

CRESCENT COTTON MILLS LIMITED



CONDENSED INTERIM FINANCIAL STATEMENTS
WITH ACCOMPANYING INFORMATION
FOR THE HALF YEAR ENDED 31 DECEMBER 2019
(UN-AUDITED)

COMPANY PROFILE

BOARD OF DIRECTORS	Mr. Taimur Amjad (Chairman)
	Mr. Muhammad Arshad (Chief Executive Officer)
DIRECTORS (In alphabetical order)	Mr. Abid Mehmood Mr. Adnan Amjad Mr. Naveed Gulzar Mr. Salman Rafi Mr. Shahid Arshad Mrs. Shameen Azfar
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: 042-36283096-97
URL	www.crescentcotton.com

DIRECTORS' REVIEW TO THE SHAREHOLDERS

Dear Members,

The directors as well as the management of the company would like to report with grief the sad demise of Mr. Zahid Bashir, Chairman of the Board (Innallaha wa inallah-e-rajeon). Mr. Zahid Bashir joined our board in 2016. The board of directors always benefited from his wisdom and superb leadership during his time. The board, the management and all others while paying glowing tribute to him, acknowledge his tremendous contributions for the company (May Allah give him the best place in heaven).

The directors of your company present to you the condensed interim financial information for the second quarter and half year ended December 31, 2019. During the period under review, your company has earned a pre-tax profit of Rs. 24.778 Million as compared to pre-tax loss of Rs. 62.850 Million in the comparative period of last year.

Total sales revenue of the company for the half year stood at Rs. 3,236.021 Million, whereas, the turnover figures during the same period in year 2018 was Rs. 3,514.377 Million. The cost of sales in the period under review stood at 94.03% whereas up to December 31, 2018 it was around 97.85%. In spite of the hardships being faced by the textile industry during the period under review, the management of the company is continuously striving hard for better results.

Future Prospectus

Pakistan textile sector will remain challenging due to uncertain economic conditions in the country and slowdown in growth of global economies and impact of trade war. The withdrawal of zero-rating and resultant imposition of sales tax on entire textile chain has dramatically impacted the industry. Textile sector is unable to recover its dwindling share in the international market due to increase in cost of production, which is making it less competitive than other major textile exporting countries. The Government of Pakistan has recently directed for forthwith billing to industrial electricity consumers of financial cost surcharge, Neelum-Jhelum surcharge, taxes, fixed charges and positive fuel adjustment. The concessionary rate of 7.5 cents/Kwh all inclusive stands withdrawn, hence billing of aforesaid charges has started with retrospective affect. The power supply companies have also started recovering the quarterly tariff adjustment amount. All these factors have increased further burden on the company and ultimately resulting in increase in the cost of doing business.

The demand for textiles started to show signs of improvement during the first quarter and this is reflected in the results. However, the raw cotton prices continue rising sharply as despite earlier optimism, the crop arrival figures show that the crop will be much below the estimates. The world prices of cotton also depict an underlying firmness despite the expectations of large crops in almost all the cotton growing countries. We expect that our product prices will also be higher, and the margins are expected to remain positive. The Government is very eager to boost exports and reduce the cost of doing business. For this reason, the government has also decided to maintain regionally competitive energy prices for which necessary legislative measures are required to be put into place.

We apprehend that the current year will be challenging, but we expect the company to perform well. With the SBP discount rate at 13.41% and a sharp loss in the value of the rupee, it has become difficult to control our costs. Costs of all inputs continue to rise unabated. We hope that necessary measures are initiated to control this trend and we on our part continue to maintain our focus on cost control. The management is working towards improvement in efficiencies and productivity as well as enhanced cost controls

Acknowledgement

The Directors wish to express their gratitude to our valued clients, bankers and shareholders for the cooperation extended by them during the course of business activities. The Directors also wish to place on record their appreciation for the hard work and devoted services of the staff members and workers of the company.

For and on behalf of
the Board of Directors



ABID MEHMOOD
DIRECTOR



MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER

FAISALABAD
February 28, 2020

حصص یافتگان کے لیے ڈائریکٹرز کا جائزہ

عزیز ممبران!

کمپنی کے ڈائریکٹرز اور انتظامیہ نہایت افسوس کے ساتھ بورڈ کے چیئرمین جناب زاہد بشیر کی وفات سے آگاہ کرنا چاہیں گے۔ (انا اللہ وانا الیہ راجعون)۔ جناب زاہد بشیر ہمارے بورڈ کے ساتھ 2016ء میں منسلک ہوئے۔ ان کے دور میں بورڈ آف ڈائریکٹرز نے ہمیشہ ان کی شاندار اور مدبرانہ قیادت سے استفادہ کیا۔ بورڈ، انتظامیہ اور دیگر تمام افراد انہیں شاندار خرچ تحسین پیش کرتے ہوئے، کمپنی کے لیے ان کی زبردست خدمات کو خراج تحسین پیش کرتے ہیں۔ (اللہ تعالیٰ جنت میں ان کو اعلیٰ درجات عطا فرمائے، آمین)

آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر 2019ء کو اختتام دوسری سہ ماہی اور پہلی ششماہی کے لیے محمد عبوری مالی معلومات آپ کی خدمت میں پیش کرتے ہیں۔ زیر جائزہ مدت کے دوران آپ کی کمپنی نے 24.778 ملین روپے کا قبل از ٹیکس منافع حاصل کیا جبکہ گزشتہ سال کی اسی مدت میں کمپنی کو قبل از ٹیکس 62.850 ملین روپے کا نقصان اٹھانا پڑا۔

پہلی ششماہی کے لیے کمپنی کی کل فروخت کی آمدنی 3,236.021 ملین روپے رہی جبکہ سال 2018ء میں اسی مدت کے دوران ٹرن اور رقم 3,514.377 ملین روپے تھی۔ زیر جائزہ مدت میں فروخت کی لاگت 94.03 فیصد رہی جبکہ 31 دسمبر 2018ء تک یہ 97.85 فیصد کے لگ بھگ تھی۔ زیر جائزہ مدت کے دوران ٹیکس سائل اینڈ سٹری کوریج پیش مشکلات کے باوجود کمپنی کی انتظامیہ بہتر نتائج کے لیے کوشاں ہے۔

مستقبل کے امکانات:

ملک میں غیر یقینی معاشی حالات اور عالمی معیشت کی نمو میں سست روی اور تجارتی جنگ کے اثرات کی وجہ سے پاکستان میں ٹیکسٹائل کا شعبہ مشکلات کا شکار رہے گا۔ زریوریننگ کے خاتمے اور اس کے نتیجے میں پوری ٹیکسٹائل چین پر پریل ٹیکس لگانے سے صنعت ڈرامائی طور پر متاثر ہوئی ہے۔ پیداواری لاگت میں اضافے کی وجہ سے ٹیکسٹائل کا شعبہ بین الاقوامی مارکیٹ میں اپنے کم ہوتے حصے کو بازیافت کرنے سے قاصر ہے۔ جس کی وجہ سے یہ ٹیکسٹائل کے دیگر بڑے برآمد کنندگان کے مقابلے میں کم مسابقتی کا شکار ہے۔ حکومت پاکستان نے حال ہی میں بجلی کے صنعتی صارفین کو مالی لاگت سرچارج، نیم جہلم سرچارج، ٹیکسوں، مقررہ چارجز اور شٹ ڈاؤن ایڈجسٹمنٹ کی مد میں بلوں کی فوری ادائیگی کی ہدایت کی ہے۔ 7.5 سینٹ کی ٹیکسٹائل کے رعایتی قیمت تمام مراعات سمیت واپس لی گئی ہے اس لیے مذکورہ چارجز کی بلنگ سابقہ تاریخوں سے شمار ہوگی۔ پاور سٹیشن کی کمپنیوں نے بھی سہ ماہی ٹیرف ایڈجسٹمنٹ کی رقم کی وصولی شروع کر دی ہے۔ ان تمام عوامل نے کمپنی پر بوجھ مزید بڑھا دیا ہے اور اس کے نتیجے میں کاروباری لاگت میں اضافہ ہوا ہے۔

جہلی سہ ماہی کے آغاز میں ٹیکسٹائل کی طلب میں بہتری کے اشارے ظاہر ہونا شروع ہوئے تھے جیسا کہ نتائج سے ظاہر ہوتا ہے۔ تاہم خام کپاس کی قیمتوں میں تیزی سے اضافہ جاری ہے اور پہلے سے امید کے باوجود فصل کے اعداد و شمار ظاہر کرتے ہیں کہ فصل تحسین سے بہت کم ہوگی۔ کپاس پیدا کرنے والے تقریباً تمام ممالک میں بڑی فصلوں کی توقعات کے باوجود روٹی کی عالمی قیمتوں میں بنیادی استحکام کی توقع کی جارہی ہے۔ ہم توقع کرتے ہیں کہ ہماری مصنوعات کی قیمتیں بھی زیادہ ہوں گے اور منافع بھی مثبت رہنے کی توقع ہے۔ حکومت برآمدات کو فروغ دینے اور کاروباری لاگت کو کم کرنے کے لیے بے قرار ہے۔ اسی وجہ سے حکومت نے علاقائی طور پر مسابقتی توانائی کی قیمتوں کو برقرار رکھنے کا فیصلہ بھی کیا ہے جس کے لیے ضروری قانون سازی کے اقدامات کی ضرورت ہے۔

ہم سمجھتے ہیں کہ موجودہ سال مشکل ہوگا لیکن ہم توقع کرتے ہیں کہ کمپنی بہتر کارکردگی کا مظاہرہ کرے گی۔ سٹیٹ بینک آف پاکستان کے رعایتی نرخ 13.41 فیصد اور روپے کی قدر میں بہت زیادہ کمی کی وجہ سے، ہمارے لیے لاگت پر قابو پانا مشکل ہو گیا ہے۔ ان پت کی تمام چیزوں کی لاگت میں زور و شور سے اضافہ جاری ہے۔ ہم امید کرتے ہیں کہ اس رجحان پر قابو پانے کے لیے ضروری اقدامات شروع کیے گئے ہیں اور ہم اپنی طرف سے لاگت پر قابو پانے کے لیے اپنی بوجھ مرکوز رکھے ہوئے ہیں۔ انتظامیہ استعداد کار اور پیداواری صلاحیت میں بہتری کے ساتھ ساتھ قیمتوں میں اضافے پر قابو پانے پر بھی کام کر رہی ہے۔

اعتراف:

ڈائریکٹرز اپنے قابل قدر گاہکوں، بینکرز اور حصص یافتگان سے کاروباری سرگرمیوں کے دوران تعاون پر اظہار تشکر کرتے ہیں۔ ڈائریکٹرز کمپنی کے کارکنوں اور سٹاف ممبرز کی محنت اور لگن پر انہیں خراج تحسین بھی پیش کرتے ہیں۔

منجانب

بورڈ آف ڈائریکٹرز



محمد راشد

عابد محمود

چیف ایگزیکٹو آفیسر

ڈائریکٹر

فیصل آباد

28 فروری 2020ء

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of CRESCENT COTTON MILLS LIMITED

Report on review of Unconsolidated Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of CRESCENT COTTON MILLS LIMITED as at 31 December 2019 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the half year then ended (here-in-after referred to as "unconsolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated condensed interim financial statements based on our review. The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the quarters ended 31 December 2019 and 31 December 2018 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2019.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of unconsolidated condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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



RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad
February 28, 2020

UNCONSOLIDATED CONDENSED INTERIM STATEMENT

NOTE	UN-AUDITED	AUDITED
	31 December 2019	30 June 2019
(RUPEES IN THOUSAND)		
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
	30 000 000 (30 June 2019: 30 000 000)	
	ordinary shares of Rupees 10 each	
	300,000	300,000
	Issued, subscribed and paid up share capital	226,601
		226,601
Capital reserves		
	Premium on issue of shares reserve	5,496
	Plant modernization reserve	12,000
	Fair value reserve	111,692
	Surplus on revaluation of freehold land and investment properties	4,136,711
	Revenue reserves	163,867
	TOTAL EQUITY	4,656,367
		4,667,656
LIABILITIES		
NON-CURRENT LIABILITIES		
	Long term financing	130,834
3	Employees' retirement benefit	111,286
		242,120
		130,719
		101,141
		231,860
CURRENT LIABILITIES		
	Trade and other payables	876,941
	Unclaimed dividend	4,028
	Accrued mark-up	25,425
	Short term borrowings	856,124
	Current portion of long term financing	59,417
3	Provision for taxation	138,155
		1,960,090
		789,095
		4,028
		21,695
		660,837
		59,417
		90,053
		1,625,125
	TOTAL LIABILITIES	2,202,210
		1,856,985
CONTINGENCIES AND COMMITMENTS		
4		
	TOTAL EQUITY AND LIABILITIES	6,858,577
		6,524,641


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



MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER

OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

NOTE	UN-AUDITED	AUDITED
	31 December 2019	30 June 2019
(RUPEES IN THOUSAND)		
ASSETS		
NON-CURRENT ASSETS		
	Property, plant and equipment	4,864,900
5		4,891,674
	Investment properties	258,878
		258,878
	Long term investments	7,118
		27,950
	Long term deposits	3,767
		3,767
	Deferred income tax asset	49,981
		31,025
		5,184,644
		5,213,294
CURRENT ASSETS		
	Stores, spare parts and loose tools	114,901
		75,418
	Stock-in-trade	696,313
		474,606
	Trade debts	325,022
		200,334
	Loans and advances	105,580
		66,420
	Prepayments and balances with statutory authority	174,188
		204,666
	Other receivables	59,808
		57,646
	Short term investments	170,041
		181,982
	Cash and bank balances	28,080
		50,275
		1,673,933
		1,311,347
	TOTAL ASSETS	6,858,577
		6,524,641



ABID MEHMOOD
DIRECTOR




SAMI ULLAH CH.
CHIEF FINANCIAL OFFICER

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019 (UN-AUDITED)

NOTE	Half year ended		Quarter ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	(RUPEES IN THOUSAND)			
REVENUE	3,236,021	3,514,377	1,590,827	1,786,890
COST OF SALES	(3,043,032)	(3,438,777)	(1,491,641)	(1,767,916)
GROSS PROFIT	192,989	75,600	99,186	18,974
DISTRIBUTION COST	(29,534)	(25,417)	(16,456)	(13,979)
ADMINISTRATIVE EXPENSES	(101,434)	(91,099)	(51,031)	(47,842)
OTHER EXPENSES	(4,878)	(12)	(4,858)	(12)
OTHER INCOME	15,050	11,060	8,387	4,670
FINANCE COST	(47,415)	(32,982)	(26,721)	(18,373)
PROFIT / (LOSS) BEFORE TAXATION	24,778	(62,850)	8,507	(56,562)
TAXATION	(20,902)	(44,724)	4,244	(22,196)
PROFIT / (LOSS) AFTER TAXATION	3,876	(107,574)	12,751	(78,758)
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED (RUPEES)	0.17	(4.75)	0.56	(3.48)

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



MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER



ABID MEHMOOD
DIRECTOR



SAMI ULLAH CH.
CHIEF FINANCIAL OFFICER

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2019 (UN-AUDITED)

	Half year ended		Quarter ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	(RUPEES IN THOUSAND)			
PROFIT / (LOSS) AFTER TAXATION	3,876	(107,574)	12,751	(78,758)
OTHER COMPREHENSIVE (LOSS) / INCOME				
Items that will not be reclassified subsequently to profit or loss:				
(Deficit) / surplus arising on remeasurement of investments at fair value through other comprehensive income	(6,438)	8,837	(12,107)	20,550
Fair value reserve realized on disposal of equity investments at fair value through other comprehensive income	(5,167)	(10,167)	(5,167)	(8,862)
Deferred income tax relating to investments at fair value through other comprehensive income	(8,244)	5,142	15	3,207
	(19,849)	3,812	(17,259)	14,895
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive (loss) / income for the period	(19,849)	3,812	(17,259)	14,895
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(15,973)	(103,762)	(4,508)	(63,863)

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



MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER



ABID MEHMOOD
DIRECTOR




SAMI ULLAH CH.
CHIEF FINANCIAL OFFICER

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2019 (UN-AUDITED)

	(RUPEES IN THOUSAND)														
	SHARE CAPITAL	Premium on issue of shares	Plant Modernisation	Fair value reserve available for sale investments	Capital Reserves	Fair value reserve of investments at FVOCI	Surplus on revaluation of freehold land and other properties	Sub Total	General reserve	Dividend equalization	Revenue Reserves	unappropriated profit	Sub Total	TOTAL reserves	TOTAL EQUITY
Balance as at 30 June 2018 - (Audited)	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		
Adjustment on adoption of IFRS 9	-	-	-	(192,403)	-	-	-	-	-	-	(9,870)	(9,870)	(9,870)	(9,870)	(9,870)
Adjustment on adoption of IFRS 15	-	-	-	-	-	-	-	-	-	-	(6,112)	(6,112)	(6,112)	(6,112)	(6,112)
Adjusted total equity as at 01 July 2018 - (Audited)	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		
Transaction with owners - Final dividend for the year ended 30 June 2018 at the rate of Rupee 0.10 per share	-	-	-	-	-	-	-	-	-	(2,266)	(2,266)	(2,266)	(2,266)	(2,266)	(2,266)
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to unappropriated profit	-	-	-	-	-	-	3,812	-	-	-	9,298	9,298	9,298	9,298	9,298
Loss for the period	-	-	-	-	-	-	3,812	-	-	(107,574)	(107,574)	(107,574)	(107,574)	(107,574)	(107,574)
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	3,812	-	-	(107,574)	(107,574)	(107,574)	(107,574)	(107,574)	(107,574)
Balance as at 31 December 2018 - (Un-audited)	226,601	5,496	12,000	-	196,215	3,079,990	3,293,701	96,988	4,000	44,858	145,846	3,439,547	3,666,148		
Profit for the period	-	-	-	-	(64,674)	1,056,721	992,047	-	-	(6,552)	16,013	16,013	16,013	16,013	16,013
Other comprehensive income for the period	-	-	-	-	(64,674)	1,056,721	992,047	-	-	(6,552)	9,461	9,461	9,461	9,461	9,461
Total comprehensive income for the period	-	-	-	-	-	1,111,541	4,285,748	96,988	4,000	54,319	155,307	4,441,055	4,667,656		
Balance as at 30 June 2019 - (Audited)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to unappropriated profit	-	-	-	-	-	-	-	-	-	-	4,684	4,684	4,684	4,684	4,684
Transfer from dividend equalization reserve to general reserve	-	-	-	-	-	-	-	-	4,000	(4,000)	-	-	-	-	-
Profit for the period	-	-	-	-	-	-	(19,849)	-	-	3,876	3,876	3,876	3,876	3,876	3,876
Other comprehensive loss for the period	-	-	-	-	-	-	(19,849)	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	(19,849)	-	-	3,876	3,876	3,876	3,876	3,876	3,876
Balance as at 31 December 2019 - (Un-audited)	226,601	5,496	12,000	-	111,692	4,136,711	4,285,899	100,988	-	62,879	163,867	4,429,766	4,656,367		

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


MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER


ABID MEHMOOD
DIRECTOR


SAMI ULLAH CH.
CHIEF FINANCIAL OFFICER

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019 (UN-AUDITED)

	NOTE	31 December 2019	31 December 2018
(RUPEES IN THOUSAND)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	7	(138,203)	(341,602)
Finance cost paid		(43,685)	(30,157)
Employees' retirement benefit paid		(11,589)	(11,750)
Income tax paid		(16,849)	(23,788)
Dividend paid		-	(2,069)
Net cash used in operating activities		(210,326)	(409,366)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(14,069)	(28,329)
Proceeds from sale of property, plant and equipment		800	1,952
Proceeds from sale of investments		5,998	10,304
Net cash used in investing activities		(7,271)	(16,073)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(23,767)	(22,367)
Proceeds from long term financing		23,882	-
Short term borrowings - net		195,287	365,268
Net cash from financing activities		195,402	342,901
NET DECREASE IN CASH AND CASH EQUIVALENTS		(22,195)	(82,538)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		50,275	105,917
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		28,080	23,379

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


MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER


ABID MEHMOOD
DIRECTOR


SAMI ULLAH CH.
CHIEF FINANCIAL OFFICER

**SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019 (UN-AUDITED)**

1. THE COMPANY AND ITS OPERATIONS

Crescent Cotton Mills Limited 'the Company' is a public limited company incorporated in March 1959 in Pakistan under Companies Act, 1913 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. Its registered office is situated at New Lahore Road, Nishatabad, Faisalabad. 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 has an embroidery unit.

2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND JUDGEMENTS
2.1 Basis of preparation
a) Statement of compliance

i) These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

ii) These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2019. These unconsolidated condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and section 237 of the Companies Act, 2017.

b) Accounting policies and computation methods

The accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are the same as approved in the preparation of the audited annual financial statements for the year ended 30 June 2019. The Company has adopted International Financial Reporting Standard (IFRS) 16 from 01 July 2019. The new standard eliminates the classification of leases as either operating leases or finance leases and instead introduces a single lessee accounting model. IFRS 16 is not applicable on short-term leases and leases of low-value assets. The Company has only short-term operating leases, hence, the adoption of IFRS 16 does not have any impact on the amounts recognized in prior periods and is not expected to significantly affect the current or future periods.

2.2 Critical accounting estimates, judgments and financial risk management

The preparation of these unconsolidated condensed interim 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.

During preparation of these unconsolidated condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2019.

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding annual audited published financial statements of the Company for the year ended 30 June 2019.

UN-AUDITED 31 December 2019	AUDITED 30 June 2019
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(RUPEES IN THOUSAND)

3. LONG TERM FINANCING
Financing from banking company - secured

Opening balance	190,136	225,786
Add: Obtained during the period / year	23,882	-
Less: Repaid during the period / year	23,767	35,650
	190,251	190,136
Less: Current portion shown under current liabilities	59,417	59,417
	130,834	130,719

4. 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 (30 June 2019: 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. Date 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 unconsolidated condensed interim 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 (30 June 2019: 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 unconsolidated condensed interim 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) The Company has filed appeal in Lahore High Court, Lahore, dated 20 April 2015 against the levy of gas rate difference, charged by Sui Northern Gas Pipelines Limited (SNGPL). However the related provision of Rupees 129.972 million is not accounted for in these condensed interim financial statements in view of favorable outcome of the appeal.

iv) On 13 January 2020, Power Division, Ministry of Energy, Government of Pakistan through a letter directed for forthwith billing to industrial electricity consumers belonging to the export-oriented sectors of financial cost surcharge, Neelum-Jhelum surcharge, taxes, fixed charges and positive fuel adjustment. By way of the aforesaid letter, it was clarified that concessionary rate of 7.5 cents / KWh for industrial electricity consumers belonging to the export oriented sectors notified through SRO 12(I)/2019 dated 01 January 2019 was only limited to the extent of schedule of tariff notified through SROs 1 to 10 dated 01 January 2019 and SRO 11(I)/2010 dated 01 January 2010 for K-Electric, as amended from time to time. Hence, billing of aforesaid charges to industrial electricity consumers has started. The Company, based on advice of the legal counsel, has not recognized such charges in these condensed interim financial statements as there exists meritorious grounds to defend the Company's stance.

v) Guarantees of Rupees 59.177 million (30 June 2019: Rupees 47.353 million) are given by the Bank of the Company to SNGPL against gas connections and to Lahore Electric Supply Company Limited against electricity connection.

vi) Cheques of Rupees 31.085 million (30 June 2019: Rupees 31.085 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) There was no letter of credit for capital expenditure (30 June 2019: Rupees Nil).

ii) Letters of credit other than for capital expenditure as at 31 December 2019 are of Rupees 15.431 million (30 June 2019: Rupees Nil).

	UN-AUDITED 31 December 2019	AUDITED 30 June 2019
5. PROPERTY, PLANT AND EQUIPMENT	(RUPEES IN THOUSAND)	
Operating fixed assets (Note 5.1)	4,864,700	4,891,284
Capital work-in-progress (Note 5.2)	200	390
	4,864,900	4,891,674
5.1 Operating fixed assets		
Opening book value	4,891,284	3,880,320
Add: Effect of surplus on revaluation	-	1,056,721
Add: Cost of additions during the period / year (Note 5.1.1)	14,259	42,456
	4,905,543	4,979,497
Less: Book value of deletions during the period / year (Note 5.1.2)	772	2,147
	4,904,771	4,977,350
Less: Depreciation charged during the period / year	40,071	86,066
	4,864,700	4,891,284

UN-AUDITED 31 December 2019	AUDITED 30 June 2019
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5.1.1 Cost of additions during the period / year

(RUPEES IN THOUSAND)

Buildings and roads	-	124
Plant and machinery	14,153	35,457
Stand-by equipment	-	1,335
Electric installations	-	1,459
Furniture and fixtures	66	362
Vehicles	-	3,076
Office equipment	40	596
Service equipment	-	47
	14,259	42,456

Book value of deletions during the period / year

Plant and machinery	-	1,751
Vehicles	772	396
	772	2,147

Capital work-in-progress

5.2 Plant and machinery	200	390
	(Un-audited)	

Half year ended		Quarter ended	
31 December 2019	31 December 2018	31 December 2019	31 December 2018

6. COST OF SALES

(RUPEES IN THOUSAND)

Raw materials consumed	2,421,609	2,808,486	1,142,669	1,387,953
Salaries, wages and other benefits	257,002	268,748	117,468	136,294
Stores, spare parts and loose tools consumed	79,358	73,553	41,816	35,087
Fuel and power	438,737	368,022	214,461	183,622
Outside weaving / other charges	23,965	2,179	16,342	1,971
Other manufacturing overheads	5,784	6,505	2,469	3,369
Insurance	4,476	4,411	2,281	2,230
Repair and maintenance	3,369	2,963	1,621	1,857
Depreciation	37,716	39,903	18,924	20,018
	3,272,016	3,574,770	1,558,051	1,772,401
Work-in-process				
Opening stock	37,241	29,916	35,749	34,552
Closing stock	(33,912)	(36,625)	(33,912)	(36,625)
	3,329	(6,709)	1,837	(2,073)
Cost of goods manufactured	3,275,345	3,568,061	1,559,888	1,770,328
Finished goods				
Opening stock	80,343	136,958	246,659	263,830
Closing stock	(319,477)	(266,242)	(319,477)	(266,242)
	(239,134)	(129,284)	(72,818)	(2,412)
	3,036,211	3,438,777	1,487,070	1,767,916
Cost of goods purchased for resale	6,821	-	4,571	-
	3,043,032	3,438,777	1,491,641	1,767,916

7. CASH USED IN OPERATIONS

	UN-AUDITED	
	31 December 2019	31 December 2018
Profit / (loss) before taxation	24,778	(62,850)
Adjustments for non-cash charges and other items:		
Depreciation	40,071	42,535
Provision for employees' retirement benefit	21,734	16,927
Gain on sale of property, plant and equipment	(28)	(201)
Finance cost	47,415	32,982
De-recognition of accrued interest on debt instruments	153	-
Provision for workers' profit participation fund	1,331	-
Provision for workers' welfare fund	506	-
Allowance for expected credit losses	2,205	-
Working capital changes (Note 7.1)	(276,368)	(370,995)
	<u>(138,203)</u>	<u>(341,602)</u>

7.1 Working capital changes

(Increase) / decrease in current assets

	(RUPEES IN THOUSAND)	
	31 December 2019	31 December 2018
Stores, spare parts and loose tools	(39,483)	(3,697)
Stock-in-trade	(221,707)	(438,350)
Trade debts	(126,893)	(89,382)
Loans and advances	(39,160)	192
Prepayments and balances with statutory authority	67,028	(20,851)
Other receivables	(2,162)	5,639
	<u>(362,377)</u>	<u>(546,449)</u>
Increase in trade and other payables	86,009	175,454
	<u>(276,368)</u>	<u>(370,995)</u>

8. SEGMENT INFORMATION

8.1

	Textiles		Trading		Elimination of inter-segment transactions		TOTAL	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Revenue	3,207,979	3,512,984	180,392	38,892	(37,499)	3,236,021	3,514,377	
Cost of sales	(3,037,197)	(3,436,551)	(158,185)	(39,725)	152,350	(3,043,032)	(3,438,777)	
Gross profit / (loss)	170,782	76,433	22,207	(833)	-	192,989	75,600	
Distribution cost	(20,420)	(24,561)	(9,114)	(856)	-	(29,534)	(25,417)	
Administrative expenses	(101,327)	(91,076)	(107)	(23)	-	(101,434)	(91,099)	
Other income	15,050	11,060	-	-	-	15,050	11,060	
Finance cost	(46,903)	(32,950)	(512)	(32)	-	(47,415)	(32,982)	
Profit / (loss) before taxation and unallocated expenses	17,182	(61,094)	12,474	(1,744)	-	29,656	(62,838)	
Unallocated expenses:								
Other expenses						(4,878)	(12)	
Taxation						(20,902)	(44,724)	
Profit / (loss) after taxation						3,876	(107,574)	

CONSOLIDATED CONDENSED INTERIM STATEMENT

NOTE	UN-AUDITED	AUDITED
	31 December 2019	30 June 2019
	(RUPEES IN THOUSAND)	

EQUITY AND LIABILITIES

SHARE CAPITAL AND RESERVES

Authorized share capital

30 000 000 (30 June 2019: 30 000 000)
ordinary shares of Rupees 10 each

300,000	300,000
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Issued, subscribed and paid up share capital
Reserves

226,601	226,601
4,465,428	4,466,509

Total equity

4,692,029	4,693,110
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LIABILITIES

NON-CURRENT LIABILITIES

Long term financing
Employees' retirement benefits

130,834	130,719
111,286	101,141
242,120	231,860

CURRENT LIABILITIES

Trade and other payables
Unclaimed dividend
Accrued markup
Short term borrowings
Current portion of long term financing
Provision for taxation

872,388	785,815
4,028	4,028
39,927	35,897
861,124	665,837
59,417	59,417
138,620	90,984
1,975,504	1,641,978

TOTAL LIABILITIES

2,217,624	1,873,838
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CONTINGENCIES AND COMMITMENTS

5

TOTAL EQUITY AND LIABILITIES

6,909,653	6,566,948
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The annexed notes form an integral part of this unconsolidated condensed interim financial information.



MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER

OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

NOTE	UN-AUDITED	AUDITED
	31 December 2019	30 June 2019
	(RUPEES IN THOUSAND)	

ASSETS

NON-CURRENT ASSETS


Property, plant and equipment	6	4,865,706	4,892,524
Investment properties		281,746	281,746
Long term investments	7	71,935	92,040
Long term deposits		4,289	4,289
Deferred income tax - asset		65,732	46,776
		5,289,408	5,317,375

CURRENT ASSETS

Stores, spare parts and loose tools		117,490	78,041
Stock in trade		696,313	474,606
Trade debts		325,022	200,334
Loans and advances		105,580	66,420
Short term deposits, prepayments and balances with statutory authorities		175,125	205,553
Other receivables		62,884	60,701
Short term investments	8	106,350	110,242
Cash and bank balances		31,481	53,676
		1,620,245	1,249,573

TOTAL ASSETS

6,909,653	6,566,948
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ABID MEHMOOD
DIRECTOR




SAMI ULLAH CH.
CHIEF FINANCIAL OFFICER

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019 (UN-AUDITED)

NOTE	Half year ended		Quarter ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	(RUPEES IN THOUSAND)			
SALES	3,236,021	3,514,377	1,590,827	1,786,890
COST OF SALES	(3,043,032)	(3,438,777)	(1,493,396)	(1,767,916)
GROSS PROFIT	192,989	75,600	97,431	18,974
DISTRIBUTION COST	(29,534)	(25,417)	(16,456)	(13,979)
ADMINISTRATIVE EXPENSES	(99,468)	(88,924)	(50,168)	(46,768)
OTHER OPERATING EXPENSES	(4,878)	(996)	(4,858)	(702)
	(133,880)	(115,337)	(71,482)	(61,449)
	59,109	(39,737)	25,949	(42,475)
OTHER OPERATING INCOME	15,050	40,465	8,387	34,349
(LOSS)/PROFIT FROM OPERATIONS	74,159	728	34,336	(8,126)
FINANCE COST	(47,715)	(33,282)	(26,871)	(18,523)
	26,444	(32,554)	7,465	(26,649)
SHARE OF PROFIT / (LOSS) FROM ASSOCIATED COMPANIES	1,770	(154)	5,963	(126)
PROFIT/(LOSS) BEFORE TAXATION	28,214	(32,708)	13,428	(26,775)
TAXATION	(21,367)	(45,207)	3,779	(22,437)
PROFIT / (LOSS) AFTER TAXATION FROM	6,847	(77,915)	17,207	(49,212)
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED (RUPEES):	0.30	(3.44)	0.76	(2.17)

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


MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER


ABID MEHMOOD
DIRECTOR


SAMI ULLAH CH.
CHIEF FINANCIAL OFFICER

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2019 (UN-AUDITED)

	Half year ended		Quarter ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	(RUPEES IN THOUSAND)			
PROFIT/(LOSS) AFTER TAXATION	6,847	(77,915)	17,207	(49,212)
OTHER COMPREHENSIVE INCOME / (LOSS)				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income of associates	-	-	-	-
Surplus / (deficit) on remeasurement of available for sale investments	13,011	670	(1,956)	6,019
Other comprehensive income / (loss) for the period	13,011	670	(1,956)	6,019
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	19,858	(77,245)	15,251	(43,193)

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


MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER


ABID MEHMOOD
DIRECTOR


SAMI ULLAH CH.
CHIEF FINANCIAL OFFICER

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2019 (UN-AUDITED)**

	SHARE CAPITAL		Premium on issue of shares		Plant Modernisation	Fair value reserve		Fair value reserve at FVOCI		Reserve for issue of shares		Surplus on revaluation of land		Sub Total		General Reserve		Dividend equalization		Share of Associate unimpaired reserves		Accumulated loss/profit		Sub Total		TOTAL EQUITY			
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	
Balance as at 30 June 2018 - Audited (Restated)	226,601	226,601	5,496	5,496	12,000	61,760	-	-	-	-	-	-	-	-	-	-	44,975	4,000	-	-	-	-	-	-	317,960	3,703,807	-	-	
Adjustment on adoption of IFRS 9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Adjustment on adoption of IFRS 15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Loss for the half year ended 31 December 2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other comprehensive income for the half year ended 31 December 2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income for the half year ended 31 December 2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balance as at 31 December 2018 - Unaudited	226,601	226,601	5,496	5,496	12,000	42,666	-	-	-	-	-	-	-	-	-	-	44,975	4,000	-	-	-	-	-	-	321,072	3,687,825	-	-	
Loss for the next half year ended 30 June 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other comprehensive income for the next half year ended 30 June 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the next half year ended 30 June 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2019 - Audited	226,601	226,601	5,496	5,496	12,000	20,434	-	-	-	-	-	-	-	-	-	-	44,975	4,000	-	-	-	-	-	-	289,918	4,693,110	-	-	
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to unappropriated profit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from dividend equalization reserve to general reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss for the half year ended 31 December 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the half year ended 31 December 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the half year ended 31 December 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2019 - Unaudited	226,601	226,601	5,496	5,496	12,000	35,395	-	-	-	-	-	-	-	-	-	-	48,975	4,000	-	-	-	-	-	-	275,826	4,692,029	-	-	

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


MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER


ABID MEHMOOD
DIRECTOR


SAMI ULLAH CH.
CHIEF FINANCIAL OFFICER

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019 (UN-AUDITED)**

	NOTE	31 December 2019	31 December 2018
(RUPEES IN THOUSAND)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (utilized in) / generated from operations	10	(138,152)	(341,531)
Finance cost paid		(43,685)	(30,157)
Staff retirement gratuity paid		(11,589)	(11,750)
Income tax paid		(16,900)	(23,859)
Dividend paid		-	(2,069)
		(72,174)	(67,835)
Net cash (utilized in) / generated from operating activities		(210,326)	(409,366)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(14,069)	(28,329)
Proceeds from sale of property, plant and equipment		800	1,952
Proceeds from sale of investments		5,998	10,304
Net cash from investing activities		(7,271)	(16,073)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(23,767)	(22,367)
Proceeds from long term financing		23,882	-
Short term borrowings - net		195,287	365,268
Net cash (used in) / from financing activities		195,402	342,901
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(22,195)	(82,538)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		53,676	109,367
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		31,481	26,829

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


MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER


ABID MEHMOOD
DIRECTOR


SAMI ULLAH CH.
CHIEF FINANCIAL OFFICER

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED 31 DECEMBER 2019 (UN-AUDITED)

1. THE GROUPS AND ITS OPERATIONS

The Group consist of:

Holding Company

Crescent Cotton Mills Limited

Subsidiary Company

crescot Mills Limited

Crescent Cotton Mills Limited

Crescent Cotton Mills Limited (formerly Crescent Sugar Mills and Distillery Limited) 'the Company' is a public limited company incorporated in March 1959 in Pakistan under the provisions of Companies Act, 1913 (Now Companies Act, 2017). Shares of the Company are quoted on Pakistan Stock Exchange in Pakistan. The Company is engaged in 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 registered office of the Company is located at New Lahore Road, Nishatabad, Faisalabad.

Crescot Mills Limited

Crescot Mills Limited (CML) is a public limited Company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017). CCML holds 66.15% equity of the CML. Principal business of CML was manufacturing and sale of yarn. The mills is located at Sindh Industrial and Trading Estate, Kotri in the Province of Sindh. A special resolution was passed in the general meeting of the members on 28 September 1998 authorizing the Board of Directors to dispose of the plant and machinery of CML.

CML has ceased all production activities since August 1998 and has disposed of major part of the plant and machinery. The Company has leased out its buildings and other facilities to the Holding Company.

2. BASIS OF PREPARATION

This consolidated condensed interim financial information is un-audited and is being submitted to shareholders as required by section 237 of the Companies Act, 2017 and the listing regulations of Pakistan Stock Exchange. This consolidated condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard-34 "Interim Financial Reporting" and International Accounting Standard-27 "Consolidated and Separate Financial Statements" and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of and directives issued under the Companies Act, 2017 have been followed. This consolidated condensed interim financial information should be read in conjunction with the preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2019.

3. ACCOUNTING POLICIES AND COMPUTATION METHODS

3.1 The accounting policies and methods of computations adopted for the preparation of this consolidated condensed interim financial information are the same as applied in the preparation of preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2019.

3.2 Basis of consolidation

A) Subsidiary

Subsidiary Company is that entity in which Holding Company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors. The condensed interim financial information of the Subsidiary Company is included in the consolidated condensed interim financial information from the date control commences until the date that control ceases.

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

Intragroup balances and transactions have been eliminated.

Proportionate share of accumulated losses relating to the non-controlling interest is more than their respective share capital. Therefore, losses in excess of share capital of non-controlling interest are absorbed by the Group.

b) Associates are the entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights or by way of common directorship. Investments in these associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associate includes goodwill identified on acquisition, net of accumulated impairment loss, if any.

The Group's share of its associate's post-acquisition profits or losses, movement in other comprehensive income, and its share of post-acquisition movements in reserves is recognized in the consolidated profit and loss account, consolidated statement of comprehensive income and reserves respectively. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distributions received from an associate reduce the carrying amount of the investment.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this consolidated condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the 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.

During preparation of this consolidated condensed interim financial information, the significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2019.

5. CONTINGENCIES AND COMMITMENTS

Contingencies:

Holding Company

- Certain additions have been made by the assessing officer in different assessment years on various grounds and has created demand of Rupees 7.013 million (30 June 2019: Rupees 7.013 million). The Company, being aggrieved, has filed appeals with the Honourable High Court and with Supreme Court of Pakistan which are still pending. No provision has been made in the books of account against the aforesaid demand as the management is hopeful for positive outcome of the appeals filed by the Company.

- The Holding Company filed a suit against Crescent Fibres Limited for the recovery of Rupees 23.000 million (30 June 2019: Rupees 23.000 million) along with mark-up in Civil Court, Lahore. No provision against doubtful receivables has been made in this condensed interim financial information as the management is hopeful that the case will be decided in favour of the Company and all the outstanding dues will be recovered.

- Letters of guarantee of Rupees 47.353 million (30 June 2019: Rupees 47.353 million) are given by the banks of the Company to Sui Northern Gas Pipeline Limited against gas connections.

- The Company has filed appeal in Lahore High Court, Lahore, dated 20 April 2015 against the levy of gas rate difference, charged by Sui Northern Gas Pipelines Limited (SNGPL). However the related provision of Rupees 129.972 million is not accounted for in these condensed interim financial statements in view of favorable outcome of the appeal

- On 13 January 2020, Power Division, Ministry of Energy, Government of Pakistan through a letter directed for forthwith billing to industrial electricity consumers belonging to the export-oriented sectors of financial cost surcharge, Neelum-Jhelum surcharge, taxes, fixed charges and positive fuel adjustment. By way of the aforesaid letter, it was clarified that concessionary rate of 7.5 cents / KWh for industrial electricity consumers belonging to the export oriented sectors notified through SRO 12(I)/2019 dated 01 January 2019 was only limited to the extent of schedule of tariff notified through SROs 1 to 10 dated 01 January 2019 and SRO 11(I)/2010 dated 01 January 2010 for K-Electric, as amended from time to time. Hence, billing of aforesaid charges to industrial electricity consumers has started. The Company, based on advice of the legal counsel, has not recognized such charges in these condensed interim financial statements as there exists meritorious grounds to defend the Company's stance.

- Guarantees of Rupees 59.177 million (30 June 2019: Rupees 47.353 million) are given by the Bank of the Company to SNGPL against gas connections and to Lahore Electric Supply Company Limited against electricity connection.

- Cheques of Rupees 31.085 million (30 June 2019: Rupees 31.085 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.

Subsidiary Company

- The Subsidiary Company is contingently liable for claim of Rs. 0.215 million (30 June 2019: Rupees 0.215 million) not acknowledged by the Subsidiary Company in respect of card clothing machine demanded by Custom Authorities in 1987 against which a letter of guarantee has been issued by bank in favour of Collector.

Commitments:

- Letters of credit for capital expenditure are of Rs. Nil (30 June 2019: Rupees Nil).

- Letters of credit for other than capital expenditure are of Rupees 15.431 Mln (30 June 2019: Rupees Nil)

UN-AUDITED	AUDITED
31 December	30 June
2019	2019
(RUPEES IN THOUSAND)	

6. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 6.1)	4,865,506	4,892,134
Capital work-in-progress	200	390
	<u>4,865,706</u>	<u>4,892,524</u>

UN-AUDITED	AUDITED
31 December	30 June
2019	2019

(RUPEES IN THOUSAND)

6.1 Operating fixed assets

Opening book value	4,892,134	3,881,267
Add : Cost of additions during the period / year (Note 6.1.1)	14,259	1,099,177
	4,906,393	4,980,444

Less:

Book value of deletions during the period / year (Note 6.1.2)	772	2,147
Depreciation charged during the period / year	40,115	86,163
	40,887	88,310

Book value at the end of the period / year	4,865,506	4,892,134
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6.1.1 Cost of additions during the period / year

Land - Freehold (effect of surplus on revaluation)	-	1,056,721
Buildings on free hold land	-	124
Plant and machinery	14,153	35,457
Stabd-by equipment	-	1,335
Electric installations	-	1,459
Furniture and fixtures	66	362
Vehicles	-	3,076
Office equipment	40	596
Service equipments	-	47
	<u>14,259</u>	<u>1,099,177</u>

6.1.2 Book value of deletions during the period / year

Plant and machinery	-	1,751
Vehicles	772	396
	<u>772</u>	<u>2,147</u>

7. LONG TERM INVESTMENTS

In associates:

Cost	20,632	20,632
Share of post acquisition profit:		
At the beginning of the period / year	48,583	16,533
Share of profit/(loss) during the period / year	1,770	32,050
	50,353	48,583
	70,985	69,215

Available for sale:

Quoted - Others	616	616
Unquoted - Others	285	285
	901	901

Less: Impairment loss charged to profit and loss account

Add: Fair value adjustment	49	2,071
	950	2,972

Debt Instruments	-	19,853
	71,935	92,040

7.1 The investments in associates were not acquired for disposal purposes, therefore equity method of accounting has been applied and as per the requirement of IAS 28 the same have been shown under long term investments. In addition paragraph 2 (B)(d) of Part II of the Fourth Schedule to the Companies Act, 2017 requires that the investments accounted for under equity method should be classified as long term investments.

UN-AUDITED	AUDITED
31 December 2019	30 June 2019

(RUPEES IN THOUSAND)

8. SHORT TERM INVESTMENTS - Available for sale

Quoted - Others	89,321	89,925
Add : Fair value adjustment	17,029	20,317
	106,350	110,242

(Un-audited)

Half year ended		Quarter ended	
31 December 2019	31 December 2018	31 December 2019	31 December 2018

(RUPEES IN THOUSAND)

9. COST OF SALES

Raw material consumed	2,421,609	2,808,486	1,142,669	1,387,953
Salaries, wages and other benefits	257,002	268,748	117,468	136,294
Stores, spare parts and loose tools consumed	79,358	73,553	41,816	35,087
Fuel and power	438,737	368,022	214,461	183,622
Outside weaving charges	23,965	2,179	16,342	1,971
Other manufacturing overheads	5,784	6,505	2,202	3,369
Insurance	4,476	4,411	2,281	2,230
Repair and maintenance	3,369	2,963	1,621	1,857
Depreciation	37,716	39,903	18,924	20,018
	3,272,016	3,574,770	1,557,784	1,772,401

Work-in-process:

Opening stock	37,241	29,916	35,749	34,552
Closing stock	(33,912)	(36,625)	(33,912)	(36,625)
	3,329	(6,709)	1,837	(2,073)

Cost of goods manufactured	3,275,345	3,568,061	1,559,621	1,770,328
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Finished goods:

Opening stock	80,343	136,958	246,659	263,830
Closing stock	(319,477)	(266,242)	(319,477)	(266,242)
	(239,134)	(129,284)	(72,818)	(2,412)
	3,036,211	3,438,777	1,486,803	1,767,916

Cost of goods purchased	6,821	-	4,571	-
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	3,043,032	3,438,777	1,491,374	1,767,916
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UN-AUDITED	
31 December 2019	31 December 2018

(RUPEES IN THOUSAND)

10. CASH UTILIZED IN OPERATIONS

Profit before taxation	28,214	(32,708)
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Adjustments for non-cash charges and other items:

Depreciation	40,115	42,582
Provision for staff retirement gratuity	21,734	16,927
Gain on sale of property, plant and equipment	(28)	(201)
Gain on sale of investments	-	(7,133)
Fair value gain on FVTPL investments	17,572	(35,912)
Share of (profit) / loss from associated companies	(1,770)	1,571
Finance cost	47,715	33,282
Impairment loss on investments	-	88
Working capital changes (Note 10.1)	(291,704)	(360,027)

	(138,152)	(341,531)
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10.1 Working capital changes

(Increase) / decrease in current assets

Stores, spare parts and loose tools	(39,449)	(3,688)
Stock in trade	(221,707)	(454,897)
Trade debts	(124,688)	(66,896)
	(39,160)	192
Prepayments and balances with statutory authorities	47,328	(21,656)
Other receivables	(2,183)	5,639
	(379,859)	(541,306)

(Decrease) / increase in trade and other payables	88,155	181,279
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	(291,704)	(360,027)
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11. SEGMENT INFORMATION - Consolidated

	Textiles		Trading		Elimination of inter-segment transactions		Consolidated	
	Half year ended		Half year ended		Half year ended		Half year ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	(RUPEES IN THOUSAND)							
Sales	3,207,979	3,512,984	180,392	38,892	(152,350)	(37,499)	3,236,021	3,514,377
Cost of sales	(3,037,197)	(3,436,551)	(158,185)	(39,725)	152,350	37,499	(3,043,032)	(3,438,777)
Gross profit	170,782	76,433	22,207	(833)	-	-	192,989	75,600
Distribution cost	(20,420)	(24,561)	(9,114)	(856)	-	-	(29,534)	(25,417)
Administrative expenses	(99,361)	(88,901)	(107)	(23)	-	-	(99,468)	(88,924)
Other operating expenses	(4,878)	(996)	(9,221)	(879)	-	-	(133,880)	(996)
	(124,659)	(114,458)	(9,221)	(879)	-	-	(133,880)	(115,337)
Profit from operations	46,123	(38,025)	12,986	(1,712)	-	-	59,109	(39,737)
Finance cost	15,050	40,465	-	-	-	-	15,050	40,465
Profit/(loss) before taxation and unallocated income and expenses	61,173	2,440	12,986	(1,712)	-	-	74,159	728
Share of profit / (loss) from associated companies	(47,203)	(33,250)	(512)	(32)	-	-	(47,715)	(33,282)
Taxation	13,970	(30,810)	12,474	(1,744)	-	-	26,444	(32,554)
Profit/(loss) after taxation	(1,059)	(61,630)	25,948	(3,520)	-	-	3,477	(66,386)
	(1,059)	(61,630)	25,948	(3,520)	-	-	3,477	(66,386)

12. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, other related parties and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions and balances with related parties are as follows:

(Un-audited)			
Half year ended		Quarter ended	
31 December 2019	31 December 2018	31 December 2019	31 December 2018
(RUPEES IN THOUSAND)			

i) Transactions

Associated companies

Dividend paid	-	33	-	33
Service charges	11,502	11,253	-	1,300

Other related parties

Loans received from/(repaid to) Chief Executive Officer, Directors, Executives and Sponsors - Net	9,525	18,094	(8,587)	11,793
Dividend paid	-	470	-	470
Remuneration paid to Chief Executive Officer, Directors, and Executives	31,311	28,384	15,806	14,332

13. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2019.

14. DATE OF AUTHORIZATION

This consolidated condensed interim financial information was approved and authorized for issue on February 28, 2020 by the Board of Directors of the Group.

15. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the consolidated condensed interim statement of financial position and consolidated condensed interim statement of changes in equity have been compared with the balances of annual audited consolidated financial statements of preceding financial year, whereas, the consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of comprehensive income and consolidated condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

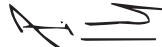
Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have been made.

16. GENERAL

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



MUHAMMAD ARSHAD
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