Annual Report 2014

crestex

The Crescent Textile Mills Limited

بسم الله الرحمن الرحيم

Contents

Company Information

Board of Director

Mr. Muhammad Rafi	Chairman
Mr. Muhammad Anwar	Chief Executive Officer
Mr. Ahmad Shafi	Director
Mr. Khalid Bashir	Director
Mr. Khurram Mazhar Karim	Director
Mr. Muhammad Arshad	Director
Mr. Muhammad Asif (Nominee NIT)	Director
Mr. Nasir Shafi	Director

Audit Committee

Mr. Khalid Bashir	Chairman
Mr. Nasir Shafi	Member
Mr. Khurram Mazhar Karim	Member

HR & R Committee

Mr. Khalid Bashir	Chairman
Mr. Nasir Shafi	Member
Mr. Ahmad Shafi	Member

Chief Financial Officer

Mr. Sadiq Saleem

Corporate Secretary

Mr. Naseer Ahmad Chaudhary

Head of Internal Audit

Mr. Kashif Saleem

Auditors

Riaz Ahmed & Company
Chartered Accountants

Legal Advisor

Syed Masroor Ahmad	Advocate

Stock Exchange Listing

The Crescent Textile Mills Limited is a listed Company and its shares are traded on all three Stock Exchanges in Pakistan.

The Company's shares are quoted in leading dailies under personal goods sector.

Bankers

Al Baraka Bank (Pakistan) Limited
Allied Bank Limited
Burj Bank Limited
Habib Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Punjab
United Bank Limited

Mills & Head Office

Sargodha Road,
Faisalabad, Pakistan
T: + 92-41-111-105-105
F: + 92-41-111-103-104
E: crestex@ctm.com.pk

Registered Office

45-A, Off: Zafar Ali Road, Gulberg-V,
Lahore, Pakistan
T: + 92-42-111-245-245
F: + 92-42-111-222-245
E: mailho@crescentbahuman.com

Share Registrar

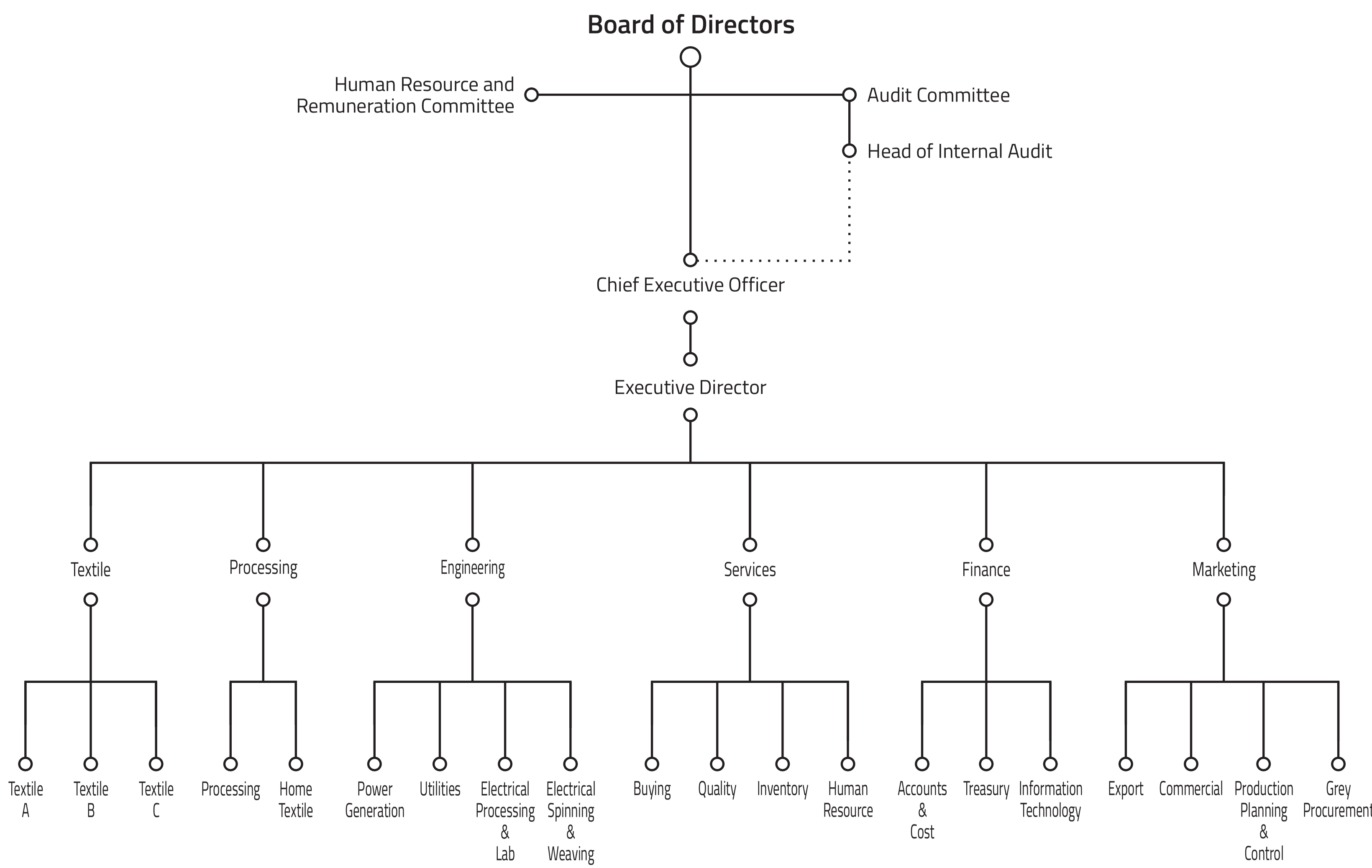
Crescent Group (Pvt) Ltd.,
10th Floor, BOP Tower, 10-B,
Block E-2, Main Boulevard, Gulberg,
Lahore, Pakistan
T: + 92-42-35783801-2
F: + 92-42-35783811
E: corpsecry@cresjute.com

www.ctm.com.pk

Mission, Vision and Values

To be the 1st Choice of Customers and achieve a leading role in the economy through enhancement of quality of life style for Stakeholders.

Management Structure / Organization Chart

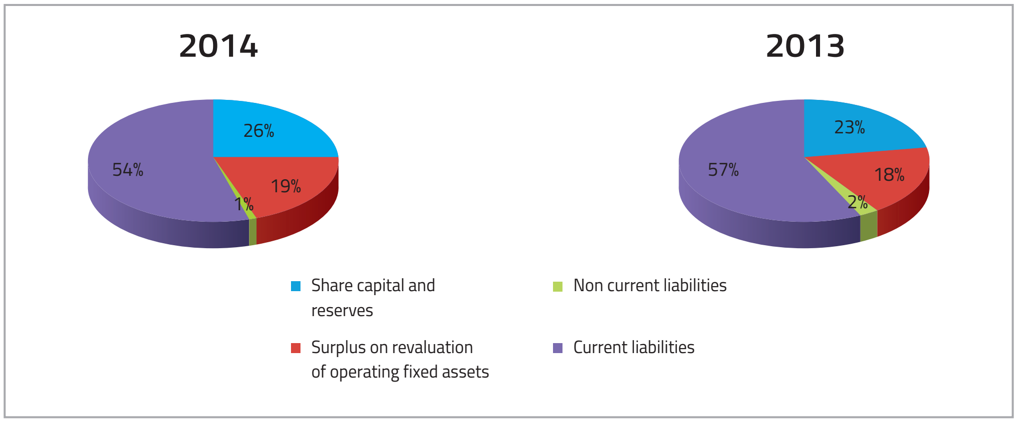


Key Figures

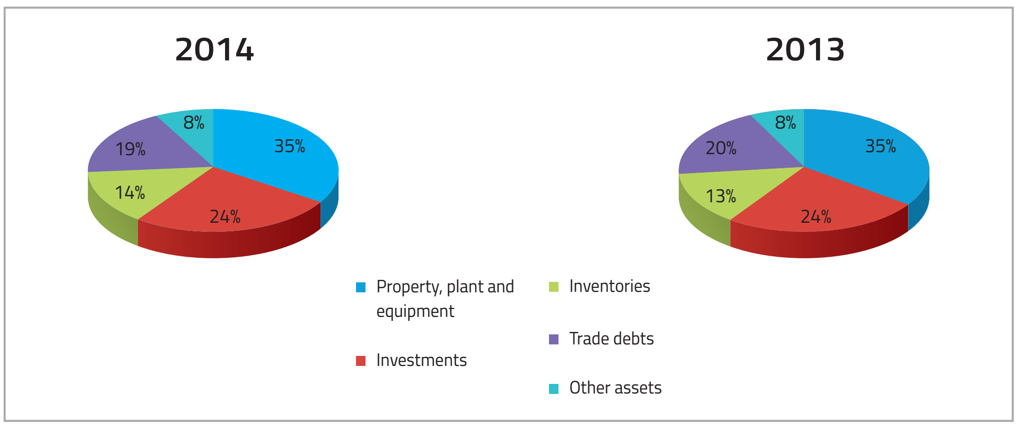
		2014	2013
Sales excluding Trading (Rs. in million)	↑	11,778	11,516
Other Income (Rs. in million)	↑	361	206
Finance Cost (Rs. in million)	↓	472	584
Profit before tax and depreciation (Rs. in million)	↑	557	482
Earnings per share (Rupees)	↑	4.78	2.27
Contribution to national exchequers (Rs. in million)	↑	214	206
Net Worth (Rs. in million)	↑	3,073	2,826
Curent ratio (Times)	↑	0.76	0.71
Debt equity ratio (Times)	↓	1.75	2.15

Graphical Representations

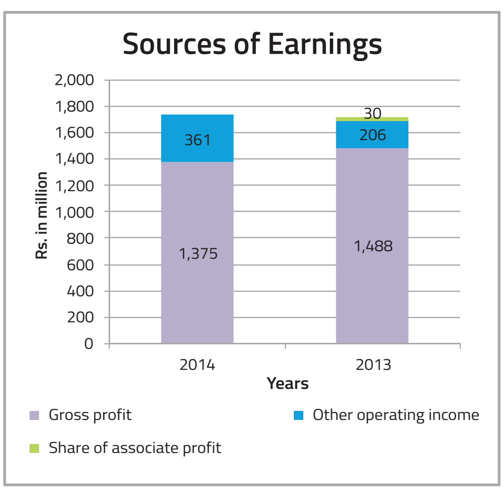
Shareholders' Equity and Liabilities

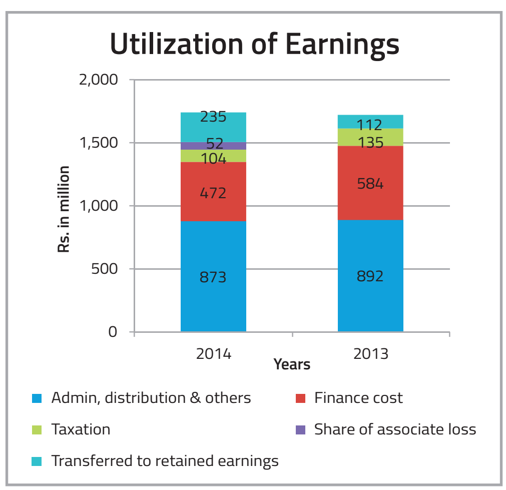


Assets



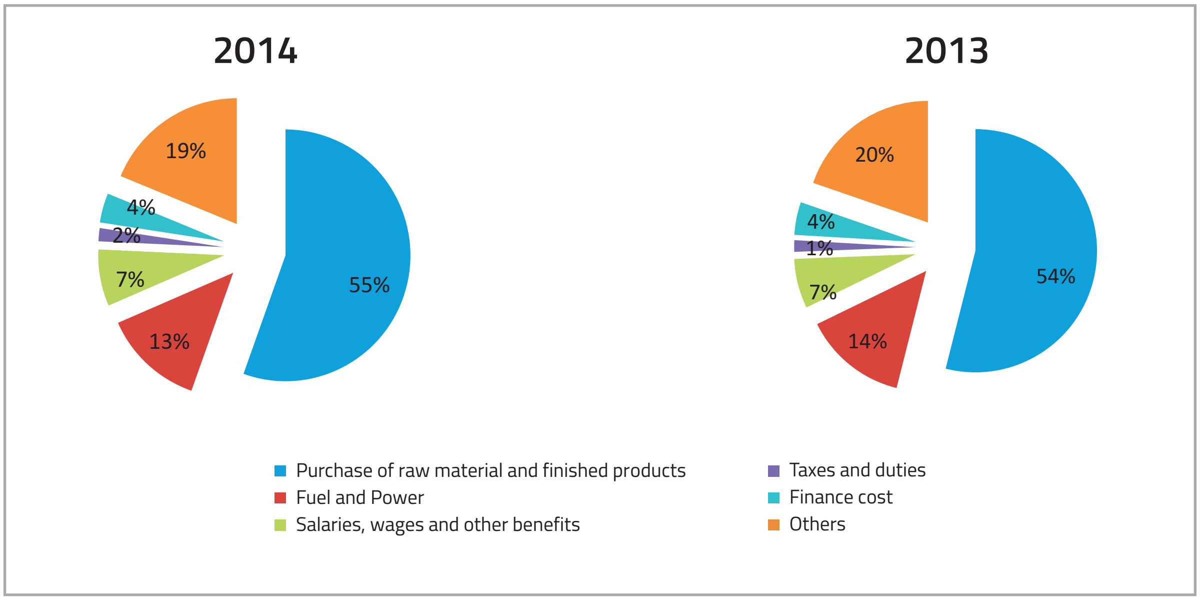
Analysis of Profit and Loss Account



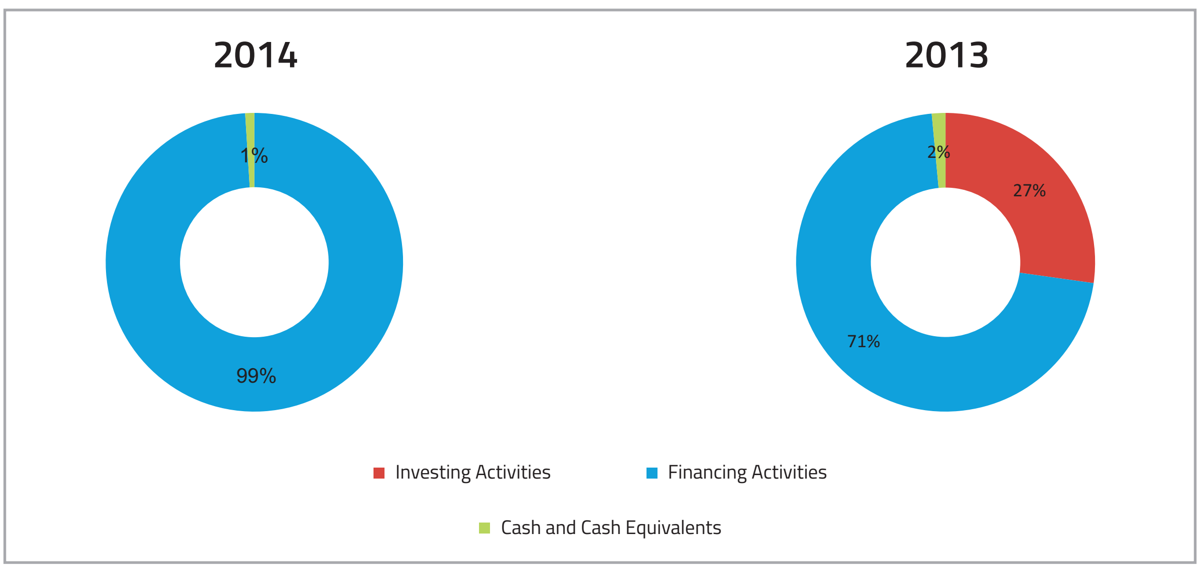


Graphical Representations

Cost Break up



Utilization of Available / Generated Cash during the year



Directors' Report
for the year ended June 30, 2014

The directors are pleased to present the Annual Report along with audited Financial Statements of the Company and the Auditors' Report thereon for the year ended June 30, 2014.

Highlights of financial year 2014:
Your company achieved following financial results during FY2014 which exclude trading results and share of income or loss from associate:

(Rupees in 000)

Financial highlights	2014	2013	Var (%)
Sales - Net	11,778	11,516	2.28
Gross profit	1,366	1,468	(6.95)
Operating profit	857	789	8.62
Other income	361	206	75.24
Finance cost	472	584	(19.18)
Profit after taxation	280	69	305.80
Earnings per share- Rs.	5.70	1.40	307.14

- Sales (net)
  Sales revenues were stable at previous year's level despite 48% decrease in fabric production due disposal and relocation of all Air Jet Looms installed at Faisalabad.

- Gross profit
  Gross profit declined from Rs.1,468 million to Rs.1,366 million due to lower margins in yarn prices and then PKR's stability in the 4th Qtr didn't lift margins in exports.

- Other income
  Other income jumped to 75% over same period of last year largely due to 'Gain on disposal of Air Jet Looms, which enabled net margins to remain afloat.

- Finance cost
  Finance cost reduced by 19% over last year from Rs.584 million to Rs.472 million.

- Net worth
  Net worth of the shareholders was up by 9% as breakup value of the share increased from Rs.57.43 to Rs.62.45 as on June 30,2014 due improved profitability.

- Debt/ equity ratio
  Debt equity ratio improved from 2.15 to 1.75.

- Current ratio
  Current ratio was also higher from 0.71 to 0.76.

- Energy cost
  FESCO tariff was raised by 43.47% from Rs.9.57/Kwh to Rs.13.73/ Kwh.

- Air jet looms
  With disposal of 144 looms and shifting 96 looms to Hattar (KPK), weaving shed at Faisalabad was completely closed which reduced energy requirement by 3MWH.

- Contribution to National Exchequer
  Company contributed Rs.214 million towards taxes, duties and other Govt levies as against Rs.206 million during last year.

Performance review of the economy and Industry:
The economy is not coming out of lower GDP growth due to unfavourable business climate over last many years and has remained almost stagnant despite having potentials to revive. Negative factors were responsible for low trajectory growth as non- existent FDI due weak security and political reasons and most importantly energy crises as well as its high cost on generation through alternate source led to the underutilization of capacities. Thus revival of CAPEX, business and industry was severely hindered in the country and lasting upturn still appears some way off.

During the year newly elected Govt had to tackle persistent economic weaknesses involving fiscal consolidation, infrastructure and energy reforms and more importantly to focus on implementation of IMF based reforms to avert depletion of FX Reserves and stem fast and consistent decline in PKR. Under IMF EEF Program Govt slashed subsidies, hiked energy tariff and initiated privatization process to scale down fiscal deficit and burden of state owned organizations. It succeeded to halt slide of PKR but energy issue remained unresolved and LSM growth couldn't pick up due extended load shedding despite an increase of 43% in tariff for industrial sector.

Under usual tough business conditions country achieved exports of US$25.130 billion, showing partly growth of 2.75% from US$24.800 billion during last year. Out of this the textile share was US$13.750 billion which grew by 5.3% in comparison to past year. Increase in textile exports was largely to EU due to GSP PLUS Status and were higher by 18% reaching to US$5 billion for the first time while exports to the rest of the world declined by 3.50%.

Energy shortage was the main constraint in boosting exports and to take benefit of GSP PLUS Status granted by EU effective January 14 but this advantage could only muster a meager increase of 5.3%. Overall textiles export remained almost flattened at a level of US$13.800 billion in FY2014 as against US$13.300 billion during same period of last year.

PKR depreciated heavily till 1st Half of FY14 but appreciated on IMF EEF loan and also improved on strength of home remittances and much needed support from FODP.

Prices and margin of local yarn were under pressure as market was adequately supplied with negative impact of stable cotton rates. Import parity of cotton was also higher as it increased due PKR depreciation. Due lack of Chinese demand and influx of cheaper Indian yarn there was sufficient spare supply to meet demand of Value Added Segments which resulted in lower margins. Pressure to liquidate inventories also decreased prices. On the other hand Value Added Segment got initially favourable support from weak PKR parity against US$ and helped to improve margins. But this situation reversed in 2nd Half of the Year due strengthening of PKR on improving FX Reserves.

Operational and financial performance of the company:

Company managed to sustain sales and margins growth despite volumetric fall in exports but up stick in local sales weathered out this decline. Higher input cost including significant rise in energy tariff and extended load shedding, stable cotton prices and lack of Chinese demand for yarn import pinched the margins. Overall performance of plant operation was satisfactory during the year. On better management of energy situation with fixation of curtailed gas quota at 24X7 helped to improve performance of manufacturing operations. To combat energy crises and its high cost and also for efficient utilization of production resources company implemented plan with disposal and relocation of Weaving Segment as per the Board's approval and within the stipulated time frame.

Segmental performance:

Yarn:

With an installed capacity of 120,016 of conventional spindles and 988 Murata Jet the company produced 20.430 million kgs of yarn as against 20.057 million kgs of 33 avg count showing improvement 1.86% on better energy supply mainly in 1st Half of the FY. This leads to 91% capacity utilization as against 88% during same period of last year. Yarn purchase was down from 2.847 million Kgs to 2.307 million Kgs because preference was given to use ready fabric for further processing instead of using purchased or own manufactured yarn for outside fabric conversion primarily to expedite fast processing of export orders both for exports of Processed Fabric and Home Textiles Segments.

Yarn sales showed notable growth of 19% as it jumped to 14.893 million Kgs against last year sales of 12.491 million Kgs and accounted for 67% proportion of available yarn for use as against 54% utilized during last year. Better margin and improved energy situation contributed to this expansion in yarn sales throughout but gradually declined in 4th Quarter due depressed conditions prevailed in market.

During last Quarter of financial year domestic market remained bearish owing to oversupplied situation on two factors which were lack of Chinese import demand throughout the year secondly availability of imported yarn at lower prices from India. Local manufacturers faced tough competition to liquidate inventories for avoiding carrying cost and avert expected drop in yarn prices. Higher yarn inventories in domestic market kept prices under pressure. Sluggish yarn demand eroded margins which were already hit by higher input material cost, 11% rise in Mini Wage Rate, 38% hike in energy tariff and highest finance cost in the region.

In Board meeting held on February 24, 2014 the directors of your company had approved for reduction in installed capacity of spinning. That plan is to sell Ring Spinning Frames (20,624 spindles) with some back process machinery including 6 Combers with lapformer, 1 Simplex Frame and 6 Cone Winders of very old models which were installed under very old building structure having book value of Rs.7.302 million. Along with this Board also approved to shift complete spinning unit having capacity of 31,808 spindles with rest of the back process machinery of the spindles approved for sale to shift from existing old building to the other building vacated due to disposal of Air Jet Looms. This reduction in spinning capacity will decrease yarn production in FY2015 but no likely effect to sales revenues.

Table given below depicts substantial up stick yarn sales during the year:

Yarn (000 Kgs)

Year	Available for use	Sold	%	Used in Weaving	%
2014	22,378	14,893	67	7,485	33
2013	23,044	12,491	54	10,553	46
2012	19,976	9,802	49	10,174	51
2011	22,491	9,205	41	13,286	59
2010	25,064	12,581	50	12,483	50
2009	24,999	12,315	49	12,684	51

Fabric:

Fabric production decreased substantially from 19.039 million meters in last year to 9.835 million meters (down by 48%) due disposal of 144 and relocation of 96 Air Jet Looms from Faisalabad to Hattar (KPK) per plan approved by the Board. Main objective behind this plan was to mitigate losses emanating from underutilization of weaving capacity due energy shortfall or to avoid use of costly alternate energy source on HFO and Diesel Oil. This was achieved successfully as not only it saved energy cost due non utilization of costly source and helped to save production losses in spinning on improved supply. Besides aforementioned saving the sales revenues remained unaffected as option to procure fabric from market was found feasible and at lower cost due sluggish yarn prices. Accordingly grey fabric procurement was up by 70% to 6.554 million meters as against 3.858 million meters during same period of last year. Similarly to some extent dependence on outside weaved fabric was curtailed to reduce lead time for export orders of processed fabric and of home textiles articles. Therefore, procurement of outside weaved fabric was down by 14% as it decreased from 15.936 million meters to 13.775 million meters during the year. This resulted in decline of yarn purchase for conversion of fabric from outside weaving.

Sale of fabric of all cats including grey, processed and of home textiles both in local and exports was down by 25% and decreased from 40.712 million meters to 30.366 million meters as compared to last year. Fabric sales was lower mainly on two accounts as one of which was curtailment of weaving capacity and the second reason was reduction in processing and home textile capacities due disposal of surplus/ idle machines of old model as approved by the Board in their meeting held on June 24, 2013. The other purpose of reducing processing capacity was to avoid use of HFO, LPG and Coal for steam and gas required in fabric processing due gas shortage. This change decreased fuel and power cost of the company with improved machine utilization in processing. Except reduction in capacities of weaving, processing and home textiles the operational performance of these segments was uninterrupted and satisfactory and machine utilization was achieved at optimum level.

Fabric (000 Mtrs)

Year	Available for use	Exports						Local sales	%
		Grey	%	Processed	%	Home Textiles	%		
2014	30,366	3,205	11	4,261	14	17,251	57	5,649	18
2013	40,712	6,546	16	7,480	18	19,789	49	6,897	17
2012	36,011	7,280	20	7,677	21	16,098	45	4,956	14
2011	45,669	12,017	26	8,502	19	18,942	41	6,208	14
2010	46,531	6,634	14	8,532	19	23,371	50	7,994	17
2009	45,887	6,870	15	7,940	17	21,833	48	9,244	20

On improved energy situation and closure of 'Air Jet Looms' segment at Faisalabad not only saved unabsorbed fixed cost but also improved performance and capacity utilization of operational facilities in FY2014. In FY2014 production and sales volumes showed improvement on better mills running except decrease in production due disposal of machines in processing and it effect in home textile segment on lower feeding.

Upon reduction of weaving capacity due disposal of looms fabric production for next year will reduce. On the other side availability of cheaper and uninterrupted energy both gas and electricity will accrue benefits to company. Similarly, to meet fabric requirement for value added segments, company will continue to procure from local market to save cost in export orders processing.

Financial performance:

Comparison of key financial results of the company for FY2014 and FY2013 is as below:

Profit and loss	FY2014		FY2013		Incr / (decr)	
	Million Rs.	%	Million Rs.	%	Million Rs.	%
Sales - Net	11,778	100.0	11,516	100.0	262	2.3
Gross profit	1,366	11.6	1,468	12.7	(102)	(6.9)
Operating expenses	870	7.4	885	7.7	(15)	(1.7)
Other income	361	3.1	206	1.8	155	75.2
Profit from operations	857	7.3	789	6.9	68	8.6
Finance cost	472	4.0	584	5.1	(112)	(19.2)
Taxation	104	0.9	135	1.2	(31)	(23)
Net after tax profit	280	2.4	69	0.6	211	305.8
Earnings per share (Rs.)	5.70	-	1.40	-	4.30	307.1

These results do not include impact of 'Direct Purchases for Resale' and 'Share of Associate's (Loss) / Profit'.

Company achieved 2.30% growth in sales and massive increase 306% in profit after tax and earnings per share.

Although gross margins were negatively affected by various factors which included interruptions in weaving operations due disposal and relocation of looms at Hattar (KPK), depressed margins and inventory impairment on decline in margins of yarn sales, increase in Minimum Wage Rate, higher energy tariff and its shutdowns and last but not the least stable local cotton prices.

But robust profitability was resulted due major jump in 'Other Income' (increased by 74.2% over the last year) mainly on disposal of plant and machinery, reduction in Finance Cost (down by 19.2%) on lower debt/ mark up rates and Taxation (down by 22.9%) on account of prior year's tax adjustment of Rs.63 million due against adjustment past losses.

Quarterly performance:

Summary of quarterly results achieved by the company are as below:

Profit and loss	1st Qtr		2nd Qtr		3rd Qtr		4th Qtr	
	Million Rs.	%	Million Rs.	%	Million Rs.	%	Million Rs.	%
Sales- Net	3,019	100	3,043	100	3,024	100	2,692	100
Gross profit	467	15	417	14	280	9	202	8
Operating expenses	226	7	225	7	204	7	215	8
Other income	41	1	77	3	129	4	114	4
Profit from operations	282	9	269	9	205	7	101	4
Finance cost	163	5	147	5	85	3	77	3
Taxation	46	2	75	2	57	2	(74)	(3)
Net after tax profit	73	2	75	2	63	2	69	3
Earnings per share (Rs.)	1.48	-	1.52	-	1.28	-	1.42	-

Sales and gross margins increased on improved energy situation and export gains due weak PKR in 1st and 2nd Quarters but showed significant decline in 2nd Half Year as due sluggish trend in yarn sale and increased load shedding of electricity. Margins also dampened by rising input cost which didn't correspond with local yarn prices. However, hefty contribution from 'Other Income' on disposal of machinery mainly of Air Jet Looms and tax reversal helped in maintaining profitability and EPS during 2nd Half Year of FY14 and supported bottom line improvement.

Factors which elevated cost of sales were high raw materials cost, increase in outside weaving charges, hike in electricity tariff and gas tariff with escalation in other input cost under inflationary circumstances due PKR's depreciating parity with US$.

These are explained as below to gauge the extent of pressure on cost of sales:

Major cost components:	2013	2014	Var	%
Cotton				
Kgs (000)	17,902	19,065	1,163	6
Million Rs.	3,093	3,536	443	14
Avg/ Md. Rs.	6,449	6,923	474	7
Weaving Charges				
Mtrs. (000)	15,937	13,775	(2,162)	(14)
Million Rs.	322.65	361.44	38.79	12
Avg/ Mtr. Rs.	20.25	26.24	5.99	30
Energy cost				
Gas (Kwhs 000)	42,468	36,291	(6,177)	(15)
Million Rs.	369.00	332.21	(36.79)	(10)
Rate/ Rs.	8.69	9.15	0.46	5
Mix (%)	39	34	(5)	-
FESCO (Kwhs 000)	29,117	52,222	23,105	79
Million Rs.	290.37	717.06	426.69	147
Rate/ Rs.	9.57	13.73	4.16	43
Mix (%)	27	50	23	-
HFO (Kwhs 000)	37,442	16,951	(20,491)	(55)
Million Rs.	868.38	392.38	(476.00)	(55)
Rate/ Rs.	23.19	23.15	(0.04)	(0.2)
Mix (%)	34	16	(18)	-
Overall (Kwhs 000)	109,026	105,465	(3,561)	(3)
Million Rs.	1,527.74	1,441.65	(86.09)	(6)
Rate/ Rs.	14.01	13.67	(0.34)	(2)

Other income contributed substantially to the after tax net profit mainly from gain on disposal of air jet looms and other ancillary machinery which stood at Rs.171 million during the current year. It increased by a hefty contribution of Rs.155 million (increased from Rs.206 million in FY2014 to Rs.361 million) over the same period of previous year.

Other operating cost was higher mainly due to write off of trade debt of Rs.15.125 million and legal/ deferred cases of GST and SED Refunds of Rs.27.110 million which were outstanding for last several years and chances of realization were less likely on account of discrepant as well as incomplete data of vendors in STAAR System of FBR.

Despite higher inflationary environment operating cost including distribution and administrative expenses except fright remained subdued and under control. Freight and shipment cost was lower by Rs. 66.114 million (reduced from Rs.220.299 million during last year to Rs.154.185 million in current year) on account volumetric decline in exports as weaving capacity was curtailed.

Finance cost was lower by Rs.112 million (down by 19%) as compared to previous year on account less use of working capital lines on improved cash flow and mainly on exchange gains from appreciation of PKR against US$ on FCY Loans.

Directors' Report
for the year ended June 30, 2014

Finance cost	2013			2014			Var	
Short term loans:	Used	M Up	%	Used	M Up	%	M Up	%
Refinance Part I / II	1,700	166	9.8	1,562	147	9.4	19	11.4
FCY loans (US$)	1,896	78	4.1	836	37	4.4	41	52.6
Cash finance	2,094	246	11.7	2,769	330	11.9	(84)	(34.1)
Sub. Ttl.	5,690	490	8.6	5,167	514	9.9	(24)	(4.9)
Long term loans	594	66	11.1	399	41	10.3	25	37.9
G Ttl.	6,285	556	8.8	5,566	555	10.0	1	0.2
Exchange loss/ (gain)	-	31	-	-	(66)	-	97	
M Up Subsidy under TP,2009	-	(14)	-	-	(26)	-	12	
Other	-	11	-	-	9	-	2	
G Ttl. (net cost)	6,285	584	9.3	5,566	472	8.48	112	19.2

Company posted a healthy net after tax profit of Rs.280 million during the year which was also supported by tax benefit of Rs.63.300 million arising from last year due brought forward losses adjusted tax liability downwards. Company's earnings per share stood at Rs.5.70 as against EPS of Rs.1.40 in corresponding year.

Contribution to Economy and Value Addition:

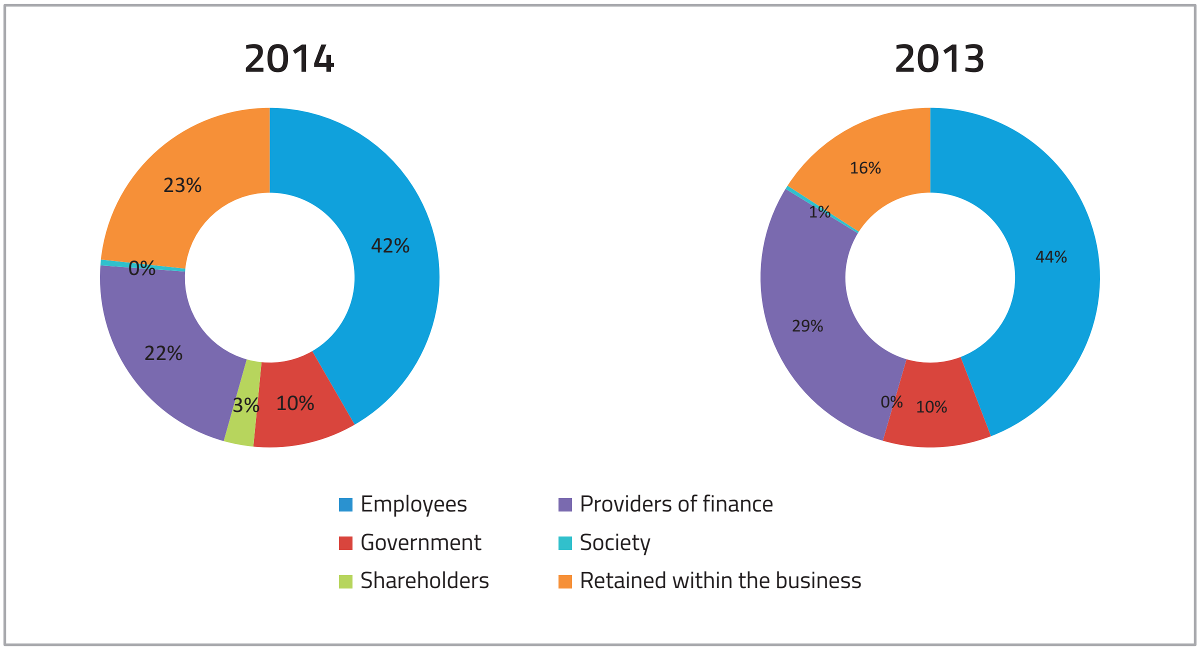
Company contributed a substantial amount of Rs.214 million to National Exchequer during the year by way of taxes, levies and duties. In terms of value addition to foreign exchange it contributed US$79.360 million by repatriating through exports during year under review.

Total value addition to the economy during the year 2014 was Rs.2,168 million as against Rs.1,998 million during preceding year, detailed distribution of the same has been reflected in the table below:

FY	2014	2013
Statement of Value Added	Million Rs.	
Total revenue	12,411	13,262
Bought-in-material and services	10,243	11,264
Net Wealth Generated	2,168	1,998
To Employees		
Salaries, wages and other benefits	903	883
To Government		
Taxes and duties	214	206
To Shareholders		
Dividend*	62	-
To Providers of Finance		
Finance cost	472	584
To Society		
Donation toward health and education	12	8
Retained within the business for future growth		
Retained earnings and depreciation	505	317
Wealth Distributed	2,168	1,998

* Dividend recommended by BOD subsequent to year end.

Distribution of Wealth



During the year company contributed Rs.214 million to the National Exchequer in the shape of duties, taxes and levies along with an earning of US$64.401 million through exports for foreign exchange reserves in comparison to Rs.206 million and US$85.645 million on these accounts respectively during the financial year 2013. Company also added a sizeable value of Rs.505 million to the retained earnings and for business growth as against Rs.317 million added in the preceding year.

Corporate social responsibility:

To contribute for betterment of the society and to help such institutions / various organizations who are engaged for just and genuine cause of the underprivileged communities the company contributes and participates generously every year.

Company realizes its responsibility to conduct business in accordance with local and international standards and remains committed to purse such requirements. It collaborates and fulfills requirements of local authorities and ensures to minimize the effects of its activities on human environments. Besides establishing and maintaining strict health safety standards in its operational activities it entails into environmental friendly activities through land escaping of its surroundings by expending sizeable amount to the horticultural activities wherein employees and departments participates in housekeeping activities.

As a responsible and sustainable organization since its inception the company has always endeavors to distinguish itself not only as an equal opportunity employer for community by remunerating well and in time and consistently delivered reasonable returns to the shareholders. Employees are provided opportunities for growth and progress with residential facilities and are encouraged to participate in recreation activities with safe, healthy and compulsory group insurance for death and disability compensation. Subsidized food from canteen, medical fist aid with ambulance facility have been arranged for workmen besides availing benefits of Social Security and EOBI schemes where company contributes monthly of all entitled employees.

Directors' Report
for the year ended June 30, 2014

During the year company pursued cause for the community as below:

a) Education:

Contributed to 'Annual Support Fund' required as operational expenditure of Two Campuses already established by the company under the banner of 'The Citizen Foundation' (TCF) in underprivileged area of the Faisalabad. The amount is required to pay salaries of teachers and staff and other annual expenses incurred for running of these school to provide free education for students Class I to V of the community of that area. These Campuses run on 03 shift basis where 358 students continue to pursue their academic activities to bring positive change in the society.

b) Contribution to Social work and philanthropies:

Likewise of previous years donations were given to 14 genuine, reputable and trustworthy charitable and social associations who are engaged in helping and improving health and socio economic conditions of the poor and needy organs of the society. Company also contributed directly and indirectly towards Earth Quake Relief Fund for Baluchistan victims and always stood by effected people of that area.

c) Environmental protection:

Being very concerned about environment the company manages regularly to obtain certification of its plant which generates effluents and gases from Environmental Protection Agencies on ensuring and protecting these operational facilities with required equipments for non hazardous environment. Company have installed ETP (Effluent Treatment Plant) for water being discharged from its fabric processing facilities.

d) Occupational health and safety:

Company has maintained health and safety measures at the workplace to ensure that employees are protected by occupational safety rules and procedures while performing jobs. Adequate training and awareness about technical jobs are given to all employees in the 'Training Centre' established by the company. They are familiarized with rules and regulations through visits of plant, IT Training, awareness campaigns and using on job safety instruments. A full fledge fire fighting department is looking after immediate fire hazardous.

Business and operations of the company are certified for compliance of international standards and regulatory requirements from national and international agencies. It has achieved and obtained third party certifications through the accredited agencies for the following product, management and environmental systems standards:

ISO 9001:2008	Quality Management Systems
ISO 14001:2004	Environment Management Systems
OCS 100	Product Standards, Organic Content Standard
GOTS	Product Standards, Global Organic Textiles
Oeko-Tex 100	Product Standards for Fabric, Human Ecology
Oeko-Tex 100	Product Standards for Home Textiles
SA 8000	Social accountability
SEDEX	Audit Data Bank for sharing with customers

Relations with personnel and the community:

The company has a long and established history of keeping its cordial relations across at all levels with mutual trust, respect, cooperation and confidence. This ensures and improves ultimate efficiency of the company. Under a defined and documented criteria in line with national and international laws people are recruited and hired. This is demonstrated at all levels beyond any racism, cast, sex or religion criteria and respects human rights ethics and standards. Appropriate opportunity is provided to employees to participate in CBA activities and elect representatives of their choice under free and fair environment.

Every year through a demand notice raised by CBA, company pays incentive bonuses besides profit bonus, Hajj expenses for 06 employees each year with 15 days paid holidays, allows maternity leaves to females employees, distributes cycle, fan, sewing machines on easy instalments and has arranged FP Shop/ Utility Stores, School Bus and Canteen facilities. To address grievances of employees a Work Council has established which conducts regular meetings. Company is also maintaining Workers Welfare Funds for needy / distressed employees.

Under the terms of agreement executed each year with CBA employees are provided financial aid for marriage of daughters and funeral expenses. Company has been providing residential facilities to all its essential employment with free provision of utilities according to cadre and status. To perform religious and sports affairs the company has mosque, club and ground inside its mills colony. For learning and growth of employees in-house and outside training courses are arranged at the time of hiring and then during job.

To keep work friendly environment company has set procedures, rules and regulations which regulate employment guidance. Harmonious working environment and cordial industrial relations prevailed during the year. The operations of the company were carried out keeping in view the dignity, respect, support, protection as per national and international standards set to meet the working environment. All workmen performed their duties and jobs at standard hours and if they were required to put extra workings to meet exigencies and to fill man power shortage they were compensated and paid per legal criteria. There were no such complaints of any work abuse or not fulfilling requirements. They were provided usual working environment and relations remained cordial.

Employees' retirement benefits:

Company established an 'Employees' Provident Fund Trust' to manage and control its financial affairs independently. Trust is recognized under Income Tax Laws and its income and contributions are exempt from tax. It receives subscription from employees with equal contribution from company. The value of investments of fund as per unaudited accounts on close of financial year, were Rs.967.372 million (Rs.875.613 million FY 2013).

ERP and Oracle Financial (OF):

To meet new challenges confronting business and ensure timely and accurate MIS for online monitoring operational and financial performance the company has updating its IT environment with newly designed software and hardware requirements for smooth flow of information. During the year implementation of MAXIMO software (plant maintenance software) started which has become functional after successful test and trial through brainstorming meetings of all stakeholders. OF (ERP System) is functioning smoothly throughout since 2004 and has been updated with new version in 2011. Other ERP solutions of Inventory management (Stores and spares) integrated with this to add value to the ERP monitoring system.

Key advantages of the systems implemented so far are:
OF enables compilation financial statements with monthly reporting of segmental results for management to exercise better control over the affairs of the different segments and also keep watch an overall performance of the company. This on line system up dates the flow of financial information which integrates and disseminates the data for decision making.

Purchase and Inventory System (PIS) provides real time information flow, reduces the efforts, avoids duplication and facilitates physical stores reconciliation and monitoring. It gives up date carrying value of the stores inventory and facilitates users to run and plan plant operations smoothly.

Human Resource Management (HRM) system is helpful to maintain and update human resource data and payroll processing very efficiently with a push of button. Ever since its implementation along with swiping of employees attendance is facilitating hiring, transfers, relieving and payroll preparation. This error free and online system avoids duplication and delays in disbursement of payroll or other dues of employees.

Besides aforesaid online monitoring systems the flow of specific and micro level MIS is also monitored and updated through LAN and Portal arrangement. This is very helpful for smooth operations of the company's affairs.

Internal Audit and review system:

Company has established an internal audit department under supervision of HIA (Head of Internal Audit) who is directly reporting to the Internal Audit Committee of the Board. Its approved annual audit plan is then monitored by the Internal Audit Committee. Internal Audit Department independently reviews and monitors various internal control systems, policies and various regulations framed for this purpose. This is headed by qualified and experienced Internal Auditor.

Audit reports and findings are regularly discussed in the Audit Committee meetings which are submitted to the Chief Executive after completion of audit for evaluation and taking required decisions in view of priority of the issues highlighted in the audit reports.

Future outlook and challenges:

Deteriorating political environment and energy shortage have impacted exports which have fallen by 21% in current period. Volatility in exchange rate has also an impact on textile exports as violent movement in exchange rate parity hurt business decisions. With increased estimates of cotton production and higher inventory levels its prices are likely to remain under pressure and accordingly yarn prices to come off this decline in cotton prices. On the other hand this decline in raw materials prices will expand margin of value added products to some extent.

In FY2014 the company managed to achieve good results but current political chaos is affecting reforms process of Govt to improve macro level structuring to provide required impetus for revival of economy. Inflationary pressure on costs, energy crises, both increase in tariff and higher load shedding, are main challenges to business growth but we are committed to pursue our long term goals for betterment of the company. Despite all these challenges we will endavour to deliver best possible results in future period.

Appropriations:

During the year company posted a net after tax profit of Rs.235.017 million (Rs.111.932 million during preceding year) and an improved EPS of Rs.4.78 (Rs.2.27 during last year). Board of directors have recommended cash dividend for shareholders of the company @ 12.5% i.e Rs. 1.25/Share (2013: Nil) to be paid after approval by the shareholders in AGM.

Board of directors:

a) Evaluation and performance

Board has clear idea to its goals and means to achieve these for evaluating performance and effectiveness of the company. Board carries the responsibility for policies, ethos and directions of the organization, the obligations and contracts which company undertakes. Board has defined system and controls to monitor for professional standards and corporate values, which promoted integrity of Board and the company. Thus performance of the company is clear reflective of feasible and pragmatic decisions and policies set out by the Board for the company. Following major functions of company evaluates performance of the Board:

- Enhance value of the shareholders.
- Implementation of Code of Corporate Governance.
- Improve financial performance of company.
- Fulfillment of regulatory requirements.
- Consistent BMR and up gradation of manufacturing facilities.
- Employees turnover and retention.

It is therefore, critical for the Board to review strengths and weakness on regular basis and develop strategies to address any limitations if identified.

b) Election of the Board:

On May 16, 2014 new Board of the company has elected for next 03 years term starting from May 17, 2014 to May 16, 2017. On the new Board Mr. Ahmad Shafi and Mr. Muhammad Rafi have been elected in place of Mr. Ahsan Mehanti and Mr. Zeshan Afzal. The Board welcomes the new directors and places on record its appreciation for the valuable contribution made by the outgoing directors during their

Best Corporate Practices:

The Board is fully aware of the importance of local and international principles of best corporate governance. All periodic financial statements were circulated to the board duly endorsed by the Chief Executive Officer and the Chief Financial Officer for approval and then circulation. Quarterly financial statements duly approved by the Board were circulated and placed on the website of the company within stipulated period. These financial statements included review of the period involved and future plans of the company with analysis so that the stakeholders remain updated and well informed about the prospects of the company.

Corporate Governance:

The company complies with the Code of Corporate Governance as contained in the Listing Regulations of the Stock Exchanges. The role of the Board is primarily to protect and enhance shareholders long term value. To fulfill the same it is responsible for overall corporate governance of the company including approval of strategic policies, defining and monitoring management's goals and ensuring the integrity of internal controls and management information system. It also approves and monitors financial and other reporting. The Board has formally delegated the responsibility for administration and operation of the company to the Chief Executive. Following committees have been constituted to work under the guidance of the Board:

- Internal Audit Committee; and
- Human Resource and Remuneration Committee.

Code of Conduct:

The company adheres to the best ethical standards in the conduct of business. Accordingly, Code of Conduct of the company has been approved by the Board of Directors and placed on the website of the company.

During the year four meetings of the Board were held and following were in attendance:

Name	Attendance
Mr. Muhammad Anwar	4
Mr. Ahsan Mehanti	4
Mr. Khalid Bashir	3
Mr. Khurram Mazhar Karim	3
Mr. Muhammad Arshad	4
Mr. Muhammad Asif- Nominee NIT	4
Mr. Nasir Shafi	4
Mr. Zeshan Afzal	4

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

Audit Committee:

Terms of reference:
The committee meets at least once in every quarter to review interim and annual financial statements of the company, business plans and internal audit reports prior to the approval of the Board. The committee comprises of three non executive members including the Chairman. It also recommends to the Board for appointment of external auditors and advises on establishment and maintenance of framework of internal control and ethical standards for the management of the company. During the year five meetings of the committee were held and following were in attendance:

Name	Attendance
Mr. Ahsan Mehanti	5
Mr. Khalid Bashir	4
Mr. Nasir Shafi	5

Transactions undertaken with related parties during the financial year have been ratified by the Audit Committee and approved by the Board.

Human Resource and Remuneration (HR&R) Committee:

Terms of reference:
The Committee comprises of three non executive members including the Chairman. It reviews HR related matters of company and during the year one meeting of committee was held and all the members were present.

Training of the Board:

As per requirements of the regulatory framework all the directors fulfill the criterion as per the Code of Corporate Governance and are well conversant to their responsibilities due to their standing as Board member of the company and also of other companies. During the year one of the directors completed training course as per requirement of the code from the recognized body for this purpose.

Directors' statement:

Directors of the company are pleased to state that:

a. Financial statements prepared by company's management present fairly its state of affairs, results of its operations, cash flows and changes in equity;

b. Proper books of accounts have been maintained;

c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;

d. 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;

Directors' Report
for the year ended June 30, 2014

e. System of internal control is sound in design and has been effectively implemented and monitored;

f. The company has sound potentials to continue as going concern;

g. There has been no material departure from best practices of corporate governance;

h. Information about outstanding taxes and levies is given in Notes to Accounts; and

i. Statement of value of investments in respect of employees' retirement plan has been given in Note 41 of the financial statements.

Related party transactions:
Transactions undertaken with related parties during the financial year have been ratified by the Audit Committee and approved by the Board.

Post balance Sheet Events:
There was no significant post balance sheet event which needs mention in Directors' Report.

Observation of external auditors:
The auditors have qualified their opinion with respect to equity method of adjustment Rs.51.967 million accounted for in the carrying amount of investment in the associated company, Crescent Bahuman Limited (CBL) made on the basis of unaudited financial statements for the year ended June 30, 2014. As explained in note 15 of these financial statements, the audited financial statements of Crescent Bahuman Limited were not available and were still under audit at the time of authorization for issue. However, we do not anticipate any material adjustment arising out of that matter.

Pattern of shareholding:
A statement showing the pattern of shareholding of the company as at June 30, 2014 is included in thesefinancial statements. Company's shares are listed on all the Stock Exchanges of Pakistan

Auditors:
The auditors Messrs Riaz Ahmad & Co., Chartered Accountants, retire and offer themselves for re-appointment for the year 2015.

Key operating financial highlights:
Financial data of the last six years is attached.

Acknowledgements:
On behalf of the Board I would like to acknowledge efforts of the employees who enabled the management to run the company efficiently. I would also like to recognize and thank the support of our Customers, Bankers and Vendors who contributed in achieving improved performance of company and expect to receive the same support in future periods as well. At the end I also sincerely thank our shareholders for reposing confidence and trust in the company.

For and on behalf of the Board of Directors

(Muhammad Anwar)
Chief Executive Officer

Key Operating and Financial Data

Rupees in million	2014	2013	2012	2011	2010	2009
Summary of Profit and Loss Account						
Sales	12,411	13,262	12,729	14,759	10,863	10,751
Gross profit	1,375	1,488	1,514	1,365	1,457	1,575
Profit from operations	863	802	866	659	910	889
Share of (loss) / profit from associate	(52)	29	(123)	(145)	120	165
Profit / (loss) before taxation	339	247	(18)	(13)	463	239
Profit / (loss) after taxation	235	112	(117)	(113)	345	179
Summary of Balance Sheet						
Property, plant and equipment	4,176	4,468	3,905	4,035	3,981	4,182
Stock in trade	1,490	1,541	1,550	1,658	1,047	940
Trade debts	2,248	2,476	4,173	3,392	2,580	2,562
Current assets	4,944	5,104	6,615	5,827	4,203	4,086
Total assets	11,978	12,543	13,213	12,616	10,989	10,816
Shareholders equity	3,073	2,826	2,442	2,513	2,672	2,262
Surplus on revaluation of operating fixed assets	2,291	2,291	1,640	1,640	1,640	1,640
Long term financing	123	287	499	567	656	1,108
Trade and other payables	1,026	1,070	2,501	1,319	521	315
Short term borrowings	5,082	5,568	5,598	5,936	4,840	4,883
Current liabilities	6,491	7,139	8,632	7,896	6,011	5,806
Total equity and liabilities	11,978	12,543	13,213	12,616	10,989	10,816
Summary of Cash Flow Statement						
Cash and cash equivalents at the beginning of the year	6	25	19	16	19	9
Net cash from / (used in) operating activities	434	379	599	(601)	453	162
Net cash from / (used in) investing activities	274	(110)	(104)	(302)	(56)	(228)
Net cash (used in) / from financing activities	(707)	(288)	(489)	905	(400)	76
Net increase / (decrease) in cash and cash equivalents	1	(19)	6	2	(3)	10
Cash and cash equivalents at the end of the year	7	6	25	19	16	19

Performance Indicators

		2014	2013	2012	2011	2010	2009
Profitability Ratios							
Gross profit ratio	%	11.08	11.22	11.89	9.25	13.41	14.65
Net profit to sales	%	1.89	0.84	(0.92)	(0.77)	3.17	1.67
EBITDA margin to sales *	%	8.29	8.04	7.81	5.20	11.90	12.37
Operating leverage ratio	%	38	283	(324)	(140)	(218)	400
Return on equity	%	7.65	3.96	(4.79)	(4.52)	12.90	7.91
Return on capital employed	%	2.71	1.26	(1.29)	(1.26)	4.00	2.07
Liquidity Ratios							
Current ratio	Times	0.76	0.71	0.77	0.74	0.70	0.70
Quick ratio	Times	0.51	0.48	0.57	0.51	0.50	0.51
Cash to current liabilities	%	0.11	0.08	0.29	0.23	0.27	0.33
Cash flow from operations to sales	%	9.11	8.40	11.67	0.98	10.68	9.39
Activity / Turnover Ratios							
Inventory turnover	Times	7	8	7	10	9	8
No. of days in inventory	Days	50	48	52	37	39	43
Debtor turnover	Times	5	4	3	5	4	5
No. of days in receivables	Days	69	91	108	74	86	79
Creditors turnover	Times	11	7	6	15	23	27
No. of days in payables	Days	33	52	59	24	16	14
Total assets turnover	Times	1.04	1.06	0.96	1.17	0.99	0.99
Property, plant and equipment turnover	Times	2.97	2.97	3.26	3.66	2.73	2.57
Operating cycle	Days	87	87	102	87	109	109
Investment / Market Ratio							
Basic and diluted earnings /(loss) per share	Rs.	4.78	2.27	(2.38)	(2.31)	7.00	3.64
Price earning ratio	Times	4.29	7.78	(3.74)	(6.90)	3.08	6.73
Dividend Yield ratio **	%	6.10	-	-	-	6.95	-
Dividend Payout ratio **	%	26.18	-	-	-	21.42	-
Dividend Cover ratio **	Times	3.82	-	-	-	4.67	-
Cash dividend **	%	12.50	-	-	-	15.00	-
Stock dividend **	%	-	-	-	-	-	-
Market value per share							
- At the end of the year	Rs.	20.49	17.70	8.90	15.90	21.57	24.50
- Highest during the year	Rs.	26.98	20.05	15.90	28.00	34.26	70.10
- Lowest during the year	Rs.	13.35	8.60	7.27	13.25	18.79	18.50
Break up value w/o surplus on revaluation	Rs.	62.45	57.43	49.62	51.06	54.31	45.96
Break up value with surplus on revaluation	Rs.	109.00	103.98	82.95	84.40	87.64	79.30
Capital Structure Ratios							
Financial leverage ratio	Times	1.75	2.15	2.61	2.73	2.23	2.81
Weighted average cost of debt	%	8.25	9.39	11.52	8.24	9.22	12.93
Long term debt to Equity ratio	%	4.00	10.16	20.43	22.55	24.56	48.99
Interest Cover ratio	Times	1.72	1.42	0.98	0.97	1.82	1.29

* EBITDA stands for earning before interest, taxes, depreciation and amortization.

** This includes final dividend recommended by Board of Directors subsequent to year end.

Vertical Analysis

For the last six financial years	2014	%	2013	%	2012	%	2011	%	2010	%	2009	%
Balance Sheet (Rs. in million)												
Property, plant and equipment	4,176	34.9	4,468	35.6	3,905	29.6	4,035	32.0	3,981	36.2	4,182	38.7
Intangible assets	-	-	2	0.0	4	0.0	-	-	-	-	-	-
Investment in associate	306	2.6	358	2.9	329	2.5	452	3.6	618	5.6	485	4.5
Long term investments	2,540	21.2	2,553	20.4	2,287	17.3	2,255	17.9	255	2.3	228	2.1
Long term loans and advances	3	0.0	4	0.0	3	0.0	3	0.0	1,929	17.6	1,812	16.8
Long term deposits and prepayments	7	0.1	7	0.1	7	0.1	3	0.0	3	0.0	2	0.0
Deferred income tax asset	2	0.0	47	0.4	63	0.5	42	0.3	-	-	20	0.2
Stores, spare parts and loose tools	157	1.3	124	1.0	152	1.2	160	1.3	170	1.5	174	1.6
Stock in trade	1,490	12.4	1,541	12.3	1,550	11.7	1,658	13.1	1,047	9.5	940	8.7
Trade debts	2,248	18.8	2,476	19.7	4,173	31.6	3,392	26.9	2,580	23.5	2,562	23.7
Loans and advances	364	3.0	305	2.4	267	2.0	309	2.4	225	2.0	239	2.2
Short term deposits and prepayments	21	0.2	25	0.2	41	0.3	67	0.5	6	0.1	1	0.0
Accrued interest	4	0.0	5	0.0	4	0.0	3	0.0	-	-	22	0.2
Other receivables	571	4.8	566	4.5	353	2.7	182	1.4	109	1.0	62	0.6
Short term investments	82	0.7	56	0.4	50	0.4	37	0.3	50	0.5	65	0.6
Cash & bank balances	7	0.1	6	0.0	25	0.2	19	0.1	16	0.1	19	0.2
Total assets	11,978	100	12,543	100	13,213	100	12,616	100	10,989	100	10,816	100
Issued, subscribed and paid up share capital	492	4.1	492	3.9	492	3.7	492	3.9	492	4.5	492	4.5
Reserves	2,581	21.5	2,334	18.6	1,950	14.8	2,021	16.0	2,180	19.8	1,770	16.4
Shareholders' equity	3,073	25.7	2,826	22.5	2,442	18.5	2,513	19.9	2,672	24.3	2,262	20.9
Surplus on revaluation of operating fixed assets	2,291	19.1	2,291	18.3	1,640	12.4	1,640	13.0	1,640	14.9	1,640	15.2
Long term financing	79	0.7	210	1.7	401	3.0	512	4.1	656	6.0	1,108	10.2
Liabilities against assets subject to finance lease	44	0.4	77	0.6	98	0.7	55	0.4	-	-	-	-
Deferred liability	-	-	-	-	-	-	-	-	9	0.1	-	-
Trade and other payables	1,026	8.6	1,070	8.5	2,501	18.9	1,319	10.5	521	4.7	315	2.9
Accrued mark-up	97	0.8	161	1.3	145	1.1	141	1.1	107	1.0	177	1.6
Short term borrowings	5,082	42.4	5,568	44.4	5,598	42.4	5,936	47.0	4,840	44.0	4,883	45.1
Current portion of non-current liabilities	164	1.4	221	1.8	267	2.0	350	2.8	452	4.1	357	3.3
Provision for taxation	122	1.0	119	0.9	121	0.9	151	1.2	91	0.8	73	0.7
Total equity and liabilities	11,978	100	12,543	100	13,213	100	12,616	100	10,989	100	10,816	100
Profit and Loss Account (Rs. in million)												
Sales	12,411	100.0	13,262	100.0	12,729	100.0	14,759	100.0	10,863	100.0	10,751	100.0
Cost of sales	11,036	88.9	11,774	88.8	11,215	88.1	13,395	90.8	9,407	86.6	9,175	85.3
Gross profit	1,375	11.1	1,488	11.2	1,514	11.9	1,365	9.2	1,457	13.4	1,575	14.7
Distribution cost	611	4.9	686	5.2	629	4.9	641	4.3	470	4.3	393	3.7
Administrative expenses	195	1.6	187	1.4	200	1.6	203	1.4	182	1.7	168	1.6
Other expenses	67	0.5	19	0.1	13	0.1	41	0.3	79	0.7	376	3.5
Other income	361	2.9	206	1.6	194	1.5	179	1.2	185	1.7	251	2.3
Profit from operations	863	7.0	802	6.0	866	6.8	659	4.5	910	8.4	889	8.3
Finance cost	472	3.8	584	4.4	761	6.0	527	3.6	567	5.2	816	7.6
Share of (loss) / profit from associate	(52)	(0.4)	29	0.2	(123)	(1.0)	(145)	(1.0)	120	1.1	165	1.5
Profit / (loss) before taxation	339	2.7	247	1.9	(18)	(0.1)	(13)	(0.1)	463	4.3	239	2.2
Taxation	104	0.8	135	1.0	99	0.8	100	0.7	119	1.1	59	0.6
Profit / (loss) after taxation	235	1.9	112	0.8	(117)	(0.9)	(113)	(0.8)	345	3.2	179	1.7

Horizontal Analysis

For the last six financial years	2014	%	2013	%	2012	%	2011	%	2010	%	2009	%
Balance Sheet (Rs. in million)												
Property, plant and equipment	4,176	(6.5)	4,468	14.4	3,905	(3.2)	4,035	1.4	3,981	(4.8)	4,182	(1.0)
Intangible assets	-	(100.0)	2	(50.0)	4	100.0	-	-	-	-	-	-
Investment in associate	306	(14.5)	358	8.8	329	(27.1)	452	(26.9)	618	27.3	485	51.7
Long term investments	2,540	(0.5)	2,553	11.6	2,287	1.4	2,255	783.8	255	12.0	228	(60.0)
Long term loans and advances	3	(25.0)	4	33.3	3	10.0	3	(99.9)	1,929	6.4	1,812	11.0
Long term deposits and prepayments	7	-	7	-	7	177.8	3	(10.9)	3	27.5	2	(37.7)
Deferred income tax asset	2	(95.7)	47	(25.4)	63	48.8	42	100.0	-	(100.0)	20	213.9
Stores, spare parts and loose tools	157	26.6	124	(18.4)	152	(5.1)	160	(5.7)	170	(2.5)	174	(19.1)
Stock in trade	1,490	(3.3)	1,541	(0.6)	1,550	(6.5)	1,658	58.3	1,047	11.3	940	(24.2)
Trade debts	2,248	(9.2)	2,476	(40.7)	4,173	23.0	3,392	31.5	2,580	0.7	2,562	21.7
Loans and advances	364	19.3	305	14.2	267	(13.6)	309	37.6	225	(6.1)	239	(47.8)
Short term deposits and prepayments	21	(16.0)	25	(39.0)	41	(38.9)	67	1,027	6	318.8	1	(8.6)
Accrued interest	4	(20.0)	5	25	4	42.6	3	100.0	-	(100.0)	22	117.4
Other receivables	571	0.9	566	60.3	353	94.1	182	66.2	109	76.8	62	(46.3)
Short term investments	82	46.4	56	12.0	50	33.5	37	(24.7)	50	(23.8)	65	(71.8)
Cash & bank balances	7	16.7	6	(76.0)	25	34.9	19	12.9	16	(13.3)	19	120.8
Total assets	11,978	(4.5)	12,543	(5.1)	13,213	4.7	12,616	14.8	10,989	1.6	10,816	(3.0)
Issued, subscribed and paid up share capital	492	-	492	-	492	-	492	-	492	-	492	-
Reserves	2,581	10.6	2,334	19.7	1,950	(3.5)	2,021	(7.3)	2,180	23.2	1,770	(7.8)
Shareholders' equity	3,073	8.7	2,826	15.7	2,442	(2.8)	2,513	(6.0)	2,672	18.2	2,262	(6.2)
Surplus on revaluation of operating fixed assets	2,291	-	2,291	39.7	1,640	(0.0)	1,640	(0.0)	1,640	0.0	1,640	(0.0)
Long term financing	79	(62.4)	210	(47.6)	401	(21.7)	512	(22.0)	656	(40.8)	1,108	(13.9)
Liabilities against assets subject to finance lease	44	(42.9)	77	(21.4)	98	79.4	55	100.0	-	-	-	-
Deferred liability	-		-		-		-	(100.0)	9	100.0	-	-
Trade and other payables	1,026	(4.1)	1,070	(57.2)	2,501	89.7	1,319	152.9	521	65.5	315	(18.4)
Accrued mark-up	97	(39.8)	161	11.0	145	3.0	141	31.9	107	(39.8)	177	48.8
Short term borrowings	5,082	(8.7)	5,568	(0.5)	5,598	(5.7)	5,936	22.6	4,840	(0.9)	4,883	6.5
Current portion of non-current liabilities	164	(25.8)	221	(17.2)	267	(23.8)	350	(22.4)	452	26.6	357	(10.5)
Provision for taxation	122	2.5	119	(1.7)	121	(19.9)	151	66.2	91	23.9	73	(76.8)
Total equity and liabilities	11,978	(4.5)	12,543	(5.1)	13,213	4.7	12,616	14.8	10,989	1.6	10,816	(3.0)
Profit and Loss Account (Rs. in million)												
Sales	12,411	(6.4)	13,262	4.2	12,729	(13.8)	14,759	35.9	10,863	1.0	10,751	21.5
Cost of sales	11,036	(6.3)	11,774	5.0	11,215	(16.3)	13,395	42.4	9,407	2.5	9,175	16.5
Gross profit	1,375	(7.6)	1,488	(1.7)	1,514	10.9	1,365	(6.3)	1,457	(7.5)	1,575	62.7
Distribution cost	611	(10.9)	686	9.1	629	(1.9)	641	36.3	470	19.7	393	4.9
Administrative expenses	195	4.3	187	(6.5)	200	(1.4)	203	11.5	182	8.1	168	31.9
Other expenses	67	252.6	19	46.2	13	(68.2)	41	(48.1)	79	(79.1)	376	127.7
Other income	361	75.2	206	6.2	194	8.4	179	(3.1)	185	(26.5)	251	17.1
Profit from operations	863	7.6	802	(7.4)	866	31.5	659	(27.6)	910	2.4	889	72.5
Finance cost	472	(19.2)	584	(23.3)	761	44.4	527	(7.0)	567	(30.5)	816	33.1
Share of (loss) / profit from associate	(52)	(279.3)	29	(123.6)	(123)	(15.2)	(145)	(220.8)	120	(27.4)	165	225.6
Profit / (loss) before taxation	339	37	247	(1,472)	(18)	33.7	(13)	(102.9)	463	94.3	239	(608.2)
Taxation	104	(23.0)	135	36.4	99	(1.0)	100	(15.8)	119	99.7	59	303.1
Profit / (loss) after taxation	235	109.9	112	(195.7)	(117)	3.1	(113)	(132.9)	345	92.5	179	(390.2)

Statement of Compliance
with Best Practices of Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulations of 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.

Company has applied the principles contained in the CCG in the following manner:

1 Company encourages representation of independent non-executive Directors and directors representing minority interests on its Board of Directors. Since there was no contestant for independent director so shareholders didn't elect. At present Board includes:

Category	Name
Executive Directors	Mr. Ahmad Shafi
	Mr. Muhammad Anwar
Non-Executive Directors	Mr. Khalid Bashir
	Mr. Khurram Mazhar Karim
	Mr. Muhammad Arshad
	Mr. Muhammad Asif
	Mr. Muhammad Rafi
	Mr. Nasir Shafi

2 Directors have confirmed that none of them is serving as a Director in more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

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

4 No casual vacancy has occurred in the Board during the year.

5 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 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 dates on which they were approved or amended has been maintained.

7 All the 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 CEO and have been taken by the board / shareholders.

8 Meetings of the Board were presided over by the Chairman and the Board meets 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 Board of Director of the company arranged appropriate training programs for its Directors during the year.

10 Board has approved the terms of appointment and remuneration including terms and conditions of employment of Chief Financial Officer (CFO), Corporate Secretary and Head of Internal Audit.

11 Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12 Financial Statements of the company were duly endorsed by CEO and CFO before approval by the Board.

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

14 Company has complied with all corporate and financial reporting requirements of the CCG.

15 Board has formed an Audit Committee. It comprises three members, all of them are non-executive Directors including Chairman of the Committee.

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

17 Board has formed a Human Resource and Remuneration Committee. It comprises three members and all of them are non-executive Directors including the Chairman of the Committee.

18 Board has set-up an effective internal audit function manned by suitably qualified and experienced personnel who are conversant with policies and procedures of the company.

19 Statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20 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 securities, was determined and intimated to directors, employees and stock exchanges.

22 Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

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

On behalf of the Board

(Muhammad Anwar)
Chief Executive Officer

Review Report to the Members on Statement of Compliance
with Best Practices of Code of Corporate Governance

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

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As 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's 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.

Further, Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval 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 recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before 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 of Corporate Governance as applicable to the Company for the year ended June 30, 2014.

As stated in paragraph no. 1 of the Statement of Compliance, there is no independent director on the Board of Directors of the Company which is required by clause (i) (b) of the Code.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood
Date: September 29, 2014
Faisalabad

Auditors' Report to the Members

We have audited the annexed balance sheet of THE CRESCENT TEXTILE MILLS LIMITED as at June 30, 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) As disclosed in Note 15 to the financial statements, the equity method adjustment of Rupees 51.967 million in the carrying amount of investment in the associate, Crescent Bahuman Limited has been made on the basis of its un-audited financial statements for the year ended June 30, 2014;

Except for the effect of adjustments, if any, that might have been determined to be necessary, had the audited financial statements of the associate been available, we report that:

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

(c) 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;

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;

Auditors' Report to the Members

(d) 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 June 30, 2014 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood
Date: September 29, 2014
Faisalabad

Balance Sheet as at June 30, 2014

(Rupees in thousand)	Note	2014	2013
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
100 000 000 (2013: 100 000 000)			
ordinary shares of Rupees 10 each		1,000,000	1,000,000
Issued, subscribed and paid up share capital	3	492,099	492,099
Reserves	4	2,581,356	2,333,608
TOTAL EQUITY		3,073,455	2,825,707
Surplus on revaluation of operating fixed assets - net of deferred income tax	5	2,290,767	2,290,846
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	6	79,166	209,517
Liabilities against assets subject to finance lease	7	43,793	77,488
		122,959	287,005
CURRENT LIABILITIES			
Trade and other payables	8	1,025,519	1,070,136
Accrued mark-up	9	97,001	161,267
Short term borrowings	10	5,081,813	5,567,762
Current portion of non-current liabilities	11	164,104	221,264
Provision for taxation		122,353	119,226
		6,490,790	7,139,655
TOTAL LIABILITIES		6,613,749	7,426,660
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		11,977,971	12,543,213

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

(Muhammad Anwar)
Chief Executive Officer

Balance Sheet as at June 30, 2014

(Rupees in thousand)	Note	2014	2013
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	4,175,596	4,467,905
Intangible assets	14	-	1,900
Investment in associate	15	306,277	358,244
Long term investments	16	2,539,744	2,552,989
Long term loans and advances	17	3,309	3,961
Long term deposits and prepayments	18	7,266	7,106
Deferred income tax asset	19	2,224	47,185
		7,034,416	7,439,290
CURRENT ASSETS			
Stores, spare parts and loose tools	20	156,533	124,229
Stock-in-trade	21	1,489,590	1,540,529
Trade debts	22	2,248,287	2,476,089
Loans and advances	23	364,305	304,652
Short term deposits and prepayments	24	20,457	25,012
Accrued interest	25	4,392	5,433
Other receivables	26	570,830	565,548
Short term investments	27	82,226	56,275
Cash and bank balances	28	6,935	6,156
		4,943,555	5,103,923
TOTAL ASSETS		11,977,971	12,543,213

(Khalid Bashir)
Director

Profit and Loss Account
for the Year Ended June 30, 2014

(Rupees in thousand)	Note	2014	2013
Sales	29	12,411,497	13,262,052
Cost of sales	30	11,036,060	11,769,670
Gross profit		1,375,437	1,492,382
Distribution cost	31	610,760	686,176
Administrative expenses	32	195,553	191,416
Other expenses	33	66,587	18,550
		872,900	896,142
		502,537	596,240
Other income	34	360,727	205,722
Profit from operations		863,264	801,962
Finance cost	35	472,319	584,460
Share of (loss) / profit from associate		(51,967)	29,533
Profit before taxation		338,978	247,035
Taxation	36	103,961	135,103
Profit after taxation		235,017	111,932
Earnings per share - basic and diluted (rupees)	37	4.78	2.27

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

(Muhammad Anwar)
Chief Executive Officer

(Khalid Bashir)
Director

Statement of Comprehensive Income
for the Year Ended June 30, 2014

(Rupees in thousand)	2014	2013
Profit after taxation	235,017	111,932
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss:		
Surplus arising on remeasurement of available for sale investments to fair value	12,706	272,075
Other comprehensive income for the year	12,706	272,075
Total comprehensive income for the year	247,723	384,007

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

(Muhammad Anwar)
Chief Executive Officer

(Khalid Bashir)
Director

Cash Flow Statement
for the Year Ended June 30, 2014

(Rupees in thousand)	Note	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	1,131,125	1,113,506
Finance cost paid		(535,830)	(567,775)
Income tax paid		(150,252)	(160,395)
Dividend paid		(1)	(12)
Workers' profit participation fund paid		(11,557)	(5,605)
Net decrease / (increase) in long term loans and advances		652	(926)
Net (increase) / decrease in long term deposits and prepayments		(160)	336
Net cash generated from operating activities		433,977	379,129
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(76,508)	(162,904)
Proceeds from sale of property, plant and equipment		325,446	32,072
Dividend received		25,019	21,233
Net cash from / (used in) investing activities		273,957	(109,599)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(191,299)	(245,480)
Liabilities against assets subject to finance lease - net		(29,907)	(11,730)
Short term borrowings - net		(485,949)	(30,839)
Net cash used in financing activities		(707,155)	(288,049)
Net increase / (decrease) in cash and cash equivalents		779	(18,519)
Cash and cash equivalents at the beginning of the year		6,156	24,675
Cash and cash equivalents at the end of the year (note 28)		6,935	6,156

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

(Muhammad Anwar)
Chief Executive Officer

(Khalid Bashir)
Director

Statement of Changes in Equity
for the Year Ended June 30, 2014

(Rupees in thousand)	SHARE CAPITAL	RESERVES						TOTAL EQUITY
		CAPITAL RESERVE	REVENUE RESERVES				TOTAL	
		Fair value	General	Dividend equalization	(Accumulated loss) / Unappropriated profit	Sub total		
Balance as at June 30, 2012	492,099	149,788	1,773,643	30,000	(3,844)	1,799,799	1,949,587	2,441,686
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred income tax	-	-	-	-	14	14	14	14
Profit for the year	-	-	-	-	111,932	111,932	111,932	111,932
Other comprehensive income for the year	-	272,075	-	-	-	-	272,075	272,075
Total comprehensive income for the year	-	272,075	-	-	111,932	111,932	384,007	384,007
Balance as at June 30, 2013	492,099	421,863	1,773,643	30,000	108,102	1,911,745	2,333,608	2,825,707
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred income tax	-	-	-	-	25	25	25	25
Profit for the year	-	-	-	-	235,017	235,017	235,017	235,017
Other comprehensive income for the year	-	12,706	-	-	-	-	12,706	12,706
Total comprehensive income for the year	-	12,706	-	-	235,017	235,017	247,723	247,723
Balance as at June 30, 2014	492,099	434,569	1,773,643	30,000	343,144	2,146,787	2,581,356	3,073,455

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

(Muhammad Anwar)
Chief Executive Officer

(Khalid Bashir)
Director

Notes to the Financial Statements
for the Year Ended June 30, 2014

1. THE COMPANY AND ITS ACTIVITIES

The Crescent Textile Mills Limited (the Company) is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Ordinance, 1984). The registered office of the Company is situated at 45-A, Off: Zafar Ali Road, Gulberg-V, Lahore. Its shares are quoted on all the Stock Exchanges in Pakistan. The Company is engaged in the business of textile manufacturing comprising of spinning, combing, weaving, dyeing, bleaching, printing, stitching, buying, selling and otherwise dealing in yarn, cloth and other goods and fabrics made from raw cotton and synthetic fiber(s) and to generate, accumulate, distribute, supply and sale of electricity. The Company also operates a cold storage unit.

2. 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 for the freehold and leasehold land measured at revalued amounts and certain financial instruments carried at 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.

Inventories

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

Taxation

In making the estimates for income tax currently payable by the 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.

Impairment of investment in equity method accounted for associated company

In making an estimate of recoverable amount of the Company's investment in equity method accounted for associated company, the management considers future cash flows.

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 July 01, 2013:

IFRS 7 (Amendment) 'Financial Instruments: Disclosures' (effective for annual periods beginning on or after January 01, 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.

On May 17, 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 January 01, 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 published standards that are mandatory for accounting periods beginning on or after July 01, 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, interpretations and amendments to published standards that are not yet effective but relevant to the Company

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

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after January 01, 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 12 'Disclosures of Interests in Other Entities' (effective for annual periods beginning on or after January 01, 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.

Amendments to IFRS 12 (effective for annual periods beginning on or after January 01, 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 13 'Fair value Measurement' (effective for annual periods beginning on or after January 01, 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 January 01, 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 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after January 01, 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 32 (Amendments) 'Financial Instruments: Presentation' (effective for annual periods beginning on or after January 01, 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 January 01, 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 December 12, 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 July 01, 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 December 12, 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 July 01, 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 January 01, 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 July 01, 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 Employees retirement benefits

The Company operates a recognized provident fund for all its permanent employees. Equal monthly contributions are made to the fund both by the Company and the employees at the rate of 6.25 percent of the basic salary plus cost of living allowance. Obligation for contributions to defined contribution plan is recognized as an expense in the profit and loss account as and when incurred. Employees are eligible under the scheme on completion of prescribed qualifying period of service.

2.3 Liabilities against assets subject to finance lease

Leases, where the Company has substantially all the risks and rewards of ownership of assets are classified as finance leases. At inception, finance leases are recorded at the lower of present value of minimum lease payments under the lease agreement and the fair value of the assets. The related rental obligations, net of finance cost, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and non-current depending upon the timing of the payment. Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit and loss account over the lease term.

2.4 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.

2.5 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.

2.6 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 recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.7 Property, plant and equipment

2.7.1 Operating fixed assets and depreciation

a) Cost / Revalued amount

Fixed assets are stated at cost less accumulated depreciation and any identified impairment loss, except freehold land which is stated at revalued amount less any identified impairment loss and leasehold land which is stated at revalued amount less accumulated depreciation and 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 erection / construction period of qualifying assets and directly attributable costs of bringing the assets to working condition.

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

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

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.

b) Depreciation

Depreciation on operating fixed assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed of.

Depreciation is charged to profit and loss account on reducing balance method, except leasehold land on which depreciation is charged on straight line method to write off the cost of operating fixed assets over their expected useful lives at the rates mentioned in Note 13.1. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

c) 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.

2.7.2 Assets subject to finance lease

These are initially recognized at lower of present value of minimum lease payments under the lease agreements and fair value of assets. Subsequently, these assets are stated at cost less accumulated depreciation and any identified impairment loss. Assets so acquired are depreciated over their expected useful lives. Depreciation of leased assets is charged to profit and loss account.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed of.

2.7.3 Assets subject to operating lease

Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit and loss account on a straight line basis over the lease term.

2.8 Intangible assets

Intangible assets represent the cost of computer software acquired and are stated at cost less accumulated amortization and any identified impairment loss.

Amortization is charged to profit and loss account on straight line basis so as to write off the cost of an asset over its estimated useful life. Amortization is charged from the month in which the asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed of. Intangible assets are amortized over a period of three years.

The Company assesses at each balance sheet date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. When carrying value exceeds the respective recoverable amount, assets are written down to their recoverable amounts and resulting impairment is recognized in profit and loss account currently. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. When an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

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 initially measured at fair value.

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

2.9.1 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.

2.9.2 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.

2.9.3 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.

2.9.4 Investment in associate

The Company's investment in its associate is accounted for under the equity method of accounting. An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture. Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post-acquisition changes in the Company's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortized. The profit and loss account reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Company recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity.

The reporting dates of the associate and the Company are identical and the associate's accounting policies conform to those used by the Company for like transactions and events in similar circumstances.

2.10 Inventories

Inventories, except for stock in transit and waste materials, are stated at lower of cost and net realizable value. Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale. Cost is determined as follows:

Stores, spare parts and loose tools

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

Stock-in-trade

Stock of raw materials, except for stock-in-transit, is valued principally at the lower of weighted average cost and net realizable value.

Stocks-in-transit are valued at cost comprising invoice value plus other charges paid thereon.

Cost of work-in-process and finished goods comprises of cost of direct materials, labour and appropriate manufacturing overheads.

Stock of waste materials is stated at net realizable value.

2.11 Cash and cash equivalents

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

2.12 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Following specific recognition criteria must also be met before revenue is recognized:

Sale of goods and electricity

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on the delivery of the goods. Revenue from sale of electricity is recognized at the time of transmission.

Interest income

Revenue is recognized as interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Dividends

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

Rental income

Revenue 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, interest accrued, other receivables, cash and bank balances, long term financing, liabilities against assets subject to finance lease, short term borrowings, accrued mark-up and trade and other payables etc. Financial assets and liabilities are recognized when the Company becomes a party to contractual provisions of the instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instruments at fair value through profit or loss" which are initially measured at fair value. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

De-recognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired;

- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or

- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

  Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay. Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

De-recognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit and loss account.

2.14 Borrowing cost

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 debts

Trade debts originated by the Company are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. Known bad debts are written off and provision is made against debts considered doubtful when collection of the full amount is no longer probable.

2.16 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in profit and loss account when the loans and receivables are de-recognized or impaired, as well as through the amortization process.

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 Derivative financial instruments

The Company uses derivative financial instruments such as forward currency contracts and forward currency swaps to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are taken directly to profit and loss account.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of cross currency swap contracts is determined by reference to market values for similar instruments.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognized in equity are transferred to profit and loss account. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognized in equity remain in equity until the forecast transaction or firm commitment occurs.

2.19 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.

2.20 Impairment

a) Financial assets

The Company assesses at the end of each reporting period whether there is a objective evidence that a financial asset or group of financial assets is impaired.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognized in profit and loss account.

Available for sale financial assets

If an available for sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit and loss, is transferred from equity to the profit and loss account. Reversals in respect of equity instruments classified as available for sale are not recognized in profit and loss account. Reversals of impairment losses on debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in profit and loss account.

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.

2.21 Off setting

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

2.22 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.

2.23 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 income, 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 six reportable business segments. Spinning (Producing different quality of yarn using natural and artificial fibres), Weaving (Producing different quality of greige fabric using yarn), Processing and Home Textile (Processing greige fabric for production of printed and dyed fabric and manufacturing of home textile articles), Trading (Buying and selling of garments and home textile articles), Power Generation (Generating and distributing power) and Cold Storage (Making of ice and warehousing of perishable goods).

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)	
19 781 136	19 781 136	Ordinary shares of Rupees 10 each		
		fully paid in cash	197,811	197,811
29 428 787	29 428 787	Ordinary shares of Rupees 10 each	294,288	294,288
		issued as fully paid bonus shares		
49 209 923	49 209 923		492,099	492,099

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

(Number of Shares)	2014	2013
The Crescent Textile Mills Limited-Empoloyees Provident Fund-Trustee	4 875 048	1 387 048
Crescent Cotton Mills Limited	2 681 875	2 681 875
Crescent Foundation	1 030 861	1 030 861
Crescent Steel and Allied Products Limited	452 379	452 379
Premier Insurance Limited	262 000	262 000
Shakarganj Mills Limited	5 898	5 898
Ahsan Associates (Private) Limited	-	1 563
	9 308 061	5 821 624

4. RESERVES

(Rupees in thousand)	2014	2013
Composition of reserves is as follows:		
Capital reserve		
Fair value reserve (Note 4.1)	434,569	421,863
Revenue reserves		
Dividend equalization reserve	30,000	30,000
General reserve	1,773,643	1,773,643
Unappropriated profit	343,144	108,102
	2,146,787	1,911,745
	2,581,356	2,333,608

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

(Rupees in thousand)	2014	2013
Balance as at July 01	421,863	149,788
Add: Fair value adjustment during the year	12,706	272,075
Balance as at June 30	434,569	421,863

5. SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS - NET OF DEFERRED INCOME TAX

Surplus on revaluation of operating fixed assets as at July 01	2,291,075	1,640,487
Surplus on revaluation of operating fixed assets	-	650,603
Transferred to unappropriated profit / (accumulated loss) in respect of incremental depreciation charged during the year - net of deferred income tax	25	14
Related deferred income tax liability	3	1
	28	15
	2,291,047	2,291,075
Less:		
Deferred income tax liability as at July 01	229	113
Adjustment of deferred income tax liability due to re-assessment at year end	54	117
Incremental depreciation charged during the year transferred to profit and loss account	(3)	(1)
	280	229
	2,290,767	2,290,846

5.1 This represents surplus resulting from revaluation of freehold land and leasehold land carried out on June 30, 2013 by Messrs Hamid Mukhtar and Company (Private) Limited, an independent valuer enrolled on panel of the State Bank of Pakistan (SBP) as per the basis stated in Note 13.1.1 to the financial statements. Previously revaluation was carried out on June 30, 2007 by an independent valuer.

(Rupees in thousand)	2014	2013
6. LONG TERM FINANCING		
Financing from banking companies - secured (Note 6.1)	209,517	400,816
Less: Current portion shown under current liabilities (Note 11)	130,351	191,299
	79,166	209,517

6.1

Lender (Rupees in thousand)	2014	2013	Rate of interest per annum	Number of installments	Date of repayment of first installment	Interest payable	Security
Allied Bank Limited	-	23,167	SBP refinance rate for LTF-EOP plus 2%	12 equal half yearly installments	December 29, 2007	Quarterly	Joint pari passu charge over fixed and current assets of the Company.
Habib Bank Limited	37,781	113,343	SBP refinance rate for LTF-EOP plus 2%	10 equal half yearly installments	January 23, 2010	Quarterly	Joint pari passu charge over fixed and current assets of the Company.
Allied Bank Limited	13,784	22,973	SBP refinance rate for LTF-EOP plus 2%	12 equal half yearly installments	February 23, 2010	Quarterly	Joint pari passu charge over fixed and current assets of the Company.
Habib Bank Limited	8,750	14,583	SBP refinance rate for LTF-EOP plus 3%	12 equal half yearly installments	March 03, 2010	Quarterly	Joint pari passu charge over fixed and current assets of the Company.
Habib Bank Limited	22,993	32,190	SBP refinance rate for LTF-EOP plus 3%	12 equal half yearly installments	June 08, 2011	Quarterly	Joint pari passu charge over fixed and current assets of the Company.
MCB Bank Limited	55,157	91,928	6 months KIBOR plus 2% without any floor or cap	8 equal half yearly installments	January 27, 2012	Half yearly	Joint pari passu charge over fixed and current assets of the Company.
United Bank Limited	71,052	102,632	3 months KIBOR plus 1.25 % without any floor or cap	19 equal quarterly installments	February 29, 2012	Quarterly	Joint pari passu charge over fixed and current assets of the Company.
	209,517	400,816					

	(Rupees in thousand)	2014	2013
7.	LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
	Future minimum lease payments	89,931	130,703
	Less: Un-amortized finance charge	12,385	23,250
	Present value of future minimum lease payments	77,546	107,453
	Less: Current portion shown under current liabilities (Note 11)	33,753	29,965
		43,793	77,488

7.1 The minimum lease payments have been discounted at an implicit interest rate of six months KIBOR plus 2.75% (2013: six months KIBOR plus 2.75%) per annum with floor of 13% per annum. The implicit interest rate used to arrive at the present value of minimum lease payments ranges from 12.87% to 13.16% (2013: 12.16% to 13.01%) per annum. Since the implicit interest rate is linked with KIBOR so the amount of minimum lease payments and finance charge may vary from period to period. Taxes, repairs and insurance costs are to be borne by the Company. These are secured against the leased assets.

7.2 Minimum lease payments and their present values are regrouped as under:

(Rupees in thousand)	2014		2013	
	Not later than one year	Later than one year and not later than five years	Not later than one year	Later than one year and not later than five years
Future minimum lease payments	41,881	48,050	41,545	89,158
Less: Un-amortized finance charge	8,128	4,257	11,580	11,670
Present value of future minimum lease payments	33,753	43,793	29,965	77,488

	(Rupees in thousand)	2014	2013
8.	TRADE AND OTHER PAYABLES		
	Creditors (Note 8.1)	566,740	597,727
	Accrued liabilities	392,689	399,996
	Advances from customers	35,323	43,726
	Retention money payable	557	62
	Income tax deducted at source	3,687	723
	Sales tax deducted at source	4,615	3,187
	Unclaimed dividend	6,788	6,789
	Payable to Employees' Provident Fund Trust	145	4,333
	Workers' profit participation fund (Note 8.2)	12,429	11,700
	Other payables	2,546	1,893
		1,025,519	1,070,136

8.1 This includes amounts in aggregate of Rupees 10.323 million (2013: Rupees 15.309 million) due to related parties.

	(Rupees in thousand)	2014	2013
8.2	Workers' profit participation fund		
	Balance as on July 01	11,700	5,436
	Interest for the year (Note 35)	755	400
	Provision for the year (Note 33)	11,531	11,469
		23,986	17,305
	Less: Payments during the year	11,557	5,605
	Balance as on June 30	12,429	11,700

8.2.1 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.

		2014	2013
9.	ACCRUED MARK-UP		
	Long term financing	6,735	14,246
	Liabilities against assets subject to finance lease	626	685
	Short term borrowings	89,640	146,336
		97,001	161,267
10.	SHORT TERM BORROWINGS		
	From banking companies - secured		
	Short term finances (Note 10.1 and Note 10.4)	537,225	3,378,119
	State Bank of Pakistan (SBP) refinance (Note 10.2 and Note 10.4)	1,655,600	1,697,600
	Short term foreign currency finances (Note 10.3 and Note 10.4)	2,801,688	381,469
		4,994,513	5,457,188
	Others - unsecured (Note 10.5)	87,300	110,574
		5,081,813	5,567,762

10.1 The finances aggregating to Rupees 1,457 million (2013: Rupees 4,055 million) are obtained from banking companies under mark-up agreements and carry mark up ranging from KIBOR plus 1.75 to 3.00 percent (2013: KIBOR plus 1.75 to 3.00 percent) per annum.

10.2 Export refinances have been obtained from banking companies under SBP's refinance scheme on which service charges at the rate of 9.20 to 9.40 percent (2013: 9.20 to 11.00 percent) per annum are payable. These form part of aggregate borrowing limits of Rupees 1,656 million (2013: Rupees 1,698 million).

10.3 Short term foreign currency finances amounting to Rupees 3,113 million (2013: Rupees 407 million) are available at mark-up ranging from LIBOR plus 2.50 to 4 percent (2013: LIBOR plus 3.00 to 4 percent) per annum.

10.4 The aggregate short term finances from banking companies are secured by way of joint pari passu charge over fixed and current assets of the Company.

10.5 This represents loan obtained from Crescent Model Farm which is repayable on demand. It carries mark-up at the rate of one month KIBOR plus 1.50 percent per annum (2013: one month KIBOR plus 1.50 percent).

	(Rupees in thousand)	2014	2013
11.	CURRENT PORTION OF NON-CURRENT LIABILITIES		
	Current portion of long term financing (Note 6)	130,351	191,299
	Current portion of liabilities against assets subject to finance lease (Note 7)	33,753	29,965
		164,104	221,264

12. CONTINGENCIES AND COMMITMENTS

a) Contingencies

i) Guarantees of Rupees 149.784 million (2013: Rupees 144.833 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections and Faisalabad Electric Supply Company against electricity connections.

ii) Post dated cheques of Rupees 69.020 million (2013: Rupees 57.079 million) are issued to custom authorities in respect of duties on imported materials availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.

iii) The Company is contingently liable to the extent of Rupees 179.133 million (2013: Rupees 219.200 million) as its share of contingent liabilities of its associate.

iv) The Company has filed appeal with Appellate Tribunal Inland Revenue for the revision of assessment order issued under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2008. In case of adverse decision, the Company may face tax liability of Rupees 40.691 million (2013: Rupees 40.691 million). The Company's management is confident that appeal is likely to succeed.

v) Commissioner Inland Revenue has filed appeals with Honourable Supreme Court of Pakistan for the recovery of sales tax liabilities on account of various provisions of Sales Tax Act, 1990. In case of adverse decision, the Company may face tax liability of Rupees 16.673 million (2013: Rupees 16.673 million). The Company's management is confident that appeals are likely to be dismissed.

b) Commitments

i) Contracts for capital expenditure are of Rupees 47.040 million (2013: Rupees Nil).

ii) Letters of credit other than for capital expenditure are of Rupees 110.468 million (2013: Rupees 24.851 million).

iii) Ijarah (operating lease) commitments - Company as lessee

The Company obtained vehicles under ijarah (operating lease) agreement. The lease terms are of three years. The Company has given undertaking to purchase the leased vehicles on agreed purchase price at maturity.

The future aggregate minimum lease payments under ijarah (operating lease are as follows:

(Rupees in thousand)	2014	2013
Not later than one year	1,733	4,108
Later than one year and not later than five years	918	1,120
	2,651	5,228

13. PROPERTY, PLANT AND EQUIPMENT

	2014	2013
Operating fixed assets (Note 13.1)		
-Owned	4,027,320	4,327,131
-Leased	126,697	140,774
Capital work-in-progress (Note 13.2)	21,579	-
	4,175,596	4,467,905

13.1 Operating fixed assets

	Owned Assets												Leased Assets
	Land-Freehold	Land-Leasehold	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Factory tools and equipment	Gas and electric Installations	Vehicles	Furniture and fixtures	Office equipment	Stand-by equipment	Total	Plant and machinery
	(Rupees in thousand)												
At June 30, 2012													
Cost / revalued amount	1,652,700	6,000	326,516	49,431	4,387,471	20,553	51,810	82,027	6,104	24,173	113,523	6,720,308	149,747
Accumulated depreciation	-	(1,070)	(213,222)	(35,597)	(2,495,710)	(13,336)	(33,840)	(44,634)	(4,476)	(21,759)	(99,922)	(2,963,566)	(9,859)
Net book value	1,652,700	4,930	113,294	13,834	1,891,761	7,217	17,970	37,393	1,628	2,414	13,601	3,756,742	139,888
Year ended June 30, 2013													
Opening net book value	1,652,700	4,930	113,294	13,834	1,891,761	7,217	17,970	37,393	1,628	2,414	13,601	3,756,742	139,888
Effect of surplus on revaluation as at June 30, 2013	649,470	1,133	-	-	-	-	-	-	-	-	-	650,603	-
Additions	-	-	13,277	-	125,753	18	12,630	3,625	78	1,291	-	156,672	15,000
Disposals:													
Cost / revalued amount	-	-	-	-	(26,921)	-	-	(34,923)	-	-	-	(61,844)	-
Accumulated depreciation	-	-	-	-	22,964	-	-	20,520	-	-	-	43,484	-
	-	-	-	-	(3,957)	-	-	(14,403)	-	-	-	(18,360)	-
Depreciation charge	-	(63)	(9,360)	(1,353)	(192,530)	(1,444)	(4,436)	(6,177)	(333)	(1,470)	(1,360)	(218,526)	(14,114)
Closing net book value	2,302,170	6,000	117,211	12,481	1,821,027	5,791	26,164	20,438	1,373	2,235	12,241	4,327,131	140,774
At June 30, 2013													
Cost / revalued amount	2,302,170	7,133	339,793	49,431	4,486,303	20,571	64,440	50,729	6,182	25,464	113,523	7,465,739	164,747
Accumulated depreciation	-	(1,133)	(222,582)	(36,950)	(2,665,276)	(14,780)	(38,276)	(30,291)	(4,809)	(23,229)	(101,282)	(3,138,608)	(23,973)
Net book value	2,302,170	6,000	117,211	12,481	1,821,027	5,791	26,164	20,438	1,373	2,235	12,241	4,327,131	140,774
Year ended June 30, 2014													
Opening net book value	2,302,170	6,000	117,211	12,481	1,821,027	5,791	26,164	20,438	1,373	2,235	12,241	4,327,131	140,774
Additions	-	-	-	-	52,939	-	507	-	-	1,483	-	54,929	-
Disposals:													
Cost / revalued amount	-	-	(4,030)	-	(438,902)	-	-	(3,482)	-	-	-	(446,414)	-
Accumulated depreciation	-	-	3,289	-	288,082	-	-	2,663	-	-	-	294,034	-
	-	-	(741)	-	(150,820)	-	-	(819)	-	-	-	(152,380)	-
Write offs:													
Cost / revalued amount	-	-	-	-	(2,151)	-	(29)	-	(37)	-	-	(2,217)	-
Accumulated depreciation	-	-	-	-	1,709	-	27	-	35	-	-	1,771	-
	-	-	-	-	(442)	-	(2)	-	(2)	-	-	(446)	-
Depreciation charge	-	(77)	(9,720)	(1,220)	(177,679)	(1,158)	(5,278)	(3,998)	(274)	(1,286)	(1,224)	(201,914)	(14,077)
Closing net book value	2,302,170	5,923	106,750	11,261	1,545,025	4,633	21,391	15,621	1,097	2,432	11,017	4,027,320	126,697
At June 30, 2014													
Cost / revalued amount	2,302,170	7,133	335,763	49,431	4,098,189	20,571	64,918	47,247	6,145	26,947	113,523	7,072,037	164,747
Accumulated depreciation	-	(1,210)	(229,013)	(38,170)	(2,553,164)	(15,938)	(43,527)	(31,626)	(5,048)	(24,515)	(102,506)	(3,044,717)	(38,050)
Net book value	2,302,170	5,923	106,750	11,261	1,545,025	4,633	21,391	15,621	1,097	2,432	11,017	4,027,320	126,697
Annual rate of depreciation (%)	-	1.01	5, 10	5, 10	10	20	20	20	20	50	10		10

13.1.1 The land of the Company, except the land situated at Faisalabad, had been revalued as on June 30, 2013 using the present market value at Rupees 95.600 million. Whereas the land situated at Faisalabad granted to the Company by the Government of Punjab in 1958 under Land Acquisition Act, 1894 for the specific purpose of using it as an industrial undertaking had been revalued at Rupees 2,212.570 million taking into account conditions specified under various directives of the Government by an independent valuer, Messrs Hamid Mukhtar and Company (Private) Limited. The Company had revalued this land based on the advice from its legal counsel. Previously land of the Company, except the land situated at Faisalabad was revalued on June 30, 2007 at Rupees 62 million and the land situated at Faisalabad at Rupees 1,597 million by Messrs Hamid Mukhtar and Company (Private) Limited.

13.1.2 Fixed assets of the Company with carrying amount of Rupees 4,012 million (2013: Rupees 4,307 million) are subject to first pari passu charge to secured bank borrowings.

13.1.3 If the freehold land and leasehold land were measured using the cost model, the carrying amount would be as follows:

(Rupees in thousand)		2014			2013	
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Land - Freehold	13,403	-	13,403	13,403	-	13,403
Land - Leasehold	4,719	1,075	3,644	4,719	1,027	3,692
	18,122	1,075	17,047	18,122	1,027	17,095

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

(Rupees in thousand)	2014	2013
Cost of sales (Note 30)		
-Owned assets	193,267	207,204
-Leased assets	14,077	14,114
	207,344	221,318
Administrative expenses (Note 32)	8,647	11,322
	215,991	232,640

13.1.5 Detail of operating fixed assets, exceeding the book value of Rupees 50,000 disposed of during the year is as follows:

Description	Qty	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchasers
		(Rupees in thousand)					
Plant and Machinery							
Toyoda Air Jet Looms Jat - 500	48	60,869	54,362	6,507	28,100	Negotiation	Zainab Textile Mills Limited
Toyoda Air Jet Looms Jat - 500	24	30,435	27,254	3,181	9,600	Negotiation	Mehmood Brothers
Toyoda Air Jet Looms T710	28	106,311	55,322	50,989	86,119	Negotiation	Orta Anadolu Textile
Toyoda Air Jet Looms T710	24	87,156	46,003	41,153	74,400	Negotiation	Bismillah Textile Mills Limited
Toyoda Air Jet Looms T710	20	75,378	47,865	27,513	62,000	Negotiation	Mr. Idrees Bagasra
Warp Machine - Universal, Beaming Installation	1	15,134	13,489	1,645	2,850	Negotiation	Mr. Muhammad Asif Bashir Orawala
Knotting Machine with frames	5	539	371	168	625	Negotiation	Mr. Muhammad Ghaffar
Five Bowl Calender	1	527	419	108	3,475	Negotiation	Mr. Shahbaz
Jt 10 Machine	1	1,165	717	448	575	Negotiation	Hafiz Rizwan
Oil Heater with Dual Fuel Burner	1	2,417	1,002	1,415	1,000	Negotiation	Haji Ghulam Rasool
Cone Winder	1	1,115	930	185	1,800	Negotiation	Ideal Trading Co
Warp Tying and Machines	3	2,603	2,027	576	700	Negotiation	Mr. Idrees Bagasra
Knotting Frames	2	815	431	384	400	Negotiation	Mr. Idrees Bagasra
Babcock Pretreatment Range	1	7,983	6,939	1,044	10,500	Negotiation	Mehmood Brothers
Warp Tying With Frame	2	934	621	313	600	Negotiation	Mr. Idrees Bagasra
Knotting Machine	2	539	377	162	200	Negotiation	Mr. Idrees Bagasra
Sizing Machine - Sucker Muller	1	15,173	13,580	1,593	5,500	Negotiation	Mr. Idrees Bagasra
Benniger Sizing Machine	1	13,006	6,985	6,021	20,000	Negotiation	A.L.U International
Benniger Warping Machine with Creel	1	14,430	7,776	6,654	10,000	Negotiation	Mr. Idrees Bagasra
Megitex Over Head Travelling Cleaners Amk 55 Kw 55	2	1,395	721	674	783	Negotiation	Grace Industries
Abm Single Needle Auto Quilting Machine	2	477	271	206	-	Written off	
Wadding Filling Machine For Comforter Shells	1	192	109	83	-	Written off	
Rolling Machine	1	1,464	1,313	151	-	Written off	
		440,057	288,884	151,173	319,227		

Description	Qty	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchasers
		(Rupees in thousand)					
Vehicles							
Mistubishi Lancer	1	1,084	807	277	745	Negotiation	Mr. Sadiq Ali, Japan Motors
Suzuki Cultus	1	629	468	161	428	Company Policy	Mr. Shahzad Hussain, Company Employee
Suzuki Mehran	1	514	285	229	375	Company Policy	Mr. Muhammad Akhtar, Company Employee
Toyota Fork Lifter	1	1,255	1,103	152	320	Negotiation	Mr. Muhammad Tahir
		3,482	2,663	819	1,868		
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 50,000		5,092	4,258	834	4,351		
		448,631	295,805	152,826	325,446		

	(Rupees in thousand)	2014	2013
13.2	Capital work-in-progress		
	Buildings on freehold land	10,069	-
	Buildings on leasehold land	10,815	-
	Advance against vehicle	695	-
		21,579	-
14.	INTANGIBLE ASSETS		
	Computer Software		
	Opening net book value	1,900	3,801
	Amortization (Note 32)	(1,900)	(1,901)
	Closing net book value	-	1,900
	Cost	5,702	5,702
	Accumulated amortization	(5,702)	(3,802)
	Net book value	-	1,900
	Amortization rate (per annum)	33.33%	33.33%

	(Rupees in thousand)	2014	2013
15.	INVESTMENT IN ASSOCIATE		
	Crescent Bahuman Limited - unquoted		
	26 926 433 (2013: 26 926 433) ordinary shares of		
	Rupees 10 each (Note 15.1)	269,264	269,264
	Share of post acquisition reserve:		
	As at July 01	88,980	59,447
	Share of (loss) / profit after income tax	(51,967)	29,533
	As at June 30	37,013	88,980
		306,277	358,244

15.1 The Company holds 32.99% (2013: 32.99%) interest in Crescent Bahuman Limited (CBL), an unquoted public limited company involved in manufacturing of textile products. The summarized financial information of CBL is as follows:

		2014	2013
	Associate's balance sheet:		
	Current assets	5,955,899	5,623,838
	Non-current assets	4,003,070	3,911,565
	Current liabilities	(7,002,390)	(6,716,693)
	Non-current liabilities	(1,286,048)	(990,655)
	Net assets	1,670,531	1,828,055
	Associate's revenue and (loss) / profit:		
	Revenue	7,808,390	9,473,950
	(Loss) / profit before taxation for the year	(85,398)	180,021
	(Loss) / profit after taxation for the year	(157,523)	89,521
16.	LONG TERM INVESTMENTS		
	Available for sale		
	Related parties		
	Quoted		
	Crescent Jute Products Limited		
	2 738 637 (2013: 2 738 637) fully paid ordinary shares of		
	Rupees 10 each. Equity held 11.52% (2013: 11.52%)	1,123	1,123
	Crescent Cotton Mills Limited		
	975 944 (2013: 975 944) fully paid ordinary shares of		
	Rupees 10 each. Equity held 4.56% (2013: 4.56%)	5,124	5,124

(Rupees in thousand)	2014	2013
Shams Textile Mills Limited		
812 160 (2013: 812 160) fully paid ordinary shares of Rupees 10 each. Equity held 9.40% (2013: 9.40%)	4,629	4,629
Premier Insurance Limited		
169 573 (2013: 169 573) fully paid ordinary shares of Rupees 5 each. Equity held 0.28% (2013: 0.28%)	35	35
Shakarganj Mills Limited		
5 427 488 (2013: 5 427 488) fully paid ordinary shares of Rupees 10 each. Equity held 7.81% (2013: 7.81%)	20,624	20,624
2 746 050 (2013: 2 746 050) fully paid preference shares of	5,924	5,924
Rupees 10 each. Equity held 7.94% (2013: 7.94%)		
Crescent Steel and Allied Products Limited		
6 830 643 (2013: 6 209 676) fully paid ordinary shares of Rupees 10 each. Equity held 11% (2013: 11%)	91,625	91,625
Unquoted		
Crescent Bahuman Limited		
197 600 000 (2013: 197 600 000) fully paid preference shares of Rupees 10 each. Equity held 73.37% (2013: 73.37%) (Note 16.1)	1,976,000	1,976,000
Premier Financial Services (Private) Limited		
500 (2013: 500) fully paid ordinary shares of Rupees 1,000 each. Equity held 2.22% (2013: 2.22%)	500	500
Others		
Quoted		
Jubilee Spinning and Weaving Mills Limited		
182 629 (2013: 182 629) fully paid ordinary shares of Rupees 10 each. Equity held 0.56% (2013: 0.56%)	213	213
Crescent Fibres Limited		
351 657 (2013: 351 657) fully paid ordinary shares of Rupees 10 each. Equity held 2.83% (2013: 2.83%)	2,162	2,162

(Rupees in thousand)	2014	2013
Unquoted		
Cresox (Private) Limited		
4 199 792 (2013: 4 199 792) fully paid ordinary shares of		
Rupees 10 each. Equity held 11.66% (2013: 11.66%)	41,998	41,998
	2,149,957	2,149,957
Add: Fair value adjustment	389,787	403,032
	2,539,744	2,552,989

16.1 This represents 5 % unlisted, non-voting, cumulative and participatory preference shares issued by Crescent Bahuman Limited. These preference shares are convertible into non-voting ordinary shares.

17. LONG TERM LOANS AND ADVANCES

Considered good - secured:		
Employees	5,087	5,660
Less: Current portion shown under current assets (Note 23)	1,778	1,699
	3,309	3,961

17.1 These represent Qarz-e-Hasna given to employees and are secured against balance to the credit of employees in the provident fund trust. These are recoverable in equal monthly installments.

17.2 The fair value adjustment in accordance with the requirements of IAS 39 'Financial Instruments: Recognition and Measurement' arising in respect of staff loans is not considered material and hence not recognized.

18. LONG TERM DEPOSITS AND PREPAYMENTS

Security deposits	7,256	7,074
Prepayments	49	58
	7,305	7,132
Less: Current portion shown under current assets (Note 24)	39	26
	7,266	7,106

19. DEFERRED INCOME TAX ASSET

Taxable temporary differences		
Tax depreciation allowance	(124,126)	(118,691)
Tax on investment in associate	(3,702)	(8,898)
Surplus on revaluation of operating fixed assets	(278)	(227)
	(128,106)	(127,816)

	(Rupees in thousand)	2014	2013
	Deductible temporary differences		
	Unused tax losses	130,330	175,001
		2,224	47,185
20.	STORES, SPARE PARTS AND LOOSE TOOLS		
	Stores (Note 20.1)	146,930	108,307
	Spare parts	9,536	15,852
	Loose tools	67	70
		156,533	124,229

20.1 These include stores in transit of Rupees 10.998 million (2013: Rupees Nil).

	21. STOCK-IN-TRADE	2014	2013
	Raw materials (Note 21.1)	239,268	431,837
	Work-in-process	122,937	158,593
	Finished goods (Note 21.2)	1,120,201	944,565
	Waste	7,184	5,534
		1,489,590	1,540,529

21.1 Raw materials include stock in transit of Rupees 120.034 million (2013: Rupees Nil).

21.2 Finished goods include stock in transit of Rupees 103.843 million (2013: Rupees 84.800 million).

21.3 Stock-in-trade of Rupees 335.063 million (2013: Rupees 5.534 million) is being carried at net realizable value.

21.4 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 30.253 Million (2013: Rupees Nil).

22.	TRADE DEBTS	2014	2013
	Considered good:		
	Secured (against letters of credit)	148,888	258,340
	Unsecured (Note 22.2)	2,099,399	2,217,749
		2,248,287	2,476,089

(Rupees in thousand)	2014	2013
Considered doubtful:		
Others - unsecured	41,203	26,078
Less: Provision for doubtful debts		
As at July 01	26,078	26,078
Provision made during the year (Note 33)	15,125	-
As at June 30	41,203	26,078
	-	-

22.1 As at June 30, 2014, trade debts due from other than related parties of Rupees 472.612 million (2013: Rupees 526.673 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:

Upto 1 month	210,252	167,988
1 to 6 months	152,370	325,058
More than 6 months	109,990	33,627
	472,612	526,673

22.2 It includes amount receivable from a related party, Crescent Bahuman Limited, amounting to Rupees 443.071 million (2013: Rupees 361.803 million).

22.2.1 As at June 30, 2014, trade debts due from related party amounting to Rupees 438.080 million (2013: Rupees 355.047 million) were past due but not impaired. The Company is charging mark up on all overdue balances receivable from Crescent Bahuman Limited. The ageing analysis of these trade debts is as follows:

Upto 1 month	9,918	6,051
1 to 6 months	49,107	63,203
More than 6 months	379,055	285,793
	438,080	355,047

22.3 As at June 30, 2014, trade debts of Rupees 41.203 million (2013: Rupees 26.078 million) were impaired and provided for. The ageing of these trade debts was more than two and half years. These trade debts do not include amounts due from related parties.

23. LOANS AND ADVANCES

Considered good:		
Employees - interest free	84	80
Current portion of long term loans and advances (Note 17)	1,778	1,699
Advances to suppliers	12,156	46,554
Letters of credit	262	619
Income tax	350,025	255,700
	364,305	304,652

(Rupees in thousand)	2014	2013
Considered doubtful:		
Advances to suppliers	589	-
Less: Provision for doubtful loans and advances		
As at July 01	-	-
Provision made during the year (Note 33)	589	-
As at June 30	589	-
	-	-

24. SHORT TERM DEPOSITS AND PREPAYMENTS

(Rupees in thousand)	2014	2013
Considered good:		
Margin deposit	19,129	23,557
Short term prepayments	1,289	1,429
Current portion of long term deposits and prepayments (Note 18)	39	26
	20,457	25,012

25. ACCRUED INTEREST

This includes interest receivable from the associate, Crescent Bahuman Limited on overdue receivable balance.

26. OTHER RECEIVABLES

(Rupees in thousand)	2014	2013
Considered good:		
Due from related parties (Note 26.1)	33,123	9,307
Export rebate and claims	38,947	35,711
Sales tax and special excise duty refundable	126,295	241,005
Dividend receivable from related parties	370,500	277,441
Miscellaneous	1,965	2,084
	570,830	565,548
Considered doubtful:		
Export rebate, sales tax and special excise duty refundable	46,539	20,018
Less: Provision for doubtful debts		
As at July 01	20,018	20,018
Provision made during the year (Note 33)	26,521	-
As at June 30	46,539	20,018
	-	-

26.1 It includes an amount of Rupees 33.086 million (2013: Rupees 9.200 million) receivable on account of insurance claim from Premier Insurance Limited.

	(Rupees in thousand)	2014	2013
27.	SHORT TERM INVESTMENTS		
	Available for sale		
	Others - quoted		
	Samba Bank Limited		
	12 346 238 (2013: 21 897 007) fully paid ordinary shares		
	of Rupees 10 each. Equity held 1.22% (2013: 1.53%) (Note 27.1)	37 ,444	37,444
	Add: Fair value adjustment	44,782	18,831
		82,226	56,275

27.1 Samba Bank Limited in its Extraordinary General Meeting (EOGM) held on January 17, 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.

		2014	2013
28.	CASH AND BANK BALANCES		
	With banks:		
	On current accounts		
	Including US$ 4,335 (2013: US$ 7,173)	5,915	5,692
	Cash in hand	1,020	464
		6,935	6,156
29.	SALES		
	Local (Note 29.1)	5,728,761	4,858,067
	Export (Note 29.2)	6,624,095	8,338,548
	Export rebate	41,978	48,884
	Duty drawback	16,663	16,553
		12,411,497	13,262,052
29.1	Local		
	Sales	5,558,959	4,683,267
	Waste	206,253	131,002
	Processing income	70,527	78,200
	Cold storage	13,118	14,820
		5,848,857	4,907,289
	Less: Sales tax	120,096	49,222
		5,728,761	4,858,067

29.2 Exchange gain due to currency rate fluctuations relating to export sales amounting to Rupees 24.345 million (2013: Rupees 81.653 million) has been included in export sales.

	(Rupees in thousand)	2014	2013
30.	COST OF SALES		
	Raw materials consumed (Note 30.1)	4,569,942	4,185,876
	Cloth and yarn purchased	1,727,225	1,314,807
	Stores, spare parts and loose tools consumed	543,217	670,922
	Packing materials consumed	464,539	377,434
	Processing and weaving charges	550,883	476,165
	Salaries, wages and other benefits (Note 30.2)	766,222	744,563
	Fuel and power	1,630,600	1,852,199
	Repair and maintenance	63,525	58,857
	Insurance	12,087	15,723
	Depreciation (Note 13.1.4)	207,344	221,318
	Other factory overheads	18,194	16,635
		10,553,778	9,934,499
	Work-in-process		
	Opening stock	158,593	140,101
	Closing stock	(122,937)	(158,593)
		35,656	(18,492)
	Cost of goods manufactured	10,589,434	9,916,007
	Finished goods		
	Opening stock	950,099	1,082,649
	Closing stock	(1,127,385)	(950,099)
		(177,286)	132,550
		10,412,148	10,048,557
	Cost of sales - purchased for resale	623,912	1,721,113
		11,036,060	11,769,670
30.1	Raw material consumed		
	Opening stock	431,837	220,145
	Add: Purchased during the year	4,377,373	4,397,568
		4,809,210	4,617,713
	Less: Closing stock	(239,268)	(431,837)
		4,569,942	4,185,876

30.2 Salaries, wages and other benefits include provident fund contribution of Rupees 12.182 million (2013: Rupees 12.476 million) by the Company.

	(Rupees in thousand)	2014	2013
31.	DISTRIBUTION COST		
	Salaries, wages and other benefits (Note 31.1)	25,296	24,123
	Freight and shipment	154,185	220,299
	Duties and other charges	91,981	88,548
	Commission to selling agents	338,840	352,958
	Advertisement	458	248
		610,760	686,176

31.1 Salaries, wages and other benefits include provident fund contribution of Rupees 0.931 million (2013: Rupees 0.908 million) by the Company.

		2014	2013
32.	ADMINISTRATIVE EXPENSES		
	Salaries, wages and other benefits (Note 32.1)	112,123	113,905
	Meeting fee to non-executive directors	770	450
	Traveling, conveyance and entertainment	15,213	11,986
	Rent, rates and taxes (Note 32.2)	6,169	6,129
	Repair and maintenance	17,273	16,418
	Insurance	1,736	2,445
	Printing and stationery	1,967	1,807
	Communication	2,989	2,762
	Subscription	7,056	1,790
	Legal and professional	6,092	7,221
	Auditors' remuneration (Note 32.3)	1,330	1,200
	Software maintenance	1,587	1,272
	Amortization (Note 14)	1,900	1,901
	Depreciation (Note 13.1.4)	8,647	11,322
	Other charges	10,701	10,808
		195,553	191,416

32.1 Salaries, wages and other benefits include provident fund contribution of Rupees 3.699 million (2013: Rupees 3.639 million) by the Company.

32.2 This includes ijarah (operating lease) rentals amounting to Rupees 4.295 million (2013: Rupees 4.327 million) of vehicles.

		2014	2013
32.3	Auditors' remuneration:		
	Audit fee	1,100	1,000
	Half yearly review	200	150
	Reimbursable expenses	30	50
		1,330	1,200

	(Rupees in thousand)	2014	2013
33.	OTHER EXPENSES		
	Donations (Note 33.1)	12,375	7,081
	Provision for doubtful debts (Note 22)	15,125	-
	Provision for doubtful loans and advances (Note 23)	589	-
	Provision for doubtful rebate, sales tax and special excise duty refundable (Note 26)	26,521	-
	Workers' profit participation fund (Note 8.2)	11,531	11,469
	Property, plant and equipment written off	446	-
		66,587	18,550
33.1	There is no interest of any director or his spouse in donees' fund.		
34.	OTHER INCOME		
	Income from financial assets		
	Dividend income (Note 34.1)	118,078	120,185
	Profit on sale of right offer	1,010	-
	Mark-up on loans and advances (Note 34.2)	48,502	49,739
		167,590	169,924
	Income from non-financial assets		
	Sale of empties and scrap	19,265	20,990
	Rental income	796	841
	Gain on sale of property, plant and equipment	173,066	13,712
	Reversal of workers' welfare fund	-	234
	Sundry receipts	10	21
		193,137	35,798
		360,727	205,722
34.1	Dividend income		
	From related parties:		
	Crescent Bahuman Limited-Preference dividend	98,800	98,800
	Premier Insurance Limited	170	169
	Crescent Steel and Allied Products Limited	16,145	18,629
	Shams Textile Mills Limited	2,436	1,015
	Crescent Cotton Mills Limited	-	1,220
		117,551	119,833
	From others:		
	Crescent Fibres Limited	527	352
		118,078	120,185

34.2 This relates to markup charged on overdue receivables from Crescent Bahuman Limited (an associate).

	(Rupees in thousand)	2014	2013
35.	FINANCE COST		
	Mark up on:		
	Long term financing	27,665	46,709
	Liabilities against assets subject to finance lease	11,659	16,312
	Short term borrowings	423,154	510,756
	Interest on workers' profit participation fund (Note 8.2)	755	400
	Bank charges and commission	9,086	10,283
		472,319	584,460

35.1 Net gain on fair value of derivative financial instruments amounting to Rupees 21.494 million (2013: Rupees 29.778 million) is adjusted against finance cost.

35.2 Exchange gain on foreign currency loans of the Company amounting to Rupees 44.603 million (2013: Exchange loss of Rupees 61.382 million) is adjusted against finance cost.

		2014	2013
36.	TAXATION		
	Charge for the year:		
	Current (Note 36.1)	122,353	119,226
	Prior year adjustment	(63,299)	-
		59,054	119,226
	Deferred (Note 36.2)	44,907	15,877
		103,961	135,103

36.1 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 June 30, 2014 are Rupees 394.939 million (2013: Rupees 514.709 million). Reconciliation of tax expenses and product of accounting profit multiplied by the applicable tax rate is not presented, being impracticable.

		2014	2013
36.2	Deferred income tax effect due to:		
	Tax depreciation allowance	124,126	118,691
	Unused tax losses	(130,330)	(175,001)
	Tax on investment in associate	3,702	8,898
	Surplus on revaluation of operating fixed assets	278	227
		(2,224)	(47,185)
	Opening balance as at July 01,	47,185	63,179
	Related to surplus on revaluation of operating fixed assets	(54)	(117)
		44,907	15,877

	(Rupees in thousand)	2014	2013
37.	EARNINGS PER SHARE - BASIC AND DILUTED		
	There is no dilutive effect on the basic earnings per share which is based on:		
	Profit for the year (Rupees in thousand)	235,017	111,932
	Weighted average number of ordinary shares (Numbers)	49 209 923	49 209 923
	Earnings per share (Rupees)	4.78	2.27
38.	CASH GENERATED FROM OPERATIONS		
	Profit before taxation	338,978	247,035
	Adjustments for non-cash charges and other items:		
	Depreciation	215,991	232,640
	Amortization	1,900	1,901
	Gain on sale of property, plant and equipment	(173,066)	(13,712)
	Dividend income	(118,078)	(120,185)
	Provision for doubtful debts	15,125	-
	Provision for doubtful loans and advances	589	-
	Provision for doubtful rebate, sales tax and special excise duty refundable	26,521	-
	Provision for workers' profit participation fund	11,531	11,469
	Reversal of workers' welfare fund	-	(234)
	Share of loss / (profit) from associate	51,967	(29,533)
	Finance cost	472,319	584,460
	Property, plant and equipment written off	446	-
	Working capital changes (Note 38.1)	286,902	199,665
		1,131,125	1,113,506
38.1	Working capital changes		
	(Increase) / decrease in current assets:		
	- Stores, spare parts and loose tools	(32,304)	27,399
	- Stock-in-trade	50,939	9,615
	- Trade debts	212,677	1,697,101
	- Loans and advances	34,083	1,874
	- Short term deposits and prepayments	4,555	15,537
	- Accrued Interest	1,041	(1,675)
	- Other receivables	61,256	(113,385)
		332,247	1,636,466
	Decrease in trade and other payables	(45,345)	(1,436,801)
		286,902	199,665

39. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVES

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

	Chief Executive Officer		Director		Executives	
(Rupees in thousand)	2014	2013	2014	2013	2014	2013
Managerial remuneration	6,100	6,000	371	-	60,766	62,601
Allowances						
House rent	2,745	2,700	167	-	13,691	14,119
Cost of living	-	-	-	-	220	243
Utilities	610	600	37	-	5,477	5,660
Servant	-	-	30	-	600	600
Medical	-	-	-	-	5,105	5,264
Special	-	-	-	-	5,665	5,866
Reimbursable expenses	1,549	1,497	-	-	1,690	1,498
Contribution to provident fund	381	375	23	-	3,533	3,474
	11,385	11,172	628	-	96,747	99,325
Number of persons	1	1	1	-	49	55

39.1 Certain Executives are provided with rent free furnished accommodation and free use of Company maintained vehicles. The Chief Executive Officer and Director are provided with free use of the Company maintained vehicles.

39.2 Aggregate amount charged in the financial statements for meeting fee to seven directors (2013: seven directors) was Rupees 770,000 (2013: Rupees 450,000).

39.3 During the year, one executive was elected as director in the EOGM of the Company held on May 16, 2014.

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

(Rupees in thousand)	2014	2013
40. EMPLOYEES' RETIREMENT BENEFITS		
Contribution to Employees' Provident Fund Trust	16,812	17,023
Contribution to Employees' Old Age Benefit Institution	21,535	22,911
	38,347	39,934

41. PROVIDENT FUND RELATED DISCLOSURE

Following information is based on un-audited financial statements of the provident fund for the years ended June 30, 2014 and June 30, 2013. The audit of the provident fund for the years ended June 30, 2013 and June 30, 2014 is in progress.

(Rupees in thousand)	2014	2013
Size of the fund - Total assets	967,516	873,431
Cost of investments	962,208	869,092
Percentage of investments made	99.45	99.50
Fair value of investments	967,372	875,613

41.1 The break-up of cost of investments is as follows:

	2014	2013	2014	2013
	(Percentage)		(Rupees in thousand)	
Bank deposits	69%	80%	666,899	690,834
Advances to members	11%	11%	107,755	95,693
Defence saving certificates	10%	7%	93,059	64,536
Listed securities	10%	2%	94,495	18,029
	100%	100%	962,208	869,092

41.2 The above investments out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose with the exception of investment in listed securities which exceeds the prescribed limit.

(Number of persons)	2014	2013
42. NUMBER OF EMPLOYEES		
Number of employees as on June 30	5 847	6 052
Average number of employees during the year	5 929	6 229

43. TRANSACTIONS WITH RELATED PARTIES

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

(Rupees in thousand)	2014	2013
Associated companies		
Purchase of goods and services	154,214	124,904
Sale of goods and services	63,207	128,768
Processing income	-	3,554
Dividend income	117,551	119,833
Insurance premium paid	16,867	22,702
Insurance claim received	19,729	-
Interest income	48,502	49,739
Contribution to Employees' Provident Fund Trust	16,812	17,023
Bonus shares received (Number of shares)	620 967	-

(Figures in thousand)		2014	2013
44. PLANT CAPACITY AND ACTUAL PRODUCTION			
Spinning			
100 % plant capacity converted to 20s count based on 3 shifts per day for 1 095 shifts (2013: 1 095 shifts)	(Kgs.)	38 562	38 562
Actual production converted to 20s count based on 3 shifts per day for 1005 shifts (2013: 966 shifts)	(Kgs.)	34 265	33 078
Weaving			
100 % plant capacity at 50 picks based on 3 shifts per day for 1 095 shifts (2013: 1 095 shifts)	(Sq. Mtr.)	52 367	97 078
Actual production converted to 50 picks based on 3 shifts per day for 540 shifts (2013: 849 shifts)	(Sq. Mtr.)	34 841	61 293

Dyeing, Finishing and Home Textile

The plant capacity of these divisions is indeterminable due to multi product plants involving varying processes of manufacturing.

Power Plant			
Generation capacity	(MWH)	258	258
Actual generation	(MWH)	53	84

44.1 REASONS FOR LOW PRODUCTION

Under utilization of available capacity of textile facilities is mainly due to gas and electricity shutdowns. Actual power generation in comparison to installed capacity is low due to periodical scheduled maintenance and availability of FESCO connections.

45. SEGMENT INFORMATION

(Rupees in thousand)	Spinning 2014	Spinning 2013	Weaving 2014	Weaving 2013	Processing & Home Textile 2014	Processing & Home Textile 2013
Sales						
External	5,190,962	4,274,796	1,122,798	1,523,164	5,451,543	5,702,923
Intersegment	1,890,423	2,597,308	5,120,035	5,006,634	-	-
	7,081,385	6,872,104	6,242,833	6,529,798	5,451,543	5,702,923
Cost of sales	6,589,233	6,150,860	6,222,117	6,448,917	4,619,199	5,069,340
Gross profit	492,152	721,244	20,716	80,881	832,344	633,583
Distribution cost	70,458	69,761	32,632	72,253	503,719	530,693
Administrative expenses	66,175	69,519	26,248	23,479	95,112	86,462
	136,633	139,280	58,880	95,732	598,831	617,155
Profit / (loss) before taxation and unallocated income and expenses	355,519	581,964	(38,164)	(14,851)	233,513	16,428
Unallocated income and expenses:						
Other expenses						
Other income						
Finance cost						
Share of (loss) / profit from associate Taxation						
Profit after taxation						

45.1 Reconciliation of reportable segment assets and liabilities:

(Rupees in thousand)	Spinning 2014	Spinning 2013	Weaving 2014	Weaving 2013	Processing & Home Textile 2014	Processing & Home Textile 2013
Total assets for reportable segments	1,665,119	1,681,435	911,856	1,224,549	1,834,892	1,771,541
Unallocated assets						
Total assets as per balance sheet						
All segment assets are allocated to reportable segments other than those directly relating						
Total liabilities for reportable segments	2,531,419	2,606,539	947,307	1,464,948	1,920,017	2,011,342
Unallocated liabilities						
Total liabilities as per balance sheet						
All segment liabilities are allocated to reportable segments other than trade and other						

Trading		Power Generation		Cold Storage		Elimination of inter-segment transactions		Total - Company	
2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
633,076	1,746,349	-	-	13,118	14,820	-	-	12,411,497	13,262,052
-	-	1,480,138	1,582,308	-	-	(8,490,596)	(9,186,250)	-	-
633,076	1,746,349	1,480,138	1,582,308	13,118	14,820	(8,490,596)	(9,186,250)	12,411,497	13,262,052
623,912	1,721,740	1,463,687	1,555,975	8,508	9,088	8,490,596	9,186,250	11,036,060	11,769,670
9,164	24,609	16,451	26,333	4,610	5,732	-	-	1,375,437	1,492,382
2,503	11,234	1,448	2,235	-	-	-	-	610,760	686,176
-	-	7,328	11,274	690	682	-	-	195,553	191,416
2,503	11,234	8,776	13,509	690	682	-	-	806,313	877,592
6,661	13,375	7,675	12,824	3,920	5,050	-	-	569,124	614,790
								66,587	18,550
								360,727	205,722
								472,319	584,460
								(51,967)	29,533
								103,961	135,103
								235,017	111,932

Trading		Power Generation		Cold Storage		Total - Company	
2014	2013	2014	2013	2014	2013	2014	2013
691,525	952,542	375,181	359,235	17,003	17,240	5,495,576	6,006,542
						6,482,395	6,536,671
						11,977,971	12,543,213

to corporate and tax assets.

Trading		Power Generation		Cold Storage		Total - Company	
-	-	66,183	154,469	1,338	1,383	5,466,264	6,238,681
						1,147,485	1,187,979
						6,613,749	7,426,660

payables, corporate borrowings and current tax liabilities.

45.2 Geographical Information

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

(Rupees in thousand)	2014	2013
Europe	3,697,254	3,370,069
America	1,283,022	1,983,371
Asia, Africa and Australia	1,702,460	3,050,545
Pakistan	5,728,761	4,858,067
	12,411,497	13,262,052

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

45.4 Revenue from major customers

There was no major customer of the Company during the year. (2013: one major customer of Company's trading segment amounting to Rupees 1,682 million).

46. FINANCIAL RISK MANAGEMENT

46.1 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. The Company uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and hedges financial risks. 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, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

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. Currently, the Company's foreign exchange risk exposure is restricted to bank balances and the amounts receivable / payable from / to the foreign entities. The Company uses forward exchange contracts to hedge its foreign currency risk, when considered appropriate. The Company's exposure to currency risk was as follows:

(Rupees in thousand)	2014	2013
Cash at banks - USD	4,335	7,173
Trade debts - USD	14,628,750	18,411,711
Trade debts - Euro	254,765	290,642
Trade and other payables - USD	(487,053)	(1,786,942)
Trade and other payables - Euro	(13,479)	(14,355)
Short term borrowings - USD	(28,410,199)	(3,861,022)
Derivative financial instruments - USD	(5,970,149)	-
Net exposure - USD	(20,234,316)	12,770,920
Net exposure - Euro	241,286	276,287

Following significant exchange rates were applied during the year:

	2014	2013
Rupees per US Dollar		
Average rate	102.79	96.60
Reporting date rate	98.55	98.60
Rupees per Euro		
Average rate	139.45	125.01
Reporting date rate	134.46	128.85

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 would have been Rupees 94.719 million lower / higher (2013: Rupees 59.813 million higher / lower) and Rupees 1.541 million (2013: Rupees 1.691 million) 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.

Currency risk management

The Company manages its exposure to currency risk through continuous monitoring of expected / forecast committed and non-committed foreign currency payments and receipts. Reports on forecast foreign currency transactions, receipts and payments are prepared on monthly bases, exposure to currency risk is measured and appropriate steps are taken to ensure that such exposure is minimized while optimizing return. This includes matching of foreign currency liabilities / payments to assets / receipts, using source inputs in foreign currency and arranging cross currency swaps. The Company maintains foreign currency working capital lines in order to finance production of exportable goods. Proceeds from exports are used to repay / settle / rollover the Company's obligations under these working capital lines which substantially reduces exposure to currency risk in respect of such liabilities. Balances in foreign currency are also maintained in current accounts with banking companies.

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 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 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 comprehensive income (fair value reserve)	
(Rupees in thousand)	2014	2013	2014	2013
KSE 100 (5% increase)	-	-	30,173	29,538
KSE 100 (5% decrease)	-	-	(30,173)	(29,538)

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 except for preference shares obtained from Crescent Bahuman Limited (CBL) and trade debts from CBL. The Company's interest rate risk arises from long term financing, liabilities against assets subject to finance lease, short term borrowings and trade debts of CBL. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

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

(Rupees in thousand)	2014	2013
Fixed rate instruments		
Financial assets		
Preference shares-CBL	1,976,000	1,976,000
Financial liabilities		
Long term financing	83,308	206,256
Short term borrowings	1,655,600	1,697,600
Floating rate instruments		
Financial assets		
Trade debts-CBL	443,071	361,803
Financial liabilities		
Long term financing	126,209	194,560
Liabilities against assets subject to finance lease	77,546	107,453
Short term borrowings	3,426,213	3,870,162

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 end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 30.267 million lower / higher (2013: Rupees 36.199 million lower / higher), as a result of higher / lower interest expense on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at balance sheet date were outstanding for the whole year.

Interest rate risk management

The Company manages interest rate risk by analyzing its interest rate exposure on dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points. Cross currency swaps are also arranged to transfer exposure to more stable markets.

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:

(Rupees in thousand)	2014	2013
Investments	2,621,970	2,609,264
Loans and advances	5,171	5,740
Deposits	26,385	30,631
Trade debts	2,248,287	2,476,089
Accrued interest	4,392	5,433
Other receivables	405,588	288,832
Bank balances	5,915	5,692
	5,317,708	5,421,681

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:

(Rupees in thousand)		Rating		2014	2013
	Short Term	Long Term	Agency		
Banks					
National Bank of Pakistan	A-1+	AAA	JCR-VIS	269	211
Allied Bank Limited	A1+	AA+	PACRA	1,945	1,039
Habib Bank Limited	A-1+	AAA	JCR-VIS	1,068	117
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	51	609
MCB Bank Limited	A1+	AAA	PACRA	354	149
NIB Bank Limited	A1+	AA -	PACRA	1	5
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	61	331
United Bank Limited	A-1+	AA+	JCR-VIS	121	526
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	1,716	340
Meezan Bank Limited	A-1+	AA	JCR-VIS	37	2,365
The Bank of Punjab	A1+	AA-	PACRA	292	-
				5,915	5,692

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 22.

Credit risk management

The Company's financial assets do not carry significant credit risk, with the exception of trade debts, which are exposed to losses arising from any non-performance by counterparties. In respect of trade debts, the Company manages credit risk by limiting significant exposure to any single customer. Formal policies and procedures of credit management and administration of receivables are established and executed. In monitoring customer credit risk, the ageing profile of total receivables and individually significant balances, along with collection activities are reviewed on a regular basis. High risk customers are identified and restrictions are placed on future trading, including suspending future shipments and administering dispatches on a prepayment basis or confirmed letters of credit.

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the 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 June 30, 2014, the Company had Rupees 1,232 million (2013: Rupees 703 million) available borrowing limits from financial institutions and Rupees 6.935 million (2013: Rupees 6.156 million) cash and bank balances. The management believes the liquidity risk to be low.

Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at June 30, 2014:

(Rupees in thousand)	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
Non-derivative financial liabilities:						
Long term financing	209,517	234,110	94,871	53,211	72,854	13,174
Liabilities against assets subject to finance lease	77,546	89,931	20,941	20,940	41,881	6,169
Trade and other payables	969,320	969,320	969,320	-	-	-
Accrued mark-up	97,001	97,001	97,001	-	-	-
Short term borrowings	5,081,813	5,269,925	3,686,373	1,583,552	-	-
	6,435,197	6,660,287	4,868,506	1,657,703	114,735	19,343

Contractual maturities of financial liabilities as at June 30, 2013:

(Rupees in thousand)	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
Non-derivative financial liabilities:						
Long term financing	400,816	457,491	114,314	110,157	147,296	85,724
Liabilities against assets subject to finance lease	107,453	130,703	20,772	20,773	41,545	47,613
Trade and other payables	1,006,467	1,006,467	1,006,467	-	-	-
Accrued mark-up	161,267	161,267	161,267	-	-	-
Short term borrowings	5,567,762	6,141,361	5,451,118	690,243	-	-
	7,243,765	7,897,289	6,753,938	821,173	188,841	133,337

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at June 30. The rates of interest / mark up have been disclosed in Note 6, 7 and 10 to these financial statements.

46.2 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:

(Rupees in thousand)	Level 1	Level 2	Level 3	Total
As at June 30, 2014				
Assets				
Available for sale financial assets	603,472	-	-	603,472
As at June 30, 2013				
Assets				
Available for sale financial assets	590,766	-	-	590,766

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 as on June 30, 2014.

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.

46.3 Financial instruments by categories

(Rupees in thousand)	Loans and receivables	Available for sale	Total
As at June 30, 2014			
Assets as per balance sheet			
Investments	-	2,621,970	2,621,970
Loans and advances	5,171	-	5,171
Deposits	26,385	-	26,385
Trade debts	2,248,287	-	2,248,287
Accrued interest	4,392	-	4,392
Other receivables	405,588	-	405,588
Cash and bank balances	6,935	-	6,935
	2,696,758	2,621,970	5,318,728

(Rupees in thousand)	Financial liabilities at amortized cost
Liabilities as per balance sheet	
Long term financing	209,517
Liabilities against assets subject to finance lease	77,546
Accrued mark-up	97,001
Short term borrowings	5,081,813
Trade and other payables	969,320
	6,435,197

(Rupees in thousand)	Loans and receivables	Available for sale	Total
As at June 30, 2013			
Assets as per balance sheet			
Investments	-	2,609,264	2,609,264
Loans and advances	5,740	-	5,740
Deposits	30,631	-	30,631
Trade debts	2,476,089	-	2,476,089
Accrued interest	5,433	-	5,433
Other receivables	288,832	-	288,832
Cash and bank balances	6,156	-	6,156
	2,812,881	2,609,264	5,422,145

(Rupees in thousand)	Financial liabilities at amortized cost
Liabilities as per balance sheet	
Long term financing	400,816
Liabilities against assets subject to finance lease	107,453
Accrued mark-up	161,267
Short term borrowings	5,567,762
Trade and other payables	1,006,467
	7,243,765

46.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends to be paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing, liabilities against assets subject to finance lease and short term borrowings obtained by the Company as referred to in Note 6, 7 and 10 respectively. Total capital employed includes 'total equity' as shown in the balance sheet plus 'borrowings'. The Company's strategy, which was unchanged from last year, was to maintain a gearing ratio of 60% debt and 40% equity.

(Rupees in thousand)	2014	2013
Borrowings	5,368,876	6,076,031
Total equity	3,073,455	2,825,707
Total capital employed	8,442,331	8,901,738
Gearing ratio (Percentage)	63.59	68.26

The decrease in the gearing ratio resulted primarily from decrease in borrowings and increase in total equity of the Company.

47. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company has proposed a cash dividend for the shareholders of the Company for the year ended June 30, 2014 amounting to Rupees 1.25 per share (2013: Nil) at their meeting held on September 29, 2014. The Board of Directors also proposed to issue 25 % right shares (2013: Nil) of total issued, subscribed and paid up share capital. However, these events have been considered as non-adjusting events under IAS 10 and have not been recognized in these financial statements.

48. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 29, 2014 by the Board of Directors of the Company.

49. 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 an amount of Rupees 4.336 million in Other Charges under Administrative Expenses from Fuel and Power under Cost of Sales for better presentation.

50. GENERAL

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

(Muhammad Anwar)
Chief Executive Officer

(Khalid Bashir)
Director

Pattern of Shareholding - (Form "34")
as at June 30, 2014

Shareholders	Form	to	Total Shares	Shareholders	Form	to	Total Shares
529	1	100	17,360	2	205,001	210,000	418,003
532	101	500	158,270	2	210,001	215,000	422,286
285	501	1,000	241,160	1	215,001	220,000	218,780
546	1,001	5,000	1,499,693	1	220,001	225,000	221,981
163	5,001	10,000	1,293,657	1	230,001	235,000	231,500
54	10,001	15,000	689,487	1	235,001	240,000	239,473
43	15,001	20,000	776,128	3	240,001	245,000	729,599
35	20,001	25,000	824,759	2	260,001	265,000	524,867
15	25,001	30,000	414,037	1	275,001	280,000	275,883
10	30,001	35,000	335,940	1	290,001	295,000	291,981
12	35,001	40,000	449,238	1	295,001	300,000	299,662
11	40,001	45,000	478,343	1	300,001	305,000	300,027
7	45,001	50,000	344,451	1	305,001	310,000	307,005
6	50,001	55,000	320,543	1	310,001	315,000	313,122
3	55,001	60,000	172,804	1	315,001	320,000	315,823
4	65,001	70,000	266,663	1	320,001	325,000	324,663
5	70,001	75,000	368,424	1	325,001	330,000	327,000
2	75,001	80,000	150,324	1	330,001	335,000	331,000
6	80,001	85,000	501,727	2	390,001	395,000	789,923
4	85,001	90,000	352,357	1	395,001	400,000	400,000
2	90,001	95,000	184,302	2	400,001	405,000	803,989
6	95,001	100,000	595,312	1	405,001	410,000	409,271
3	100,001	105,000	306,453	1	430,001	435,000	432,259
1	105,001	110,000	107,432	1	450,001	455,000	452,379
1	110,001	115,000	111,626	2	460,001	465,000	925,124
2	115,001	120,000	238,033	1	485,001	490,000	488,951
1	120,001	125,000	123,000	3	495,001	500,000	1,500,000
1	125,001	130,000	129,207	1	510,001	515,000	510,309
1	135,001	140,000	137,973	2	550,001	555,000	1,105,245
1	145,001	150,000	150,000	1	995,001	1,000,000	1,000,000
1	150,001	155,000	154,255	1	1,030,001	1,035,000	1,030,861
2	155,001	160,000	314,490	1	1,045,001	1,050,000	1,049,799
3	160,001	165,000	491,455	1	1,080,001	1,085,000	1,080,077
3	170,001	175,000	522,119	1	1,270,001	1,275,000	1,271,633
1	185,001	190,000	188,340	1	1,445,001	1,450,000	1,446,129
2	190,001	195,000	384,311	1	2,060,001	2,065,000	2,060,068
9	195,001	200,000	1,785,545	1	2,680,001	2,685,000	2,681,875
1	200,001	205,000	204,637	1	2,780,001	2,785,000	2,783,594
				1	5,110,001	5,115,000	5,111,926
				2363			49,209,922

Pattern of Shareholding - (Form "34")
as at June 30, 2014

Categories of Shareholders	Numbers	Shares Held	% age
Individual	2,285	28,357,097	57.6
Joint Stock Companies	53	10,416,297	21.2
Associated Companies	6	9,308,061	18.9
Executives	3	796,495	1.6
Insurance Companies	2	292,685	0.6
Mutual Funds	1	25,383	0.1
Financial Institution	6	7,934	0.0
Modaraba & Modaraba Co.s	2	842	0.0
Non-Residents	5	5,128	0.0
Grand Total	2,363	49,209,922	100

Pattern of Shareholding - (Form "34")
as at June 30, 2014

Categories of Shareholders

1	Directors, Chief Executive Officer, Their Spouse and Minor Children		
	Chief Executive/Director	(Number of shares held)	
		Total	% age
	Muhammad Anwar	510,309	1.0
	Directors		
	Ahmad Shafi	1,080,077	2.2
	Muhammad Arshad	240,972	0.5
	Nasir Shafi	239,473	0.5
	Muhammad Rafi	201,056	0.4
	Khurram Mazhar Karim	101,932	0.2
	Khalid Bashir	73,336	0.1
	Muhammad Asif Nominee NIT		
	Directors' Spouse		
	Tanveer Khalid Bashir	58,802	0.1
	Shaheen Nasir	8,157	0.0
	Abida Anwar	5,122	0.0
		2,519,236	5.1
2	Executives	796,495	1.6
3	Associated Companies, Undertaking & Related Parties		
	Crescent Cotton Mills Ltd	2,681,875	5.4
	Trustee-The Crescent Textile Mills Ltd Empl. Provident Fund	4,875,048	9.9
	Crescent Foundation	1,030,861	2.1
	Crescent Steel And Allied Products Ltd.	452,379	0.9
	Premier Insurance Limited	262,000	0.5
	Shakarganj Mills Limited	5,898	0.0
		9,308,061	18.9
4	NIT & ICP		
	Cdc - Trustee National Investment (Unit) Trust	2,060,068	4.2
	National Bank Of Pakistan	1,049,799	2.1
	Trustee National Bank Of Pakistan Employees Pension Fund	188,340	0.4
	Investment Corporation Of Pakistan	9,000	0.0
	Trustee National Bank Of Pakistan Emp Benevolent Fund Trust	6,609	0.0
	National Bank Of Pakistan Investar Accounts Ndfc	2,054	0.0
	National Bank Of Pakistan.	1,156	0.0
	Idbl (Icp Unit)	990	0.0
		3,318,016	6.7

Pattern of Shareholding - (Form “34”)
as at June 30, 2014

5	Mutual Funds		
	Tri. Star Mutual Fund Ltd.	25,383	0.1
		25,383	0.1
6	Banks, NBFC's, DFI's, Takaful, Pension Funds	7,934	0.0
7	Modarabas	842	0.0
8	Insurance Companies	292,685	0.6
9	Non-Residents	5,128	0.0
10	Other companies, Corporate Bodies, Trust etc.	7,098,281	14.4
11	General Public	25,837,861	52.5
	Grand Total	49,209,922	100
	Shareholders more than 5% shareholding		
	Trustee-The Crescent Textile Mills Ltd Empl. Provident Fund	4,875,048	9.9
	Crescent Cotton Mills Ltd	2,681,875	5.4

Notice of Annual General Meeting

Notice is hereby given that the 65th Annual General Meeting of the shareholders of The Crescent Textile Mills Limited (the "Company") will be held on Thursday, the October 30, 2014 at 9:00 a.m. at the registered office of the company at 45-A, Off: Zafar Ali Road, Gulberg-V, Lahore to transact the following business:-

Ordinary Business:

1 To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2014 together with the Directors' and Auditors' Reports thereon.

2 To approve, as recommended by the Board of Directors, payment of cash dividend @ 12.50% i.e. Rs. 1.25 per share for the year ended June 30, 2014.

3. To appoint Auditors of the Company and fix their remuneration.

Special Business:

4. To consider and approve the disposal of certain assets comprising of land, buildings and plant and equipment by passing the following resolutions as ordinary resolutions, with or without modification, addition or deletion in terms of Section 196 (3) (a) of the Companies Ordinance, 1984:

   "Resolved that approval of the members of the Company be and is hereby accorded in terms of Section 196 (3) (a) of the Companies Ordinance, 1984 to authorize the disposal of certain assets comprising of land, buildings and plant and equipment, details whereof is contained in the statement of material facts.

   Resolved Further That Mr. Muhammad Anwar, Chief Executive Officer and Mr. Ahmad Shafi, Executive Director of the Company, be and are here by authorized and empowered on behalf of the Company to dispose of the assets in such manner and on such basis and on such terms and conditions and for such consideration as may be determined by them. They are further authorized to do all acts, deeds and things and take all necessary steps and actions including negotiations and signing and execution of documents, deeds, papers, agreements and all other documents as may be necessary or required from time to time in order to give effect to, implement and complete the sale of the assets as aforesaid and all matters connected, necessary and incidental thereto."

Statement under section 160(1)(b) of the Companies Ordinance, 1984 is being sent to the shareholders with notice of the meeting.

By Order of the Board

(Naseer Ahmad Chaudhary)
Corporate Secretary

Registered Office:
45-A, Off: Zafar Ali Road,
Gulberg-V, Lahore:
T: +92-042-111-245-245
F: +92-042-111-222-245
Dated: September 29, 2014

Notice of Annual General Meeting

Notes:

1. The Members' Register will remain closed from October 21, 2014 to October 30, 2014 (both days inclusive).The Company has also declared 25% right shares at a premium of Rs. 5/- per share (total Rs. 15 per share). Physical / CDC transfers received at the Registered Office of the Company by the close of business on October 20, 2014 will be considered in time for the purpose of payment of cash dividend to the transferees as well as issue of right shares offered by the Company.

2. A member eligible to attend and vote in this meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the company at the Registered Office not later than 48 hours before the time for holding the meeting.

3. Shareholders are requested to immediately notify the change in address, if any.

4. CDC account holders will further have to follow the guidelines as laid down in circular No.1 dated January 26, 2000 issued by 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/her identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

      ii). In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the 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, addresses and CNIC numbers 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 signatures shall be submitted (unless it has been provided earlier) along with proxy form to the company.

Notice of Annual General Meeting

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(I)/2012 dated July 05, 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.

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

The Company has placed the Audited Annual Financial Statements for the year ended 30 June 2014 along with Auditors and Directors Reports thereon on its website: www.crescenttextile.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 rate 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 non-deduction 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 (I)/2014 dated September 08, 2014, the companies have been allowed to circulate their Annual Balance Sheet and Profit and Loss Account, Auditor's Report and Director's Report (Annual Financial Statements) along with Notice of Annual General Meeting (Notice) through e-mail to the members of the company. Members desiring to avail this facility may provide the requisite information to the company for which form may be downloaded from the Company's website:www.crescenttextile.com.pk

Notice of Annual General Meeting

STATEMENT OF MATERIAL FACTS UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984 RELATING TO THE SPECIAL BUSINESS TO BE TRANSACTED AT THE ANNUAL GENERAL MEETING TO BE HELD ON OCTOBER 30, 2014

The Company acquired 112 Acres land at Pindi Bhattian for setting up an industrial unit but due lack of infrastructure facilities including energy and gas supplies, it is now proposed to dispose of the same for meeting the financial requirements of the Company. The Company also owns 23 Kanals and 18 Marla Land and Building at Murree which was purchased in 1962 situated at prime location of Murree (Pindi Point). The Company is paying markup on borrowings and also short of working capital requirements. Therefore, the Board of Directors have decided to dispose of these properties to reduce the borrowing cost of the Company subject to approval of the shareholders.

The oldest spinning machinery including Ring Spinning Frames of 20,624 spindles with certain other machines have become inefficient and the Board of Directors have decided to dispose of the same.

The information required under Notification No. S.R.O. 1227/2005 dated December 12, 2005 is as follows:

Description	Qty.	Cost (Million Rs.)	Book Value (Million Rs.)
Land and Building:			
Freehold Land at Bahuman, Pindi Bhattian (Acres)	112	8.110	89.600
Murree Cottage, Pindi Point, Murree (Kanal-Marla)	23-18	0.803	0.059
Plant and machinery:			
IR Dryer	1	9.069	2.572
Air Compressor with Dryer & Cooling Tower	1	4.794	0.905
Combers with Lapformer	6	6.700	1.371
Simplex Frame	1	4.067	1.144
Ring Spinning Frames (20,624 Spindles)	48	5.902	1.435
Cone Winders	5	14.086	3.354
Total		53.531	100.44

Book value of Land at Pindi Bhattian as indicated above includes revalued amount of Rs.81.490 million. Market price / fair value of these assets is expected to be higher to the above noted amount.

The Proposed manner of disposal:

These assets will be disposed of on competitive Prices Offered or settled through negotiations with the buyers.

Reasons for disposal of assets:

Disposal of assets will help in reducing bank loans of the company and markup on such borrowings. It will also improve funds availability of company for its working capital requirements. Therefore, the Board of Directors have decided to dispose of these properties to reduce borrowing cost of company subject to approval of the shareholders.

Benefits expected to accrue to the shareholders:

Proceeds from disposal of such assets will be utilized in reduction of its borrowing and resultantly increase in company's profitability through saving in finance cost.

The directors have no direct or indirect interest in the above said special business except their shareholdings in the company.

All Members
of Company

Subject: Dividend Mandate Form

It is to inform you that under Section 250 of the Companies Ordinance, 1984 a shareholder may, if so desire, directs the Company to pay dividend through his/her/its bank account. In pursuance of the directions given by the Securities & Exchange Commission of Pakistan vide circular # 18 of 2012 dated June 05, 2012 we request Mr./Ms./Mrs./M/s ______________________________ S/o, D/o, W/o ________________ (where applicable) ____________ being the registered shareholder of The Crescent Textile Mills Limited holding ___________ shares having folio # _____________ to _____________ hereby give the opportunity to authorise the Company to directly credit in your bank account cash dividend, if any, declared by the Company in future.

[PLEASE NOTE THAT THIS DIVIDEND MANDATE IS OPTIONAL AND NOT COMPULSORY, IN CASE YOU DO NOT WISH YOUR DIVIDEND TO BE DIRECTLY CREDITED INTO YOUR BANK ACCOUNT THEN THE SAME SHALL BE PAID TO YOU THROUGH THE DIVIDEND WARRANTS.]

Do you wish the cash dividend declared by the Company, if any, is directly credited in your bank account, instead of issue of dividend warrants, please tick "√" any of the following boxes:

YES NO

If yes then please provide the following information:

Transferee Detail	
Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name and address	
Cell number of Transferee	
Landline number of Transferee, if any	

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

Signature of the member/shareholder

crestex

The Crescent Textile Mills Limited

65th Annual General Meeting

The Corporate Secretary,
The Crescent Textile Mills Limited,
45-A, Off: Zafar Ali Road, Gulberg-V,
Lahore.

PROXY FORM

I/We ______________________ of Faisalabad a member/member of The Crescent Textile Mills Limited and holder of ______________ shares as per Registered Folio # / CDC Participant ID # / Sub A/C # / Investor A/C # ______________ do hereby appoint ______________________________ of ______________________ or failing him ______________________________ of ____________________ who is also member of the Company vide Registered Folio # ____________________ as my/our Proxy to attend, speak and vote for me/us and on my/our behalf at the 65th Annual General Meeting of the Company to be held on Thursday the October 30, 2014 at 9:00 a.m. at Registered Office 45-A, Off: Zafar Ali Road, Guliberg V, Lahore and at any adjournment thereof.

As witness my hand this ____________ day of ____________ 2014.

Witness's Signature
Name: ____________________
CNIC: ____________________
Address: ____________________

Affix Revenue
Stamp of Rs. 5/-

Witness's Signature
Name: ____________________
CNIC: ____________________
Address: ____________________

Member's Signature

Date:

Place: Lahore

CDC A/C #														
CNIC #														

Note:

1 The Form of Proxy should be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting.

2 CDC Shareholders, entitled to attend and vote at this meeting, must bring with them their Computerized National Identity Cards/Passport in original to provide his/her identity, and in case of Proxy, must enclosed an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents for such purpose.

B o o k   P o s t

If undelivered, please return to:

Mills & Head Office
Sargodha Road,
Faisalabad, Pakistan
T: +92-41-111-105-105
F: +92-41-111-103-104
E: crestex@ctm.com.pk

Registered Office
45-A, Off: Zafar Ali Road, Gulberg-V,
Lahore, Pakistan
T: +92-42-111-245-245
F: +92-42-111-222-245
E: mailho@crescentbahuman.com

Share Registrar
Crescent Group (Pvt) Ltd
10th Floor, BOP Tower, 10-B, Block E - 2,
Main Boulevard, Gulberg,
Lahore, Pakistan
T: +92-42-35783801-2
F: +92-42-35783811
E: corpsecry@cresjute.com

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