CCML

CRESCENT COTTON MILLS LIMITED

ANNUAL REPORT 2014

بسم اللہ الرحمن الرحیم

شروع اللہ کے نام سے

جو بڑا مہربان نہایت رحم والا ہے

In the Name of Allah,

the most merciful, the Compassionate

CONTENTS

CRESCENT COTTON MILLS LIMITED

CRESCENT COTTON MILLS LIMITED AND ITS SUBSIDIARY

GENERAL INFORMATION

PRINCIPAL & REGISTERED OFFICE

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

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. Khalid Bashir (Chairman)
	Mr. Muhammad Arshad (Chief Executive Officer)
DIRECTORS (In alphabetical order)	Mr. Abid Mehmood Mr. Adnan Amjad Mr. Humayun Mazhar Mr. Imtiaz Rashid Siddiqui Mr. Muhammad Anwar Mr. Naveed Gulzar
AUDIT COMMITTEE	Mr. Muhammad Anwar (Chairman) Mr. Khalid Bashir (Member) Mr. Adnan Amjad (Member)
HUMAN RESOURCE AND REMUNERATION COMMITTEE	Mr. Abid Mehmood (Chairman) Mr. Humayun Mazhar (Member) Mr. Khalid Bashir (Member)
COMPANY SECRETARY	Mr. Sami Ullah Chaudhry
BANKERS	National Bank of Pakistan Habib Metropolitan Bank Limited
AUDITORS	Riaz Ahmad & Compnay Chartered Accountants
COMPANY REGISTRAR	Yaqub Associates (Pvt) Ltd. 2-Asad Arcade, Circular Road Faisalabad Ph: 041-2634956,2610565
URL	www.crescentcotton.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 56th Annual General Meeting of the shareholders of the Company will be held on Saturday the 30th May, 2015 at 10.00 a.m. at Registered Office of the Company New Lahore Road, Nishatabad, Faisalabad to transact the following business:

1. To confirm the minutes of Extra Ordinary General Meeting of the Company held on December 30, 2014.

2. To receive, consider and adopt Annual Audited Financial Statements of the Company for the year ended June 30, 2014 together with the Directors' and Auditors' Reports thereon.

3. To appoint External Auditors and fix their remuneration.

4. To transact any other business with the permission of the chair.

REGISTERED OFFICE:
Crescent Cotton Mills Limited
New Lahore Road, Nishatabad,
Faisalabad: Phone No. 8752111-13
Fax No. 8750366
Dated: May 07, 2015

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

NOTES:

1. The Share Transfer Books of the Company will remain closed from May 24, 2015 to May 30, 2015 (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 May 23, 2015. Transfers received at the Registered Office, New Lahore Road, Nishatabad, Faisalabad at the close of business on May 23, 2015 will be treated in time for the entitlement of 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 Computerized National Identity Card (CNIC) 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 CNIC Nos. shall be mentioned on the form.

iii). Attested Copies of CNIC 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 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 Option**

In order to make process of payment of cash dividend more efficient, e-dividend mechanism has been envisaged where shareholders can get amount of dividend credited into their respective bank accounts electronically without any delay. In this way, dividends may be instantly credited to respective bank accounts and there are no chances of dividend warrants getting lost in the post, undelivered or delivered to the wrong address, etc. The Securities and Exchange Commission of Pakistan (SECP) through Notice No. 8(4) SM/CDC 2008 dated April 05, 2013 advised all Listed Companies to adopt e-dividend mechanism due to the benefits it entails for shareholders. In view of the above, you are hereby encouraged to provide a dividend mandate in favour of e-dividend by providing dividend mandate form duly filled in and signed Form B available on Company's website.

7. **Availability of Audited Financial Statements on Company's Website**

The Company has placed the Audited Annual Financial Statements for the year ended June 30, 2014 along with Auditors and Directors Reports thereon on its website: www.crescentcotton.com

8. **Deduction of Income Tax from Dividend @ Revised Rates**

Pursuant to the amendment in section 150 of the Income Tax Ordinance, 2001 through Finance Act 2014, the revised Income Tax Rates on Dividend Income are as follows:

Income Tax Return **Filer 10%**

Income Tax Return **Non Filer 15%**

Income Tax will be deducted on the basis of Active Tax Payers List posted on the Federal Board of Revenue website. Members are seeking eligibility for deduction at reduce tax are requested to provide us valid tax certificate or documentary evidence as the case may be. Members desiring non deduction of Zakat are also requested to submit a valid declaration for nondeduction of Zakat, if not provided earlier.

9. **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 for which form may be downloaded from the Company's website: www.crescentcotton.com

10. **Shareholding proportion (Applicable in case of joint holding)**

In case of joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder. In this regard shareholders are requested to provide shareholding proportions alongwith the CNIC Nos. of principal shareholder and joint shareholder(s) in respect of shares held by them to our Share Registrar in writing as per the format available on our website. If no notification is received, each joint holder shall be assumed to have an equal number of shares.

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 holders, our employees and the public at large. The company seeks to accomplish this in a manner that contributes to the strengthening of the free enterprise system, to the development and growth of its employees, and to the goals of the country and the community towards fulfilling its social responsibilities /obligations in a befitting manner.

DIRECTORS' REPORT TO THE SHARE HOLDERS

The Directors of your Company are pleased to present their report and audited financial statements for the year ended June 30, 2014 together with the auditors' report thereon.

Financial Results

The financial results of the Company are summarized below:

	(RUPEES IN THOUSAND)	
	2014	**2013**
Profit after taxation from Continuing Operations	**96,900**	201,505
Profit after taxation from Discontinued Operations	**-**	55,216
Profit after taxation	**96,900**	256,721

Due to the stringent cash flow position of the company, the board has not recommended any dividend during the year.

Statement On Corporate And Financial Reporting Framework

- The financial statements, prepared by the management of the Company, present fairly it's state of affairs, the result of it's operations, cash flows and changes in equity.
- Proper books of account of the 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 departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented. The system is continuously monitored by Internal Audit and through other such monitoring procedures. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring improvement in the system.
- There are no significant doubts upon the listed Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Details of significant deviations in the Company's operating results during the current year are stated in the Chief Executive Officer's Review.
- Summarized key operating and financial data for last six years is annexed.
- All the statutory payments on account of taxes, duties, levies and charges have been made except those disclosed in the financial statements.
- There have been five (5) Board Meetings during the year and attendance of each director is stated under :-

NAME OF DIRECTOR (In alphabetical order)	MEETINGS ATTENDED
Mr. Abid Mahmood	5
Mr. Adnan Amjad	1
Mr. Imtiaz Rashid Siddiqui	1
Mr. Khalid Bashir	4
Mr. Muhammad Anwar	5
Mr. Muhammad Arshad	5
Mr. Naveed Gulzar	5
Mr. Shahid Arshad	3

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

- During the year four meetings of the Audit Committee were held and following were the attendance :-

NAME OF DIRECTOR (In alphabetical order)	MEETINGS ATTENDED
Mr. Khalid Bashir	3
Mr. Muhammad Anwar	4
Mr. Naveed Gulzar	4

Directors

The new Board of the company has been elected in the extra ordinary general meeting held on May 14, 2014 for the next term of three years period commencing from May 18, 2014. On the new Board Mr. Adnan Amjad, Mr. Humayun Mazhar and Mr. Imtiaz Rashid Siddiqui have been elected in place of Mr. Muhammad Arshad, Mr. Salman Rafi and Mr. Shahid Arshad. The Board welcomes the new directors and places on record its appreciation for the valuable contribution made by the outgoing directors during their tenure as a director. The Board is pleased to inform that Mr. Muhammad Arshad has been appointed by the new Board of the company as the Chief Executive Officer for a term of three years with effect from June 01, 2014.

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 October 30, 2013 the honorable judge upon the request of the petitioner was pleased to order that the proceedings of the 55th Annual General Meeting scheduled to be held on October 31, 2013 will not be finalized. The agenda of this Annual General Meeting included :

a) Confirmation of minutes of the Annual General Meeting held on January 31, 2013.

b) Approval of cash dividend @ 20% ie Rs. 2 per share.

c) Approve the Financial Statements for the period ended June 30, 2013.

D) Approve appointment of external auditors.

In spite of approval of all the above mentioned agenda items by the shareholders in the Annual General Meeting held on October 31, 2013, due to the order of Lahore High Court dated October 30, 2013 the management of the Company had no other option but to abide by the court orders and not implement the proceeding of the Annual General Meeting. Consequently no cash dividend was paid to the shareholders, the financial statements for the period ended June 30, 2013 were considered to be not approved and there was no appointment of external auditors. As the Company was facing various difficulties in meeting the requirements of the Companies Ordinance, 1984 and the Code of Corporate Governance due to the

Aforesaid interim order dated October 30, 2013, an application bearing CM # 656/2014 was filed with the honorable Lahore High Court, Lahore. In the meanwhile keeping in view the interest of our shareholders the Company sought opinion from the Securities & Exchange Commission of Pakistan regarding submission of accounts to the shareholders and holding of meetings of the board and its committees. In response the Securities & Exchange Commission of Pakistan advised that Company should adopt the course of action in line with the clarification received from court in the above referred application. As no clarification was received by the Company from the honorable court the Company once again had no other option but to restrain itself from submission of accounts and holding of meetings. After an extensive period of almost more than one year and three months from the date of filing of winding up petition, on January 26, 2015 the honorable judge of Lahore High Court, Lahore was pleased to dismiss the winding up petition filed against the company. Company once again approached the Securities & Exchange Commission of Pakistan and sought their advice as how to proceed on with all the pending matters. The Securities & Exchange Commission of Pakistan was pleased to allow the Company to convene the overdue Annual General Meeting on or before May 31, 2015. The Securities & Exchange Commission of Pakistan also allowed payment of cash divided to the shareholders which has been duly paid to the shareholders on the date of this report.

Pattern of Shareholding

The pattern of shareholding as per section 236 of the Companies Ordinance, 1984 is attached.

During the year the detail of shares purchased by Chief Executive Officer is as under:-

SR.#	NAME OF DIRECTOR/SPOUSE/MINOR	SHARES PURCHASED
1.	Mr. Muhammad Arshad	12,464

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. The Company has fully complied with the best practices on Transfer Pricing as contained in the Listing Regulations of Stock Exchanges in Pakistan. The Statement of Compliance with the best practice on Transfer Pricing is enclosed.

Corporate Governance

The Statement of Compliance with the best practices of Code of Corporate Governance 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, 2015.

Statement Of Compliance With Best Practices On Transfer Pricing

The company has fully complied with best practices on Transfer Pricing as contained in Listing Regulation No. 38 of the Karachi Stock Exchange.

Consolidated financial statements

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

Crescot Mills Limited

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

For and on behalf of the Board of Directors

MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER

Faisalabad
May 07, 2015

CHIEF EXECUTIVE OFFICER'S REVIEW

FINANCIAL PERFORMANCE

The current fiscal year has not been very good for the textile industry as a whole. Our textile business faced a number of challenges where both the demand and margins fell considerably. The previous years had been excellent for the spinning mills as both the demand and margins were high, so although this year we have lower profits, our company has performed much better than many in the industry.

The company has been able to post pre-tax profit Rs. 112.008 million from its continuing operations which was Rs. 264.353 million last year.

Sales of continuing operation during the year under review has been recorded at Rs. 4,958.623 million which is higher than last year's sales of Rs. 3,816.579 million due to nine months operations during the last year. Our gross profit ratio to sales this year is 7.444% (2013 : 12.646%) and net profit ratio to sales is 1.95% (2013 : 5.28%).

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

PROFIT AND LOSS	FY-2013		FY-2012		INCREASE/(DECREASE)	
	RS IN "000"	%	RS IN "000"	%	RS IN "000"	%
Continuing Operations:						
Sales revenue	4,958,623	100.00	3,816,579	100.00	1,142,044	29.92
Cost of sales	4,589,610	92.56	3,334,013	87.36	1,255,597	37.66
Gross profit	369,013	7.44	482,566	12.64	(113,553)	(23.53)
Operating expenses	255,863	5.16	195,731	5.13	60,132	30.72
Other income	38,500	0.78	16,706	0.44	21,794	130.46
Profit from operations	151,650	3.06	303,541	7.95	(151,891)	(50.04)
Finance cost	39,642	0.80	39,188	1.03	454	1.16
Taxation	15,108	0.30	62,848	1.65	(47,740)	(75.96)
Profit after taxation	96,900	1.95	201,505	5.28	(104,605)	(51.91)
Discontinued Operations:						
Profit after taxation	0	0.00	55,216	1.45	(55,216)	(100.00)
Earnings per share (Rs.)						
Continuing operations	4.53	-	9.43	-	(4.90)	-
Discontinued operations	0.00	-	2.58	-	(2.58)	-

Financial results of the company have been affected mainly due to shortage and higher cost of energy, increase in raw material cost, global recession, devaluation of U.S Dollar and decline in demand of yarn/fabric in export market especially in China. The local market also became depressed due to excess supply and reduction in the prices of yarn and consequent inventory losses. Despite these factors, with the professional expertise and broader vision of the management company managed to record profitability. The improved performance of the company is the result of better product development and penetration in the export market. For the year under review company has sold 89% of its goods in export as compared to 84% of goods last year.

We have managed to decrease our financial cost percentage to sales this year to 0.8% from 1.03% of last year, as profits were retained for the company's short term needs and it replaced the short term borrowing.

Financial Strength

The company has been able to improve its financial strength, the long term debts have been completely paid off this year. The current ratio of the company is now 1.36 which is significant improvement from the year 2013 when it was 1.29.

Earnings Per Share

The earnings per share for continuing operations stood at Rs. 4.53 per share (2013 : Rs. 9.43 per share) and for discontinued operations at Rs. Nil (2013 : Rs. 2.58 per share).

Major Business Risks

The management of the company is well aware to the risks of business which it will confront. We are adding financial/marketing strength to the company and are confident that company will be able to show goods performance even in adverse years as company is now equipped to confront challenges.

Raw Materials

For our continuing operations cotton and polyester are main raw materials. The management is following a policy to arrange these raw materials at reasonable level to accelerate growth of the company. The management realizes that cotton especially is a highly volatile commodity and it has to be procured by prudent policies.

International Market

A significant portion of the company's revenue comprises of export proceeds. We face the risk of decreased demand and increased competition in the international market. We cover the risk by making strong and long standing business relationships with our foreign customers and constantly strive to expand our customer base as well.

Currency Risk

Exchange rate fluctuations may have an impact on financial results due to reliance on foreign remittances against export sale proceeds.

Credit Risk

Company's credit risk relates to its trade debts. This risk is mitigated by the fact that majority of our customers have a strong financial footing as well as long business association with our company. We doubt any non-performance by our customers, hence the credit risk is minimal.

Power And Gas Outage

Power and gas shortage adversely impact on the continuity of operations as in order to meet our power needs we rely primarily on gas generators. Company has arranged alternative power sources to ensure smooth and uninterrupted operations as planned.

Employee Recruitment And Retention

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

Product Development

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

Way Forward

The year under review has comparatively not been a very good year for the company but coming years posses more challenges than opportunities. Global growth is expected to improve slightly in the next year. China and Pakistan entered into a thorough plan to create an economic corridor between the two nations. The corridor is likely to serve as driver for connectivity between South Asia and East Asia. These new trade linkages are expected to increase and Pakistan will benefit from key export markets and hope to brighten the future of Pakistan's economy.

The energy crises in the country are still unresolved, increase in gas and power tariff, increase in minimum wages, un-predictable inflation and high cotton prices will not only increase the cost of production but will squeeze the margins.

The factors as stated above are external factors over which the management has no control but the management is doing its best to mitigate the effect with better policies and prudent decisions. We hope that growth of the company will be slow but it will not be halted.

SUBSIDIARIES

CRESCOT MILLS LIMITED

As already reported, the company has ceased all its production activities and during the year ended June 30, 2014, the company incurred a loss of Rs. 2.163 million as compared to loss of Rs. 1.492 million of last year. The company has been de-listed from the Karachi Stock Exchange with effect from July 28, 2005.

ACKNOWLEDGEMENT

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

For and on behalf of
the Board of Directors

MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER

Faisalabad
May 07, 2015

KEY OPERATING AND FINANCIAL DATA

(RUPEES IN MILLION)

	2014	2013	2012	2011	2010	2009
Summary of Profit and Loss Account						
Sales	4,959	3,817	4,260	4,583	3,285	2,072
Gross profit	369	482	401	264	172	33
Loss/(Profit) from operations	152	303	373	140	204	163
Finance cost	40	39	69	76	70	90
(Loss)/profit before taxation	112	264	304	48	(32)	(130)
Taxation	15	63	63	-	24	11
(Loss)/profit after taxation	97	201	241	48	(56)	(141)
Summary of Balance Sheet						
Property, plant and equipment	2,903	2,878	2,819	2,807	2,877	398
Other non-current assets	26	27	46	89	40	60
Stock in trade	414	389	496	246	164	170
Trade debts	79	96	90	70	58	65
Other current assets	515	549	506	305	362	306
Current assets	1,008	1,034	1,092	621	584	541
Total assets	3,937	3,939	3,957	3,517	3,501	999
Shareholders equity	617	572	310	34	26	111
Surplus on revaluation of operating fixed assets	2,523	2,523	2,523	2,523	2,513	-
Long term financing	-	-	-	15	30	45
Other non-current liabilities	57	40	21	14	9	9
Trade and other payables	380	334	426	285	283	230
Short trem borrowings	305	328	560	554	571	537
Other current liabilities	55	142	117	92	69	67
Current liabilities	740	804	1,103	931	923	834
Total equity and liabilities	3,937	3,939	3,957	3,517	3,501	999
Summary of Cash Flow Statement						
Cash and cash equivalents at the beginning of the year	136	178	8	27	3	12
Net cash (used in) / generated from operating activities	54	201	(6)	(36)	(16)	29
Net cash used in investing activities	(39)	30	193	20	22	(5)
Net cash from / (used in) financing activities	(31)	(273)	(17)	(3)	18	(33)
Net increase / (decrease) in cash and cash equivalents	(16)	(42)	170	(19)	24	(9)
Cash and cash equivalents at the end of the year	120	136	178	8	27	3

PERFORMANCE INDICATORS

		2014	2013	2012	2011	2010	2009
Profitability Ratios							
Gross profit ratio	%	7.44	12.63	9.41	5.76	5.24	1.59
Net profit to sales	%	1.96	5.27	5.66	1.05	(1.70)	(6.81)
Return on equity	%	15.72	35.14	77.74	141.18	(215.38)	(127.03)
Return on capital employed	%	17.79	41.94	48.30	7.63	(5.08)	(20.65)
Liquidity Ratios							
Current ratio	Times	1.36	1.29	0.99	0.67	0.63	0.65
Quick ratio	Times	0.80	0.80	0.54	0.40	0.46	0.44
Cash to current liabilities	%	0.16	0.17	0.16	0.01	0.03	0.00
Activity / Turnover Ratios							
Inventory turnover	Times	11	8	10	21	19	8
Number of days in inventory	Days	32	48	35	17	20	43
Debtor turnover	Times	57	41	53	72	53	30
Number of days in receivables	Days	6	9	7	5	7	12
Creditors turnover	Times	13	9	11	15	12	9
Number of days in payables	Days	28	42	34	24	30	43
Total assets turnover	Times	1.26	0.97	1.14	1.31	1.46	1.80
Property, plant and equipment turnover	Times	1.72	1.34	1.51	1.61	2.01	5.02
Investment / Market Ratios							
Basic and diluted earning/(loss) per share	Rs.	4.53	12.01	11.27	2.22	(2.62)	(6.60)
Price earning ratio	Times	12.40	4.06	2.13	5.09	(2.52)	(0.87)
Market value per share							
- At the end of year	Rs.	56.15	48.82	24.00	11.30	6.59	5.75
- Highest during the year	Rs.	60.58	48.82	25.24	11.66	7.95	9.55
- Lowest during the year	Rs.	27.80	27.80	10.50	5.00	4.40	4.55
Break up value w/o surplus on revaluation	Rs.	28.86	26.76	14.50	1.59	1.22	5.19
Break up value with surplus on revaluation	Rs.	146.88	144.78	132.52	119.61	118.77	5.19
Capital Structure Ratios							
Financial leverage ratio	Times	0	1	2	17	23	5
Long term debt to equity ratio	%	-	-	-	44.12	115.38	40.54
Interest coverage ratio	Times	3.80	7.77	5.41	1.63	0.54	(0.44)

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, 2014**

Shareholders	From	To	Total Shares
557	1	100	17,468
421	101	500	104,421
148	501	1,000	102,713
187	1,001	5,000	398,623
33	5,001	10,000	237,161
12	10,001	15,000	154,171
6	15,001	20,000	104,777
4	20,001	25,000	89,317
2	25,001	30,000	53,093
6	30,001	35,000	191,309
8	35,001	40,000	309,863
2	40,001	45,000	81,972
3	45,001	50,000	141,154
2	50,001	55,000	107,399
2	55,001	60,000	111,467
4	60,001	65,000	250,552
2	65,001	70,000	137,156
1	70,001	75,000	70,400
3	75,001	80,000	233,083
3	80,001	85,000	244,320
2	85,001	90,000	178,098
1	90,001	95,000	90,920
3	95,001	100,000	291,721
2	105,001	110,000	215,131
3	110,001	115,000	338,329
1	120,001	125,000	121,100
7	135,001	140,000	959,258
1	140,001	145,000	144,825
3	150,001	155,000	457,866
3	155,001	160,000	473,132
1	160,001	165,000	161,902
1	165,001	170,000	166,784
1	170,001	175,000	175,000
2	175,001	180,000	360,000
1	180,001	185,000	183,910
2	195,001	200,000	395,480
3	215,001	220,000	655,737
1	220,001	225,000	224,660
1	235,001	240,000	239,494
1	245,001	250,000	247,567
1	255,001	260,000	257,812
1	275,001	280,000	277,037
1	325,001	330,000	328,225
2	335,001	340,000	673,965
1	380,001	385,000	384,491
1	400,001	405,000	401,920
1	405,001	410,000	406,438
1	445,001	450,000	446,064
1	490,001	495,000	493,236
1	505,001	510,000	506,295
2	510,001	515,000	1,022,958
1	540,001	545,000	543,046
1	555,001	560,000	556,469
1	560,001	565,000	562,307
1	795,001	800,000	795,513
1	975,001	980,000	975,944
1	1,045,001	1,050,000	1,048,579
1	1,210,001	1,215,000	1,211,224
1	1,260,001	1,265,000	1,264,622
1,467			**21,377,478**

Categories of Shareholders	Numbers	Shares Held	Percentage
FINANCIAL INSTITUTIONS	8	450,040	2.105200
INDIVIDUALS	1,430	17,500,760	81.865400
INVESTMENT COMPANIES	4	5,105	0.023900
JOINT STOCK COMPANIES	18	1,977,363	9.249700
OTHERS	6	1,244,210	5.820200
INSURANCE COMPANIES	1	200,000	0.935600
TOTAL	**1,467**	**21,377,478**	**100.000000**

PATTERN OF HOLDING OF SHARES

Held By Shareholders as at June 30, 2014

Catagories of Shareholder	Physical	CDC	Total	%Age
1 - Directors, Chief Executive Officer, Their Spouses and Minor Childern				
Chief Executive Officer				
Mr. Muhammad Arshad	-	807,977	807,977	3.78
Directors				
Mr. Abid Mehmood	-	158,365	158,365	0.74
Mr. Adnan Amjad	-	647,236	647,236	3.03
Mr. Humayun Mazhar	81,093	-	81,093	0.38
Mr. Imtiaz Rashid Siddiqui	-	513,795	513,795	2.41
Mr. Khalid Bashir	-	277,037	277,037	1.30
Mr. Muhammad Anwar	-	31,495	31,495	0.15
Mr. Naveed Gulzar	83	406,438	406,521	1.90
Director's Spouses and Their Minor Childern				
Mrs. Mehreen Humayun Mazhar	-	9,562	9,562	0.04
Mrs. Tanveer Khalid Bashir	-	153,341	153,341	0.72
Mrs. Abida Anwar	-	39,510	39,510	0.18
Mrs. Shireen Abid	-	218,624	218,624	1.02
	81,176	**3,263,380**	**3,344,556**	**15.65**
2 - Executives				
Executives	-	1,277,502	1,277,502	5.98
	-	**1,277,502**	**1,277,502**	**5.98**
3 - Associated Companies, Undertakings & Related Parties				
Crescent Powertec Limited	-	114,605	114,605	0.54
Premier Insurance Limited	-	200,000	200,000	0.94
Shams Textile Mills Limited	-	166,784	166,784	0.78
The Cresent Textile Mills Limited	-	975,944	975,944	4.57
	-	**1,457,333**	**1,457,333**	**6.82**
4 - NIT & ICP (Name Wise Detail)				
NBP Trustee Department NI(U)T Fund	-	1,048,579	1,048,579	4.91
	-	**1,048,579**	**1,048,579**	**4.91**
5 - Banks, NBFCs, DFIs, Takaful, Pension Funds				
Banks, NBFCs, DFIs, Takaful, Pension Funds	3,387	446,653	450,040	2.11
	3,387	**446,653**	**450,040**	**2.11**
6 - Other Companies				
Other Companies,Corporate Bodies, Trust etc.	1,260,246	870,551	2,130,797	9.96
	1,260,246	**870,551**	**2,130,797**	9.96
7 - General Public				
A. Local	1,499,088	10,169,583	11,668,671	54.58
B. Foreign	-	-	-	-
	1,499,088	**10,169,583**	**11,668,671**	**54.58**
	2,843,897	**18,533,581**	**21,377,478**	**100.00**

Shareholders More Than 5.00%

Nazish Arshad	1,264,622	5.92
Crescent Foundation	1,211,224	5.67

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance as contained in the listing regulations of the Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the Code in the following manner :

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes :

Category	**Names**
Executive Directors	Mr. Abid Mehmood Mr. Naveed Gulzar
Non-Executive Directors	Mr. Khalid Bashir Mr. Muhammad Anwar Mr. Adnan Amjad
Independent Directors	Mr. Imtiaz Rashid Siddiqui Mr. Humayun Mazhar

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this company.

3. All resident directors of the company are registered as taxpayers and none of them has personally defaulted in payment of any loan to a banking company, a DFI or NBFI or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred in the Board during the year ended June 30, 2014.

5. 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.

6. 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.

7. All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer and other Executive Directors, have been taken by the Board.

8. 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 met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The directors were apprised about the changes in the CCG, applicable laws and their duties and responsibilities to effectively manage the affairs of the company for and on behalf of the shareholders. The directors of the company having 15 years of experience on the board of listed company are exempted from the requirement of directors' training program. All the directors except three directors qualify for exemption under this provision of the CCG. One director has obtained certification during the year. The company has however, arranged for certification under the directors' training program for one director.

10. The Board has approved appointment of CFO/Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment, as recommended by CEO.

11. The Directors' Report for the period ended June 30, 2014 has been prepared in compliance with the requirements of the Code and it fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by the CEO and CFO before approval by the Board.

13. The directors, CEO, and executives of the company do not hold any interest in the shares of the company, other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the code.

15. The Board has formed an audit committee. It comprises of three members, all of them are non-executive directors however, there is no independent director in the committee.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed a Human Resources and Remuneration Committee. It comprises of three members, of whom two are non-executive directors.

18. The Board has outsourced the internal audit function to Avais Hyder Liaquat Nauman, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they (or their representatives) are involved in the internal audit function on a full time basis.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants 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 Institute of Chartered Accountants of Pakistan.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The “closed period”, prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's share, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated amongst all market participants at once through stock exchange(s).

23. We confirm that all other material principles contained in the code have been complied with.

For and on behalf of
the Board of Directors

MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER

Faisalabad
May 07, 2015

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **CRESCENT COTTON MILLS LIMITED** ("the Company") for the year ended 30 June 2014 to comply with the requirements of Listing Regulations of the respective Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

As a part of our audit of 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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 any procedures to determine 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 best practices contained in the Code as applicable to the Company for the year ended 30 June 2014.

As stated in paragraph no. 15 of the Statement of Compliance, there is no independent director in the Audit Committee of the Company which is required by clause (xxiv) of the Code.

Riaz Ahmad & Co

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mahmood

Faisalabad
May 07, 2015

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **CRESCENT COTTON MILLS LIMITED** as at 30 June 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change stated in Note 2.3 to the financial statements with which we concur;

ii) the expenditure incurred during the year was for the purpose of the Company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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 2014 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980)

.

Riaz Ahmad & Co

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:	**Faisalabad**
Mubashar Mahmood	**May 07, 2015**

BALANCE SHEET AS

	NOTE	2014	2013
		(RUPEES IN THOUSAND)	
			Restated
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
30 000 000 (2013: 30 000 000) ordinary shares of Rupees 10 each		**300,000**	300,000
Issued, subscribed and paid up share capital	3	**213,775**	213,775
Reserves	4	**403,026**	358,141
Total equity		**616,801**	571,916
Surplus on revaluation of freehold land and investment properties	5	**2,522,524**	2,522,524
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	6	**-**	-
Deferred income tax liability	7	**8,480**	9,805
Employees' retirement benefit	8	**48,157**	30,257
		56,637	40,062
CURRENT LIABILITIES			
Trade and other payables	9	**380,109**	333,797
Accrued mark-up	10	**7,068**	7,867
Short term borrowings	11	**305,109**	328,765
Current portion of long term financing	6	**-**	7,493
Provision for taxation		**47,694**	125,896
		739,980	803,818
TOTAL LIABILITIES		**796,617**	843,880
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		**3,935,942**	3,938,320

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

MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER

AT 30 JUNE 2014

	NOTE	2014	2013
		(RUPEES IN THOUSAND)	
			Restated
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	**2,843,894**	2,823,469
Investment properties	14	**58,532**	54,172
Long term investments	15	**22,754**	24,231
Long term deposits		**2,612**	2,612
		2,927,792	2,904,484
CURRENT ASSETS			
Stores, spare parts and loose tools	16	**28,278**	41,183
Stock-in-trade	17	**413,869**	389,160
Trade debts	18	**79,410**	96,234
Loans and advances	19	**35,988**	22,329
Short term deposits, prepayments and balances with statutory authorities	20	**169,661**	179,114
Other receivables	21	**37,355**	45,250
Short term investments	22	**122,747**	123,490
Cash and bank balances	23	**119,929**	136,163
		1,007,237	1,032,923
Non-current assets held for sale	24	**913**	913
		1,008,150	1,033,836
TOTAL ASSETS		**3,935,942**	3,938,320

ABID MEHMOOD
DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	2014	2013
		(RUPEES IN THOUSAND)	
			Restated
CONTINUING OPERATIONS:			
SALES	25	**4,958,623**	3,816,579
COST OF SALES	26	**(4,589,610)**	(3,334,013)
GROSS PROFIT		**369,013**	482,566
DISTRIBUTION COST	27	**(113,557)**	(94,482)
ADMINISTRATIVE EXPENSES	28	**(127,935)**	(83,669)
OTHER EXPENSES	29	**(14,371)**	(17,580)
		(255,863)	(195,731)
		113,150	286,835
OTHER INCOME	30	**38,500**	16,706
PROFIT FROM OPERATIONS		**151,650**	303,541
FINANCE COST	31	**(39,642)**	(39,188)
PROFIT BEFORE TAXATION		**112,008**	264,353
TAXATION	32	**(15,108)**	(62,848)
PROFIT AFTER TAXATION FROM CONTINUING OPERATIONS		**96,900**	201,505
DISCONTINUED OPERATIONS:			
PROFIT AFTER TAXATION FROM DISCONTINUED OPERATIONS	24	**-**	55,216
PROFIT AFTER TAXATION		**96,900**	256,721
EARNINGS PER SHARE - BASIC AND DILUTED FROM CONTINUING OPERATIONS (RUPEES)	33	**4.53**	9.43
EARNINGS PER SHARE - BASIC AND DILUTED FROM DISCONTINUED OPERATIONS (RUPEES)	33	**-**	2.58

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

MUHAMMAD ARSHAD	**ABID MEHMOOD**
CHIEF EXECUTIVE OFFICER	**DIRECTOR**

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	(RUPEES IN THOUSAND)	
		Restated
PROFIT AFTER TAXATION	**96,900**	256,721
OTHER COMPREHENSIVE (LOSS) / INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Experience adjustment on defined benefit plan	**(10,282)**	(7,000)
Deferred income tax related to experience adjustment	**1,018**	485
	(9,264)	(6,515)
Items that may be reclassified subsequently to profit or loss:		
Surplus arising on remeasurement of available for sale investments to fair value	**3**	38,613
Other comprehensive (loss) / income for the year / period	**(9,261)**	32,098
TOTAL COMPREHENSIVE INCOME FOR THE YEAR / PERIOD	**87,639**	288,819

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

MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER

ABID MEHMOOD
DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	2014	2013
		(RUPEES IN THOUSAND)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	**183,153**	290,155
Finance cost paid		**(39,479)**	(39,624)
Income tax paid		**(47,989)**	(31,423)
Staff retirement gratuity paid		**(14,468)**	(8,867)
Workers' profit participation fund paid		**(27,102)**	(9,554)
Net cash generated from operating activities		**54,115**	200,687
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		**(51,204)**	(80,653)
Proceeds from sale of property, plant and equipment		**2,300**	1,020
Proceeds from non-current assets held for sale		**-**	98,266
Profit on deposits with banks received		**9,728**	11,583
Net cash (used in) / from investing activities		**(39,176)**	30,216
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		**(7,493)**	(14,986)
Dividend paid		**(24)**	(26,342)
Short term borrowings - net		**(23,656)**	(231,280)
Net cash used in financing activities		**(31,173)**	(272,608)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(16,234)**	(41,705)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR / PERIOD		**136,163**	177,868
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR / PERIOD (NOTE 23)		**119,929**	136,163

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

MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER

ABID MEHMOOD
DIRECTOR

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

(RUPEES IN THOUSAND)

	SHARE CAPITAL	RESERVES								TOTAL EQUITY
		CAPITAL RESERVES				REVENUE RESERVES				
		Premium on issue of shares	Plant modern-isation	Fair Value reserve	Sub Total	General reserve	Dividend equali-zation	(Accumulated loss)/ unappropriated Profit	Sub-Total	
Balance as at 30 September 2012	213,775	5,496	12,000	54,505	72,001	96,988	4,000	(76,945)	24,043	309,819
Transaction with owners - Final dividend for the year ended 30 September 2012 at the rate of Rupee 1.25 per share	-	-	-	-	-	-	-	(26,722)	(26,722)	(26,722)
Profit for the period	-	-	-	-	-	-	-	256,721	256,721	256,721
Other comprehensive income for the period	-	-	-	38,613	38,613	-	-	(6,515)	(6,515)	32,098
Total comprehensive income for the period	-	-	-	38,613	38,613	-	-	250,206	250,206	288,819
Balance as at 30 June 2013	213,775	5,496	12,000	93,118	110,614	96,988	4,000	146,539	247,527	571,916
Transaction with owners - Final dividend for the period ended 30 June 2013 at the rate of Rupee 2.00 per share	-	-	-	-	-	-	-	(42,754)	(42,754)	(42,754)
Profit for the year	-	-	-	-	-	-	-	96,900	96,900	96,900
Other comprehensive loss for the year	-	-	-	3	3	-	-	(9,264)	(9,264)	(9,261)
Total comprehensive income for the year	-	-	-	3	3	-	-	87,636	87,636	87,639
Balance as at 30 June 2014	213,775	5,496	12,000	93,121	110,617	96,988	4,000	191,421	292,409	616,801

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

MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER

ABID MEHMOOD
DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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 provisions of Companies Act, 1913 (Now Companies Ordinance, 1984) and listed on all the stock exchanges in Pakistan. Its registered office is situated at New Lahore Road, Nishatabad, Faisalabad. 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.

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 approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

b) Accounting convention

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

Useful lives, patterns of economic benefits and impairments

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

Taxation

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

Provision for doubtful debts

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

Employees retirement benefit

The cost of the defined benefit plan is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases and mortality rates. Changes in these assumptions in future years may effect the liability / asset under the plan in those years.

Inventories

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

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

Following amendments to published approved standards are mandatory for the Company's accounting periods beginning on or after 01 July 2013:

IFRS 7 (Amendment) 'Financial Instruments: Disclosures' (effective for annual periods beginning on or after 01 January 2013). The IASB has amended the accounting requirements and disclosures related to offsetting of financial assets and financial liabilities by issuing amendments to IAS 32 'Financial Instruments: Presentation' and IFRS 7. These amendments are the result of IASB and US Financial Accounting Standard Board undertaking a joint project to address the differences in their respective accounting standards regarding offsetting of financial instruments. The application of the amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

International Accounting Standard (IAS) 19 (Amendments) 'Employee Benefits' (effective for annual periods beginning on or after 01 January 2013). The amendments have eliminated the corridor approach which permitted to recognize actuarial gains / losses in profit and loss account using the corridor method, whereby actuarial gains / losses are recognized when the cumulative unrecognized amount thereof at the beginning of the year exceed the corridor limit, where corridor limit has been prescribed as 10% of the greater of the present value of the defined benefit obligation and the fair value of the plan assets. Pursuant to this change, the Company has recognized immediately all actuarial gains or losses in other comprehensive income and past service cost in profit and loss account.

The adoption of the aforesaid amendment resulted in change in the Company's accounting policy related to recognition of actuarial gains and losses and past service cost pertaining to staff retirement gratuity as notified in Note 2.3.

On 17 May 2012, IASB issued Annual Improvements to IFRS: 2009 – 2011 Cycle, incorporating amendments to five IFRS more specifically in IAS 1 'Presentation of Financial Statements' and IAS 32 'Financial Instruments:

Presentation' that are considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 January 2013. The application of the amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

e) Standards, interpretation and amendments to published standards that are effective in current year but not relevant to the Company

There are other standards, new interpretation and amendments to the published standards that are mandatory for accounting periods beginning on or after 01 July 2013 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.

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

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2014 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 10 'Consolidated Financial Statements' (effective for annual periods beginning on or after 01 January 2015). Concurrent with the issuance of IFRS 10, the IASB has also issued IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities', IAS 27 (revised 2011) 'Consolidated and Separate Financial Statements' and IAS 28 (revised 2011) 'Investments in Associates'. The objective of IFRS 10 is to have a single basis for consolidation for all entities, regardless of the nature of the investee, and that basis is control. The definition of control includes three elements: power over an investee, exposure or rights to variable returns of the investee and the ability to use power over the investee to affect the investor's returns. IFRS 10 replaces those parts of IAS 27 'Consolidated and Separate Financial Statements' that address when and how an investor should prepare consolidated financial statements and replaces Standing Interpretations Committee (SIC) 12 'Consolidation – Special Purpose Entities' in its entirety. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

Amendments to IFRS 10, IFRS 11 and IFRS 12 (effective for annual periods beginning on or after 01 January 2015) provide additional transition relief in by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Also, amendments to IFRS 12 eliminate the requirement to provide comparative information for periods prior to the immediately preceding period.

Amendments to IFRS 10, IFRS 12 and IAS 27 (effective for annual periods beginning on or after 01 January 2015) provide 'investment entities' an exemption from the consolidation of particular subsidiaries and instead require that: an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss; requires additional disclosures; and require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements. The management of the Company is in the process of evaluating the impacts of the aforesaid amendments on the Company's financial statements.

IFRS 12 'Disclosures of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2015). This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. This standard is not expected to have a material impact on the Company's financial statements.

IFRS 13 'Fair value Measurement' (effective for annual periods beginning on or after 01 January 2015). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard is not expected to have a material impact on the Company's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2017). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IAS 1 (Amendments) 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2016). Amendments have been made to address perceived impediments to preparers exercising their judgment in presenting their financial reports by making the following changes: clarification that information should not be obscured by aggregating or by providing immaterial information, materiality consideration apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality consideration do apply; clarification that the list of the line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in IAS 1. However, the amendments are not expected to have a material impact on the Company's financial statements.

IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset. However, the amendments are not expected to have a material impact on the Company's financial statements.

IAS 19 (Amendment) 'Employee Benefits' (effective for annual periods beginning on or after 01 July 2014). This amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employees service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendment is unlikely to have any significant impact on the Company's financial statements.

IAS 27 (Amendment) ‘Separate Financial Statements’ (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The management of the Company is in the process of evaluating the impacts of the aforesaid amendment on the Company’s financial statements.

Amendments to IFRS 10 and IAS 28 (effective for annual periods beginning on or after 1 January 2016). The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The management of the Company is in the process of evaluating the impacts of the aforesaid amendments on the Company’s financial statements.

IAS 32 (Amendments) 'Financial Instruments: Presentation' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off'; the application of simultaneous realization and settlement; the offsetting of collateral amounts and the unit of account for applying the offsetting requirements. However, the amendments are not expected to have a material impact on the Company’s financial statements.

IAS 36 (Amendments) ‘Impairment of Assets’ (effective for annual periods beginning on or after 01 January 2014). Amendments have been made in IAS 36 to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. However, the amendments are not expected to have a material impact on the Company’s financial statements.

On 12 December 2013, IASB issued Annual Improvements to IFRSs: 2010 – 2012 Cycle, incorporating amendments to seven IFRSs more specifically in IFRS 8 'Operating Segments' and IFRS 13 ‘Fair Value Measurement’, which are considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 July 2014. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.

On 12 December 2013, IASB issued Annual Improvements to IFRSs: 2011 – 2013 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 13 ‘Fair Value Measurement’, that is considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 July 2014. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.

IFRIC 21 'Levies' (effective for annual periods beginning on or after 01 January 2014). The interpretation provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and those where the timing and amount of the levy is certain. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. However, the interpretation is not expected to have a material impact on the Company’s financial statements.

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

There are other standard and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2014 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Foreign currencies

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

2.3 Staff retirement benefits

The Company operates defined benefit plan - unfunded gratuity scheme for its employees, who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made annually on the basis of actuarial recommendation to cover the period of service completed by employees using Projected Unit Credit Actuarial Cost Method. Latest actuarial valuation has been carried on 31 December 2013.

Change in accounting policy

During the year, the Company has adopted IAS 19 (Amendments) 'Employee Benefits' and changed its basis for recognition of actuarial gains and losses on its defined benefit plan. According to new policy, actuarial gains and losses are recognized in other comprehensive income in the period in which they occur. Amounts recognized in profit and loss account are limited to current and past service costs, gains and losses on settlements, and net interest income / expense. Previously, the Company recognized actuarial gains and losses over the expected average remaining working lives of the employees, to the extent that unrecognized actuarial gains / losses exceeds 10 percent of present value of defined benefit obligation. This change in accounting policy has been accounted for retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Had there been no change in this accounting policy, the amount recognized in these financial statements for the year ended 30 June 2014 and financial statements for the period ended 30 June 2013 would have been different as follows:

	2014	2013
	(RUPEES IN THOUSAND)	
Decrease in employees' retirement benefit	**16,967**	6,685
Increase in deferred income tax liability	**1,930**	912
Increase in unappropriated profit	**15,037**	5,773

Balance sheet as at the beginning of the preceding period has not been presented due to immaterial effect on the information in balance sheet at the beginning of the preceding period as required by IAS 1 "Presentation of Financial Statements".

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 balance sheet 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 balance sheet date. Deferred tax is charged or credited in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.6 Property, plant, equipment and depreciation

Operating fixed assets

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

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

Any revaluation surplus is credited to surplus on revaluation of operating fixed assets except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit and loss account, in which case the increase is recognized in profit and loss account. A revaluation deficit is recognized in profit and loss account, except to the extent that it offsets an existing surplus on the same asset recognized in surplus on revaluation of operating fixed assets.

An annual transfer from surplus on revaluation of operating fixed assets to unappropriated profit / (accumulated loss) is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. All transfers from surplus on revaluation of operating fixed assets are net of applicable deferred taxation.

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 profit and loss account during the period in which they are incurred.

Depreciation

Depreciation on property, plant and equipment is charged to profit and loss account 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 13.1. 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 profit and loss account 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 profit and loss account for the year in which it arises.

2.8 Investments

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

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

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

a) Investments at fair value through profit or loss

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

b) Held-to-maturity investments

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

c) Available for sale investments

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

Quoted

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

Unquoted

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

d) Investment in subsidiary company

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

2.9 Inventories

Inventories, except for stock in transit and waste 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 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 costs necessary to be incurred in order to make such sale.

2.10 Cash and cash equivalents

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

2.11 Non-current assets held for sale

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

2.12 Revenue recognition

Revenue from different sources is recognized as under:

- Revenue from local sales is recognized on delivery of goods to customers
- Revenue from export sales is recognized when goods are shipped on board.
- Dividend on equity investments is recognized when right to receive the dividend is established.
- Profit on deposits with banks is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon.
- Rental income is recognized when rent is accrued.

2.13 Financial instruments

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

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

2.14 Borrowings

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

2.15 Trade and other receivables

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

2.16 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 profit and loss account.

2.18 Impairment

a) Financial assets

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

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

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

b) Non-financial assets

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

2.19 Off setting

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.

2.20 Provisions

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

2.21 Segment reporting

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

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

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

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2014	2013		2014	2013
(NUMBER OF SHARES)			(RUPEES IN THOUSAND)	
5 509 767	5 509 767	Ordinary shares of Rupees 10 each fully paid in cash	**55,098**	55,098
15 709 697	15 709 697	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	**157,097**	157,097
158 014	158 014	Ordinary shares of Rupees 10 each fully paid up issued to a financial institution against its right of option for conversion of debentures pursuant to a loan agreement	**1,580**	1,580
21 377 478	21 377 478		**213,775**	213,775

3.1 Ordinary shares of the Company held by related parties are as follows:

	2014	2013
	(NUMBER OF SHARES)	
The Crescent Textile Mills Limited	**975 944**	975 944
Jubilee Spinning and Weaving Mills Limited	**-**	510 600
Shams Textile Mills Limited	**166 784**	166 784
Premier Insurance Limited	**200 000**	200 000
Crescent Powertec Limited	**114 605**	112 605
	1 457 333	1 965 933

4. RESERVES

	2014	2013
	(RUPEES IN THOUSAND)	
		Restated
Composition of reserves is as follows:		
Capital reserves		
Premium on issue of shares (Note 4.1)	**5,496**	5,496
Plant modernization	**12,000**	12,000
Fair value (Note 4.2)	**93,121**	93,118
	110,617	110,614
Revenue reserves		
General	**96,988**	96,988
Dividend equalization	**4,000**	4,000
Unappropriated profit	**191,421**	146,539
	292,409	247,527
	403,026	358,141

4.1 This reserve can be utilized by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

4.2 This represents the unrealized gain on re-measurement of available for sale investments at fair value and is not available for distribution. This will be transferred to profit and loss account on realization. Reconciliation of fair value reserve is as under:

Opening balance	**93,118**	54,505
Fair value adjustment during the year / period	**3**	38,613
Closing balance	**93,121**	93,118

5. SURPLUS ON REVALUATION OF FREEHOLD LAND AND INVESTMENT PROPERTIES

Investment properties	**52,665**	52,665
Freehold land (Note 5.1)	**2,469,859**	2,469,859
	2,522,524	2,522,524

5.1 This represents surplus on revaluation of freehold land. Freehold land of the Company was revalued in March 2010 by an independent valuer, Messrs Saleem Engineers using market value method.

6. LONG TERM FINANCING	2014	2013
	(RUPEES IN THOUSAND)	
Financing from banking companies-secured		
National Bank of Pakistan (Note 6.1)	**7,493**	22,479
Less: Paid during the year	**(7,493)**	(14,986)
Less: Current portion shown under current liabilities	**-**	7,493
	-	(7,493)

6.1 This loan was obtained from National Bank of Pakistan, payable in 10 equal half yearly installments with one year grace period started from 22 February 2008 with mark-up at the rate of 6 months KIBOR plus 3% with floor of 7% and no cap (2013: 6 months KIBOR plus 3% with floor of 7% and no cap). Mark-up was payable on quarterly basis. Last installment of the loan was paid during the year on 10 February 2014. This facility was secured against charge over imported machinery and gas generators and first charge over fixed assets amounting to Rupees 316 million and personal guarantee of directors.

7. DEFERRED INCOME TAX LIABILITY	2014	2013
	(RUPEES IN THOUSAND)	Restated
Taxable temporary difference		
Tax depreciation allowance	**17,109**	22,125
Deductible temporary differences		
Unused tax losses	**-**	(4,338)
Provision for gratuity	**(4,768)**	(3,984)
Provision for doubtful debts	**(3,861)**	(3,998)
	(8,629)	(12,320)
	8,480	9,805

8. EMPLOYEES' RETIREMENT BENEFIT	2014	2013
Opening balance	**30,257**	21,159
Current service cost	**17,555**	8,537
Interest cost	**4,531**	2,428
Retirement benefit paid	**(14,468)**	(8,867)
Experience adjustment recognized in other comprehensive income	**10,282**	7,000
Closing balance	**48,157**	30,257

8.1 Movement in the net liability recognized:

	2014	2013
Opening balance	**30,257**	21,159
Add: Provision for the year / period (Note 8.2)	**22,086**	10,965
Experience adjustment recognized in other comprehensive income	**10,282**	7,000
	62,625	39,124
Less: Paid during the year / period	**(14,468)**	(8,867)
	48,157	30,257

		2014	2013
		(RUPEES IN THOUSAND)	
8.2	**Provision for the period/ year**		Restated
	Current service cost	**17,555**	8,537
	Interest cost	**4,531**	2,428
		22,086	10,965

		2014	2013
8.3	**Principal actuarial assumptions used:**		
	Discount rate used (% per annum)	**12.50 %**	11.50 %
	Expected rate of increase in salaries (% per annum)	**11.50 %**	10.50 %
	Expected remaining working life time of employees (years)	**8**	10

8.4 Trend Information:

(RUPEES IN THOUSAND)

	2014	2013	2012	2011	2010
Present value of defined benefit obligation	48,157	30,257	28,159	20,441	12,302
Experience adjustment on obligation	(10,282)	(7,000)	(902)	(3,787)	-

		2014	2013
		(RUPEES IN THOUSAND)	
9.	**TRADE AND OTHER PAYABLES**		
	Creditors (Note 9.1)	**177,603**	146,080
	Accrued liabilities (Note 9.2 and 9.3)	**148,670**	143,570
	Advances from customers	**1,782**	13,882
	Income tax deducted at source	**1,152**	-
	Dividend payable (Note 9.4)	**42,754**	2,180
	Unclaimed dividend	**1,921**	-
	Workers' profit participation fund (Note 9.5)	**5,960**	1,945
	Workers' welfare fund	**267**	26,140
		380,109	333,797

9.1 These include balance of Rupees Nil (2013: Rupees 0.097 million) due to a related party.

9.2 These include insurance premium of Rupees 6.308 million (2013: Rupees 6.852 million) due to a related party.

9.3 This includes rental for leasehold premises of Rupees 5.845 million (2013: Rupees 5.571 million) due to Crescot Mills Limited, the subsidiary company.

9.4 Some shareholders of the Company filed a petition for winding up of the Company under section 305 of the Companies Ordinance, 1984 and investigation of Company's affairs under section 265 of the Companies Ordinance, 1984 in Honorable Lahore High Court, Lahore. Honorable Lahore High Court, Lahore issued an order on 30 October 2013 that the proceedings of the Annual General Meeting of the Company for the period ended 30 June 2013 will not be finalized up till the decision of the Court. Subsequently, Honorable Lahore High Court, Lahore dismissed the above said petition on 26 January 2015. Hence, cash dividend at the rate of Rupees 2 per ordinary share, approved by the Board of Directors in their meeting held on 09 October 2013 is being paid.

		2014	2013
		(RUPEES IN THOUSAND)	
9.5	**Workers' profit participation fund**		
	Opening balance	**26,140**	18,496
	Add: Provision for the year / period (Note 29)	**5,960**	16,823
	Interest for the year / period (Note 31)	**962**	375
		33,062	35,694
	Less: Payments during the year / period	**27,102**	9,554
	Closing balance	**5,960**	26,140

9.5.1 The Company retains workers' profit participation fund for its business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.

10.	**ACCRUED MARK-UP**		
	Long term financing	**-**	326
	Short term borrowings	**7,068**	7,541
		7,068	7,867
11.	**SHORT TERM BORROWINGS**		
	From banking companies - secured		
	Cash finances and export finances (Note 11.1)	**80,887**	96,983
	Others - unsecured		
	Associated company (Note 11.2)	**2,408**	8,390
	Other related parties (Note 11.3)	**181,809**	124,423
	Temporary bank overdraft	**40,005**	98,969
		224,222	231,782
		305,109	328,765

11.1 These form part of total credit facility of Rupees 1,700 million (2013: Rupees 1,500 million) and carries mark-up at the rate of 3 months KIBOR plus 2 percent (2013: 3 months KIBOR plus 2.50 percent) per annum. These are secured against charge, pledge and hypothecation over fixed and current assets of the Company and personal guarantee of directors. The rate of mark-up ranges from 11.43 percent to 12.18 percent (2013: 11.81 percent to 12.70 percent) per annum.

11.2 This represents loan obtained from Riaz and Company (1962-Private) Limited, an associated company which is repayable on demand. It carries mark-up at the rate of 10 percent (2013: 10 percent) per annum.

11.3 These represent interest free loans from Chief Executive Officer, Directors, Executives and other related parties which are repayable on demand.

12. **CONTINGENCIES AND COMMITMENTS**

a) **Contingencies:**

i) Certain additions have been made by the assessing officer in different assessment years on various grounds and has created demand of Rupees 10.787 million (2013: Rupees 10.787 million). The Company, being aggrieved, has filed appeals with the Honorable High Court, Lahore, which are still pending. No provision has been made in the 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 for the recovery of Rupees 23.000 million (2013: Rupees 23.000 million) along with mark-up in Civil Court, Lahore. 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 35.993 million (2013: Rupees 35.993 million) have been given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections.

b) **Commitments:**

i) Contract for capital expenditure is of Rupees Nil (2013: Rupees 10.972 million).

ii) Letter of credit other than for capital expenditure is of Rupees 18.924 million (2013: Rupees Nil).

13. PROPERTY, PLANT AND EQUIPMENT

	2014	2013
	(RUPEES IN THOUSAND)	
Operating fixed assets (Note 13.1)	**2,757,104**	2,758,469
Capital work-in-progress (Note 13.2)	**86,790**	65,000
	2,843,894	2,823,469

13.1 PROPERTY, PLANT AND EQUIPMENT

	Land-Freehold	Buildings and roads on freehold land	Plant and machinery	Stand-by equipment	Electric installations	Tools and equipment	Furniture and fixtures	Vehicles	Office equipment	Service equipment	Total
At 30 September 2012											
Cost / revalued amount	2,475,264	128,364	634,294	97,980	23,722	14,803	9,658	15,165	8,096	486	3,407,832
Accumulated depreciation	-	(99,128)	(454,380)	(40,683)	(18,148)	(10,734)	(6,511)	(8,877)	(7,367)	(479)	(646,307)
Net book value	2,475,264	29,236	179,914	57,297	5,574	4,069	3,147	6,288	729	7	2,761,525
Period ended 30 June 2013											
Opening net book value	2,475,264	29,236	179,914	57,297	5,574	4,069	3,147	6,288	729	7	2,761,525
Additions	-	-	14,567	-	1,391	178	1,056	1,089	1,377	-	19,658
Transferred to non-current assets held for sale:											
Cost	-	-	-	-	-	-	(25)	-	(28)	-	(53)
Accumulated depreciation	-	-	-	-	-	-	19	-	27	-	46
	-	-	-	-	-	-	(6)	-	(1)	-	(7)
Transferred from non-current assets held for sale:											
Cost	-	-	-	-	-	1,215	-	-	-	-	1,215
Accumulated depreciation	-	-	-	-	-	(905)	-	-	-	-	(905)
	-	-	-	-	-	310	-	-	-	-	310
Disposals:											
Cost	-	-	(1,145)	-	-	-	-	(1,736)	-	-	(2,881)
Accumulated depreciation	-	-	1,096	-	-	-	-	1,352	-	-	2,448
	-	-	(49)	-	-	-	-	(384)	-	-	(433)
Depreciation charge	-	(1,904)	(13,885)	(4,285)	(450)	(398)	(263)	(924)	(474)	(1)	(22,584)
Closing net book value	2,475,264	27,332	180,547	53,012	6,515	4,159	3,934	6,069	1,631	6	2,758,469
At 30 June 2013											
Cost / revalued amount	2,475,264	128,364	647,716	97,980	25,113	16,196	10,689	14,518	9,445	486	3,425,771
Accumulated depreciation	-	(101,032)	(467,169)	(44,968)	(18,598)	(12,037)	(6,755)	(8,449)	(7,814)	(480)	(667,302)
Net book value	2,475,264	27,332	180,547	53,012	6,515	4,159	3,934	6,069	1,631	6	2,758,469
Year ended 30 June 2014											
Opening net book value	2,475,264	27,332	180,547	53,012	6,515	4,159	3,934	6,069	1,631	6	2,758,469
Additions	-	2,380	18,738	-	147	109	883	6,682	475	-	29,414
Disposals:											
Cost	-	-	-	-	-	-	-	(1,966)	-	-	(1,966)
Accumulated depreciation	-	-	-	-	-	-	-	1,624	-	-	1,624
	-	-	-	-	-	-	-	(342)	-	-	(342)
Depreciation charge	-	(2,429)	(18,679)	(5,301)	(664)	(446)	(459)	(1,572)	(886)	(1)	(30,437)
Closing net book value	2,475,264	27,283	180,606	47,711	5,998	3,822	4,358	10,837	1,220	5	2,757,104
At 30 June 2014											
Cost / revalued amount	2,475,264	130,744	666,454	97,980	25,260	16,305	11,572	19,234	9,920	486	3,453,219
Accumulated depreciation	-	(103,461)	(485,848)	(50,269)	(19,262)	(12,483)	(7,214)	(8,397)	(8,700)	(481)	(696,115)
\											
Net book value	2,475,264	27,283	180,606	47,711	5,998	3,822	4,358	10,837	1,220	5	2,757,104
Annual rate of depreciation (%)	-	5, 10	10	10	10	10, 12	10	20	15, 50	10, 25	

13.1.1 If the freehold land was measured using the cost model, carrying amount would be Rupees 5.405 million (2013: Rupees 5.405 million) as at the reporting date.

13.1.2 Depreciation charge for the year / period has been allocated as follows:

	2014	2013
	(RUPEES IN THOUSAND)	
Cost of sales (Note 26)	**27,046**	20,511
Administrative expenses (Note 28)	**3,391**	2,073
	30,437	22,584

13.1.3 **Detail of operating fixed assets disposed of during the period is as follows:**

(RUPEES IN THOUSAND)

Description	Cost	Accumulated depreciation	Net Book Value	Sale proceeds	Gain	Mode of disposal	Particulars of Purchaser
Vehicles							
Toyota Corolla LZR-545	1,126	987	139	1,100	961	Negotiation	Hassan Enterprises, Sheikhupura Road, Faisalabad
Toyota Corolla LZV-8700	840	637	203	1,200	997	Negotiation	Chiniot Enterprises, Jaranwala Road, Faisalabad
	1,966	**1,624**	**342**	**2,300**	**1,958**		

13.2 CAPITAL WORK-IN-PROGRESS

	2014	2013
	(RUPEES IN THOUSAND)	
Advance against purchase of new industrial unit	**80,350**	65,000
Buildings and roads on freehold land	**6,440**	-
	86,790	65,000

14. INVESTMENT PROPERTIES

Year / period ended 30 June

Opening net book value	**54,172**	54,172
Fair value gain (Note 30)	**4,360**	-
Closing net book value	**58,532**	54,172

14.1 The fair value of the investment properties has been determined by the Company on the basis of assessment of the current prices in an active market for similar properties in the same condition. No expenses directly related to investment properties were incurred during the year.

	2014	2013
	(RUPEES IN THOUSAND)	
15. LONG TERM INVESTMENTS		
SUBSIDIARY COMPANY - UNQUOTED		
Crescot Mills Limited		
1 932 187 (2013: 1 932 187) ordinary shares of Rupees 10 each fully paid. Equity held: 66.15% (2013: 66.15%)	**12,734**	12,734
AVAILABLE FOR SALE		
RELATED PARTIES:		
QUOTED		
Premier Insurance Limited		
363 380 (2013 : 363 380) ordinary shares of Rupees 5 each fully paid. Equity held 0.60% (2013 : 0.60%)	**75**	75
Crescent Jute Products Limited		
201 933 (2013: Nil) ordinary shares of Rupees 10 each fully paid. Equity held 0.85% (2013: Nil)	**100**	-
Jubilee Spinning and Weaving Mills Limited		
Nil (2013: 474 323) ordinary shares of Rupees 10 each fully paid. Equity held Nil (2013: 1.46%)	**-**	427
OTHERS:		
QUOTED		
Crescent Jute Products Limited		
Nil (2013: 201 933) ordinary shares of Rupees 10 each fully paid. Equity held Nil (2013: 0.85%)	**-**	100
Jubilee Spinning and Weaving Mills Limited		
474 323 (2013: Nil) ordinary shares of Rupees 10 each fully paid. Equity held 1.46% (2013: Nil)	**427**	-
Crescent Fibres Limited		
71 820 (2013: 71 820) ordinary shares of Rupees 10 each fully paid. Equity held 0.58% (2013: 0.58%)	**615**	615
Crescent Spinning Mills Limited		
696 000 (2013: 696 000) ordinary shares of Rupees 10 each fully paid. Equity held 4.59% (2013: 4.59%)	**-**	-

		2014	2013
		(RUPEES IN THOUSAND)	
	Security Papers Limited		
	436 (2013: 364) ordinary shares of Rupees 10 each fully paid.	**1**	1
	UNQUOTED		
	Crescent Modaraba Management Company Limited		
	119 480 (2013: 119 480) ordinary shares of Rupees 10 each fully paid. Equity held 6.52% (2013: 6.52%)	**664**	664
	Premier Financial Services (Private) Limited		
	2 500 (2013: 2 500) ordinary shares of Rupees 1,000 each fully paid. Equity held : 11.11% (2013: 11.11%)	**2,500**	2,500
	Crescent Bahuman Limited		
	1 043 988 (2013: 1 043 988) ordinary shares of Rupees 10 each fully paid. Equity held 1.28% (2013: 1.28%)	**-**	-
		17,116	17,116
	Less: Impairment loss charged to profit and loss account (Note 29)	**(2,223)**	-
	Add: Fair value adjustment	**7,861**	7,115
		22,754	24,231
16.	**STORES, SPARE PARTS AND LOOSE TOOLS**		
	Stores	**14,086**	31,600
	Spare parts	**14,137**	27,307
	Loose tools	**55**	49
		28,278	58,956
	Less: Provision for obsolete stores, spare parts and loose tools (Note 16.1)	**-**	17,773
		28,278	41,183
16.1	**Provision for obsolete stores, spare parts and loose tools**		
	Opening balance	**17,773**	-
	Provision made during the year / period	**-**	17,773
	Provision written off during the year / period	**(17,773)**	-
			17,773
	Closing balance	**-**	17,773
17.	**STOCK-IN-TRADE**		
	Raw materials	**138,418**	206,781
	Work-in-process	**19,335**	19,248
	Finished goods	**253,799**	161,451
	Waste	**2,317**	1,680
		413,869	389,160

17.1 Stock-in-trade of Rupees 202.342 million (2013: Rupees 1.680 million) is being carried at net realizable value.

17.2 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year / period was Rupees 37.796 million (2013: Rupees Nil).

	2014	2013
	(RUPEES IN THOUSAND)	
18. TRADE DEBTS		
Considered good:		
Secured (against letters of credit)	**70,713**	89,183
Unsecured (Note 18.1)	**8,697**	7,051
	79,410	96,234

18.1 As at 30 June 2014, trade debts of Rupees 11.177 million (2013: Rupees 6.969 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:

	2014	2013
Upto 1 month	**47**	736
1 to 6 months	**4,388**	228
More than 6 months	**6,742**	6,005
	11,177	6,969

19. LOANS AND ADVANCES

	2014	2013
Considered good:		
Employees - interest free:		
Against expenses	**45**	824
Against salary (Note 19.1)	**11,234**	8,964
	11,279	9,788
Advances to suppliers / contractors	**24,474**	12,452
Letters of credit	**235**	89
	35,988	22,329

19.1 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.

20. SHORT TERM DEPOSITS, PREPAYMENTS AND BALANCES WITH STATUTORY AUTHORITIES

	2014	2013
Margin deposit	**22,056**	3,675
Prepayments	**1,145**	1,885
Balances with statutory authorities:		
Advance income tax	**98,961**	144,589
Sales tax and excise duty refundable	**47,499**	28,965
	146,460	173,554
	169,661	179,114

21. OTHER RECEIVABLES

	2014	2013
Considered good:		
Profit on deposits with banks receivable	**-**	205
Others	**37,355**	45,045
	37,355	45,250
Considered doubtful	**11,760**	11,760
Less: Provision for doubtful receivables	**11,760**	11,760
	-	-
	37,355	45,250

22. SHORT TERM INVESTMENTS - Available for sale	2014	2013
	(RUPEES IN THOUSAND)	
RELATED PARTIES:		
QUOTED		
Shakarganj Mills Limited 2 865 830 (2013: 2 865 830) ordinary shares of Rupees 10 each fully paid. Equity held 4.12% (2013: 4.12%)	**11,836**	11,836
The Crescent Textile Mills Limited 2 681 875 (2013: 2 681 875) ordinary shares of Rupees 10 each fully paid. Equity held 5.45% (2013: 5.45%)	**17,909**	17,909
OTHERS:		
QUOTED		
Crescent Steel and Allied Products Limited 14 461 (2013: 13 147) ordinary shares of Rupees 10 each fully paid. Equity held 0.02% (2013: 0.02%)	**33**	33
Samba Bank Limited 2 804 313 (2013: 4 973 666) ordinary shares of Rupees 10 each fully paid. Equity held 0.35% (2013: 0.35%) (Note 22.1)	**7,709**	7,709
	37,487	37,487
Add: Fair value adjustment	**85,260**	86,003
	122,747	123,490

22.1 Samba Bank Limited in its Extraordinary General Meeting (EOGM) held on 17 January 2013 approved the reduction of its share capital through cancellation. The share capital was subsequently reduced after fulfilling the formalities of High Court and other regulatory authorities. Therefore the number of shares held by the Company has been reduced.

23. CASH AND BANK BALANCES

	2014	2013
With banks :		
On current accounts	**10,603**	4,798
Term deposit receipts (Note 23.1)	**-**	130,534
Call deposit receipts	**108,511**	-
	119,114	135,332
Cash in hand	**815**	831
	119,929	136,163

23.1 These represented deposits with a banking company having maturity period of one month and carried rate of profit ranged from 8.50% to 9.25% (2013: 9.00% to 10.25%) per annum.

24. NON-CURRENT ASSETS HELD FOR SALE

The non-current assets classified as held for sale under IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations' in their respective categories are summarized hereunder:

24.1	**Non-current assets classified as held for sale**	**2014**	**2013**
		(RUPEES IN THOUSAND)	
	Property, plant and equipment - Sugar Unit (Note 24.1.1)	**913**	913
	Property, plant and equipment - Distillery Unit (Note 24.1.2)	**-**	-
		913	913

24.1.1 Property, plant and equipment - Sugar Unit

Property, plant and equipment related to Sugar Unit has been presented as held for sale following the approval of the Board of Directors and shareholders of the Company in Annual General Meeting held on 31 January 2011 regarding the disposal of plant and machinery and related equipment of Sugar Unit of the Company. Major portion of the plant and machinery and related equipment has been disposed of by the Company. The remaining assets are expected to be disposed of during the next financial year.

Non-current assets classified as held for sale

Book value of assets transferred from property, plant and equipment:

	2014	2013
Plant and machinery	**752**	8,533
Electric installations	**-**	234
Tools and equipment	**158**	1,513
Service equipment	**3**	9
	913	10,289
Less:		
Book value of assets sold		
Plant and machinery	**-**	7,781
Electric installations	**-**	234
Tools and equipment	**-**	1,045
Service equipment	**-**	6
	-	9,066
Tools and equipment transferred to property, plant and equipment	**-**	310
	-	9,376
Closing carrying value of non-current assets held for sale	**913**	913

24.1.2 Property, plant and equipment - Distillery Unit

The Company has disposed of whole of the plant and machinery and related equipment during the period ended 30 June 2013.

Non-current assets classified as held for sale

	2014	2013
Book value of assets transferred from property, plant and equipment:		
Plant and machinery	-	590
Tools and equipment	-	4
	-	594
Book value of assets transferred from property, plant and equipment:		
Furniture and fixtures	-	6
Office equipment	-	1
	-	7
Less: Book value of assets sold	-	601
Plant and machinery	-	590
Furniture and fixtures	-	6
Office equipment	-	1
Tools and equipment	-	4
	-	601
	-	-

		2014	2013
		(RUPEES IN THOUSAND)	
24.2	**Analysis of the result of discontinued operations**		
	Profit after taxation from discontinued operations		
	Sugar Unit (Note 24.2.1)	-	9,450
	Distillery Unit (Note 24.2.2)	-	45,766
		-	55,216
24.2.1	**Analysis of result of discontinued operation - Sugar Unit**		
	OTHER INCOME	-	46,596
	ADMINISTRATIVE EXPENSES	-	(19,404)
	OTHER EXPENSES	-	(17,737)
		-	(37,141)
	PROFIT FROM DISCONTINUED OPERATION	-	9,455
	FINANCE COST	-	(5)
	PROFIT BEFORE TAXATION FROM DISCONTINUED OPERATION	-	9,450
	TAXATION	-	-
	PROFIT AFTER TAXATION FROM DISCONTINUED OPERATION	-	9,450
24.2.2	**Analysis of result of discontinued operation - Distillery Unit**		
	OTHER INCOME	-	45,899
	ADMINISTRATIVE EXPENSES	-	(97)
	OTHER EXPENSES	-	(36)
		-	(133)
	PROFIT BEFORE TAXATION FROM DISCONTINUED OPERATION	-	45,766
	TAXATION	-	-
	PROFIT AFTER TAXATION FROM DISCONTINUED OPERATION	-	45,766

24.3 Cash flows of discontinued operations

There was no cash flows from the discontinued operation of Sugar Unit during the year ended 30 June 2014.

		2014	2013
25.	**SALES**		
	Local (Note 25.1)	**527,558**	609,333
	Export (Note 25.2 and 25.3)	**4,431,065**	3,207,246
		4,958,623	3,816,579
25.1	**Local**		
	Yarn	**502,849**	560,198
	Cotton / polyester	**7,867**	32,071
	Waste	**27,538**	21,155
		538,254	613,424
	Less: Sales tax	**10,696**	4,091
		527,558	609,333
25.2	**Export**		
	Yarn	**949,798**	1,197,838
	Cloth	**3,404,756**	1,988,523
	Socks	**76,511**	20,885
		4,431,065	3,207,246

25.3 Exchange gain due to currency rate fluctuations relating to export sales amounting to Rupees 88.827 million (2013: Rupees 36.564 million) has been included in export sales.

	2014	2013
	(RUPEES IN THOUSAND)	

26. COST OF SALES

Raw materials consumed	**2,793,997**	1,989,486
Cost of raw materials sold	**7,892**	28,294
Salaries, wages and other benefits (Note 26.1)	**291,399**	200,065
Stores, spare parts and loose tools consumed	**114,731**	87,755
Fuel and power	**487,177**	311,439
Outside weaving / other charges	**615,565**	342,756
Other manufacturing overheads	**9,492**	5,778
Insurance	**5,322**	4,476
Repair and maintenance	**5,323**	6,812
Depreciation (Note 13.1.2)	**27,046**	20,511
	4,357,944	2,997,372
Work-in-process		
Opening stock	**19,248**	16,336
Closing stock	**(19,335)**	(19,248)
	(87)	(2,912)
Cost of goods manufactured	**4,357,857**	2,994,460
Finished goods		
Opening stock	**163,131**	126,612
Closing stock	**(256,116)**	(163,131)
	(92,985)	(36,519)
	4,264,872	2,957,941
Cost of goods purchased for resale	**324,738**	376,072
	4,589,610	3,334,013

26.1 Salaries, wages and other benefits include staff retirement benefit amounting to Rupees 19.761 million (2013: Rupees 10.965 million).

	2014	2013
	(RUPEES IN THOUSAND)	

27. DISTRIBUTION COST

Freight and forwarding	**64,401**	48,311
Commission to selling agents	**35,468**	35,684
Insurance	**4,379**	2,824
Loading and handling	**8,667**	4,837
Others	**642**	2,826
	113,557	94,482

		2014	2013
		(RUPEES IN THOUSAND)	
28.	**ADMINISTRATIVE EXPENSES**		
	Salaries and other benefits (Note 28.1)	**68,111**	39,059
	Workers' welfare	**2,987**	2,173
	Traveling and conveyance	**4,736**	3,704
	Insurance	**1,932**	592
	Rent, rates and taxes	**4,512**	3,242
	Entertainment	**3,870**	2,165
	Fee and subscription	**1,030**	487
	Communication	**3,083**	1,966
	Vehicles' running	**8,003**	6,658
	Repair and maintenance	**8,640**	12,208
	Utilities	**9,263**	4,341
	Printing and stationery	**1,864**	1,390
	Books and periodicals	**40**	52
	Auditors' remuneration:		
	Statutory audit	**600**	500
	Other certifications including half yearly review	**125**	50
	Out of pocket expenses	**30**	20
		755	570
	Legal and professional	**3,151**	1,141
	Miscellaneous	**2,567**	1,848
	Depreciation (Note 13.1.2)	**3,391**	2,073
		127,935	83,669

28.1 Salaries and other benefits include staff retirement benefits amounting to Rupees 2.325 million (2013: Rupees 1.290 million).

		2014	2013
		(RUPEES IN THOUSAND)	
29.	**OTHER EXPENSES**		
	Workers' profit participation fund (Note 9.5)	**5,960**	16,823
	Workers' welfare fund	**267**	-
	Impairment loss on investments (Note 15)	**2,223**	-
	Donations (Note 29.1)	**220**	-
	Loss on disposal of obsolete store, spare parts and loose tools	**1,335**	-
	Trade debts written off	**345**	-
	Loans and advances written off	**507**	757
	Other receivables written off	**3,514**	-
		14,371	17,580

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

30. OTHER INCOME

	2014	2013
	(RUPEES IN THOUSAND)	
Income from financial assets		
Profit on deposits with banks	**9,523**	11,409
Dividend income (Note 30.1)	**521**	461
	10,044	11,870
Income from non-financial assets		
Rental Income	**5,586**	3,818
Scrap sales	**703**	609
Gain on sale of property, plant and equipment	**1,958**	409
Gain on remeasurment of fair value of investment properties (Note 14)	**4,360**	-
Credit balances written back	**2,849**	-
Excess amount received from a party as penalty	**13,000**	-
	28,456	4,836
	38,500	16,706

30.1 Dividend income:

	2014	2013
From related parties		
Premier Insurance Limited	**363**	363
Others		
Crescent Fibres Limited	**108**	72
Security Papers Limited	**2**	-
Crescent Steel and Allied Products Limited	**48**	26
	158	98
	521	461

31. FINANCE COST

	2014	2013
Mark-up on:		
Long term financing	**231**	1,469
Short term borrowings (Note 31.1)	**27,536**	29,367
Interest on workers' profit participation fund (Note 9.5)	**962**	375
Bank charges and commission	**10,913**	7,977
	39,642	39,188

31.1 It includes Rupees 0.399 million (2013: Rupees 0.560 million) charged as mark-up by associated company.

32. TAXATION

	2014	2013
	(RUPEES IN THOUSAND)	
		Restated
Current		
- For the year/ period (Note 32.1)	**47,694**	39,656
- Prior year	**(32,279)**	(9,699)
	15,415	29,957
Deferred	**(307)**	32,891
	15,108	62,848

32.1 Provision for current taxation represents the tax deducted against export sales, minimum tax on local sales and tax on different heads of other income under the relevant provisions of the Income Tax Ordinance, 2001. Tax losses available as at 30 June 2014 are Rupees Nil (2013: Rupees 12.759 million). Reconciliation of tax expenses and product of accounting profit multiplied by the applicable tax rate is not presented in view of presumptive and minimum taxation.

33. EARNINGS PER SHARE - BASIC AND DILUTED

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

		2014	2013 Restated
Continuing operation			
Profit for the year / period after taxation	(Rupees in thousand)	**96,900**	201,505
Weighted average number of ordinary shares	(Numbers)	**21 377 478**	21 377 478
Earnings per share	(Rupees)	**4.53**	9.43
Discontinued operations			
Profit for the year / period after taxation	(Rupees in thousand)	**-**	55,216
Weighted average number of ordinary shares	(Numbers)	**21 377 478**	21 377 478
Earnings per share	(Rupees)	**-**	2.58

34. CASH GENERATED FROM OPERATIONS

	2014 (RUPEES IN THOUSAND)	2013 Restated
Profit before taxation	**112,008**	319,569
Adjustments for non cash charges and other items:		
Depreciation	**30,437**	22,584
Provision for staff retirement gratuity	**22,086**	10,965
Gain on sale of property, plant and equipment	**(1,958)**	(587)
Gain on remeasurement of fair value of investment properties	**(4,360)**	
Gain on sale of non-current assets held for sale	**-**	(88,599)
Credit balances written back	**(2,849)**	(3,521)
Trade debts written off	**345**	-
Loans and advances written off	**507**	757
Other receivable written off	**3,514**	
Profit on deposits with banks	**(9,523)**	(11,409)
Provision for obsolete items of stores, spare parts and loose tools	**-**	17,773
Impairment loss on investments	**2,223**	-
Finance cost	**39,642**	39,193
Provision for workers' profit participation fund	**5,960**	16,823
Provision for workers' welfare fund	**267**	-
Working capital changes (Note 34.1)	**(15,146)**	(33,393)
	183,153	290,155

34.1 Working capital changes

	2014	2013
Decrease / (increase) in current assets		
Stores, spare parts and loose tools	**12,905**	(1,175)
Stock-in-trade	**(24,709)**	107,004
Trade debts	**16,479**	(5,902)
Loans and advances	**(14,166)**	(6,917)
Prepayments and balances with statutory authorities	**(36,175)**	(21,285)
Other receivables	**4,176**	(8,638)
Increase / (decrease) in trade and other payables	**26,344**	(96,480)
	(15,146)	(33,393)

35. 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:

	2014	2013
	(RUPEES IN THOUSAND)	
Subsidiary company		
Rental expense	**1,550**	765
Stores consumed by Company	**12**	81
Associated companies		
Dividend income	**363**	363
Service charges	**5,892**	6,852
Mark-up expense	**399**	-
Dividend paid	**-**	560
Other related parties		
Amount received from directors / executives	**80,460**	15,013
Amount paid to directors / executives	**23,074**	8,897
Company's contribution to Employees' Provident Fund Trust	**-**	1,290

36. 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:

(RUPEES IN THOUSAND)

Description	Chief Executive Officer		Directors		Executives	
	2014	2013	2014	2013	2014	2013
Managerial remuneration	**4,603**	3,600	**8,361**	6,750	**12,384**	8,535
Allowances:						
Housing	**2,071**	1,620	**3,762**	3,037	**2,409**	3,978
Utilities	**460**	360	**836**	675	**1,238**	243
Group insurance	**-**	-	**9**	9	**8**	3
Reimbursable expenses	**460**	137	**836**	548	**1,238**	343
Contribution to Employees' Provident Fund Trust	**-**	360	**-**	675	**-**	243
	7,594	6,077	**13,804**	11,694	**17,277**	13,345
Number of persons	**1**	1	**3**	3	**7**	6

36.1 Aggregate amount charged in the financial statements for meeting fee to two directors (2013: two directors) was Rupees 373,334 (2013: Rupees 180,000).

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

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

37. NUMBER OF EMPLOYEES

	2014	2013
	(Number of Persons)	
Number of employees as on 30 June	**1,570**	1,776
Average number of employees	**1,645**	1,754

38. FINANCIAL RISK MANAGEMENT

38.1 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) and Euro. The Company's foreign exchange risk exposure is restricted to the amounts receivable from / payable to the foreign entities. The Company's exposure to currency risk was as follows:

	2014	2013
Trade debts - USD	**709,109**	904,489
Trade debts - Euro	**7,241**	-
Trade and other payables - USD	**-**	(133)
Net exposure - USD	**709,109**	904,356
Net exposure - Euro	**7,241**	-

Following significant exchange rates were applied during the year / period:

Rupees per US Dollar		
Average rate	**103.21**	96.14
Reporting date rate	**98.55**	98.60
Rupees per Euro		
Average rate	**142.34**	-
Reporting date rate	**134.46**	-

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD and Euro with all other variables held constant, the impact on profit after taxation for the year / period would have been Rupees 3.253 million (2013: Rupees 4.236 million) and Rupees 0.045 million (2013: Rupees Nil) higher / lower respectively, 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 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 Karachi Stock Exchange (KSE) Index on the Company's profit after taxation for the year / period and on equity (fair value reserve). The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:

Index	Impact on profit after taxation		Impact on statement of other comprehensive income (fair value reserve)	
	2014	2013	2014	2013
	(RUPEES IN THOUSAND)			
KSE 100 (5% increase)	**-**	-	**6,591**	6,591
KSE 100 (5% decrease)	**-**	-	**(6,591)**	(6,591)

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

(iii) Interest rate risk

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

The Company has no significant interest bearing assets. The Company's interest rate risk arises from short term borrowings. Financial instruments obtained at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

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

	2014	2013
	(RUPEES IN THOUSAND)	
Fixed rate instruments		
Financial assets		
Term deposit receipts	**-**	130,534
Financial liabilities		
Short term borrowings	**2,408**	8,390
Floating rate instruments		
Financial liabilities		
Long term financing	**-**	7,493
Short term borrowings	**80,887**	96,983

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 balance sheet date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

'If interest rates at the year / period end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year / period would have been Rupees 0.753 million (2013: Rupees 0.992 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 balance sheet date were outstanding for the whole year / period.

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:

	2014	2013
	(RUPEES IN THOUSAND)	
Investments	**132,767**	134,987
Loans and advances	**11,234**	8,964
Deposits	**24,668**	6,287
Trade debts	**79,410**	96,234
Other receivables	**37,355**	45,250
Bank balances	**119,114**	135,332
	404,548	427,054

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			2014	2013
	Short Term	Long term	Agency	(RUPEES IN THOUSAND)	
Banks					
National Bank of Pakistan	A-1+	AAA	JCR-VIS	**1,606**	401
Allied Bank Limited	A1+	AA+	PACRA	**21**	21
Bank Alfalah Limited	A1+	AA	PACRA	**108,895**	130,547
Faysal Bank Limited	A1+	AA	PACRA	**20**	20
Habib Bank Limited	A-1+	AAA	JCR-VIS	**34**	-
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	**113**	2,693
MCB Bank Limited	A1+	AAA	PACRA	**63**	630
NIB Bank Limited	A1+	AA -	PACRA	**118**	116
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	**-**	24
United Bank Limited	A-1+	AA+	JCR-VIS	**7,687**	31
Meezan Bank Limited	A-1+	AA	JCR-VIS	**29**	24
Askari Bank Limited	A1+	AA	PACRA	**443**	91
Bank Al-Habib Limited	A1+	AA+	PACRA	**85**	734
				119,114	135,332

The Company's exposure to credit risk related to trade debts is disclosed in Note 18.

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

c) Liquidity risk

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

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2014, the Company had Rupees 1,619.113 million (2013: Rupees 1,403.017 million) available borrowing limits from financial institutions and Rupees 119.929 million (2013: Rupees 136.163 million) cash and bank balances. Management believes the liquidity risk to be low. Followings 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 2014:

	Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	(RUPEES IN THOUSAND)					
Non-derivative financial liabilities:						
Trade and other payables	370,948	370,948	370,948	-	-	-
Accrued mark-up	7,068	7,068	7,068	-	-	-
Short term borrowings	305,109	307,572	307,572	-	-	-
	683,125	685,588	685,588	-	-	-

Contractual maturities of financial liabilities as at 30 June 2013:

	Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
Non-derivative financial liabilities:						
Long term financing	7,493	7,625	7,625	-	-	-
Trade and other payables	291,595	291,595	291,595	-	-	-
Accrued mark-up	7,867	7,867	7,867	-	-	-
Short term borrowings	328,765	334,755	334,755	-	-	-
	635,720	641,842	641,842	-	-	-

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 / period end. The rates of interest / mark up have been disclosed in Note 6 and Note 11 to these financial statements.

38.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped in to levels 1 to 3 based on the degree to which fair value is observable:

	Level 1	Level 2	Level 3	Total
	(RUPEES IN THOUSAND)			
As at 30 June 2014				
Assets				
Available for sale financial assets	131,826	-	-	131,826
As at 30 June 2013				
Assets				
Available for sale financial assets	131,823	-	-	131,823

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial instruments held by the Company is the current bid price. These financial instruments are classified under level 1 in above referred table.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value a financial instrument are observable, those financial instruments are classified under level 2 in above referred table. The Company has no such type of financial instruments at the year / period end.

If one or more of the significant inputs is not based on observable market data, the financial instrument is classified under level 3. The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

38.3 Financial instruments by categories

	2014			2013		
	Loan and receivable	Available for sale	Total	Loan and receivable	Available for sale	Total
	(RUPEES IN THOUSAND)					
Assets as per balance sheet						
Investments	**-**	**132,767**	**132,767**	-	134,987	134,987
Loans and advances	**11,234**	**-**	**11,234**	8,964	-	8,964
Deposits	**24,668**	**-**	**24,668**	6,287	-	6,287
Trade debts	**79,410**	**-**	**79,410**	96,234	-	96,234
Other receivables	**37,355**	**-**	**37,355**	45,250	-	45,250
Cash and bank balances	**119,929**	**-**	**119,929**	136,163	-	136,163
	272,596	**132,767**	**405,363**	292,898	134,987	427,885

	2014	2013
	Financial Liabilities At Amortized Cost	
	(RUPEES IN THOUSAND)	
Liabilities as per balance sheet		
Long term financing	**-**	7,493
Accrued mark-up	**7,068**	7,867
Short term borrowings	**305,109**	328,765
Trade and other payables	**370,948**	291,595
	683,125	635,720

38.4 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 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 6 and Note 11 respectively. Total capital employed includes 'total equity' as shown in the balance sheet plus 'borrowings'.

		2014	2013 Restated
Borrowings	Rupees in thousand	**305,109**	336,258
Total equity	Rupees in thousand	**616,801**	571,916
Total capital employed	Rupees in thousand	**921,910**	908,174
Gearing ratio	Percentage	**33.10**	37.03

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

39. SEGMENT INFORMATION

(RUPEES IN THOUSAND)

	TEXTILES		TRADING		Elimination of Inter-segment transactions		TOTAL-COMPANY	
	2014	2013 Restated	2014	2013	2014	2013	2014	2013 Restated
Sales	**3,668,144**	3,070,881	**3,404,756**	1,988,523	**(2,114,277)**	(1,242,825)	**4,958,623**	3,816,579
Cost of sales	**(3,471,162)**	(2,697,539)	**(3,232,725)**	(1,879,299)	**2,114,277**	1,242,825	**(4,589,610)**	(3,334,013)
Gross profit	**196,982**	373,342	**172,031**	109,224	**-**	-	**369,013**	482,566
Distribution cost	**(29,940)**	(37,062)	**(83,617)**	(57,420)	**-**	-	**(113,557)**	(94,482)
Administrative expenses	**(121,138)**	(78,211)	**(6,797)**	(5,458)	**-**	-	**(127,935)**	(83,669)
	(151,078)	(115,273)	**(90,414)**	(62,878)	**-**	-	**(241,492)**	(178,151)
	45,904	258,069	**81,617**	46,346	**-**	-	**127,521**	304,415
Other income	**38,500**	16,706	**-**	-	**-**	-	**38,500**	16,706
Finance cost	**(27,398)**	(28,194)	**(12,244)**	(10,994)	**-**	-	**(39,642)**	(39,188)
Profit before taxation and unallocated expenses	**57,006**	246,581	**69,373**	35,352	**-**	-	**126,379**	281,933
Other expenses							**(14,371)**	(17,580)
Taxation							**(15,108)**	(62,848)
Profit after taxation from continuing operations							**96,900**	201,505
Profit after taxation from discontinued operations							**-**	55,216
Profit after taxation							**96,900**	256,721

39.1 Reconciliation of reportable segment assets and liabilities:

(RUPEES IN THOUSAND)

	TEXTILES		TRADING		TOTAL-COMPANY	
	2014	2013	2014	2013	2014	2013 Restated
Total assets for reportable segments	**3,882,677**	3,884,835	**52,352**	52,572	**3,935,029**	3,937,407
Unallocated assets:						
Non-current assets classified as held for sale					**913**	913
Total assets as per balance sheet					**3,935,942**	3,938,320
Total liabilities for reportable segments	**653,742**	663,266	**86,701**	44,913	**740,443**	708,179
Unallocated liabilities:						
Deferred income tax liability					**8,480**	9,805
Provision for taxation					**47,694**	125,896
Total liabilities as per balance sheet					**796,617**	843,880

39.2 Geographical Information

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

	2014	2013
	(RUPEES IN THOUSAND)	
Asia	**4,354,554**	3,186,362
Europe	**31,151**	20,884
North and South America	**45,360**	-
Pakistan	**527,558**	609,333
	4,958,623	3,816,579

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

39.4

Revenue from major customers

Revenue from major customers of Company's Trading segment represents Rupees 2,824.287 million

40. PLANT CAPACITY AND ACTUAL PRODUCTION

		2014	2013
Spinning:			
100% plant capacity converted to 20s count based on 3 shifts per day for 1095 shifts (2013: 819 shifts)	Kgs.	**20 385 786**	15 247 451
Actual production converted to 20s count based on 3 shifts per day for 1095 shifts (2013: 819 shifts)	Kgs.	**17 828 820**	13 765 402

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 gas load-shedding during the year.

41. DATE OF AUTHORIZATION

These financial statements were authorized for issue on May 07, 2015 by the Board of Directors of the Company.

42. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary for the purpose of comparison. However, no significant re-arrangements have been made except for transferring Rupees 65.000 million from other receivables to capital work-in-progress as the amount was given to a party for purchasing a new industrial unit. Corresponding figures of profit and loss account, statement of comprehensive income, cash flow statement, statement of changes in equity and related notes are not comparable because the financial statements of previous period were prepared for a period of nine months.

43. GENERAL

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

MUHAMMAD ARSHAD	**ABID MEHMOOD**
CHIEF EXECUTIVE OFFICER	**DIRECTOR**

CRESCENT COTTON MILLS LIMITED

AND ITS SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
WITH ACCOMPANYING INFORMATION

YEAR ENDED 30 JUNE 2014

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Crescent Cotton Mills Limited (the Holding Company) and its Subsidiary Company, Crescot Mills Limited as at 30 June 2014 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Crescent Cotton Mills Limited and its Subsidiary Company, Crescot Mills Limited. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Crescent Cotton Mills Limited and its Subsidiary Company, Crescot Mills Limited as at 30 June 2014 and the results of their operations for the year then ended.

Crescot Mills Limited, Subsidiary Company has ceased its production activities since August 1998 and has disposed of major part of plant and machinery. Accordingly, the Subsidiary Company is no more a going concern. Our report is not qualified in respect of this matter.

Riaz Ahmad & Co

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mahmood

Faisalabad
May 07, 2015

CONSOLIDATED BALANCE SHEET

	NOTE	2014	2013
		(RUPEES IN THOUSAND)	
EQUITY AND LIABILITIES			Restated
SHARE CAPITAL AND RESERVES			
Authorized share capital			
30 000 000 (2013: 30 000 000) ordinary shares of Rupees 10 each		**300,000**	300,000
Issued, subscribed and paid up share capital	3	**213,775**	213,775
Reserves	4	**473,738**	429,289
Total equity		**687,513**	643,064
Surplus on revaluation of property, plant and equipment and investment properties	5	**2,538,699**	2,539,950
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	6	**-**	-
Deferred income tax liability	7	**15,812**	18,117
Employees' retirement benefit	8	**48,157**	30,257
		63,969	48,374
CURRENT LIABILITIES			
Trade and other payables	9	**383,440**	337,072
Accrued mark-up	10	**18,270**	18,469
Short term borrowings	11	**310,109**	333,765
Current portion of long term financing	6	**-**	7,493
Provision for taxation		**47,927**	125,962
		759,746	822,761
TOTAL LIABILITIES		**823,715**	871,135
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		**4,049,927**	4,054,149

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

MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER

AS AT 30 JUNE 2014

	NOTE	2014	2013
ASSETS		(RUPEES IN THOUSAND)	
			Restated
NON-CURRENT ASSETS			
Property, plant and equipment	13	**2,868,813**	2,850,896
Investment properties	14	**58,532**	54,172
Long term investments - associates	15	**196,823**	206,705
Long term investments - available for sale	16	**7,707**	5,745
Long term deposits		**3,134**	3,134
		3,135,009	3,120,652
CURRENT ASSETS			
Stores, spare parts and loose tools	17	**32,550**	45,500
Stock-in-trade	18	**413,869**	389,160
Trade debts	19	**79,410**	96,234
Loans and advances	20	**35,988**	22,329
Short term deposits, prepayments and balances with statutory authorities	21	**169,753**	179,190
Other receivables	22	**39,816**	47,559
Short term investments	23	**19,306**	13,374
Cash and bank balances	24	**123,313**	139,238
		914,005	932,584
Non-current assets held for sale	25	**913**	913
		914,918	933,497
TOTAL ASSETS		**4,049,927**	4,054,149

ABID MEHMOOD
DIRECTOR

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	2014	2013
		(RUPEES IN THOUSAND)	
			Restated
CONTINUING OPERATIONS:			
SALES	26	**4,958,623**	3,816,579
COST OF SALES	27	**(4,589,610)**	(3,334,013)
GROSS PROFIT		**369,013**	482,566
DISTRIBUTION COST	28	**(113,557)**	(94,482)
ADMINISTRATIVE EXPENSES	29	**(130,119)**	(85,475)
OTHER EXPENSES	30	**(12,181)**	(17,605)
		(255,857)	(197,562)
		113,156	285,004
OTHER INCOME	31	**40,609**	16,511
PROFIT FROM OPERATIONS		**153,765**	301,515
FINANCE COST	32	**(40,243)**	(39,789)
		113,522	261,726
SHARE OF (LOSS) / PROFIT FROM ASSOCIATED COMPANIES		**(9,568)**	22,519
PROFIT BEFORE TAXATION		**103,954**	284,245
TAXATION	33	**(14,605)**	(62,075)
PROFIT AFTER TAXATION FROM CONTINUING OPERATIONS		**89,349**	222,170
DISCONTINUED OPERATIONS:			
PROFIT AFTER TAXATION FROM DISCONTINUED OPERATIONS	25	**-**	55,216
PROFIT AFTER TAXATION		**89,349**	277,386
EARNINGS PER SHARE - BASIC AND DILUTED FROM CONTINUING OPERATIONS (RUPEES)	34	**4.18**	10.39
EARNINGS PER SHARE - BASIC AND DILUTED FROM DISCONTINUED OPERATIONS (RUPEES)	34	**-**	2.58

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

MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER

ABID MEHMOOD
DIRECTOR

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	(RUPEES IN THOUSAND)	
		Restated
PROFIT AFTER TAXATION	**89,349**	277,386
OTHER COMPREHENSIVE LOSS		
Items that will not be reclassified subsequently to profit or loss:		
Experience adjustment on defined benefit plan	**(10,282)**	(7,000)
Deferred income tax related to experience adjustment	**1,018**	485
	(9,264)	(6,515)
Items that may be reclassified subsequently to profit or loss:		
Surplus arising on remeasurement of available for sale investments to fair value	**5,623**	2,726
Other comprehensive loss for the year / period	**(3,641)**	(3,789)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR / PERIOD	**85,708**	273,597

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

MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER

ABID MEHMOOD
DIRECTOR

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	2014	2013
		(RUPEES IN THOUSAND)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	**183,183**	289,688
Finance cost paid		**(39,480)**	(39,624)
Income tax paid		**(48,071)**	(31,489)
Staff retirement gratuity paid		**(14,468)**	(8,867)
Workers' profit participation fund paid		**(27,102)**	(9,554)
Net cash generated from operating activities		**54,062**	200,154
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		**(51,204)**	(80,653)
Proceeds from sale of property, plant and equipment		**2,300**	1,020
Proceeds from non-current assets held for sale		**-**	98,266
Profit on deposits with banks received		**9,727**	11,752
Dividend received from associated companies		**363**	363
Net cash (used in) / from investing activities		**(38,814)**	30,748
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		**(7,493)**	(14,986)
Dividend paid		**(24)**	(26,342)
Short term borrowings - net		**(23,656)**	(231,280)
Net cash used in financing activities		**(31,173)**	(272,608)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(15,925)**	(41,706)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR / PERIOD		**139,238**	180,944
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR / PERIOD (NOTE 24)		**123,313**	139,238

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

MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER

ABID MEHMOOD
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

(RUPEES IN THOUSAND)

	SHARE CAPITAL	RESERVES								TOTAL EQUITY
		CAPITAL RESERVES				REVENUE RESERVES				
		Premium on issue of shares	Plant modern-isation	Fair Value reserve	Sub Total	General reserve	Dividend equali-zation	(Accumulated loss)/ unappropriated Profit	Sub-Total	
Balance as at 30 September 2012	213,775	5,496	12,000	4,770	22,266	44,975	4,000	109,545	158,520	394,561
Transaction with owners - Final dividend for the year ended 30 September 2012 at the rate of Rupee 1.25 per share	-	-	-	-	-	-	-	(26,722)	(26,722)	(26,722)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	-	-	-	-	-	1,628	1,628	1,628
Profit for the period	-	-	-	-	-	-	-	277,386	277,386	277,386
Other comprehensive loss for the period	-	-	-	2,726	2,726	-	-	(6,515)	(6,515)	(3,789)
Total comprehensive income for the period	-	-	-	2,726	2,726	-	-	270,871	270,871	273,597
Balance as at 30 June 2013	213,775	5,496	12,000	7,496	24,992	44,975	4,000	355,322	404,297	643,064
Transaction with owners - Final dividend for the period ended 30 June 2013 at the rate of Rupee 2.00 per share	-	-	-	-	-	-	-	(42,754)	(42,754)	(42,754)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	-	-	-	-	-	1,495	1,495	1,495
Profit for the year	-	-	-	-	-	-	-	89,349	89,349	89,349
Other comprehensive loss for the year	-	-	-	5,623	5,623	-	-	(9,264)	(9,264)	(3,641)
Total comprehensive income for the year	-	-	-	5,623	5,623	-	-	80,085	80,085	85,708
Balance as at 30 June 2014	213,775	5,496	12,000	13,119	30,615	44,975	4,000	394,148	443,123	687,513

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

MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER

ABID MEHMOOD
DIRECTOR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 2014

1. THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company
Crescent Cotton Mills Limited

Subsidiary Company
Crescot Mills Limited

Crescent Cotton Mills

Crescent Cotton Mills Limited (CCML) is a public limited company incorporated in March 1959 in Pakistan under the provisions of Companies Act, 1913 (Now Companies Ordinance, 1984) and listed on all the stock exchanges in Pakistan. Its registered office is situated at New Lahore Road, Nishatabad, Faisalabad. 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.

Crescot Mills Limited

Crescot Mills Limited (CML) is a public limited Company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Ordinance, 1984). CCML holds 66.15% equity of 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. 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 approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

b) Accounting convention

These consolidated financial statements have been prepared under the historical cost convention, except as modified by recognition of employees retirement benefit at present value and investment properties and certain operating fixed assets 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 accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the consolidated financial statements or where judgments were exercised in application of accounting policies are as follows:

Useful lives, patterns of economic benefits and impairments

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

Taxation

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

Provision for doubtful debts

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

Employees retirement benefit

The cost of the defined benefit plan is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases and mortality rates. Changes in these assumptions in future years may effect the liability / asset under the plan in those years.

Inventories

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

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

Following amendments to published approved standards are mandatory for the Group's accounting periods beginning on or after 01 July 2013:

IFRS 7 (Amendment) ‘Financial Instruments: Disclosures’ (effective for annual periods beginning on or after 01 January 2013). The IASB has amended the accounting requirements and disclosures related to offsetting of financial assets and financial liabilities by issuing amendments to IAS 32 ‘Financial Instruments: Presentation’ and IFRS 7. These amendments are the result of IASB and US Financial Accounting Standard Board undertaking a joint project to address the differences in their respective accounting standards regarding offsetting of financial instruments. The application of the amendments does not result in any impact on consolidated profit or loss, consolidated other comprehensive income and consolidated total comprehensive income.

International Accounting Standard (IAS) 19 (Amendments) 'Employee Benefits' (effective for annual periods beginning on or after 01 January 2013). The amendments have eliminated the corridor approach which permitted to recognize actuarial gains / losses in profit and loss account using the corridor method, whereby actuarial gains / losses are recognized when the cumulative unrecognized amount thereof at the beginning of the year exceed the corridor limit, where corridor limit has been prescribed as 10% of the greater of the present value of the defined benefit obligation and the fair value of the plan assets. Pursuant to this change, the Group has recognized immediately all actuarial gains or losses in consolidated other comprehensive income and past service cost in consolidated profit and loss account.

The adoption of the aforesaid amendment resulted in change in the Group's accounting policy related to recognition of actuarial gains and losses and past service cost pertaining to staff retirement gratuity as notified in Note 2.3.

On 17 May 2012, IASB issued Annual Improvements to IFRS: 2009 – 2011 Cycle, incorporating amendments to five IFRS more specifically in IAS 1 'Presentation of Financial Statements' and IAS 32 'Financial Instruments: Presentation' that are considered relevant to the Group's consolidated financial statements. These amendments are effective for annual periods beginning on or after 01 January 2013. The application of the amendments does not result in any impact on consolidated profit or loss, consolidated other comprehensive income and consolidated total comprehensive income.

e) Amendments to published approved standards that are effective in current year but not relevant to the Group

There are other amendments to the published approved standards that are mandatory for accounting periods beginning on or after 01 July 2013 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.

f) Standards, interpretation and amendments to published 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 2014 or later periods:

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

IFRS 10 'Consolidated Financial Statements' (effective for annual periods beginning on or after 01 January 2015). Concurrent with the issuance of IFRS 10, the IASB has also issued IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities', IAS 27 (revised 2011) 'Consolidated and Separate Financial Statements' and IAS 28 (revised 2011) 'Investments in Associates'. The objective of IFRS 10 is to have a single basis for consolidation for all entities, regardless of the nature of the investee, and that basis is control. The definition of control includes three elements: power over an investee, exposure or rights to variable returns of the investee and the ability to use power over the investee to affect the investor's returns. IFRS 10 replaces those parts of IAS 27 'Consolidated and Separate Financial Statements' that address when and how an investor should prepare consolidated financial statements and replaces Standing Interpretations Committee (SIC) 12 'Consolidation – Special Purpose Entities' in its entirety. The management of the Group is in the process of evaluating the impacts of the aforesaid standard on the Group's consolidated financial statements.

Amendments to IFRS 10, IFRS 11 and IFRS 12 (effective for annual periods beginning on or after 01 January 2015) provide additional transition relief in by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Also, amendments to IFRS 12 eliminate the requirement to provide comparative information for periods prior to the immediately preceding period.

IFRS 12 'Disclosures of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2015). This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. This standard is not expected to have a material impact on the Group's consolidated financial statements.

IFRS 13 'Fair value Measurement' (effective for annual periods beginning on or after 01 January 2015). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard is not expected to have a material impact on the Group's consolidated financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2017). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The management of the Group is in the process of evaluating the impacts of the aforesaid standard on the Group's consolidated financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27 (effective for annual periods beginning on or after 01 January 2015) provide 'investment entities' an exemption from the consolidation of particular subsidiaries and instead require that: an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss; requires additional disclosures; and require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements. The management of the Group is in the process of evaluating the impacts of the aforesaid amendments on the Group's consolidated financial statements.

IAS 1 (Amendments) 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2016). Amendments have been made to address perceived impediments to preparers exercising their judgment in presenting their financial reports by making the following changes: clarification that information should not be obscured by aggregating or by providing immaterial information, materiality consideration apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality consideration do apply; clarification that the list of the line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in IAS 1. However, the amendments are not expected to have a material impact on the Group's consolidated financial statements.

IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset. However, the amendments are not expected to have a material impact on the Group's consolidated financial statements.

IAS 19 (Amendment) 'Employee Benefits' (effective for annual periods beginning on or after 01 July 2014). This amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employees service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendment is unlikely to have any significant impact on the Group's consolidated financial statements.

IAS 27 (Amendment) 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016). The amendment to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The management of the Group is in the process of evaluating the impacts of the aforesaid amendment on the Group's consolidated financial statements.

Amendments to IFRS 10 and IAS 28 (effective for annual periods beginning on or after 1 January 2016). The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The management of the Group is in the process of evaluating the impacts of the aforesaid amendments on the Group's consolidated financial statements.

IAS 32 (Amendments) 'Financial Instruments: Presentation' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off'; the application of simultaneous realization and settlement; the offsetting of collateral amounts and the unit of account for applying the offsetting requirements. However, the amendments are not expected to have a material impact on the Group's consolidated financial statements.

IAS 36 (Amendments) 'Impairment of Assets' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made in IAS 36 to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. However, the amendments are not expected to have a material impact on the Group's consolidated financial statements.

On 12 December 2013, IASB issued Annual Improvements to IFRSs: 2010 – 2012 Cycle, incorporating amendments to seven IFRSs more specifically in IFRS 8 'Operating Segments' and IFRS 13 'Fair Value Measurement', which are considered relevant to the Group's consolidated financial statements. These amendments are effective for annual periods beginning on or after 01 July 2014. These amendments are unlikely to have a significant impact on the Group's consolidated financial statements and have therefore not been analyzed in detail.

On 12 December 2013, IASB issued Annual Improvements to IFRSs: 2011 – 2013 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 13 'Fair Value Measurement', that is considered relevant to the Group's consolidated financial statements. These amendments are effective for annual periods beginning on or after 01 July 2014. These amendments are unlikely to have a significant impact on the Group's consolidated financial statements and have therefore not been analyzed in detail.

IFRIC 21 'Levies' (effective for annual periods beginning on or after 01 January 2014). The interpretation provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and those where the timing and amount of the levy is certain. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. However, the interpretation is not expected to have a material impact on the Group's consolidated financial statements.

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

There are other standard and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2014 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 Consolidation

a) Subsidiary

Subsidiary 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 financial statements of the Subsidiary Company is included in the consolidated financial statements 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.

The financial statements of the Subsidiary Company have been audited uptill the financial year ended 30 June 2014 using consistent accounting policies except as specifically mentioned in these notes. 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

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.

2.3 Staff retirement benefits

The Holding Company operates defined benefit plan - unfunded gratuity scheme for its employees, who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made annually on the basis of actuarial recommendation to cover the period of service completed by employees using Projected Unit Credit Actuarial Cost Method. Latest actuarial valuation has been carried on 31 December 2013.

Change in accounting policy

During the year, the Group has adopted IAS 19 (Amendments) 'Employee Benefits' and changed its basis for recognition of actuarial gains and losses on its defined benefit plan. According to new policy, actuarial gains and losses are recognized in consolidated other comprehensive income in the period in which they occur. Amounts recognized in consolidated profit and loss account are limited to current and past service costs, gains and losses on settlements, and net interest income / expense. Previously, the Group recognized actuarial gains and losses over the expected average remaining working lives of the employees, to the extent that unrecognized actuarial gains / losses exceeds 10 percent of present value of defined benefit obligation. This change in accounting policy has been accounted for retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Had there been no change in this accounting policy, the amount recognized in these consolidated financial statements for the year ended 30 June 2014 and consolidated financial statements for the period ended 30 June 2013 would have been different as follows:

	2014	2013
	(RUPEES IN THOUSAND)	
Decrease in employees' retirement benefit	**16,967**	6,685
Increase in deferred income tax liability	**1,930**	912
Increase in unappropriated profit	**15,037**	5,773

Balance sheet as at the beginning of the preceding period has not been presented due to immaterial effect on the information in balance sheet at the beginning of the preceding period as required by IAS 1 'Presentation of Financial Statements'.

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 balance sheet 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 balance sheet date. Deferred tax is charged or credited in the consolidated profit and loss account, 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 of the Holding Company and certain other operating fixed assets of the Subsidiary Company are stated 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 purchase cost, borrowing cost pertaining to the construction / erection period of qualifying assets and other directly attributable cost of bringing the assets to working condition.

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

Any revaluation surplus is credited to surplus on revaluation of operating fixed assets except to the extent that it reverses a revaluation decrease of the same asset previously recognized in consolidated profit and loss account, in which case the increase is recognized in consolidated profit and loss account. A revaluation deficit is recognized in consolidated profit and loss account, except to the extent that it offsets an existing surplus on the same asset recognized in surplus on revaluation of operating fixed assets.

An annual transfer from surplus on revaluation of operating fixed assets to unappropriated profit is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. All transfers from surplus on revaluation of operating fixed assets are net of applicable deferred taxation.

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 profit and loss account during the period in which they are incurred.

Increase in the carrying amount arising on revaluation of property, plant and equipment are credited to surplus on revaluation of property, plant and equipment. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to income. Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the income) and depreciation based on the assets' original cost is transferred from surplus on revaluation of property, plant and equipment to unappropriated profit. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred taxation.

Depreciation

Depreciation on property, plant and equipment is charged to consolidated profit and loss account 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 13.1. 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 on deletions upto the month 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 consolidated profit and loss account in the year the asset is de-recognized.

2.7 Foreign currencies

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

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 profit and loss account for the year in which it arises.

2.9 Investments

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

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

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

a) Investments at fair value through profit or loss

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

b) Held-to-maturity investments

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

c) Available for sale investment

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

Quoted

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

Unquoted

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

2.10 Inventories

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

a) 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 costs necessary to be incurred in order to make such sale.

2.11 Cash and cash equivalents

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

2.12 Non-current assets held for sale

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

2.13 Revenue recognition

Revenue from different sources is recognized as under:

- Revenue from local sales is recognized on delivery of goods to customers.
- Revenue from export sales is recognized when goods are shipped on board.
- The share of profits or losses of the associated companies after tax is included in the consolidated profit and loss account to recognize the post acquisition changes in the share of the net assets of the investees. Dividend from associated companies is recognized as reduction in cost of investments as prescribed by International Accounting Standard (IAS) 28 'Investments in Associates'.
- Dividend on other equity investments is recognized when right to receive the dividend is established.
- Profit on deposits with banks is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon.
- Rental income is recognized when rent is accrued.

2.14 Financial instruments

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

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

2.15 Borrowings

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

2.16 Trade and other receivables

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

2.17 Trade and other payables

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

2.18 Provisions

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

2.19 Borrowing cost

Interest, mark-up and other charges on long term financing 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 profit and loss account.

2.20 Impairment

a) Financial assets

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

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

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

b) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognized wherever the carrying amount of the assets exceeds their recoverable amount. Impairment losses are recognized in consolidated profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of those assets.

2.21 Off setting

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

2.22 Segment reporting

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

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

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

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2014	2013		2014	2013
(NUMBER OF SHARES)			(RUPEES IN THOUSAND)	
5 509 767	5 509 767	Ordinary shares of Rupees 10 each fully paid in cash	**55,098**	55,098
15 709 697	15 709 697	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	**157,097**	157,097
158 014	158 014	Ordinary shares of Rupees 10 each fully paid up issued to a financial institution against its right of option for conversion of debentures pursuant to a loan agreement	**1,580**	1,580
21 377 478	21 377 478		**213,775**	213,775

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

	2014	2013
	(NUMBER OF SHARES)	
The Crescent Textile Mills Limited	**975 944**	975 944
Jubilee Spinning & Weaving Mills Limited	**-**	510 600
Shams Textile Mills Limited	**166 784**	166 784
Premier Insurance Limited	**200 000**	200 000
Crescent Powertec Limited	**114 605**	112 605
	1 457 333	1 965 933

4. RESERVES

	2014	2013
	(RUPEES IN THOUSAND)	
		Restated
Composition of reserves is as follows:		
Capital reserves		
Premium on issue of shares (Note 4.1)	**5,496**	5,496
Plant modernization	**12,000**	12,000
Fair value (Note 4.2)	**13,119**	7,496
	30,615	24,992
Revenue reserves		
General	**44,975**	44,975
Dividend equalization	**4,000**	4,000
Unappropriated profit	**394,148**	355,322
	443,123	404,297
	473,738	429,289

4.1 This reserve can be utilized by the Group only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

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

	2014	2013
	(RUPEES IN THOUSAND)	
Opening balance	**7,496**	4,770
Fair value adjustment during the year / period	**5,623**	2,726
Closing balance	**13,119**	7,496

5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Investment properties:	**52,665**	52,665
Property, plant and equipment (Note 5.1)	**2,486,034**	2,487,285
	2,538,699	2,539,950

5.1 Freehold land of the Holding Company was revalued in March 2010 by an independent valuer, Messrs Saleem Engineers using market value method. Building on leasehold land of mills and others of the Subsidiary Company were revalued by an independent valuer, Messrs Sadruddin Associates on 25 January 2010 on the basis of depreciated replacement values.

6. LONG TERM FINANCING

Financing from banking companies - secured:		
Holding Company		
National Bank of Pakistan (Note 6.1)	**7,493**	22,479
Less: Paid during the year	**(7,493)**	(14,986)
	-	7,493
Less: Current portion shown under current liabilities	**-**	(7,493)
	-	-

6.1 This loan was obtained from National Bank of Pakistan, payable in 10 equal half yearly installments with one year grace period started from 22 February 2008 with mark-up at the rate of 6 months KIBOR plus 3% with floor of 7% and no cap (2013: 6 months KIBOR plus 3% with floor of 7% and no cap). Mark-up was payable on quarterly basis. Last installment of the loan was paid during the year on 10 February 2014. This facility was secured against charge over imported machinery and gas generators and first charge over fixed assets amounting to Rupees 316 million and personal guarantee of directors.

7. DEFERRED INCOME TAX LIABILITY

	2014	2013
	(RUPEES IN THOUSAND)	
Holding Company		Restated
Taxable temporary difference		
Tax depreciation allowance	**17,109**	22,125
Deductible temporary differences		
Unused tax losses	**-**	(4,338)
Provision for gratuity	**(4,768)**	(3,984)
Provision for doubtful debts	**(3,861)**	(3,998)
	(8,629)	(12,320)
	8,480	9,805
Subsidiary Company		
Opening balance	**8,312**	9,420
Less:		
Adjustment of change in deferred tax rate	**244**	269
Deferred income tax liability on incremental depreciation charged during the year / period transferred to consolidated profit and loss account	**736**	839
	980	1,108
	7,332	8,312
Total deferred income tax liability	**15,812**	18,117

8. EMPLOYEES' RETIREMENT BENEFITS

	2014	2013
Opening balance	**30,257**	21,159
Current service cost	**17,555**	8,537
Interest cost	**4,531**	2,428
Retirement benefit paid	**(14,468)**	(8,867)
Experience adjustment recognized in consolidated other comprehensive income	**10,282**	7,000
Closing balance	**48,157**	30,257

8.1 Movement in the net liability recognized:

	2014	2013
Opening balance	**30,257**	21,159
Add: Provision for the year / period (Note 8.2)	**22,086**	10,965
Experience adjustment recognized in consolidated other comprehensive income	**10,282**	7,000
	62,625	39,124
Less: Paid during the year / period	**(14,468)**	(8,867)
	48,157	30,257

		2014	2013
8.2	**Provision for the year / period**	(RUPEES IN THOUSAND)	
	Current service cost	**17,555**	8,537
	Interest cost	**4,531**	2,428
		22,086	10,965

8.3 Principal actuarial assumptions used:

	2014	2013
Discount rate used (% per annum)	**12.50 %**	11.50 %
Expected rate of increase in salaries (% per annum)	**11.50 %**	10.50 %
Average expected remaining working life time of employees (years)	**8**	10

8.4 Trend Information:

(RUPEES IN THOUSAND)

	2014	2013	2012	2011	2010
Present value of defined benefit obligation	48,157	30,257	28,159	20,441	12,302
Experience adjustment on obligation	(10,282)	(7,000)	(902)	(3,787)	-

		2014	2013
9.	**TRADE AND OTHER PAYABLES**	(RUPEES IN THOUSAND)	
	Creditors (Note 9.1)	**182,020**	150,497
	Accrued liabilities (Note 9.2)	**145,696**	140,540
	Advances from customers	**3,670**	15,770
	Income tax deducted at source	**1,152**	2,180
	Dividend payable (Note 9.3)	**42,754**	-
	Unclaimed dividend	**1,921**	1,945
	Workers' profit participation fund (Note 9.4)	**5,960**	26,140
	Workers' welfare fund	**267**	-
		383,440	337,072

9.1 These include balance of Rupees Nil (2013: Rupees 0.097 million) due to a related party.

9.2 These include insurance premium of Rupees 6.308 million (2013: Rupees 6.852 million) due to a related party.

9.3 Some shareholders of the Holding Company filed a petition for winding up of the Holding Company under section 305 of the Companies Ordinance, 1984 and investigation of Holding Company's affairs under section 265 of the Companies Ordinance, 1984 in Honorable Lahore High Court, Lahore. Honorable Lahore High Court, Lahore issued an order on 30 October 2013 that the proceedings of the Annual General Meeting of the Holding Company for the period ended 30 June 2013 will not be finalized up till the decision of the Court. Subsequently, Honorable Lahore High Court, Lahore dismissed the above said petition on 26 January 2015. Hence, cash dividend at the rate of Rupees 2 per ordinary share, approved by the Board of Directors of the Holding Company in their meeting held on 09 October 2013 is being paid.

9.4 Workers' profit participation fund

	2014	2013
Opening balance	**26,140**	18,496
Add: Provision for the year / period (Note 30)	**5,960**	16,823
Interest for the year / period (Note 32)	**962**	375
	33,062	35,694
Less: Payments during the year / period	**27,102**	9,554
Closing balance	**5,960**	26,140

9.4.1 Workers' profit participation fund is retained for business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized till the date of allocation to workers.

	2014	2013
	(RUPEES IN THOUSAND)	
10. ACCRUED MARK-UP		
Long term financing	**-**	326
Short term borrowings	**18,270**	18,143
	18,270	18,469
11. SHORT TERM BORROWINGS		
Holding Company		
From banking companies - secured		
Cash finances and export finances (Note 11.1)	**80,887**	96,983
Others - unsecured		
Associated company (Note 11.2)	**2,408**	8,390
Other related parties (Note 11.3)	**181,809**	124,423
Temporary bank overdraft	**40,005**	98,969
	224,222	231,782
	305,109	328,765
Subsidiary Company		
Samba Bank Limited - secured (Note 11.4)	**5,000**	5,000
	310,109	333,765

11.1 These form part of total credit facility of Rupees 1,700 million (2013: Rupees 1,500 million) and carries mark-up at the rate of 3 months KIBOR plus 2 percent (2013: 3 months KIBOR plus 2.50 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. The rate of mark-up ranges from 11.43 percent to 12.18 percent (2013: 11.81 percent to 12.70 percent) per annum.

11.2 This represents loan obtained from Riaz and Company (1962-Private) Limited, an associated company which is repayable on demand. It carries mark-up at the rate of 10 percent (2013: 10 percent) per annum.

11.3 These represent interest free loans from Chief Executive Officer, Directors, Executives and other related parties of the Holding Company which are repayable on demand.

11.4 This represents overdue balance of loan obtained from Samba Bank Limited and is secured against demand promissory note. It carries mark-up at the rate of 12 percent (2013: 12 percent) per annum.

12. CONTINGENCIES AND COMMITMENTS

a) Contingencies:

Holding Company

i) Certain additions have been made by the assessing officer in different assessment years on various grounds and has created demand of Rupees 10.787 million (2013: Rupees 10.787 million). The Holding Company, being aggrieved, has filed appeals with the Honorable High Court, Lahore, which are still pending. No provision has been made in the 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 for the recovery of Rupees 23.000 million (2013: Rupees 23.000 million) along with mark-up in Civil Court, Lahore. 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 35.993 million (2013: Rupees 35.993 million) have been given by the banks of the Holding Company to Sui Northern Gas Pipelines Limited against gas connections.

iv) Holding Company's share in contingencies of associated companies accounted for under equity method is Rupees 72.069 million (2013: Rupees 68.152 million).

Subsidiary Company

v) The Subsidiary Company is contingently liable for a claim of Rupees 0.215 million (2013: 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) Contract for capital expenditure of the Group is of Rupees Nil (2013: Rupees 10.972 million).

ii) Letter of credit other than for capital expenditure of the Group is of Rupees 18.924 million (2013: Rupees Nil).

	2014	2013
	(RUPEES IN THOUSAND)	
13. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 13.1)	**2,782,023**	2,785,896
Capital work-in-progress (Note 13.2)	**86,790**	65,000
	2,868,813	2,850,896

13.1 PROPERTY, PLANT AND EQUIPMENT

(RUPEES IN THOUSAND)

	Land-Freehold	Buildings and roads on freehold land	Buildings and roads on leasehold land	Plant and machinery	Stand-by equipment	Electric installations	Tools and equipment	Furniture and fixtures	Vehicles	Office equipment	Service equipment	Total
At 30 September 2012												
Cost / revalued amount	2,475,264	128,364	48,364	642,101	97,980	26,169	16,945	10,614	17,113	8,626	486	3,472,026
Accumulated depreciation	-	(99,128)	(19,975)	(460,506)	(40,683)	(20,414)	(12,817)	(7,392)	(10,775)	(7,839)	(479)	(680,008)
Impairment loss	-	-	-	(294)	-	-	-	-	-	-	-	(294)
Net book value	2,475,264	29,236	28,389	181,301	57,297	5,755	4,128	3,222	6,338	787	7	2,792,018
Period ended 30 June 2013												
Opening net book value	2,475,264	29,236	28,389	181,301	57,297	5,755	4,128	3,222	6,338	787	7	2,791,724
Additions	-	-	-	14,567	-	1,391	178	1,056	1,089	1,377	-	19,658
Transferred to non-current assets held for sale:												
Cost	-	-	-	-	-	-	-	(25)	-	(28)	-	(53)
Accumulated depreciation	-	-	-	-	-	-	-	19	-	27	-	46
	-	-	-	-	-	-	-	(6)	-	(1)	-	(7)
Transfer from non-current assets held for sale												
Cost	-	-	-	-	-	-	1,215	-	-	-	-	1,215
Accumulated depreciation	-	-	-	-	-	-	(905)	-	-	-	-	(905)
	-	-	-	-	-	-	310	-	-	-	-	310
Disposals:												
Cost	-	-	-	(1,145)	-	-	-	-	(1,736)	-	-	(2,881)
Accumulated depreciation	-	-	-	1,096	-	-	-	-	1,352	-	-	2,448
	-	-	-	(49)	-	-	-	-	(384)	-	-	(433)
Depreciation charge	-	(1,904)	(2,587)	(14,024)	(4,285)	(468)	(404)	(271)	(934)	(480)	(1)	(25,356)
Closing net book value	2,475,264	27,332	25,802	181,795	53,012	6,678	4,212	4,001	6,109	1,683	6	2,785,896
At 30 June 2013												
Cost / revalued amount	2,475,264	128,364	48,364	655,229	97,980	27,560	18,338	11,645	16,466	9,975	486	3,489,671
Accumulated depreciation	-	(101,032)	(22,562)	(473,434)	(44,968)	(20,882)	(14,126)	(7,644)	(10,357)	(8,292)	(480)	(703,775)
Net book value	2,475,264	27,332	25,802	181,795	53,012	6,678	4,212	4,001	6,109	1,683	6	2,785,896
Year ended 30 June 2014												
Opening net book value	2,475,264	27,332	25,802	181,795	53,012	6,678	4,212	4,001	6,109	1,683	6	2,785,896
Additions	-	2,380	-	18,738	-	147	109	883	6,682	475	-	29,414
Disposals:												
Cost	-	-	-	-	-	-	-	-	(1,966)	-	-	(1,966)
Accumulated depreciation	-	-	-	-	-	-	-	-	1,624	-	-	1,624
	-	-	-	-	-	-	-	-	(342)	-	-	(342)
Depreciation charge	-	(2,429)	(2,342)	(18,804)	(5,301)	(680)	(451)	(466)	(1,580)	(891)	(1)	(32,945)
Closing net book value	2,475,264	27,283	23,460	181,729	47,711	6,145	3,870	4,418	10,869	1,267	5	2,782,023
At 30 June 2014												
Cost / revalued amount	2,475,264	130,744	48,364	673,967	97,980	27,707	18,447	12,528	21,182	10,450	486	3,517,119
Accumulated depreciation	-	(103,461)	(24,904)	(492,238)	(50,269)	(21,562)	(14,577)	(8,110)	(10,313)	(9,183)	(481)	(735,096)
Net book value	2,475,264	27,283	23,460	181,729	47,711	6,145	3,870	4,418	10,869	1,267	5	2,782,023
Annual rate of depreciation (%)	-	5, 10	5, 10	10	10	10	10, 12	10	20	15, 50	10, 25	

13.1.1 Had there been no revaluation, the cost, accumulated depreciation and book value of the revalued assets as at reporting date would be as follows:

(RUPEES IN THOUSAND)

	Cost	Accumulated Depreciation	Book Value
Holding Company			
Freehold land	5,405	-	5,405
Subsidiary Company			
Buildings on leasehold land			
- Mills	11,504	10,745	759
- Others	2,633	2,145	480
2014	19,542	12,890	6,652
2013	19,542	12,780	6,762

13.1.2 Depreciation charge for the year / period has been allocated as follows:

	2014	2013
	(RUPEES IN THOUSAND)	
Cost of sales (Note 27)	**27,046**	20,511
Administrative expenses (Note 29)	**5,899**	4,845
	32,945	25,356

13.1.3 Detail of operating fixed assets disposed of during the year is as follows:

(RUPEES IN THOUSAND)

Description	Cost	Accumulated depreciation	Net Book Value	Sale proceeds	Gain	Mode of disposal	Particulars of Purchaser
Vehicles							
Toyota Corolla LZR-545	1,126	987	139	1,100	961	Negotiation	Hassan Enterprises, Sheikhupura Road, Faisalabad
Toyota Corolla LZV-8700	840	637	203	1,200	997	Negotiation	Chiniot Enterprises, Jaranwala Road, Faisalabad
	1,966	1,624	342	2,300	1,958		

13.2 CAPITAL WORK IN PROGRESS

	2014	2013
	(RUPEES IN THOUSAND)	
Advance against purchase of new industrial unit	**80,350**	65,000
Buildings and roads on freehold land	**6,440**	-
	86,790	65,000

14. INVESTMENT PROPERTIES

	2014	2013
Year / period ended 30 June		
Opening net book value	**54,172**	54,172
Fair value gain (Note 31)	**4,360**	-
Closing net book value	**58,532**	54,172

14.1 The fair value of the investment properties has been determined by the Holding Company on the basis of assessment of the current prices in an active market for similar properties in the same condition. No expenses directly related to investment properties were incurred during the year.

15. LONG TERM INVESTMENTS-ASSOCIATES

(RUPEES IN THOUSAND)

	2014			2013		
	COST	SHARE OF POST ACQUISITION PROFIT/(LOSS)	NET	COST	SHARE OF POST ACQUISITION PROFIT/(LOSS)	NET
QUOTED						
Shakarganj Mills Limited 2 865 830 (2013: 2 865 830) ordinary shares of Rupees 10 each fully paid. Equity held 4.12% (2013: 4.12%)	**24,395**	**64,497**	**88,892**	24,395	87,266	111,661
The Crescent Textile Mills Limited 2 681 875 (2013: 2 681 875) ordinary shares of Rupees 10 each fully paid. Equity held 5.45% (2013: 5.45%)	**17,909**	**87,856**	**105,765**	17,909	73,479	91,388
Premier Insurance Limited 363 380 (2013: 363 380) ordinary shares of Rupees 5 each fully paid. Equity held 0.60% (2013: 0.60%)	**75**	**2,091**	**2,166**	75	3,529	3,604
Jubilee Spinning and Weaving Mills Limited Nil (2013: 474 323) ordinary shares of Rupees 10 each fully paid. Equity held Nil (2013: 1.46%) (Note 15.2)	**-**	**-**	**-**	1,229	(1,177)	52
Crescent Jute Products Limited 201 933 (2013: Nil) ordinary shares of Rupees 10 each fully paid. Equity held 0.85% (2013: Nil) (Note 15.3)	**101**	**(101)**	**-**	-	-	-
	42,480	**154,343**	**196,823**	43,608	163,097	206,705

15.1 The management intends to dispose of the investments in Shakarganj Mills Limited and The Crescent Textile Mills Limited in next twelve months from the balance sheet date. However, these investments have been classified as long term pursuant to IAS 28, 'Investment in Associates' which requires that investment in associates should be accounted for in consolidated financial statements under equity method except when the investment is acquired and held exclusively with a view to its subsequent disposal in the near future. As these investments were not acquired for disposal purposes, 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 Ordinance, 1984 requires that the investments accounted for under equity method should be classified as long term investments.

15.2 As a result of no representation of the Holding Company on the Board of Directors of Jubilee Spinning and Weaving Mills Limited, the Group has reclassified its investment in Jubilee Spinning and Weaving Mills Limited as available for sale investment. Previously, this investment was classified as long term investment in associate. This has resulted in a gain of Rupees 2.320 million which has been recognized in consolidated profit and loss account as per provisions of IAS 28 ‘Investments in Associates’.

15.3 As a result of getting representation of the Holding Company on the Board of Directors of Crescent Jute Products Limited, the Group has reclassified its investment in Crescent Jute Products Limited as long term investment in associate. Previously, this investment was classified as available for sale investment.

15.4 INFORMATION ABOUT ASSOCIATES

RUPEES IN THOUSAND

	ASSETS		LIABILITIES		NET ASSETS		REVENUE		(LOSS) / PROFIT AFTER TAXATION	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
QUOTED										
Shakarganj Mills Limited Nine months ended 30 June 2014 - Un-audited (Six months ended 31 March 2013 - Un-audited)	**8,846,088**	13,416,336	**7,176,473**	11,251,061	**1,669,615**	2,165,275	**9,707,795**	6,559,851	**(387,022)**	432,627
The Crescent Textile Mills Limited Year ended 30 June 2014 - Audited (Nine months ended 31 March 2013 - Audited)	**11,977,971**	12,064,617	**6,613,749**	7,759,901	**5,364,222**	4,304,716	**12,411,497**	10,349,331	**235,017**	83,149
Premier Insurance Limited Six months ended 30 June 2014 - Un-audited (Six months ended 30 June 2013 - Un-audited)	**3,320,180**	3,367,596	**1,820,901**	1,627,984	**1,499,279**	1,739,612	**162,196**	158,816	**5,935**	18,238
Jubilee Spinning and Weaving Mills Limited (Nine months ended 31 March 2013 - Un-audited)	**-**	852,060	**-**	316,196	**-**	535,864	**-**	295,593	**-**	3,671
Crescent Jute Products Limited Year ended 30 June 2014 - Audited	**375,570**	-	**443,098**	-	**(67,528)**	-	**21,618**	-	**165,035**	-

15.5 AGGREGATE MARKET VALUE OF INVESTMENTS IN QUOTED ASSOCIATED COMPANIES

	2014	2013
	(RUPEES IN THOUSAND)	
Shakarganj Mills Limited	**48,490**	62,647
The Crescent Textile Mills Limited	**54,952**	47,469
Premier Insurance Limited	**3,997**	2,907
Jubilee Spinning and Weaving Mills Limited	**-**	2,846
Crescent Jute Products Limited	**539**	-
	107,978	115,869

16. LONG TERM INVESTMENTS

	2014	2013
	(RUPEES IN THOUSAND)	
AVAILABLE FOR SALE		
QUOTED		
Crescent Jute Products Limited Nil (2013: 201 933) ordinary shares of Rupees 10 each fully paid. Equity held Nil (2013: 0.85%)	-	101
Jubilee Spinning and Weaving Mills Limited 474 323 (2013: Nil) ordinary shares of Rupees 10 each fully paid. Equity held 1.46% (2013: Nil)	2,372	-
Crescent Fibres Limited 71 820 (2013: 71 820) ordinary shares of Rupees 10 each fully paid. Equity held 0.58% (2013: 0.58%)	615	615
Crescent Spinning Mills Limited 696 000 (2013: 696 000) ordinary shares of Rupees 10 each fully paid. Equity held 4.59% (2013: 4.59%)	-	-
Security Papers Limited 436 (2013: 364) ordinary shares of Rupees 10 each fully paid.	1	1
UNQUOTED		
Crescent Modaraba Management Company Limited 119 480 (2013: 119 480) ordinary shares of Rupees 10 each fully paid. Equity held 6.52% (2013: 6.52%)	664	664
Premier Financial Services (Private) Limited 2 500 (2013: 2 500) ordinary shares of Rupees 1,000 each fully paid. Equity held 11.11% (2013: 11.11%)	2,500	2500
Crescent Bahuman Limited 1 043 988 (2013: 1 043 988) ordinary shares of Rupees 10 each fully paid. Equity held 1.28% (2013: 1.28%)	-	-
	6,152	3,881
Add: Fair value adjustment	1,555	1,864
	7,707	5,745

		2014	2013
17.	**STORES, SPARE PARTS AND LOOSE TOOLS**	**(RUPEES IN THOUSAND)**	
	Stores	**15,704**	33,222
	Spare parts	**16,670**	29,881
	Loose tools	**176**	170
		32,550	63,273
	Less: Provision for obsolete stores, spare parts and loose tools (Note 17.1)	**-**	17,773
		32,550	45,500
17.1	**Provision for obsolete stores, spare parts and loose tools**		
	Opening balance	**17,773**	-
	Provision made during the year / period	**-**	17,773
	Provision written off during the year / period	**(17,773)**	-
			17,773
	Closing balance	**-**	17,773

		2014	2013
18.	**STOCK-IN-TRADE**		
	Raw material	**138,418**	206,781
	Work-in-process	**19,335**	19,248
	Finished goods	**253,799**	161,451
	Waste	**2,317**	1,680
		413,869	389,160

18.1 Stock-in-trade of Rupees 202.342 million (2013: Rupees 1.680 million) is being carried at net realizable value.

18.2 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year / period was Rupees 37.796 million (2013: Rupees Nil).

		2014	2013
19.	**TRADE DEBTS - Considered good**		
	Secured (against letters of credit)	**70,713**	89,183
	Unsecured (Note 19.1)	**8,697**	7,051
		79,410	96,234

19.1 As at 30 June 2014, trade debts of Rupees 11.177 million (2013: Rupees 6.969 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:

	2014	2013
Upto 1 month	**47**	736
1 to 6 months	**4,388**	228
More than 6 months	**6,742**	6,005
	11,177	6,969

		2014	2013
20.	**LOANS AND ADVANCES**		
	Considered good:		
	Employees - Interest free		
	Against expenses	**45**	824
	Against salary (Note 20.1)	**11,234**	8,964
		11,279	9,788
	Advances to suppliers / contractors	**24,474**	12,452
	Letters of credit	**235**	89
		35,988	22,329

20.1 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.

	2014	2013
	(RUPEES IN THOUSAND)	

21. SHORT TERM DEPOSITS, PREPAYMENTS AND BALANCES WITH STATUTORY AUTHORITIES

	2014	2013
Margin deposit	**22,056**	3,675
Prepayments	**1,145**	1,885
Balances with statutory authorities:		
Advance income tax	**99,053**	144,665
Sales tax and excise duty refundable	**47,499**	28,965
	146,552	173,630
	169,753	179,190

22. OTHER RECEIVABLES

	2014	2013
Considered good:		
Profit on deposits with banks receivable	**2,461**	2,513
Others	**37,355**	45,046
	39,816	47,559
Considered doubtful	**11,760**	11,760
Less: Provision for doubtful receivables	**11,760**	11,760
	-	-
	39,816	47,559

23. SHORT TERM INVESTMENTS

AVAILABLE FOR SALE

	2014	2013
QUOTED		
Crescent Steel and Allied Products Limited 14 461 (2013: 13 147) ordinary shares of Rupees 10 each fully paid. Equity held 0.02% (2013: 0.02%)	**33**	33
Samba Bank Limited 2 804 313 (2013: 4 973 666) ordinary shares of Rupees 10 each fully paid. Equity held 0.35% (2013: 0.35%) (Note 23.1)	**7,709**	7,709
	7,742	7,742
Add: Fair value adjustment	**11,564**	5,632
	19,306	13,374

23.1 Samba Bank Limited in its Extraordinary General Meeting (EOGM) held on 17 January 2013 approved the reduction of its share capital through cancellation. The share capital was subsequently reduced after fulfilling the formalities of High Court and other regulatory authorities. Therefore the number of shares held by the Holding Company has been reduced.

24. CASH AND BANK BALANCES	2014	2013
	(RUPEES IN THOUSAND)	
With banks :		
On current accounts	**11,187**	5,073
Term deposit receipts (Note 24.1)	**-**	130,534
On deposit account (Note 24.2)	**2,800**	2,800
Call deposit receipts	**108,511**	-
	122,498	138,407
Cash in hand	**815**	831
	123,313	139,238

24.1 These represented deposits with a banking company having maturity period of one month and carried rate of profit ranged from 8.50% to 9.25% (2013: 9.00% to 10.25%) per annum.

24.2 The rate of profit is 6 percent (2013: 6 percent) per annum.

25. NON-CURRENT ASSETS HELD FOR SALE

The non-current assets classified as held for sale under IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations' in their respective categories are summarized hereunder:

25.1 Non-current assets classified as held for sale

	2014	2013
Property, plant and equipment - Sugar Unit (Note 25.1.1)	**913**	913
Property, plant and equipment - Distillery Unit (Note 25.1.2)	**-**	-
	913	913

25.1.1 Property, plant and equipment - Sugar Unit

Property, plant and equipment related to Sugar Unit has been presented as held for sale following the approval of the Board of Directors and shareholders of the Holding Company in Annual General Meeting held on 31 January 2011 regarding the disposal of plant and machinery and related equipment of Sugar Unit of the Holding Company. Major portion of the plant and machinery and related equipment has been disposed of by the Holding Company. The remaining assets are expected to be disposed of during the next financial year.

Non-current assets classified as held for sale

	2014	2013
Book value of assets transferred from property, plant and equipment:		
Plant and machinery	**752**	8,533
Electric installations	**-**	234
Tools and equipment	**158**	1,513
Service equipment	**3**	9
	913	10,289
Less: Book value of assets sold		
Plant and machinery	**-**	7,781
Electric Installations	**-**	234
Tools and equipment	**-**	1,045
Service equipment	**-**	6
	-	9,066
Tools and equipment transferred to property, plant and equipment	**-**	310
	-	9,376
Closing carrying value of non-current assets held for sale	**913**	913

25.1.2 Property, plant and equipment - Distillery Unit

The Holding Company has disposed of whole of the plant and machinery and related equipment during the period ended 30 June 2013.

	2014	2013
Non-current assets classified as held for sale	(RUPEES IN THOUSAND)	
Book value of assets transferred from property, plant and equipment:		
Plant and machinery	-	590
Tools and equipment	-	4
	-	594
Book value of assets transferred from property, plant and equipment:		
Furniture and fixtures	-	6
Office equipment	-	1
	-	7
	-	601
Less: Book value of assets sold		
Plant and machinery	-	590
Furniture and fixtures	-	6
Office equipment	-	1
Tools and equipment	-	4
	-	601
	-	-

25.2 Analysis of the result of discontinued operations

Profit after taxation from discontinued operations

	2014	2013
Sugar Unit (Note 25.2.1)	-	9,450
Distillery Unit (Note 25.2.2)	-	45,766
	-	55,216

25.2.1 Analysis of result of discontinued operation - Sugar Unit

	2014	2013
OTHER INCOME	-	46,596
ADMINISTRATIVE EXPENSES	-	(19,404)
OTHER EXPENSES	-	(17,737)
	-	(37,141)
PROFIT FROM DISCONTINUED OPERATION	-	9,455
FINANCE COST	-	(5)
PROFIT BEFORE TAXATION FROM DISCONTINUED OPERATION	-	9,450
TAXATION	-	-
PROFIT AFTER TAXATION FROM DISCONTINUED OPERATION	-	9,450

		2014	2013
		(RUPEES IN THOUSAND)	

25.2.2 Analysis of result of discontinued operation - Distillery Unit

	2014	2013
OTHER INCOME	-	45,899
ADMINISTRATIVE EXPENSES	-	(97)
OTHER EXPENSES	-	(36)
	-	(133)
PROFIT BEFORE TAXATION FROM DISCONTINUED OPERATION	-	45,766
TAXATION	-	-
PROFIT AFTER TAXATION FROM DISCONTINUED OPERATION	-	45,766

25.3 Cash flows of discontinued operations

There was no cash flows from the discontinued operation of Sugar Unit during the year ended 30 June 2014.

26. SALES

	2014	2013
Local (Note 26.1)	**527,558**	609,333
Export (Note 26.2 and 26.3)	**4,431,065**	3,207,246
	4,958,623	3,816,579

26.1 Local

	2014	2013
Yarn	**502,849**	560,198
Cotton / polyester	**7,867**	32,071
Waste	**27,538**	21,155
	538,254	613,424
Less: Sales tax	**10,696**	4,091
	527,558	609,333

26.2 Export

	2014	2013
Yarn	**949,798**	1,197,838
Cloth	**3,404,756**	1,988,523
Socks	**76,511**	20,885
	4,431,065	3,207,246

26.3 Exchange gain due to currency rate fluctuations relating to export sales amounting to Rupees 88.827 million (2013: Rupees 36.564 million) has been included in export sales.

	2014	2013
	(RUPEES IN THOUSAND)	
		Restated
27. COST OF SALES		
Raw materials consumed	**2,793,997**	1,989,486
Cost of raw materials sold	**7,892**	28,294
Salaries, wages and other benefits (Note 27.1)	**291,399**	200,065
Stores, spare parts and loose tools consumed	**114,731**	87,755
Fuel and power	**487,177**	311,439
Outside weaving / other charges	**615,565**	342,756
Other manufacturing overheads	**9,492**	5,778
Insurance	**5,322**	4,476
Repair and maintenance	**5,323**	6,812
Depreciation (Note 13.1.2)	**27,046**	20,511
	4,357,944	2,997,372
Work-in-process		
Opening stock	**19,248**	16,336
Closing stock	**(19,335)**	(19,248)
	(87)	(2,912)
Cost of goods manufactured	**4,357,857**	2,994,460
Finished goods		
Opening stock	**163,131**	126,612
Closing stock	**(256,116)**	(163,131)
	(92,985)	(36,519)
	4,264,872	2,957,941
Cost of goods purchased for resale	**324,738**	376,072
	4,589,610	3,334,013

27.1 Salaries, wages and other benefits include staff retirement benefit amounting to Rupees 19.761 million (2013: Rupees 10.965 million).

	2014	2013
	(RUPEES IN THOUSAND)	
28. DISTRIBUTION COST		
Freight and forwarding	**64,401**	48,311
Commission to selling agents	**35,468**	35,684
Insurance	**4,379**	2,824
Loading and handling	**8,667**	4,837
Others	**642**	2,826
	113,557	94,482

	2014	2013
	(RUPEES IN THOUSAND)	

29. ADMINISTRATIVE EXPENSES

	2014	2013
Salaries and other benefits (Note 29.1)	**68,731**	39,059
Workers' welfare	**2,987**	2,173
Traveling and conveyance	**5,241**	3,707
Insurance	**1,932**	592
Rent, rates and taxes	**2,962**	2,232
Entertainment	**3,870**	2,165
Fee and subscription	**1,030**	487
Communication	**3,083**	1,966
Vehicles' running	**8,003**	6,658
Repair and maintenance	**8,640**	12,208
Utilities	**9,263**	4,341
Printing and stationery	**1,864**	1,390
Books and periodicals	**40**	52
Auditors' remuneration:		
Statutory audit	**650**	530
Other certifications including half yearly review	**125**	50
Out of pocket expenses	**30**	20
	805	600
Legal and professional	**3,202**	1,152
Miscellaneous	**2,567**	1,848
Depreciation (Note 13.1.2)	**5,899**	4,845
	130,119	85,475

29.1 Salaries and other benefits include staff retirement benefits amounting to Rupees 2.325 million (2013: Rupees 1.290 million).

30. OTHER EXPENSES

	2014	2013
Stores, spare parts and loose tools written off	**33**	25
Workers' profit participation fund (Note 9.4)	**5,960**	16,823
Workers' welfare fund	**267**	-
Donations (Note 30.1)	**220**	-
Loss on disposal of obsolete store, spare parts and loose tools	**1,335**	-
Trade debts written off	**345**	-
Loans and advances written off	**507**	757
Other receivables written off	**3,514**	-
	12,181	17,605

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

		2014	2013
		(RUPEES IN THOUSAND)	
31.	**OTHER INCOME**		
	Income from financial assets		
	Profit on deposits with banks	**9,675**	11,577
	Dividend income from other investments (Note 31.1)	**158**	98
		9,833	11,675
	Income from non-financial assets		
	Rental Income	**5,586**	3,818
	Scrap sales	**703**	609
	Gain on sale of property, plant and equipment	**1,958**	409
	Gain on remeasurment of fair value of investment properties (Note 14)	**4,360**	-
	Gain on loss of significant influence over investee company	**2,320**	-
	Credit balances written back	**2,849**	-
	Excess amount received from a party as penalty	**13,000**	-
		30,776	4,836
		40,609	16,511
31.1	**Dividend income from other investments:**		
	Crescent Fibres Limited	**108**	72
	Security Papers Limited	**2**	-
	Crescent Steel and Allied Products Limited	**48**	26
		158	98
32.	**FINANCE COST**		
	Mark-up on:		
	Long term financing	**231**	1,469
	Short term borrowings (Note 32.1)	**28,136**	29,967
	Workers' profit participation fund (Note 9.4)	**962**	375
	Bank charges and commission	**10,914**	7,978
		40,243	39,789

32.1 It includes Rupees 0.399 million (2013: Rupees 0.560 million) charged as mark-up by associated company.

		2014	2013
		(RUPEES IN THOUSAND)	Restated
33.	**TAXATION**		
	Current		
	- For the year / period	**47,927**	39,722
	- Prior year	**(32,279)**	(9,699)
		15,648	30,023
	Deferred	**(1,043)**	32,052
		14,605	62,075

33.1 Provision for income tax is made in accordance with the relevant provisions of Income Tax Ordinance, 2001.

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

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

		2014	2013
			Restated
Continuing operation			
Profit for the year / period after taxation	(Rupees in thousand)	**89,349**	222,170
Weighted average number of ordinary shares of Holding Company	(Numbers)	**21 377 478**	21 377 478
Earnings per share	(Rupees)	**4.18**	10.39
Discontinued operations			
Profit for the year / period after taxation	(Rupees in thousand)	**-**	55,216
Weighted average number of ordinary shares of Holding Company	(Numbers)	**21 377 478**	21 377 478
Earnings per share	(Rupees)	**-**	2.58

35. CASH GENERATED FROM OPERATIONS

	2014	2013
	(RUPEES IN THOUSAND)	
		Restated
Profit before taxation	**103,954**	339,461
Adjustments for non cash charges and other items:		
Depreciation	**32,945**	25,356
Provision for staff retirement gratuity	**22,086**	10,965
Gain on sale of property, plant and equipment	**(1,958)**	(587)
Gain on remeasurement of fair value of investment properties	**(4,360)**	-
Gain on loss of significant influence over investee company	**(2,320)**	-
Gain on sale of non-current assets held for sale	**-**	(88,599)
Share of (loss) / profit from associated companies	**9,568**	(22,519)
Credit balances written back	**(2,849)**	(3,521)
Trade debts written off	**345**	-
Loans and advances written off	**507**	757
Other receivable written off	**3,514**	-
Profit on deposits with banks	**(9,675)**	(11,577)
Provision for obsolete items of stores, spare parts and loose tools	**-**	17,773
Stores, spare parts and loose tools written off	**33**	25
Finance cost	**40,243**	39,794
Provision for workers' profit participation fund	**5,960**	16,823
Provision for workers' welfare fund	**267**	-
Working capital changes (Note 35.1)	**(15,077)**	(34,463)
	183,183	289,688

35.1 Working capital changes

	2014	2013
Decrease / (increase) in current assets		
Stores, spare parts and loose tools	**12,917**	(1,094)
Stock-in-trade	**(24,709)**	107,004
Trade debts	**16,479**	(5,902)
Loans and advances	**(14,166)**	(6,917)
Prepayments and balances with statutory authorities	**(36,175)**	(21,285)
Other receivables	**4,177**	(9,789)
Increase / (decrease) in trade and other payables	**26,400**	(96,480)
	(15,077)	(34,463)

36. 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:

	2014	2013
	(RUPEES IN THOUSAND)	
Associated companies		
Dividend income	**363**	363
Service charges	**5,892**	6,852
Mark-up expense	**399**	560
Dividend paid	**-**	2,362
Other related parties		
Amount received from directors / executives	**80,460**	15,013
Amount paid to directors / executives	**23,074**	8,897
Holding Company's contribution to Employees' Provident Fund Trust	**-**	1,290

37. 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 are as follows:

(RUPEES IN THOUSAND)

Description	Chief Executive Officer		Directors		Executives	
	2014	2013	2014	2013	2014	2013
Managerial remuneration	**4,603**	3,600	**8,361**	6,750	**12,384**	8,535
Allowances:						
Housing	**2,071**	1,620	**3,762**	3,037	**2,409**	3,978
Utilities	**460**	360	**836**	675	**1,238**	243
Group insurance	**-**	-	**9**	9	**8**	3
Reimbursable expenses	**460**	137	**836**	548	**1,238**	343
Contribution to Employees' Provident Fund Trust	**-**	360	**-**	675	**-**	243
	7,594	6,077	**13,804**	11,694	**17,277**	13,345
Number of persons	**1**	1	**3**	3	**7**	6

37.1 Aggregate amount charged in these consolidated financial statements for meeting fee to two directors (2013: two directors) of the Holding Company was Rupees 373,334 (2013: Rupees 180,000).

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

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

38. NUMBER OF EMPLOYEES

	2014	2013
	(Number of Persons)	
Number of employees as on 30 June	**1,571**	1,776
Average number of employees during the year / period	**1,645**	1,754

39. FINANCIAL RISK MANAGEMENT

39.1 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) and Euro. 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:

	2014	2013
Trade debts - USD	**709,109**	904,489
Trade debts - Euro	**7,241**	-
Trade and other payables - USD	**-**	(133)
Net exposure - USD	**709,109**	904,356
Net exposure - Euro	**7,241**	-

Following significant exchange rates were applied during the year / period:

	2014	2013
Rupees per US Dollar		
Average rate	**103.21**	96.14
Reporting date rate	**98.55**	98.60
Rupees per Euro		
Average rate	**142.34**	-
Reporting date rate	**134.46**	-

Sensitivity Analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD and Euro with all other variables held constant, the impact on profit after taxation for the year / period would have been Rupees 3.253 million (2013: Rupees 4.236 million) and Rupees 0.045 million (2013: Rupees Nil) higher / lower respectively, 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 summarises the impact of increase / decrease in the Karachi Stock Exchange (KSE) Index on the Group's profit after taxation for the year / period and on equity (fair value reserve). The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index:

Index	Impact on profit after taxation		Impact on statement of other comprehensive income (fair value reserve)	
	2014	**2013**	**2014**	**2013**
	(RUPEES IN THOUSAND)			
KSE 100 (5% increase)	**-**	-	**1,192**	798
KSE 100 (5% decrease)	**-**	-	**(1,192)**	(798)

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

(iii) Interest rate risk

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

The Group has no significant interest bearing assets. The Group's interest rate risk arises from 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 balance sheet date, the interest rate profile of the Group’s interest bearing financial instruments was:

	2014	**2013**
	(RUPEES IN THOUSAND)	
Fixed rate instruments		
Financial assets		
Term deposit receipts	**-**	130,534
Deposit account	**2,800**	2,800
Financial liabilities		
Short term borrowings	**7,408**	13,390
Floating rate instruments		
Financial liabilities		
Long term financing	**-**	7,493
Short term borrowings	**80,887**	96,983

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 balance sheet date would not affect profit or loss of the Group.

Cash flow sensitivity analysis for fixed rate instruments

If interest rates at the year / period end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year / period would have been Rupees 0.753 million (2013: Rupees 0.992 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 balance sheet date were outstanding for the whole year / period.

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:

	2014	2013
	(RUPEES IN THOUSAND)	
Investments	**27,013**	19,119
Loans and advances	**11,234**	8,964
Deposits	**25,190**	6,809
Trade debts	**79,410**	96,234
Other receivables	**39,816**	47,559
Bank balances	**122,498**	138,407
	305,161	317,092

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			2014	2013
	Short Term	Long term	Agency	(RUPEES IN THOUSAND)	
Banks					
National Bank of Pakistan	A-1+	AAA	JCR-VIS	**1,655**	450
Allied Bank Limited	A1+	AA+	PACRA	**21**	21
Bank Alfalah Limited	A1+	AA	PACRA	**111,721**	133,373
Faysal Bank Limited	A1+	AA	PACRA	**20**	20
Habib Bank Limited	A-1+	AAA	JCR-VIS	**55**	21
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	**113**	2,693
MCB Bank Limited	A1+	AAA	PACRA	**63**	630
NIB Bank Limited	A1+	AA -	PACRA	**118**	116
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	**-**	24
United Bank Limited	A-1+	AA+	JCR-VIS	**8,171**	206
Meezan Bank Limited	A-1+	AA	JCR-VIS	**29**	24
Askari Bank Limited	A1+	AA	PACRA	**443**	91
Bank Al-Habib Limited	A1+	AA+	PACRA	**89**	738
				122,498	138,407

The Group's exposure to credit risk related to trade debts is disclosed in Note 19.

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

C) **Liquidity risk**

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

The Group manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2014, the Group had Rupees 1,619.113 million (2013: Rupees 1,403.017 million) available borrowing limits from financial institutions and Rupees 123.313 million (2013: Rupees 139.238 million) cash and bank balances. Management believes the liquidity risk to be low. Followings 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 2014:

	Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	(RUPEES IN THOUSAND)					
Non-derivative financial liabilities:						
Trade and other payables	372,391	372,391	372,391	-	-	-
Accrued mark-up	18,270	18,270	18,270	-	-	-
Short term borrowings	310,109	312,872	312,872	-	-	-
	700,770	703,533	703,533	-	-	-

Contractual maturities of financial liabilities as at 30 June 2013:

	Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
Non-derivative financial liabilities:						
Long term financing	7,493	7,625	7,625	-	-	-
Trade and other payables	292,982	292,982	292,982	-	-	-
Accrued mark-up	18,469	18,469	18,469	-	-	-
Short term borrowings	333,765	340,055	340,055	-	-	-
	652,709	659,131	659,131	-	-	-

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 / period end. The rates of interest / mark up have been disclosed in Note 6 and Note 11 to these consolidated financial statements.

39.2 **Fair values of financial assets and liabilities**

The carrying values of all financial assets and liabilities reflected in these consolidated financial statements approximate their fair values. Following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped in to levels 1 to 3 based on the degree to which fair value is observable:

	Level 1	Level 2	Level 3	Total
	(RUPEES IN THOUSAND)			
As at 30 June 2014				
Assets				
Available for sale financial assets	23,849	-	-	23,849
As at 30 June 2013				
Assets				
Available for sale financial assets	15,955	-	-	15,955

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial instruments held by the Group is the current bid price. These financial instruments are classified under level 1 in above referred table.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value a financial instrument are observable, those financial instruments are classified under level 2 in above referred table. The Group has no such type of financial instruments at the year / period end.

If one or more of the significant inputs is not based on observable market data, the financial instrument is classified under level 3. The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

39.3 Financial instruments by categories

	2014			2013		
	Loan and receivable	Available for sale	Total	Loan and receivable	Available for sale	Total
	(RUPEES IN THOUSAND)					
Assets as per balance sheet						
Investments	**-**	**27,013**	**27,013**	-	19,119	19,119
Loans and advances	**11,234**	**-**	**11,234**	8,964	-	8,964
Deposits	**25,190**	**-**	**25,190**	6,809	-	6,809
Trade debts	**79,410**	**-**	**79,410**	96,234	-	96,234
Other receivables	**39,816**	**-**	**39,816**	47,559	-	47,559
Cash and bank balances	**123,313**	**-**	**123,313**	139,238	-	139,238
	278,963	**27,013**	**305,976**	298,804	19,119	317,923

	2014	2013
	Financial Liabilities At Amortized Cost	
	(RUPEES IN THOUSAND)	
Liabilities as per balance sheet		
Long term financing	**-**	7,493
Accrued mark-up	**18,270**	18,469
Short term borrowings	**310,109**	333,765
Trade and other payables	**372,391**	292,982
	700,770	652,709

39.4 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 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 6 and Note 11 respectively. Total capital employed includes 'total equity' as shown in the balance sheet plus 'borrowings'.

		2014	2013 Restated
Borrowings	Rupees in thousand	**310,109**	341,258
Total equity	Rupees in thousand	**687,513**	643,064
Total capital employed	Rupees in thousand	**997,622**	984,322
Gearing ratio	Percentage	**31.08**	34.67

The decrease in the gearing ratio resulted primarily from decrease in borrowings of the Group.

Crescot Mills Limited, Subsidiary Company has ceased all production activities since August 1998 and the management concludes that the Company is not a going concern. Therefore, there is no need to maintain and adjust the capital structure and monitor the issues pertaining to the capital risk management of the Company.

40. SEGMENT INFORMATION

(RUPEES IN THOUSAND)

	TEXTILES		TRADING		Elimination of Inter-segment transactions		TOTAL-GROUP	
	2014	2013	2014	2013	2014	2013	2014	2013
		Restated						Restated
Sales	**3,668,144**	3,070,881	**3,404,756**	1,988,523	**(2,114,277)**	(1,242,825)	**4,958,623**	3,816,579
Cost of sales	**(3,471,162)**	(2,697,539)	**(3,232,725)**	(1,879,299)	**2,114,277**	1,242,825	**(4,589,610)**	(3,334,013)
Gross profit	**196,982**	373,342	**172,031**	109,224	**-**	-	**369,013**	482,566
Distribution cost	**(29,940)**	(37,062)	**(83,617)**	(57,420)	**-**	-	**(113,557)**	(94,482)
Administrative expenses	**(123,322)**	(80,017)	**(6,797)**	(5,458)	**-**	-	**(130,119)**	(85,475)
	(153,262)	(117,079)	**(90,414)**	(62,878)	**-**	-	**(243,676)**	(179,957)
	43,720	256,263	**81,617**	46,346	**-**	-	**125,337**	302,609
Finance cost	**(27,999)**	(28,795)	**(12,244)**	(10,994)	**-**	-	**(40,243)**	(39,789)
Profit before taxation and unallocated income and expenses	**15,721**	227,468	**69,373**	35,352	**-**	-	**85,094**	262,820
Other expenses							**(12,181)**	(17,605)
Other income							**40,609**	16,511
Share of (loss) / profit of associated companies							**(9,568)**	22,519
Taxation							**(14,605)**	(62,075)
Profit after taxation from continuing operations							**89,349**	222,170
Profit after taxation from discontinued operations							**-**	55,216
Profit after taxation							**89,349**	277,386

40.1 Reconciliation of reportable segment assets and liabilities:

(RUPEES IN THOUSAND)

	TEXTILES		TRADING		TOTAL-COMPANY	
	2014	2013	2014	2013	2014	2013
Total assets for reportable segments	**3,799,839**	3,793,958	**52,352**	52,573	**3,852,191**	3,846,531
Unallocated assets:						
Long term investments - associates					**196,823**	206,705
Non-current assets classified as held for sale					**913**	913
Total assets as per balance sheet					**4,049,927**	4,054,149

(RUPEES IN THOUSAND)

	2014	2013 Restated	2014	2013	2014	2013 Restated
Total liabilities for reportable segments	**673,275**	682,143	**86,701**	44,913	**759,976**	727,056
Unallocated liabilities:						
Deferred income tax liability					**15,812**	18,117
Provision for taxation					**47,927**	125,962
Total liabilities as per balance sheet					**823,715**	871,135

40.2 Geographical Information

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

	2014	2013
	(RUPEES IN THOUSAND)	
Asia	**4,354,554**	3,186,362
Europe	**31,151**	20,884
North and South America	**45,360**	-
Pakistan	**527,558**	609,333
	4,958,623	3,816,579

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

Revenue from major customers of Group's Trading segment represents Rupees 2,824.287 million (2013: Rupees 1,755.705 million). There is no major customer of Textiles segment.

41. PLANT CAPACITY AND ACTUAL PRODUCTION

		2014	2013
Holding Company:			
Spinning:			
100% plant capacity converted to 20s count based on 3 shifts per day for 1095 shifts (2013: 819 shifts)	Kgs.	**20 385 786**	15 247 451
Actual production converted to 20s count based on 3 shifts per day for 1095 shifts (2013: 819 shifts)	Kgs.	**17 828 820**	13 765 402

Embroidery & Hosiery

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

Subsidiary Company:

Crescot Mills Limited has ceased its operations since August 1998.

41.1 Reason for low production

Under utilization of available capacity by Holding Company is due to gas load-shedding during the year.

42. DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue on Thursday, May 07, 2015 by the Board of Directors.

43. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary for the purpose of comparison. However, no significant re-arrangements have been made except for transferring Rupees 65.000 million from other receivables to capital work-in-progress as the amount was given to a party for purchasing a new industrial unit by the Group. Corresponding figures of consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement, consolidated statement of changes in equity and related notes are not comparable because the consolidated financial statements of previous period were prepared for a period of nine months.

44. GENERAL

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

MUHAMMAD ARSHAD	**ABID MEHMOOD**
CHIEF EXECUTIVE OFFICER	**DIRECTOR**

CRESCENT COTTON MILLS LIMITED

FORM OF PROXY

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 10:00 a.m. on Saturday the May 30, 2015 at the Registered Office of the Company New Lahore Road, Nishatabad, Faisalabad and at any adjournment thereof.

As witness my hand this ________________ day of ____________ 2015.

________________ **Member's Signature**	**Affix revenue stamps of Rs. 5/-**

Witness :	**Witness :**
Signature: __________	Signature: __________
Name: __________	Name: __________
Address: __________ ________________	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.