<u>3,300,037</u>
Year ended 30 June 2018											
Opening net book value	2,972,155	20,772	235,111	34,781	12,299	2,882	4,842	16,611	446	138	3,300,037
Additions	87,905	148,251	381,604	-	37,965	4,600	1,129	6,065	1,963	-	669,482
Disposals:											
Cost	-	-	(59,287)	-	-	-	-	(2,894)	-	-	(62,181)
Accumulated depreciation	-	-	55,114	-	-	-	-	1,473	-	-	56,587
	-	-	(4,173)	-	-	-	-	(1,421)	-	-	(5,594)
Depreciation charge	-	(15,116)	(54,833)	(3,487)	(3,244)	(674)	(549)	(3,791)	(929)	(35)	(82,658)
Closing net book value	<u>3,060,060</u>	<u>153,907</u>	<u>557,709</u>	<u>31,294</u>	<u>47,020</u>	<u>6,808</u>	<u>5,422</u>	<u>17,464</u>	<u>1,480</u>	<u>103</u>	<u>3,881,267</u>
At 30 June 2018											
Cost / revalued amount	3,060,060	278,987	1,121,086	97,980	74,909	24,579	15,469	34,833	12,836	1,058	4,721,797
Accumulated depreciation	-	(125,080)	(563,377)	(66,686)	(27,889)	(17,771)	(10,047)	(17,369)	(11,356)	(955)	(840,530)
Net book value	<u>3,060,060</u>	<u>153,907</u>	<u>557,709</u>	<u>31,294</u>	<u>47,020</u>	<u>6,808</u>	<u>5,422</u>	<u>17,464</u>	<u>1,480</u>	<u>103</u>	<u>3,881,267</u>
Year ended 30 June 2019											
Opening 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
Effects of surplus on revaluation	1,056,721	-	-	-	-	-	-	-	-	-	1,056,721
Additions	-	124	35,457	1,335	1,459	-	362	3,076	596	47	42,456
Disposals:											
Cost	-	-	(22,872)	-	-	-	-	(1,778)	-	-	(24,650)
Accumulated depreciation	-	-	21,121	-	-	-	-	1,382	-	-	22,503
	-	-	(1,751)	-	-	-	-	(396)	-	-	(2,147)
Depreciation charge	-	(15,116)	(57,585)	(3,074)	(4,750)	(694)	(554)	(3,615)	(741)	(34)	(86,163)
Closing net book value	<u>4,116,781</u>	<u>138,915</u>	<u>533,830</u>	<u>29,555</u>	<u>43,729</u>	<u>6,114</u>	<u>5,230</u>	<u>16,529</u>	<u>1,335</u>	<u>116</u>	<u>4,892,134</u>
At 30 June 2019											
Cost / revalued amount	4,116,781	279,111	1,133,671	99,315	76,368	24,579	15,831	36,131	13,432	1,105	5,796,324
Accumulated depreciation	-	(140,196)	(599,841)	(69,760)	(32,639)	(18,465)	(10,601)	(19,602)	(12,097)	(989)	(904,190)
Net book value	<u>4,116,781</u>	<u>138,915</u>	<u>533,830</u>	<u>29,555</u>	<u>43,729</u>	<u>6,114</u>	<u>5,230</u>	<u>16,529</u>	<u>1,335</u>	<u>116</u>	<u>4,892,134</u>
Annual rate of depreciation (%)	-	5, 10	10	10	10	10, 12	10	20	10, 50	10, 25	

14.1.1 The book value of freehold land on cost basis is Rupees 93.209 million (2018: Rupees 93.209 million).

14.1.2 Forced sales value of freehold land as per the last revaluation carried out on 30 June 2019 was Rupees 3,499.263 million.

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

	2019	2018
	(RUPEES IN THOUSAND)	
Cost of sales (Note 28)	80,746	76,845
Administrative expenses (Note 30)	5,417	5,813
	<u>86,163</u>	<u>82,658</u>

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	44.74	338 046
Manufacturing facility of Spinning	45-Km Lahore Multan Road, Dina Nath, Phool Nagar, Tehsil Pattoki, District Kasur, Punjab	11.47	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.

CAPITAL WORK-IN-PROGRESS

	2019 (RUPEES IN THOUSAND)	2018
Plant and machinery	<u>390</u>	<u>4,716</u>

15. INVESTMENT PROPERTIES

Balance as on 01 July	270,443	267,476
Fair value gain (Note 32)	11,303	2,967
Balance as on 30 June	<u>281,746</u>	<u>270,443</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 2019 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 242.914 million (2018: Rupees 232.926 million).

16. INVESTMENTS IN EQUITY ACCOUNTED ASSOCIATES

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

	Shakarganj Limited		Crescent Steel & Allied Products Limited		Jubilee Spinning & Weaving Mills Limited		Premier Insurance Limited		Premier Financial Services (Private) Limited		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Cost	17,630	18,624	-	-	427	427	75	75	2,500	2,500	20,632	21,626
Share of post acquisition reserves:												
As at 01 July	15,151	29,661	-	-	1,378	-	(13)	638	3	(14)	16,533	30,299
Share of (loss) / profit after income tax	(176)	(15,557)	-	-	480	1,684	64	(675)	(36)	17	332	(14,531)
Share of other comprehensive income / (loss)	34,558	(443)	-	-	(27)	(306)	(112)	24	-	-	34,419	(725)
Share of items directly credited in equity	(493)	10,844	-	-	-	-	-	-	-	-	(493)	10,844
Partial disposal of investment	(2,208)	(7,089)	-	-	-	-	-	-	-	-	(2,208)	(7,089)
Dividend received	-	(2,265)	-	-	-	-	-	-	-	-	-	(2,265)
As at 30 June	31,681	(14,510)	-	-	453	1,378	(48)	(651)	(36)	17	32,050	(13,766)
	46,832	15,151	-	-	1,831	1,378	(61)	(13)	(33)	3	48,583	16,533
As at 30 June	64,462	33,775	-	-	2,258	1,805	14	62	2,467	2,503	69,215	38,159

	Shakarganj Limited		Crescent Steel & Allied Products Limited		Jubilee Spinning & Weaving Mills Limited		Premier Insurance Limited		Premier Financial Services (Private) Limited		Total	
	As at 30 September 2018	As at 30 June 2017	As at 30 June 2018	As at 30 June 2017	As at 30 June 2018	As at 30 June 2017	As at 31 December 2018	As at 31 December 2017	As at 30 June 2018	As at 30 June 2017	As at 30 June 2018	As at 30 June 2017
Cost	17,630	18,624	-	-	427	427	75	75	2,500	2,500	20,632	21,626
Share of post acquisition reserves:												
As at 01 July	15,151	29,661	-	-	1,378	-	(13)	638	3	(14)	16,533	30,299
Share of (loss) / profit after income tax	(176)	(15,557)	-	-	480	1,684	64	(675)	(36)	17	332	(14,531)
Share of other comprehensive income / (loss)	34,558	(443)	-	-	(27)	(306)	(112)	24	-	-	34,419	(725)
Share of items directly credited in equity	(493)	10,844	-	-	-	-	-	-	-	-	(493)	10,844
Partial disposal of investment	(2,208)	(7,089)	-	-	-	-	-	-	-	-	(2,208)	(7,089)
Dividend received	-	(2,265)	-	-	-	-	-	-	-	-	-	(2,265)
As at 30 June	31,681	(14,510)	-	-	453	1,378	(48)	(651)	(36)	17	32,050	(13,766)
	46,832	15,151	-	-	1,831	1,378	(61)	(13)	(33)	3	48,583	16,533
As at 30 June	64,462	33,775	-	-	2,258	1,805	14	62	2,467	2,503	69,215	38,159

16.2 Summarized statement of financial position

	Shakarganj Limited		Crescent Steel & Allied Products Limited		Jubilee Spinning & Weaving Mills Limited		Premier Insurance Limited		Premier Financial Services (Private) Limited		Total	
	As at 30 September 2018	As at 30 June 2017	As at 30 June 2018	As at 30 June 2017	As at 30 June 2018	As at 30 June 2017	As at 31 December 2018	As at 31 December 2017	As at 30 June 2018	As at 30 June 2017	As at 30 June 2018	As at 30 June 2017
Current assets	1,485,414	1,599,932	4,241,081	6,829,595	133,066	137,782	1,474,447	1,974,169	21,043	23,227	23,227	23,227
Non-current assets	12,821,718	9,670,820	5,837,934	5,349,993	664,590	645,680	1,514,756	1,624,988	27,148	42,691	42,691	42,691
Current liabilities	4,052,096	3,962,002	2,992,976	4,733,466	134,147	151,136	1,805,894	2,403,050	8,091	11,442	11,442	11,442
Non-current liabilities	1,572,164	1,171,986	362,272	626,405	15,540	15,361	8,175	12,887	20,084	20,710	20,710	20,710
Net assets	8,682,872	6,136,764	6,723,767	6,819,717	647,969	616,965	1,175,134	1,183,220	20,016	33,766	33,766	33,766
Reconciliation to carrying amounts:												
Opening balance	6,136,764	4,965,421	6,819,717	5,807,725	616,965	528,169	1,183,220	1,630,514	33,766	21,767	21,767	21,767
Movement in reserves	(39,298)	952,672	-	-	-	(5,626)	-	-	(13,424)	11,850	11,850	11,850
(Loss) / profit after income tax	(14,008)	210,819	751,750	1,012,435	32,864	115,352	10,613	(315,977)	(326)	149	149	149
Other comprehensive income / (loss)	2,755,664	7,852	(595,394)	387,720	(1,860)	(20,930)	(18,699)	(131,317)	-	-	-	-
Dividend paid	(156,250)	-	(252,306)	(388,163)	-	-	-	-	-	-	-	-
Closing balance	8,682,872	6,136,764	6,723,767	6,819,717	647,969	616,965	1,175,134	1,183,220	20,016	33,766	33,766	33,766
Group's share (%)	1.22%	1.35%	0.00%	0.00%	1.46%	1.46%	0.60%	0.60%	11.11%	11.11%	11.11%	11.11%
Group's share (Rupees in thousand)	64,462	33,775	-	-	2,258	1,805	14	62	2,467	2,503	2,467	2,503
Carrying amount	64,462	33,775	-	-	2,258	1,805	14	62	2,467	2,503	2,467	2,503

	Shakarganj Limited		Crescent Steel & Allied Products Limited		Jubilee Spinning & Weaving Mills Limited		Premier Insurance Limited		Premier Financial Services (Private) Limited		Total	
	As at 30 September 2018	As at 30 September 2017	As at 30 June 2018	As at 30 June 2017	As at 30 June 2018	As at 30 June 2017	As at 31 December 2018	As at 31 December 2017	As at 30 June 2018	As at 30 June 2017	As at 30 June 2018	As at 30 June 2017
Current assets	1,485,414	1,599,932	4,241,081	6,829,595	133,066	137,782	1,474,447	1,974,169	21,043	23,227	23,227	23,227
Non-current assets	12,821,718	9,670,820	5,837,934	5,349,993	664,590	645,680	1,514,756	1,624,988	27,148	42,691	42,691	42,691
Current liabilities	4,052,096	3,962,002	2,992,976	4,733,466	134,147	151,136	1,805,894	2,403,050	8,091	11,442	11,442	11,442
Non-current liabilities	1,572,164	1,171,986	362,272	626,405	15,540	15,361	8,175	12,887	20,084	20,710	20,710	20,710
Net assets	8,682,872	6,136,764	6,723,767	6,819,717	647,969	616,965	1,175,134	1,183,220	20,016	33,766	33,766	33,766
Reconciliation to carrying amounts:												
Opening balance	6,136,764	4,965,421	6,819,717	5,807,725	616,965	528,169	1,183,220	1,630,514	33,766	21,767	21,767	21,767
Movement in reserves	(39,298)	952,672	-	-	-	(5,626)	-	-	(13,424)	11,850	11,850	11,850
(Loss) / profit after income tax	(14,008)	210,819	751,750	1,012,435	32,864	115,352	10,613	(315,977)	(326)	149	149	149
Other comprehensive income / (loss)	2,755,664	7,852	(595,394)	387,720	(1,860)	(20,930)	(18,699)	(131,317)	-	-	-	-
Dividend paid	(156,250)	-	(252,306)	(388,163)	-	-	-	-	-	-	-	-
Closing balance	8,682,872	6,136,764	6,723,767	6,819,717	647,969	616,965	1,175,134	1,183,220	20,016	33,766	33,766	33,766
Group's share (%)	1.22%	1.35%	0.00%	0.00%	1.46%	1.46%	0.60%	0.60%	11.11%	11.11%	11.11%	11.11%
Group's share (Rupees in thousand)	64,462	33,775	-	-	2,258	1,805	14	62	2,467	2,503	2,467	2,503
Carrying amount	64,462	33,775	-	-	2,258	1,805	14	62	2,467	2,503	2,467	2,503

16.3 Summarized statement of comprehensive income

	Shakarganj Limited		Crescent Steel & Allied Products Limited		Jubilee Spinning & Weaving Mills Limited		Premier Insurance Limited		Premier Financial Services (Private) Limited		Total	
	As at 30 September 2018	As at 30 September 2017	As at 30 June 2018	As at 30 June 2017	As at 30 June 2018	As at 30 June 2017	As at 31 December 2018	As at 31 December 2017	As at 30 June 2018	As at 30 June 2017	As at 30 June 2018	As at 30 June 2017
Revenue	7,404,243	11,360,157	7,043,787	10,208,644	37,150	24,032	290,308	517,834	5,082	9,761	9,761	9,761
(Loss) / profit for the year	(14,008)	210,819	751,750	1,012,435	32,864	115,352	10,613	(315,977)	(326)	149	149	149
Other comprehensive income / (loss)	2,755,664	7,852	(595,394)	387,720	(1,860)	(20,634)	(18,699)	(131,317)	-	-	-	-
Total comprehensive income / (loss)	2,741,656	218,671	156,356	1,400,155	31,004	94,718	(8,086)	(447,294)	(326)	149	149	149
Dividend received from associates	-	2,265	-	-	-	-	-	-	-	-	-	-

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	
		2019	2018		2019	2018	2019	2018
(RUPEES IN THOUSAND)								
Shakarganj Limited (Note 16.5.1)	Pakistan	1.23%	1.35%	Equity method	71,736	119,088	64,462	33,775
Jubilee Spinning and Weaving Mills Limited (Note 16.5.2)	Pakistan	1.46%	1.46%	Equity method	1,072	2,789	2,258	1,805
Premier Financial Services (Private) Limited (Note 16.5.3)	Pakistan	11.11%	11.11%	Equity method	-*	-*	2,467	2,503
Premier Insurance Limited (Note 16.5.4)	Pakistan	0.60%	0.60%	Equity method	2,224	2,351	14	62
Crescent Steel and Allied Products Limited (Note 16.5.5)	Pakistan	0.00%	0.00%	Equity method	3	7	-	-

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

*No quoted price available.

2019 **2018**
(RUPEES IN THOUSAND)

17. OTHER LONG TERM INVESTMENTS

Equity Instruments (Note 17.1)	2,972	2,389
Debt Instruments (Note 17.2)	19,853	-
	22,825	2,389

17.1 Equity Instruments
At Fair value through Other Comprehensive Income

Quoted

Crescent Fibres Limited 71 820 (2018: 71 820) ordinary shares of Rupees 10 each fully paid. Equity held 0.58% (2018: 0.58%)	615	615
Security Papers Limited 522 (2018: 522) ordinary shares of Rupees 10 each fully paid.	1	1

Unquoted

Crescent Modaraba Management Company Limited 119 480 (2018: 119 480) ordinary shares of Rupees 10 each fully paid. Equity held 6.52% (2018: 6.52%)	285	664
Crescent Bahuman Limited 1 043 988 (2018: 1 043 988) ordinary shares of Rupees 10 each fully paid. Equity held 1.28% (2018: 1.28%)	-	-
Crescent Spinning Mills Limited 696 000 (2018: 696 000) ordinary shares of Rupees 10 each fully paid. Equity held 4.59% (2018: 4.59%)	-	-
	901	1,280
Less: Impairment loss charged to consolidated statement of profit or loss	-	(171)
Add: Fair value adjustment	2,071	1,280
	2,972	2,389

2019 **2018**
(RUPEES IN THOUSAND)

17.2 Debt Instruments**At amortized cost**

Sales tax refund bonds (Note 17.2.1)

197 (2018: Nil) bonds of Rupees 100,000 each

Add: Accrued interest (Note 32)

19,700 -**153** -**19,853** -

17.2.1 These represent investment in sales tax refund bonds issued by Federal Board of Revenue (FBR) Refund Settlement Company Limited, under section 67A of Sales Tax Act, 1990 against sales tax refund payment orders issued in favour of the Company. These bonds have maturity period of 3 years.

18. DEFERRED INCOME TAX ASSET**Taxable temporary difference**

Tax depreciation allowance

(98,332) (74,172)**Deductible temporary differences**

Unused tax losses

106,780 62,655

Minimum tax

- 6,458

Fair value reserve of investments

173 -

Provision for gratuity

27,436 19,770

Investments in associates

7,287 2,439

Provision for doubtful other receivables

3,432 2,885**145,108** 94,207**46,776** 20,035**19. STORES, SPARE PARTS AND LOOSE TOOLS**

Stores

30,682 25,939

Spare parts

48,295 34,434

Loose tools

389 480**79,366** 60,853

Less: Provision for obsolete stores, spare parts and loose tools (Notes 19.1)

1,325 644**78,041** 60,209**19.1 Provision for obsolete stores, spare parts and loose tools**

Opening balance

644 644

Provision during the year (Note 31)

681 -

Closing balance

1,325 644

		2019	2018
		(RUPEES IN THOUSAND)	
20.	STOCK-IN-TRADE		
	Raw materials (Note 20.1)	357,022	211,920
	Work-in-process	37,241	29,916
	Finished goods (Note 20.2)	77,546	134,097
	Waste	2,797	2,861
		<u>474,606</u>	<u>378,794</u>
20.1	These include stock in transit of Rupees 14.268 million (2018: Rupees Nil).		
20.2	These include stock of Rupees 44.151 million (2018: Rupees 36.549 million) sent to outside parties for weaving.		
21.	TRADE DEBTS		
	Considered good:		
	Unsecured (Note 21.1)	211,095	127,024
	Less: Allowance for expected credit losses (Note 21.2)	10,761	-
		<u>200,334</u>	<u>127,024</u>
21.1	As at 30 June 2019, trade debts of Rupees 151.292 million (2018: Rupees 75.722 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	17,134	28,182
	1 to 6 months	94,935	17,150
	More than 6 months	39,223	30,390
		<u>151,292</u>	<u>75,722</u>
21.2	Allowance for expected credit losses		
	Opening balance	-	-
	Add:		
	Recognized as on 01 July 2018	(9,870)	-
	Recognized during the year (Note 31)	(891)	-
	Closing balance	<u>(10,761)</u>	<u>-</u>
22.	LOANS AND ADVANCES		
	Considered good:		
	Employees - interest free:		
	Against expenses	4,390	3,325
	Against salary (Note 22.1)	11,815	9,014
		<u>16,205</u>	<u>12,339</u>
	Advances to suppliers / contractors	50,215	31,396
		<u>66,420</u>	<u>43,735</u>

2019 **2018**
(RUPEES IN THOUSAND)

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	2,291	2,142
	Balances with statutory authority:		
	Advance income tax	124,567	107,677
	Sales tax and excise duty refundable	78,695	74,739
		203,262	182,416
		205,553	184,558
24.	OTHER RECEIVABLES		
	Considered good:		
	Profit on deposit with banks receivable	3,055	3,076
	Duty drawback and export rebate	10,018	21,322
	Insurance claim receivable	-	4,851
	Others	47,628	49,886
		60,701	79,135
	Considered doubtful	11,760	11,760
	Less: Provision for doubtful other receivables	11,760	11,760
		-	-
		60,701	79,135
25.	SHORT TERM INVESTMENTS		
	At Fair value through other comprehensive income		
	Quoted		
	Samba Bank Limited 2 799 813 (2018: 2 804 313) ordinary shares of Rupees 10 each fully paid. Equity held 0.28% (2018: 0.28%)	7,697	7,709
	The Crescent Textile Mills Limited 4 359 891 (2018: 4 359 891) ordinary shares of Rupees 10 each fully paid. Equity held 5.45% (2018: 5.45%)	82,228	82,228
		89,925	89,937
	Add: Fair value adjustment	20,317	41,386
		110,242	131,323

2019 **2018**
(RUPEES IN THOUSAND)

26. CASH AND BANK BALANCES

With banks:

On current accounts	50,113	105,709
On deposit account (Note 26.1)	2,800	2,800

	52,913	108,509
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Cash in hand

	763	858
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	53,676	109,367
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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 4.43 percent (2018: 4.90 percent) per annum.

27. REVENUE

Local sales (Note 27.1)	7,124,312	5,539,017
Export sales (Note 27.2)	268,260	534,854
Export rebate and duty drawback	462	20,220

	7,393,034	6,094,091
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27.1 Local Sales

Yarn	7,079,712	5,481,799
CMT income	-	7,140
Cloth	2,777	68
Waste	46,365	54,616

	7,128,854	5,543,623
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Less: Sales tax

	4,542	4,606
--	-------	-------

	7,124,312	5,539,017
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27.2 Export Sales

Yarn	115,406	326,574
Cloth	152,854	208,280

	268,260	534,854
--	---------	---------

2019 **2018**
(RUPEES IN THOUSAND)

28. COST OF SALES

Raw materials consumed	5,492,072	4,395,336
Salaries, wages and other benefits (Note 28.1)	543,503	479,691
Stores, spare parts and loose tools consumed	149,648	144,764
Fuel and power	721,096	694,885
Outside weaving / other charges	19,283	31,681
Other manufacturing overheads	12,454	9,410
Insurance	8,708	7,981
Repair and maintenance	7,304	5,670
Depreciation (Note 14.1.3)	80,746	76,845
	7,034,814	5,846,263
Work-in-process		
Opening stock	29,916	21,293
Closing stock	(37,241)	(29,916)
	(7,325)	(8,623)
Cost of goods manufactured	7,027,489	5,837,640
Finished goods		
Opening stock (Note 28.2)	153,505	149,087
Closing stock	(80,343)	(136,958)
	73,162	12,129
	7,100,651	5,849,769
Cost of goods purchased for resale	3,805	-
	7,104,456	5,849,769

28.1 Salaries, wages and other benefits include staff retirement benefit amounting to Rupees 25.588 million (2018: Rupees 18.750 million).

28.2 This includes the impact of adjustment on adoption of IFRS 15 amounting to Rupees 16.547 million.

29. DISTRIBUTION COST

Freight and forwarding	25,906	25,673
Commission to selling agents	22,418	21,711
Insurance	723	873
Loading and handling	10,515	9,191
Others	469	400
	60,031	57,848

2019 **2018**
(RUPEES IN THOUSAND)

30. ADMINISTRATIVE EXPENSES

Salaries and other benefits (Note 30.1)	107,788	98,810
Workers' welfare	2,382	2,396
Traveling and conveyance	3,964	4,015
Insurance	2,665	2,432
Rent, rates and taxes	4,365	3,135
Entertainment	3,115	3,441
Fee and subscription	1,843	1,737
Communication	3,248	3,118
Vehicles' running	10,604	10,445
Repair and maintenance	14,827	9,533
Utilities	8,084	6,141
Printing and stationery	1,497	1,451
Books and periodicals	66	63
Advertisement	39	65
 Auditors' remuneration:		
Statutory audit	1,220	1,100
Other certifications including half yearly review	500	325
Out of pocket expenses	45	45
	1,765	1,470
 Legal and professional	3,669	2,853
Miscellaneous	5,437	4,836
Depreciation (Note 14.1.3)	5,417	5,813
	180,775	161,754

30.1 Salaries and other benefits include staff retirement benefit amounting to Rupees 7.036 million (2018: Rupees 5.088 million).

31. OTHER EXPENSES

Impairment loss on long term investment	-	171
Donations (Note 31.1)	20	39
Loss allowance under expected credit losses (Note 21.2)	891	-
Provision for obsolete stores, spare parts and loose tools (Note 19.1)	681	-
Reversal of excess profit accrued on bank deposit account	145	-
	1,737	210

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

2019 **2018**
(RUPEES IN THOUSAND)

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

Exchange gain	2,423	2,710
Interest income on sales tax refund bonds (Note 17.2)	153	-
Profit on deposit account	124	137
Gain on sale of investments	6,858	48,524
Dividend income	4	4
	9,562	51,375

Income from non-financial assets

Rental income	21,696	18,925
Scrap sales	1,034	1,101
Gain on sale of property, plant and equipment	716	1,542
Credit balance added back	2,759	-
Gain on remeasurement of fair value of investment properties (Note 15)	11,303	2,967
	37,508	24,535
	47,070	75,910

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

long term financing	25,094	20,133
short term borrowings	55,284	30,941
Bank charges and commission	3,893	4,888
	84,271	55,962

34. TAXATION

Current:

For the year	91,123	33,764
Prior year	(1,365)	(975)
	89,758	32,789
Deferred	(24,328)	11,822
	65,430	44,611

35. LOSS PER SHARE - BASIC AND DILUTED

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

		2019	2018
Loss after taxation	(Rupees in thousand)	<u>(56,264)</u>	<u>(14,684)</u>
Weighted average number of ordinary shares	(Numbers)	<u>22 660 126</u>	<u>22 660 126</u>
Loss per share	(Rupees)	<u>(2.48)</u>	<u>(0.65)</u>

2019 2018
(RUPEES IN THOUSAND)

36. CASH GENERATED FROM OPERATIONS

Profit before taxation	9,166	29,927
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Adjustments for non cash charges and other items:

Depreciation	86,163	82,658
Provision for employees' retirement benefit	32,624	23,838
Gain on sale of property, plant and equipment	(716)	(1,542)
Gain on remeasurement of fair value of investment properties	(11,303)	(2,967)
Gain on sale of investment	(6,858)	(48,524)
Share of (income) / loss from equity accounted associates	(332)	14,531
Profit on deposits with banks	(124)	(137)
Loss allowance under expected credit losses	891	-
Reversal of excess profit accrued on bank deposit account	145	-
Interest income on sales tax refund bonds	(153)	-
Provision for obsolete stores, spare parts and loose tools	681	-
Impairment loss on long term investment	-	171
Credit balance added back	(2,759)	-
Finance cost	84,271	55,962
Working capital changes (Note 36.1)	(168,890)	92,155
	<u>22,806</u>	<u>246,072</u>

2019 2018
(RUPEES IN THOUSAND)

**36.1 Working capital changes
(Increase) / decrease in current assets**

Stores, spare parts and loose tools	(18,513)	(11,844)
Stock-in-trade	(79,265)	(108,909)
Trade debts	(101,624)	(63,151)
Loans and advances	(22,685)	8,176
Prepayments and balances with statutory authority	(23,000)	(32,601)
Other receivables	18,413	(30,654)
	(226,674)	(238,983)
Increase in trade and other payables	57,784	331,138
	(168,890)	92,155

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 2018	225,786	533,780	3,940	763,506
Short term borrowings obtained - net	-	132,057	-	132,057
Repayment of financing	(35,650)	-	-	(35,650)
Dividend declared	-	-	2,266	2,266
Dividend paid	-	-	(2,178)	(2,178)
Balance as at 30 June 2019	<u>190,136</u>	<u>665,837</u>	<u>4,028</u>	<u>860,001</u>

37. 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)	2019	2018
			NUMBER OF SHARES	
Associated companies				
Shakarganj Limited	Common directorship	Dividend income	-	2,265
Crescent Powertech Limited	Common directorship	Dividend paid	12	-
Premier Insurance Limited	Common directorship	Service charges	12,123	11,011
		Dividend paid	21	-
Other related parties				
Directors / executives / sponsors	Members of Board of Directors, key management personnel and sponsors	Loan received-net	31,137	35,763
		Dividend paid	414	-
Premier Insurance Limited	Common directorship	Bonus shares received	-	27 580

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 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	
	2019	2018	2019	2018	2019	2018
----- (RUPEES IN THOUSAND) -----						
Managerial remuneration	7,502	7,502	9,905	9,905	19,295	16,750
Allowances:						
Housing	3,376	3,376	4,389	4,389	8,614	7,469
Utilities	750	750	975	975	1,914	1,660
Group insurance	-	-	11	15	34	44
Reimbursable expenses	750	750	975	975	1,903	1,648
	12,378	12,378	16,255	16,259	31,760	27,571
Number of persons	1	1	2	2	6	6

- 38.1** Aggregate amount charged in these consolidated financial statements for meeting fee to five directors (2018: five directors) was Rupees 580,000 (2018: Rupees 360,000).
- 38.2** The Chief Executive Officer, Directors and Executives of the Holding Company have been provided with Company maintained vehicles.
- 38.3** No remuneration was paid to non-executive directors of the Holding Company.

	2019	2018
	(NUMBER OF PERSONS)	
39. NUMBER OF EMPLOYEES		
Number of employees as on 30 June	1 291	1 308
Average number of employees during the year	1 299	1 082

40. SEGMENT INFORMATION

	Textiles		Trading		Elimination of inter - segment transactions		Total - Group	
	2019	2018	2019	2018	2019	2018	2019	2018
----- (RUPEES IN THOUSAND) -----								
Revenue	7,350,501	6,044,688	155,603	215,302	(113,070)	(165,899)	7,393,034	6,094,091
Cost of sales	(7,103,153)	(5,817,139)	(114,373)	(198,529)	113,070	165,899	(7,104,456)	(5,849,769)
Gross profit	247,348	227,549	41,230	16,773	-	-	288,578	244,322
Distribution cost	(52,455)	(51,404)	(7,576)	(6,444)	-	-	(60,031)	(57,848)
Administrative expenses	(179,695)	(160,284)	(1,080)	(1,470)	-	-	(180,775)	(161,754)
Other income	45,722	75,910	1,348	-	-	-	47,070	75,910
Finance cost	(83,244)	(55,399)	(1,027)	(563)	-	-	(84,271)	(55,962)
(Loss) / profit before taxation and unallocated expenses	(22,324)	36,372	32,895	8,296	-	-	10,571	44,668
Other expenses							(1,737)	(210)
Share of income / (loss) from equity accounted investees							332	(14,531)
Taxation							(65,430)	(44,611)
Loss after taxation							(56,264)	(14,684)

40.1 Reconciliation of reportable segment assets and liabilities:

	Textiles		Trading		Total - Group	
	2019	2018	2019	2018	2019	2018
----- (RUPEES IN THOUSAND) -----						
Total assets for reportable segments	<u>6,447,457</u>	<u>5,268,490</u>	<u>3,500</u>	<u>8,084</u>	6,450,957	5,276,574
Unallocated assets:						
Investments in equity accounted investees					69,215	38,159
Deferred income tax asset					46,776	20,035
Total assets as per statement of financial position					<u>6,566,948</u>	<u>5,334,768</u>
Total liabilities for reportable segments	<u>1,782,854</u>	<u>1,597,140</u>	<u>-</u>	<u>-</u>	1,782,854	1,597,140
Unallocated liability:						
Provision for taxation					90,984	33,821
Total liabilities as per statement of financial position					<u>1,873,838</u>	<u>1,630,961</u>

40.2 Geographical information

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

	Textiles		Trading		Total - Group	
	2019	2018	2019	2018	2019	2018
----- (RUPEES IN THOUSAND) -----						
Africa	14,460	6,002	141,715	11,863	156,175	17,865
Asia	100,946	340,792	11,601	196,417	112,547	537,209
Pakistan	7,121,563	5,531,995	2,749	7,022	7,124,312	5,539,017
	<u>7,236,969</u>	<u>5,878,789</u>	<u>156,065</u>	<u>215,302</u>	<u>7,393,034</u>	<u>6,094,091</u>

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

40.4 Revenue from major customers

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

41. 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 which is material to the Group. The amount disclosed for Subsidiary Company is before inter-company eliminations.

2019 **2018**
(RUPEES IN THOUSAND)

Summarized statement of financial position

Current assets	17,797	16,192
Current liabilities	<u>(24,684)</u>	<u>(27,118)</u>
Net current liabilities	(6,887)	(10,926)
Non-current assets	24,241	21,802
Net assets	<u>17,354</u>	<u>10,876</u>
Accumulated non-controlling interest	<u>5,874</u>	<u>3,682</u>

Summarized statement of comprehensive income

Revenue	<u>9,919</u>	<u>5,501</u>
Profit for the year	6,478	4,349
Other comprehensive income	-	-
Total comprehensive income	<u>6,478</u>	<u>4,349</u>
Profit allocated to non-controlling interest	<u>2,193</u>	<u>1,472</u>

Summarized cash flows

Cash flows from operating activities	(49)	20
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Net increase in cash and cash equivalents	<u>(49)</u>	<u>20</u>

42. PLANT CAPACITY AND ACTUAL PRODUCTION

2019 **2018**

a) Holding Company - Crescent Cotton Mills Limited
Spinning:

100% plant capacity converted to 20s count based on 3 shifts per day for 1095 shifts (2018: 1095 shifts)	Kgs.	31 796 478	29 023 339
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Actual production converted to 20s count based on 3 shifts per day for 1095 shifts (2018: 1095 shifts)	Kgs.	31 312 549	28 227 924
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Embroidery and Hosiery:

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.

42.1 Reason For Low Production

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

43. FINANCIAL RISK MANAGEMENT
43.1 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:

	2019	2018
Trade debts - USD	103,339	144,595
Loans and advances - USD	-	13,168
Trade and other payables - USD	-	(196,517)
Net exposure - USD	103,339	(38,754)

Following significant exchange rates were applied during the year:

Rupees per US Dollar

Average rate	140.90	109.64
Reporting date rate	159.75	121.60

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 after taxation for the year would have been Rupees 0.825 million higher / lower (2018: Rupees 0.236 million lower / higher) mainly as a result of exchange gains / losses 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 equity (fair value reserve of FVTOCI instruments). 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 statement of other comprehensive income (fair value reserve)	
	(RUPEES IN THOUSAND)	
PSX 100 (5% increase)	5,651	6,661
PSX 100 (5% decrease)	(5,651)	(6,661)
Equity (fair value reserve) would increase / decrease as a result of gains / losses on equity investments classified as FVTOCI.		

(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 sales tax refund bonds, 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:

2019 **2018**
(RUPEES IN THOUSAND)

Fixed rate instruments

Financial assets

Sales tax refund bonds	19,700	-
Deposit account	2,800	2,800

Financial liabilities

Short term borrowings	5,000	5,000
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Floating rate instruments

Financial liabilities

Long term financing	190,136	225,786
Short term borrowings	339,068	259,533

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 after taxation for the year would have been Rupees 5.292 million (2018: Rupees 4.853 million) higher / lower, 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:

	2019	2018
	(RUPEES IN THOUSAND)	
Investments	132,782	133,712
Loans and advances	11,815	9,014
Deposits	4,289	3,614
Trade debts	200,334	127,024
Other receivables	50,683	57,813
Bank balances	52,913	108,509
	<u>452,816</u>	<u>439,686</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			2019	2018
	Short Term	Long Term	Agency	(RUPEES IN THOUSAND)	
Banks					
National Bank of Pakistan	A-1+	AAA	VIS	12,627	545
Allied Bank Limited	A1+	AAA	PACRA	53	2,831
Bank Alfalah Limited	A1+	AA+	PACRA	9,335	3,886
Habib Bank Limited	A-1+	AAA	VIS	8,666	52,960
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	2,012	3,607
MCB Bank Limited	A1+	AAA	PACRA	598	6,399
United Bank Limited	A-1+	AAA	VIS	2,582	6,293
Askari Bank Limited	A1+	AA+	PACRA	36	12
Bank Al-Habib Limited	A1+	AA+	PACRA	1,750	5,904
The Bank of Punjab	A1+	AA	PACRA	99	741
JS Bank Limited	A1+	AA-	PACRA	5	9
Meezan Bank Limited	A-1+	AA+	VIS	13,537	25,266
Faysal Bank Limited	A1+	AA	PACRA	1,566	20
Sindh Bank Limited	A-1	A+	VIS	12	-
MCB Islamic Bank Limited	A1	A	PACRA	35	36
				52,913	108,509

The Group's exposure to credit risk and allowances for expected credit losses 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. Liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected or may face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

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 2019, the Group had Rupees 910.932 million (2018: Rupees 990.467 million) available borrowing limits from financial institutions and Rupees 53.676 million (2018: Rupees 109.367 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 2019:
Non-derivative financial liabilities:

Long term financing	190,136	236,263	47,235	33,936	62,216	92,876
Trade and other payables	725,916	725,916	725,916	-	-	-
Unclaimed dividend	4,028	4,028	4,028	-	-	-
Accrued mark-up	35,897	35,897	35,897	-	-	-
Short term borrowings	665,837	691,987	691,987	-	-	-
	<u>1,621,814</u>	<u>1,694,091</u>	<u>1,505,063</u>	<u>33,936</u>	<u>62,216</u>	<u>92,876</u>

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>

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 Note 12 to these consolidated financial statements.

Carrying amount of long term financing as at 30 June 2019 includes overdue installments of principal amounting to Rupees 11.883 million (2018: Rupees Nil).

43.2 Financial instruments by categories

2019			2018		
Loans & receivables	At FVTOCI	Total	Loans & receivables	Available for sale	Total

----- RUPEES IN THOUSAND -----

Assets as per consolidated statement of financial position

Investments	-	132,782	132,782	-	133,712	133,712
Loans and advances	11,815	-	11,815	9,014	-	9,014
Deposits	4,289	-	4,289	3,614	-	3,614
Trade debts	200,334	-	200,334	127,024	-	127,024
Other receivables	50,683	-	50,683	57,813	-	57,813
Cash and bank balances	53,676	-	53,676	109,367	-	109,367
	<u>320,797</u>	<u>132,782</u>	<u>453,579</u>	<u>306,832</u>	<u>133,712</u>	<u>440,544</u>

2019	2018
Financial liabilities at amortized cost	
(RUPEES IN THOUSAND)	

Liabilities as per consolidated statement of financial position

Long term financing	190,136	225,786
Accrued mark-up	35,897	28,163
Short term borrowings	665,837	533,780
Trade and other payables	725,916	687,297
Unclaimed dividend	4,028	3,940
	<u>1,621,814</u>	<u>1,478,966</u>

43.3 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.

43.4 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'.

		2019	2018
Borrowings	Rupees in thousand	855,973	759,566
Total equity	Rupees in thousand	4,693,110	3,703,807
Total capital employed	Rupees in thousand	<u>5,549,083</u>	<u>4,463,373</u>
Gearing ratio	Percentage	<u>15.43</u>	<u>17.02</u>

Decrease in gearing ratio resulted primarily from increase in surplus on revaluation of freehold land.

44. 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 2019	Level 1	Level 2	Level 3	Total
----- RUPEES IN THOUSAND -----				
Financial assets				
At fair value through other comprehensive income	113,017	-	197	113,214
Total financial assets	<u>113,017</u>	<u>-</u>	<u>197</u>	<u>113,214</u>

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>

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, trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the 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 listed financial instruments was the use of quoted market prices.

45. 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 2019	Level 1	Level 2	Level 3	Total
----- RUPEES IN THOUSAND -----				
Investment properties	-	281,746	-	281,746
Freehold land	-	4,116,781	-	4,116,781
Total non-financial assets	-	<u>4,398,527</u>	-	<u>4,398,527</u>
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	-	<u>3,330,503</u>	-	<u>3,330,503</u>

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 2019, 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 2019.

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.

46. DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue on October 03, 2019 by the Board of Directors of the Holding Company.

47. CORRESPONDING FIGURES

Corresponding 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:

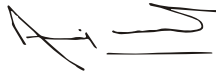
Reclassification from consolidated statement of profit or loss	Reclassification to consolidated statement of profit or loss	RUPEES IN THOUSAND
Employees' retirement benefit (Cost of sales)	Employees' retirement benefit (Administrative expenses)	518

48. 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 Monday the October 28, 2019 at the Registered Office of the Company New Lahore Road, Nishatabad, Faisalabad and at any adjournment thereof.

As witness my hand this _____ day of _____ 2019.

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) alongwith proxy form to the Company.

کریسنٹ کٹن ملز لمیٹڈ پراکسی فارم (مختار نامہ)

میں/ہم

بحیثیت رکن کریسنٹ کٹن ملز لمیٹڈ اور حامل _____ حصص بمطابق فولیو نمبر _____

سی ڈی سی پارٹیشنیشن (شرکت) آئی ڈی نمبر _____ اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر _____ / سی ڈی سی انویسٹرا کاؤنٹ آئی ڈی نمبر _____

محترم/محترمہ _____ یا اسکی غیر موجودگی میں _____

فولیو نمبر _____ / سی ڈی سی پارٹیشنیشن (شرکت) آئی ڈی نمبر _____

اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر _____ / سی ڈی سی انویسٹرا کاؤنٹ آئی ڈی نمبر _____ کو اپنے/ہمارے ایما پر مورخہ 28 اکتوبر 2019 بروز سوموار 9:30 بجے

بہ مقام رجسٹرڈ آفس نشاط آباد فیصل آباد پر منعقد ہونے والے کریسنٹ کٹن ملز لمیٹڈ کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقرریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا/ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

آج بروز بتاریخ 2019 کو میرے/ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

گواہان

1

دستخط: _____

نام: _____

پتہ: _____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____

-5/- روپے کارسیدی ٹکٹ یہاں چسپاں کریں۔

2

دستخط: _____

نام: _____

پتہ: _____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____

دستخط رکن
کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں۔

نوٹ:

- 1- اجلاس عام میں شرکت اور رائے دہی کا مستحق رکن، پراکسی مقرر کر سکتا ہے۔
- 2- پراکسی اور مختار نامہ یا دیگر اتھارٹی (اگر کوئی ہوں) تقرری کے آلات، جس کے تحت یہ دستخط شدہ ہو یا اس مختار نامہ کے فوٹو طبعی مصدقہ کاپی، کمپنی کے شیئرز رجسٹر دفتر ڈون کنسلٹنگ لمیٹڈ لاہور میں اجلاس منعقد ہونے سے کم از کم 48 (اٹتالیس) گھنٹے قبل جمع کروائے جانے چاہئیں۔
- 3- سی ڈی سی اکاؤنٹ ہولڈرز کو پراکسی تقرری کیلئے سیکورٹیز اینڈ ایکسچینج کمیشن پاکستان کے مورخہ 26 جنوری 2000 کو جاری کردہ سرکلر نمبر 1 میں دی گئی مندرجہ ذیل گائیڈ لائنز کی پیروی کرنا ہوگی۔
- i- بصورت افراد، اکاؤنٹ ہولڈر اور ایسب اکاؤنٹ ہولڈر جن کے سیکورٹیز اینڈ رجسٹریشن تعصبات قواعد و ضوابط کے مطابق اپ لوڈ ہوں، انہیں درج بالا شرائط کے مطابق پراکسی فارم (مختار نامہ) جمع کرانا ہو گئے۔
- ii- پراکسی فارم پر بطور گواہان دو افراد کے دستخط ہونے چاہئیں اور ان کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم پر درج ہوں۔
- iii- تنظیمات اور ریزرو پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول، پراکسی فارم (مختار نامہ) کے ہمراہ جمع کرانا ہوگی۔
- iv- پراکسی، اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ مہیا کرے گا/گی۔
- v- بصورت کارپوریٹ انٹیلیٹی، بورڈ کی قرارداد/مختار نامہ پراکسی ہولڈر کے دستخط (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامہ) کے ہمراہ کمپنی جمع کرانا ہوگا۔

INDEPENDENT REASONABLE ASSURANCE REPORT ON STATEMENT OF FREE FLOAT OF SHARES

Chief Executive Officer
Crescent Cotton Mills Limited
New Lahore Road
FAISALABAD

1. Introduction

We have been engaged to perform a reasonable assurance engagement on the annexed Statement of Free Float of Shares (the Statement) of Crescent Cotton Mills Limited (the Company) as of 30 September 2018, 31 December 2018, 31 March 2019 and 30 June 2019.

2. Applicable Criteria

The criteria against which the Statement is assessed is Regulation No. 5.7.2(c)(ii) of Pakistan Stock Exchange Limited Regulations (PSX Regulations) which requires every listed company to submit directly to Pakistan Stock Exchange Limited (PSX) an annual Free Float Statement duly verified by the auditor along with the annual audited accounts as prescribed under regulation 5.6.4(a) of the PSX Regulations.

3. Management's Responsibility for the Statement

Management is responsible for the preparation of the Statement as of 30 September 2018, 31 December 2018, 31 March 2019 and 30 June 2019 in accordance with the applicable criteria. This responsibility includes maintaining adequate records and internal controls as determined necessary to enable the preparation of the Statement such that it is free from material misstatement, whether due to fraud or error.

4. Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 'Quality Control for firms that perform Audits and Reviews of Financial Statements and Other Assurance and Related Services Engagements' and accordingly maintains a comprehensive system of quality

control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

5. Our Responsibility and Summary of the Work Performed

Our responsibility is to carry out an independent reasonable assurance engagement and to express an opinion as to whether the Statement is prepared in accordance with the applicable criteria, based on the procedures we have performed and the evidence we have obtained.

We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), 'Assurance Engagements other than audits or reviews of historical financial information (ISAE 3000) (Revised) issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable level of assurance about whether the Statement is free from material misstatement.

A reasonable assurance engagement in accordance with ISAE 3000 (Revised) involves performing procedures to obtain evidence about the free float of shares and related information in the Statement. The nature, timing and extent of procedures selected depend on the practitioner's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error, in the Statement. In making those risk assessments, we considered internal control relevant to the Company's preparation of the Statement. A reasonable assurance engagement also includes assessing the applicable criteria used and significant estimates made by management, as well as, evaluating the overall presentation of the Statement.

We have carried out the procedures considered necessary for the purpose of providing reasonable assurance on the Statement. Our assurance procedures performed included verification of information in the Statement with the underlying data and record comprising of Central Depository Company statements, forms submitted by the Company with Securities & Exchange Commission of Pakistan relating to its pattern of shareholding and other related information. Verification that the computation of free float of shares is in accordance with the PSX regulation also forms part of our assurance procedures.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

6. Opinion

In our opinion, the Statement as of 30 September 2018, 31 December 2018, 31 March 2019 and 30 June 2019 is prepared, in all material respects, in accordance with the PSX Regulations.

Riaz Ahmad & Company

Chartered Accountants

7. Emphasis of matter

We draw attention to Note 1 of the Statement which more fully explains the reason for treating the specified shares as free float. Our opinion is not modified in respect of this matter.

8. Restriction on Use and Distribution

This report is issued in relation to the requirements as stipulated under Regulation No. 5.7.2(c)(ii) of the PSX Regulations and is not to be used or distributed for any other purpose. This report is restricted to the facts stated herein and the attachment.

DATE: 05 October 2019

Riaz Ahmad & Co.
RIAZ AHMAD & COMPANY
Chartered Accountants