

# **THE CRESCENT TEXTILE MILLS LIMITED**

**Annual Report 2000**

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## **COMPANY INFORMATION**

### **BOARD OF DIRECTORS**

MR. MUHAMMAD ANWAR (CHAIRMAN & CHIEF EXECUTIVE)  
MR. ANJUM M. SALEEM  
MR. HUMAYUN MAZHAR  
MR. ISTAQBAL MEHDI (NOMINEE: NIT)  
MR. KHALID BASHIR  
MR. MUHAMMAD ARSHAD  
MR. NASIR SHAFI

### **CORPORATE SECRETARY**

MR. GHULAM MUHAMMAD

### **AUDITORS**

RIAZ AHMAD & COMPANY  
CHARTERED ACCOUNTANTS

### **BANKERS**

ALLIED BANK OF PAKISTAN LIMITED  
EMIRATES BANK INTERNATIONAL PJSC  
FAYSAL BANK LIMITED  
HABIB BANK LIMITED  
INDUSTRIAL DEVELOPMENT BANK OF PAKISTAN  
MUSLIM COMMERCIAL BANK LIMITED  
NATIONAL BANK OF PAKISTAN  
UNITED BANK LIMITED

### **REGISTERED OFFICE**

40-A, OFF ZAFAR ALI ROAD,  
GULBERG-V,

LAHORE

**HEAD OFFICE & MILLS**

SARGODHA ROAD,  
FAISALABAD

**LIAISON OFFICE**

SIDCO AVENUE CENTRE,  
264 R.A. LINES, STRATCHEN ROAD,  
KARACHI

**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT the 51st Annual General Meeting of the shareholders of **THE CRESCENT TEXTILE MILLS LIMITED** will be held on Thursday the June 28, 2001 at 9:00 a.m. at Registered Office of the Company, 40-A Off Zafar Ali Road, Gulberg-V, Lahore to transact the following business:-

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended September 30, 2000 together with the Directors' and Auditors' Reports thereon.
2. To approve, as recommended by the Directors, the payment of cash dividend @ 27.50% i.e. Rs. 2.75 per share for the year ended September 30, 2000.
3. To appoint Auditors and fix their remuneration.

**BY ORDER OF THE BOARD**

**GHULAM MUHAMMAD  
CORPORATE SECRETARY**

**REGISTERED OFFICE:**

40-A, Off Zafar Ali Road, Gulberg-V, Lahore:  
Telephone No. (042) 111-245-245  
Fax No. (042) 111-222-245  
Dated: May 29, 2001

**NOTE:**

1. The Members' Register will remain closed from June 19, 2001 to June 28, 2001 (both days inclusive). Transfer received at the Registered Office of the Company by the close of business on June 18, 2001 will be treated in time for the purpose of payment of cash dividend to the transferees.
2. A member eligible to attend and vote at 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. 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 National Identity Card (NIC) 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 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 person whose names, addresses and NIC numbers shall be mentioned on the form.

iii) Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv) The proxy shall produce his original NIC or original passport at the time of 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.

**DIRECTORS' REPORT TO THE SHAREHOLDERS**

Your Directors are pleased to present annual report and audited financial statements for the year ended 30 September 2000.

Your Company's operations for the year resulted in a post tax profit of Rupees 246.041 million after charging Rupees 62.581 million for provision for diminution in market / break up value of equity investment and Rupees 83.309 million for taxation. Earning per share after tax is Rupees 6.05.

Your Directors recommend appropriation of profit as follows:

***(RUPEES IN THOUSAND)***

Profit available for appropriation	251,054
Appropriations:	
Transfer to general reserve	120,000
Proposed dividend	111,841
	-----
	231,841
	-----
Unappropriated profit	19,213
	=====

Your Directors recommended cash dividend at the rate of 27.50% i-e Rupees 2.75 per share.

The Chairman's Review provides details of the financial affairs and the future prospects of the Company.

#### **AUDITORS**

The present auditors M/s Riaz Ahmad and Company, Chartered Accountants retire and being eligible, offer themselves for reappointment.

#### **EXPLANATION REGARDING AUDITORS OBSERVATION**

Auditors without qualifying their report have drawn attention towards Note 20.2 to the financial statements that balance of Rupees 932.400 million due from Crescent Greenwood Limited (CGL), an associated undertaking, has not been transferred into Long Term Subordinated loan under terms of Memorandum of Understanding (MOU) for restructuring of CGL.

The Facts are that the balance due from CGL would be converted into long term subdominant loan after approval under section 208 of the Companies Ordinance 1984 by Securities and Exchange Commission of Pakistan and the shareholders. It is hoped that company would be able to seek required approvals on account of heavy foreign investment involved in the project and restructuring would be completed according to the time schedule.

#### **FUTURE PROSPECTS**

Though cotton crop for the year 1999-2000 has yielded the 10.5 million bales which sufficiently covers domestic cotton requirements but the world market for textile products is becoming very competitive. However, coupled with management stress and emphasis on marketing efforts, efficiencies, cost conservations and changing over to value added products, it is hoped that ensuing financial year would also yield better financial results.

#### **PATTERN OF SHAREHOLDING**

The pattern of shareholding as required by section 236 of the Companies Ordinance, 1984 is attached to this report.

**FOR AND ON BEHALF OF  
BOARD OF DIRECTORS**

**(MUHAMMAD ANWAR)  
CHAIRMAN & CHIEF EXECUTIVE**

Faisalabad  
29 May 2001

#### **CHAIRMAN'S REVIEW**

With great pleasure, I welcome you at the 51st Annual General Meeting of The Crescent Textile Mills Limited and present to you the audited financial statements for the year ended September 30, 2000 as approved and appropriations as recommended by your directors. This year, the meeting is being held/convened at an extended date which was necessitated by the approvals required from Securities and Exchange Commission of Pakistan and shareholders to incorporate the effect of certain terms of Memorandum of Understanding (MOU) for Restructuring of Crescent Greenwood Limited (CGL) an associated Company.

I take pleasure in informing the shareholders that your

company's profits, before providing for taxation and investment diminution, increased to Rs. 391.937 million an increase of Rs. 26.337 million, ignoring a reduction of RS. 90.848 million in mark-up income from associates. The increase in profit thus calculates to Rs. 117.185 million. The financial results for the year 2000 are a reflection of our continued strategy for improving the quality of our products for addressing the changing demands of our customers, and to their satisfaction.

**Financial:**

The overall turnover of the Company for the year under review increased by 18.87% to a record of Rs. 4,632.518 million from Rs. 3,897.037 million in 1999. Exports also showed increase of 18.53% over the last year's export of Rs.2851.646 million to Rs.3379.957 million during current year. In dollar terms exports increased from \$.53.112 million to \$.60.941 million, during the year under review. Cost of sales as percentage to sale remained almost at previous year's level of 81.78% approximately due to stability in cost of raw materials thereby leaving the gross profit percentage to sale at 18.22%. Operating expenses increased to 6.87% of sales in year 2000, from 6.67% in 1999 caused by quota purchases for increase in export sales volume.

Operating profit increased by Rs.74.468 million (16.49%) to Rs.525.961 million in year 2000 from Rs.451.493 million in 1999. Financial charges decreased by 2.11% due to decrease in mark up rate of commercial banks. A further provision of Rs.62.587 million had to be made for diminution in equity investments to comply the requirements of International Accounting Standard (IAS) 25.

Besides provision for current taxation of Rs. 50 million, an amount of Rs.33 million has been provided for deferred taxation related to the BMR carried out by the Company.

The Company earned net after tax profit of Rs. 246.350 million in the year ended 30 September, 2000 against Rs.145.234 million in year past.

Consequent of our strategy of continued balancing, modernization and replacement (BMR) to improve efficiency, quality and resultant cost effectiveness, the production of Spinning Division increased by 1.02% while production of Weaving Division increased by 12.41%. The Processing Division with the same production facilities increased its production by 9.62% in terms of meter-age processed.

Your company developed a 5 years BMR plan, as reported

in the Chairman's review last year, out of which Rs.100. million were projected to be invested during the year under review. I am pleased to inform you that the company has invested Rs.93.548 million in its Spinning Division to replace cards, cone winders, compressor and testing equipment etc but have been installed during the subsequent year due to late arrivals of shipments in mills. The company is negotiating Long Term financing to implement BMR plan for the year 2000-01 related to all production facilities.

#### **Restructuring of Crescent Greenwood Limited.**

Crescent Greenwood Limited, a joint venture project of The Crescent Textile Mills Limited and Greenwood Mills Inc, had suffered and accumulated huge losses caused by World Wide slumps in demand for denim products that lead to contemplating financial restructuring of that company. Consequently a Memorandum of Understanding (MOU) has been signed on 25 Jan, 01. It is felt that the company fundamentals are firmly established and company would be well on track after implementation of restructuring coupled with firm export orders in hand. Your company would be able to recover its loans and advances, though in the longer time period to the benefit of shareholders through reduction in financial costs.

#### **Future Outlook.**

Cotton crop for the season 2000-01 has yielded approximately 10.5 million bales which adequately catered for the cotton requirements of the domestic industry. Despite this fact, the cotton prices averaged more than the past year.

World market for textile is becoming very competitive, thereby prices are reducing to result in lowering profit margins. As stated earlier, we are concentrating on value added quality products and are enhancing the capacity of value addition facilities. We are also consolidating on marketing efforts in the present areas and are looking for new markets and customers to increase the volume and value of our sales. It is hoped that your company would achieve its goals and would continue to endeavour for better profitability achievement during ensuing years.

Within our entire operation, we consistently invest in developing the safe, supportive and friendly working environment. I am grateful to our customers, the bankers and all agencies who have directly and/or indirectly helped us in our achievements. I would also like to express my appreciations for the continued interest and support of all the shareholders. I also express my appreciation for teamwork discipline of the employees

of the company who have made it a fine place to work.

**(MUHAMMAD ANWAR)  
CHAIRMAN & CHIEF EXECUTIVE**

**FIVE YEARS' RESULTS AT A GLANCE**

	<i>Rs. in Min</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>
Paid up Capital	-do-	335.35	368.88	387.33	406.69	406.69
Reserves and Surplus	-do-	640.79	749.07	865.49	885.01	1,019.22
Share Holders' Equity	-do-	976.14	1,117.95	1,252.82	1,291.70	1,425.91
Long Term Liabilities	-do-	457.80	421.08	691.94	547.42	400.79
Investments	-do-	428.33	476.25	478.25	478.05	478.55
Market Value of Investments	-do-	410.68	480.96	435.12	259.53	244.34
Current Assets	-do-	1,647.78	1,674.13	2,052.87	2,690.75	3,265.48
Total Assets	-do-	2,919.69	2,998.77	3,730.94	4,090.02	4,481.17
Turnover	-do-	3,941.40	3,679.32	3,611.39	3,897.04	4,632.52
Cost of Sales	-do-	3,394.93	3,106.82	3,096.04	3,185.71	3,788.29
Gross Profit	-do-	546.47	572.50	515.35	711.32	844.23
Profit Before Taxation	-do-	90.85	21,872	21,329	18,675	32,935
Profit After Taxation	-do-	64.84	187.93	183.29	145.23	246.04
Break up Value of Rupees 10 Share	Rupees	29.11	30.31	32.35	31.76	35.06
Earning Per Share (Pretax)	-do-	271	5.93	5.51	4.59	810
Earning Per Share (Aftertax)	-do-	1.93	5.09	473	357	6.05
Gross Profit to Sales	Percent	1,386	15.56	14.27	1,825	18.22
Profit Before Tax to Sales	-do-	230	594	5.91	4.79	7.11
Dividend per share	-do-	--	1.25	1.90	200	275
Bonus issue	-do-	10	5	5	--	--
Debt Equity Ratio	Times	0.32	0.27	36	0.30	0.22
Current Ratio	-do-	111	1.15	1.15	1.20	1.25
Financial Charges Coverage	-do-	1.42	268	189	178	241
Stock Turnover	-do-	9.85	6.78	600	536	7.79
Short Term Borrowings to Sales	-do-	0.29	0.24	0.34	38	0.36

**PATTERN OF SHAREHOLDING AS AT 30 SEPTEMBER, 2000**

*(FORM "34")*

<i>No. of Share- holders</i>	<i>Shareholding</i>		<i>Total Shares held</i>	<i>No. of Share- holders</i>	<i>Shareholding</i>		<i>Total Shares held</i>
	<i>From</i>	<i>To</i>			<i>From</i>	<i>To</i>	
334	1	100	12445	4	180001	185000	727560
507	101	500	136483	1	185001	190000	186388
312	501	1000	229697	1	190001	195000	190998
556	1001	5000	1301405	1	195001	200000	197354
170	5001	10000	1198471	2	210001	215000	427277
52	10001	15000	631826	1	215001	220000	216825
39	15001	20000	709997	1	240001	245000	244704
20	20001	25000	448318	1	265001	270000	265028

8	25001	30000	226274	3	270001	275000	819440
18	30001	35000	580402	2	275001	280000	557133
10	35001	40000	366768	1	285001	290000	286209
10	40001	45000	416882	1	290001	295000	290143
12	45001	50000	573406	1	315001	320000	317033
4	50001	55000	210102	1	325001	330000	326140
3	55001	60000	176406	1	330001	335000	332864
10	60001	65000	629273	2	335001	340000	675771
2	65001	70000	134126	1	350001	355000	351135
4	70001	75000	285981	1	355001	360000	358696
2	75001	80000	152519	1	360001	365000	362587
2	80001	85000	166112	1	375001	380000	378883
2	85001	90000	174505	1	380001	385000	383221
4	90001	95000	372690	1	415001	420000	419896
1	95001	100000	96703	1	435001	440000	439731
2	100001	105000	206161	2	440001	445000	886085
3	105001	110000	321776	1	455001	460000	456401
4	110001	115000	449881	1	460001	465000	462509
5	115001	120000	578453	1	555001	560000	558252
2	125001	130000	255135	1	585001	590000	585618
3	130001	135000	394720	1	680001	685000	683207
1	135001	140000	136211	1	850001	855000	851952
2	140001	145000	286876	1	975001	980000	978602
2	145001	150000	295505	1	1050001	1055000	1050937
2	150001	155000	302900	1	1290001	1295000	1294913
4	165001	170000	672774	1	1460001	1465000	1463220
1	170001	175000	174743	1	2215001	2220000	2216427
4	175001	180000	704897	1	2805001	2810000	2806957
				1	3605001	3610000	3608439
				2163			40669358

**Categories of Shareholders**

	<i>Number</i>	<i>Share Held</i>	<i>Percentage</i>
Individuals	2072	23222426	57.10
Investment Companies	6	727830	1.79
Insurance Companies	6	1525295	3.75
Joint Stock Companies	41	8335857	20.50
Financial Institutions	13	5319781	13.08
Other	25	1538169	3.78
Total	2163	40669358	100.00
Others			
Abandoned Property	2	576	0.00
Modaraba	7	513138	1.26
Non-residents	16	1024455	2.52
Total	25	1538169	3.78



## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **THE CRESCENT TEXTILE MILLS LIMITED** as at 30 September 2000 and the related profit and loss account, 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 information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

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

b) in our opinion:

i) the balance sheet and profit and loss account, together with the notes thereon, have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change as stated in Note No. 2.13 with which we concur;

ii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity, together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 September 2000 and of the profit, its cash flows and changes in equity for the year then ended; and

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980,) was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Without qualifying our opinion, we draw attention to Note No. 20.2 to the financial statements. Balance of Rupees 932.400 million due from Crescent Greenwood Limited (CGL), associated undertaking, has not been transferred into long term subordinated loan as per terms of Memorandum of Understanding for restructuring of CGL due to the reasons stated in the aforesaid note. The ultimate outcome is dependent upon future events which may affect the financial statements.

FAISALABAD:

**RIAZ AHMAD AND COMPANY**  
**Chartered Accountants**

**BALANCE SHEET AS AT 30 SEPTEMBER 2000**

		<i>(RUPEES IN THOUSAND)</i>	
	<i>NOTE</i>	<i>2000</i>	<i>1999</i>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
1 000 000		1 000 000	1 000 000
Issued, subscribed and paid up share capital	3	406 693	406 693
Reserves		1 000 000	880 000
Unappropriated profit		19 213	5 013
		-----	-----
		1 425 906	1 291 706
<b>NON-CURRENT LIABILITIES</b>			
Redeemable capital	4	134 160	192 515
Long term loans	5	47 759	66 932
Liabilities against assets subject to finance lease	6	74 531	111 877
Deferred taxation		32 733	--
		-----	-----
		289 183	371 324
<b>CURRENT LIABILITIES</b>			
Current portion of long term liabilities	7	144 338	176 096
Shod term finances	8	1 665 842	1 481 871
Creditors, accrued and other liabilities	9	671 817	549 558
Workers' participation fund	10	20 957	12 878
Provision for taxation		148 110	97 534
Proposed dividend		111 841	81 339
Dividend payable		--	25 011
Unclaimed dividend		3 173	2 703
		-----	-----
		2 766 078	2 426 990
<b>CONTINGENCIES AND COMMITMENTS</b>			
	11		
		-----	-----
		4 481 167	4 090 020
		=====	=====

The annexed notes form an integral pad of these accounts.

**(MUHAMMAD ANWAR)**  
**CHAIRMAN & CHIEF EXECUTIVE**

**ASSETS****NON-CURRENT ASSETS**

**Tangible fixed assets**

Operating fixed assets	12	712 525	742 111
Assets subject to finance lease	13	178 944	227 106
Capital work-in-progress	14	6 694	11 314
		-----	-----
		898 163	980 531

**EQUITY INVESTMENTS**

<b>LONG TERM LOANS AND ADVANCES</b>	15	221 062	283 149
<b>LONG TERM SECURITY DEPOSITS</b>	16	87 795	116 559
		8 500	19 029
		-----	-----
		1 215 520	1 399 268

**CURRENT ASSETS**

Stores, spare parts and loose tools	17	102 569	85 032
Stock-in-trade	18	594 321	727 344
Trade debts	19	1 064 707	585 568
Advances, deposits and prepayments	20	1 224 406	1 108 324
Other receivables	21	275 156	146 730
Cash and bank balances	22	4 488	37 754
		-----	-----
		3 265 647	2 690 752
		-----	-----
		4 481 167	4 090 020
		=====	=====

(ANJUM M. SALEEM)  
DIRECTOR

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 SEPTEMBER 2000**

(RUPEES IN THOUSAND)

	NOTE	2000	1999
<b>SALES</b>	23	4 632 518	3 897 037
<b>COST OF GOODS SOLD</b>	24	3 788 286	3 185 714
		-----	-----
<b>GROSS PROFIT</b>		844 232	711 323
<b>OPERATING EXPENSES</b>			
Administrative and general	25	94 093	90 095
Selling and distribution	26	224 178	169 735
		-----	-----
		318 271	259 830
		-----	-----
<b>OPERATING PROFIT</b>	27	525 961	451 493
<b>OTHER INCOME</b>	28	120 505	194 696
		-----	-----
		646 466	646 189

**FINANCIAL AND OTHER CHARGES**

Financial charges	29	233 052	238 085
Other charges	30	21 477	42 504
Provision for diminution in the market/break-up value of equity investments		62 587	178 851
		-----	-----
		317 116	459 440
		-----	-----
<b>PROFIT BEFORE TAXATION</b>		329 350	186 749
<b>PROVISION FOR TAXATION</b>	31	83 309	41 515
		-----	-----
<b>PROFIT AFTER TAXATION</b>		246 041	145 234
<b>UNAPPROPRIATED PROFIT BROUGHT FORWARD</b>		5 013	6 129
		-----	-----
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		251 054	151 363
<b>APPROPRIATIONS:</b>			
General reserve		120 000	40 000
Special dividend		--	25 011
Proposed dividend @ 27.50 %		111 841	81 339
		-----	-----
		231 841	146 350
		-----	-----
<b>UNAPPROPRIATED PROFIT</b>		19 213	5 013
		=====	=====

**(RUPEES)**

<b>EARNING PER SHARE</b>	34	6.05	3.57
<b>DIVIDEND PER SHARE</b>			
Special		--	0.61
Proposed		2.75	2.00

The annexed notes form an integral part of these accounts.

**(MUHAMMAD ANWAR)**  
**CHAIRMAN & CHIEF EXECUTIVE**

**(ANJUM M. SALEEM)**  
**DIRECTOR**

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2000**

**(RUPEES IN THOUSAND)**

	<i>NOTE</i>	<i>2000</i>	<i>1999</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before taxation</b>		329 350	186 749
<b>Adjustments to reconcile profit to net cash provided by operating activities</b>			

Depreciation	78 130	81 470
Amortization	21 894	26 741
Adjustment in operating fixed assets	--	147
Debit balances written off	206	15
Credit balances added back	(553)	(239)
(Gain)/loss on disposal of operating fixed assets	1 044	(3 220)
Loss on sale of equity investment	--	80
Provision for diminution in market/break-up value of equity investments	62 587	178 851
Provision for doubtful debts	--	29 677
Financial charges	233 052	238 085
	-----	-----
<b>CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES</b>	725 710	738 356
<b>CASH FLOWS FROM WORKING CAPITAL CHANGES</b>		
<b>(INCREASE)/DECREASE IN CURRENT ASSETS</b>		
Stores, spare parts and loose tools	(17 537)	(7 186)
Stock in trade	133 023	(125 556)
Trade debts	(479 345)	(97 477)
Advances, deposits and prepayments	(73 850)	(359 345)
Other receivables	(128 426)	(6 440)
<b>INCREASE/(DECREASE) IN CURRENT LIABILITIES</b>		
Short term finances	183 971	257 827
Creditors, accrued and other liabilities	128 485	109 034
Workers' participation fund	8 079	(576)
	-----	-----
<b>NET CASH FLOWS FROM WORKING CAPITAL CHANGES</b>	(245 600)	(229 719)
	-----	-----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	480 110	508 637
Financial charges paid	(238 725)	(239 427)
Income tax paid	(42 232)	(41 202)
Dividend paid	(105 880)	(47 854)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	93 273	180 154
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed assets acquired	(2 850)	(25 330)
Sale proceeds of operating fixed assets	2 327	9,643
Equity investment	(500)	--
Sale proceeds of equity investment	--	120
Long term loans and advances	28 764	28 251
Long term security deposits	10 529	5 455
	-----	-----
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	38 270	18 139
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Redemption of redeemable capital	(63 406)	(45 878)
Repayment of long term loans	(26 124)	(31 593)
Liabilities against assets subject to finance lease	14 977	41 860

Repayment of finance lease liabilities	(90 256)	(131 785)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(164 809)</b>	<b>(167 396)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(33 266)</b>	<b>30 897</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>37 754</b>	<b>6 857</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>4 488</b>	<b>37 754</b>

(MUHAMMAD ANWAR)  
CHAIRMAN & CHIEF EXECUTIVE

(ANJUM M. SALEEM)  
DIRECTOR

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2000**

	(RUPEES IN THOUSAND)						
	<i>SHARE CAPITAL</i>	<i>RESERVES Capital Bonus Shares</i>	<i>Revenue Dividend Equalization</i>	<i>General</i>	<i>Total</i>	<i>UN-APPRO- PRIATED PROFIT</i>	<i>TOTAL</i>
Balance as on 01 October 1998	387 327	19 366	30 000	810 000	859 366	6 129	1 252 822
Nominal value of bonus shares issued	19 366	(19 366)	--	--	(19 366)	--	--
Net profit for the year	--	--	--	--	--	145 234	145 234
Transfer to general reserve	--	--	--	40 000	40 000	(40 000)	--
Special dividend	--	--	--	--	--	(25 011)	(25 011)
Proposed dividend	--	--	--	--	--	(81 339)	(81 339)
Balance as on 30 September 1999	406 693	--	30 000	850 000	880 000	5 013	1 291 706
Net profit for the year	--	--	--	--	--	246 041	246 041
Transfer to general reserve	--	--	--	120 000	120 000	(120 000)	--
Proposed dividend	--	--	--	--	--	(111 841)	(111 841)
Balance as on 30 September 2000	406 693	--	30 000	970 000	1 000 000	19 213	1 425 906

(MUHAMMAD ANWAR)  
CHAIRMAN & CHIEF EXECUTIVE

(ANJUM M. SALEEM)  
DIRECTOR

**NOTES TO THE ACCOUNTS**

## **FOR THE YEAR ENDED 30 SEPTEMBER 2000**

### **1. THE COMPANY AND ITS ACTIVITIES**

The Crescent Textile Mills Limited is a public limited company incorporated under the Companies Act, 1913 (Now Companies Ordinance, 1984). Its shares are quoted on the Stock Exchanges in Pakistan.

The Company is engaged in business of textile manufacturing comprising of spinning, combing, weaving, dyeing, bleaching, printing, buying, selling and otherwise dealing in yarn, cloth and other goods and fabrics made from raw cotton and synthetic fibre(s). The Company also operates a cold storage.

#### **1.1 Compliance with International Accounting Standards (IAS)**

These accounts comply with International Accounting Standards, as applicable in Pakistan, in all material respects.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **2.1 Accounting convention**

These accounts have been prepared under the historical cost convention as adjusted to the extent of exchange differences referred to in Note 2.3.

#### **2.2 Staff retirement benefits**

The Company operates a funded Provident Fund Scheme for its permanent employees. Equal monthly contributions are made both by the Company and employees at the rate of 6.25 percent of basic pay.

#### **2.3 Foreign currency**

Assets and liabilities in foreign currency are translated into Pak Rupees at the rates of exchange ruling at the balance sheet date or at exchange rates booked with commercial bank(s). Exchange gain or loss on translation of foreign currency loans is adjusted against the cost of tangible fixed assets acquired from respective loans. Exchange risk fee and exchange gain or loss on translation of foreign bills under collection at the year end are charged to current year's income.

#### **2.4 Taxation**

Charge for current taxation is based on taxable income at current tax rates after taking into account rebates and tax credits, if any. Company recognises the deferred taxation, using the liability method, on all major timing differences.

#### **2.5 Tangible fixed assets and depreciation**

Operating fixed assets are stated at cost less accumulated depreciation. Freehold land and capital work-in-progress are stated at cost. Cost of tangible fixed assets consists of historical cost, applicable exchange differences, borrowing cost pertaining to the construction/erection period and directly attributable cost of bringing the assets to working condition.

Depreciation on operating fixed assets is charged to income on reducing balance method to write-off the cost including related exchange differences over their expected useful life. Full year's depreciation is charged on assets added while no depreciation is charged on assets deleted during the year.

Maintenance and normal repairs are charged to current year's income. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gain or loss on disposal of operating fixed assets is included in current year's income.

### **2.6 Assets subject to finance lease**

These are stated at lower of present value of minimum lease payments under the lease agreements and fair value of assets. Aggregate amount of obligations relating to assets subject to finance lease are accounted for at net present value of the liabilities. Assets so acquired are amortized over their expected useful life at the rates mentioned in Note No.13. Amortization of leased assets is charged to current year's income.

### **2.7 Assets subject to operating lease**

Land of cold storage has been acquired under lease agreement termed as operating lease for a period of 51 years commencing from August 1981. Lease rentals of Rupees 3,000 per annum are subject to 10 percent increase after every three years and are charged to current year's income.

### **2.8 Equity investments**

Long term investments are stated at cost. However, provision is made for permanent diminution in value. Short term investments are stated at lower of cost and market value determined on aggregate portfolio basis.

### **2.9 Store, spare parts and loose tools**

These are valued at moving average cost except for items-in-transit which are valued at cost comprising invoice values plus other charges paid thereon.

### **2.10 Stock-in-trade**

Stock-in-trade is valued at lower of average cost and net realizable value except waste which is valued at net realizable value determined on the basis of contract prices. Average cost and net realizable value are defined as under:

#### **Average cost**

For raw materials	- Weighted average cost.
For work-in-process and finished goods	- Production cost including a proportion of overheads.

#### **Net realizable value**

- Selling prices in the ordinary course of business less incidental selling expenses.

### **2.11 Borrowing cost**

Interest, mark-up and other charges on long term liabilities are capitalized upto the date of commissioning of respective fixed assets acquired out of the proceeds of such long term liabilities. All other interest, mark-up and other charges are charged to income.

### **2.12 Trade debts**

Known bad debts are written off and provision is made against debts considered doubtful.

### **2.13 Revenue recognition**

Revenue from sales is recognized on delivery of goods to customers. Dividend income is recognized when right to receive the dividend is established. Previously dividend income was accounted for on receipt basis. This change has been made for compliance with International Accounting Standards. Had this policy not been changed the profit for the year would have been lower by Rupees 18.735 million.

*(RUPEES IN THOUSAND)*



**2000**                      **1999**

**3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**

19 781 136 (1999:19 781 136) ordinary shares of Rupees 10 each fully paid up in cash	197 811	197 811
20 888 222 (1999: 20 888 222) ordinary shares of Rupees 10 each issued as fully paid bonus shares	208 882	208 882
	-----	-----
	406 693	406 693
	=====	=====

3.1 5 692 818 (1999: 5 743 277) ordinary shares of Rupees 10 each are held by associated undertakings.

**4. REDEEMABLE CAPITAL**

Emirates Bank International PJSC (Note 4.1)	35 000	52 500
Habib Bank Limited (Note 4.2)	116 167	150 260
Allied Bank of Pakistan Limited (Note 4.3)	41 349	53 162
	-----	-----
	192 516	255 922
Less: Current portion (Note 7)	58 356	63 407
	-----	-----
	134 160	192 515
	=====	=====

4.1 Term finance obtained from Emirates Bank International PJSC is repayable in 16 quarterly installments commenced from 18 December 1998. The finance carries mark-up at the rate of 18 percent per annum or one percent above average Short Term Federal Bond (STFB) rate whichever is higher. These rates will be reviewed after every six months depending upon the average STFB rates of preceding six months. Finance is secured by first pari passu charge of Rupees 90 million over fixed assets of the company and personal guarantee of all directors of the Company.

4.2 Demand finance from Habib Bank Limited was arranged to settle/pay loan of SAC Group of Industries Limited, a wholly owned subsidiary company, due to Muslim Commercial Bank Limited and Al-Faysal Investment Bank Limited under State Bank of Pakistan scheme. Finance carries mark up at the rate of 16.25 percent per annum and is secured by first charge on all existing and future assets of SAC Group of Industries Limited. Demand finance is repayable in 11 equal half-yearly installments commenced from 01 July 1999.

4.3 Demand finance obtained from Allied Bank of Pakistan Limited carries mark-up at the rate of 15 percent per annum and is repayable in 10 equal half-yearly installments commenced from 22 August 1999. The finance is secured by first pari passu charge on present and future fixed assets of the Company and personal guarantees of all directors of the company.

**5. LONG TERM LOANS**

**(RUPEES IN THOUSAND)**

<b>LENDER/LOAN NO.</b>	<b>CURRENCY</b>	<b>2000</b>	<b>1999</b>
Pakistan Industrial Credit and Investment Corporation Limited			

ADB-878-879/11	Pak Rupee	--	9 534
IBRD-3019 (Note 5.1)	Pak Rupee	66 932	83 522
		-----	-----
		66 932	93 056
Less: Current portion (Note 7)		19 173	26 124
		-----	-----
		47 759	66 932
		=====	=====

5.1 Loan obtained from Pakistan Industrial Credit and Investment Corporation Limited is secured by way of:

(a) first legal mortgage on present and future immovable properties of the Company;

(b) hypothecation on all present and future machinery of the Company;

(c) first floating charge on all other assets present and future subject to hypothecation or charge against short term finances as referred to in Note 8; and

(d) demand promissory notes.

Loan of US Dollar 6.034 million was utilized for import of machinery. It carries interest at the rate of 15 percent per annum and is repayable in 20 unequal semi annual installments commenced from 01 January 1994. The loan has been translated into Pak Rupees by converting the pertinent foreign currency at higher effective selling rate on the Letter of Credit establishment date. Last installment is due on 01 January 2003.

**(RUPEES IN THOUSAND)**

**2000                      1999**

**6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**

The amounts of future rentals and periods during which they fall due are as under:

30 September 2000	--	121 192
30 September 2001	85 545	75 601
30 September 2002	38 747	28 703
30 September 2003	41 704	31 065
30 September 2004	6 478	297
30 September 2005	4 159	--
	-----	-----
Balance rentals as at 30 September	176 633	256 858
Less: financial charges	35 293	58 416
	-----	-----
Present value of minimum lease payments	141 340	198 442
Less: Current portion (Note 7)	66 809	86 565
	-----	-----
	74 531	111 877
	=====	=====

6.1 The value of the minimum lease payments has been discounted at an implicit interest rate

ranging from 17 to 23 percent. The balance rentals are payable in monthly/quarterly installments and in case of default of any payment an additional charge at the rate of 1 to 2 percent per

annum shall be paid. Taxes, repairs and insurance costs are to be borne by the company. In case of termination of the agreement, the company shall pay entire amount of rentals for unexpired period of lease agreement. The lease agreements are renewable at the option of the lessor on such terms as may be agreed upon. Liabilities are secured against deposit of Rupees 7.836 million and Rupees 12.936 million (1999: Rupees 18.526 million and Rupees 14.900 million) included in long term security deposits and advances, deposits and prepayments respectively.

#### 7. CURRENT PORTION OF LONG TERM LIABILITIES

Redeemable capital	58 356	63 407
Long term loans	19 173	26 124
Liabilities against assets subject to finance lease	66 809	86 565
	-----	-----
	144 338	176 096
	=====	=====

#### 8. SHORT TERM FINANCES

##### Secured:

##### Banking companies and financial institutions:

Cash finance (Note 8.1 and 8.2)	333 171	254 220
Export refinance scheme (Note 8.1 and 8.3)	1 090 000	1 000 000
Usance export bills (Note 8.1 and 8.4)	242 671	227 651
	-----	-----
	1 665 842	1 481 871
	=====	=====

8.1 The aggregate short term finances are secured by way of joint pari passu hypothecation agreement dated 15 February 1999 signed by the company and the consortium banks against charge and hypothecating of all present and future current assets of the company, wherever situated, including but not limited to stores, spare parts and loose tools, stock-in-trade, trade debts, advances, deposits and prepayments, other receivables, cash and bank balances and personal guarantee of the directors.

8.2 The finances aggregating to Rupees 640 million (1999: Rupees 550 million) are available under mark-up agreements and carry markup ranging from paisas 42 to 49.50 per Rupees 1 000 per day.

8.3 Export refinances have been obtained from banking companies under State Bank of Pakistan's refinance scheme on which a service charge at the rate of 8 percent per annum are payable. These form part of aggregate borrowing limits of Rupees 1,090 million (1999: Rupees 1,000 million).

8.4 Limits of Rupees 550 million (1999: Rupees 550 million) were available during the year against usance export bills at markup of 15 to 18 percent per annum.

#### 9. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors	350 737	260 205
Advances from customers	7 724	3 955

Retention money due to contractors	466	526
Accrued expenses	134 830	110 761
Mark-up/interest accrued on finances-secured		
Redeemable capital	8 313	8 939
Long term loans	2 510	3 466
Short term finances	32 789	28 659
Charges on finance lease liabilities	1 647	1 597
Excise duty on loans	7 768	16 039
Due to associated undertakings	110 592	102 565
Workers' welfare fund	10 035	8 535
Income tax deducted at source	1 280	730
Due to Employees' provident fund trust	3 126	3 581
	-----	-----
	671 817	549 558
	=====	=====

**10. WORKERS' PARTICIPATION FUND**

Balance as at 01 October	12 878	13 454
Allocation for the year	17 471	10 019
Interest accrued	1 103	1 107
	-----	-----
	31 452	24 580
Less: payments made to fund during the year	10 495	11 702
	-----	-----
	20 957	12 878
	=====	=====

10.1 Interest is paid at the prescribed rate under the Act on the funds utilized by the Company till the date of allocation to workers,

**11. CONTINGENCIES AND COMMITMENTS****Contingencies**

The company is contingently liable to the sum of Rupees NIL (1999: Rupees 1.824 million on account of claim raised by Employees' Oldage Benefits Institution and Employee's Social Security Institution on certain payments and civil suits for recovery of amount which was disputed and had not been acknowledged as liability by the company).

**Commitments**

Contracts for capital expenditures are Rupees 49.617 million (1999: Rupees Nil). Letters of credit other than for capital expenditure are Rupees 100.905 million (1999: Rupees 35.574 million).

**12. OPERATING FIXED ASSETS****(RUPEES IN THOUSAND)**

DESCRIPTION	COST		DEPRECIATION		Adjustments	Charge for the year	BOOK VALUE		DEPRECIATION RATE
	As at 01 October 1999	Additions/ (Deletions)	As at 30 September 2000	As at 01 October 1999			As at 30 September 2000	AS AT 30 SEPTEMBER 2000	

Land - Freehold	4 980	--	4 980	--	--	--	--	4 980	--
Buildings on freehold land	194 227	760	194 987	112 614	--	6 982	119 596	75 391	5-10
Buildings on leasehold land	4 156	--	4 156	3 527	--	63	3 590	566	10
Plant and Machinery	1 088 859	45 798	1 134 031	471 624	(206)	66 261	537 679	596 352	10
		(626)							
Factory tools and equipments	13 680	627	14 307	7 580	--	673	8 253	6 054	10
Gas and electric installations	43 058	783	41 789	26 902	(1 359)	1 625	27 168	14 621	10
		(2 052)							
Vehicles	10 478	973	9 838	6 552	(739)	805	6 618	3 220	20
		(1 613)							
Furniture and fixtures	8 837	823	9 478	4 855	(138)	476	5 193	4 285	10
		(182)							
Office equipments	18 437	1 993	15 567	10 947	(3 681)	1 245	8 511	7 056	15
		(4 863)							
	-----	-----	-----	-----	-----	-----	-----	-----	
2000	1 386 712	51 757	1 429 133	644 601	(6 123)	78 130	716 608	712 525	
		(9 336)							
	=====	=====	=====	=====	=====	=====	=====	=====	
1999	1 140 260	254 911	1 386 712	565 551	(2 420)	81 470	644 601	742 111	
		(8 459)							
	=====	=====	=====	=====	=====	=====	=====	=====	

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

**(RUPEES IN THOUSAND)**

**2000**                      **1999**

**Cost of goods sold**

Textile (Note 24.1)	74 223	77 267
Cold storage (Note 24.2)	125	136

**Administrative and general expenses-**

Textile (Note 25.1)	3 782	4 067
	-----	-----
	78 130	81 470
	=====	=====

**12.2 DISPOSAL OF OPERATING FIXED ASSETS**

**(RUPEES IN THOUSAND)**

<b>DESCRIPTION</b>	<b>COST</b>	<b>ACC. DEP.</b>	<b>BOOK VALUE</b>	<b>SALE PROCEEDS</b>	<b>MODE OF DISPOSAL</b>	<b>PARTICULARS OF PURCHASER</b>
<b>Plant Machinery</b>						
Peguses DC-1 Over Lock Machine 1 No.	8	7	1	5	Negotiation	Muhammad Sarwar, Islam Pura, Lahore.
Peguses DC-1 Over Lock Machine 1 No.	11	10	1	10	Negotiation	Muhammad Sarwar, Islam Pura, Lahore.
Peguses Over Lock Machine 2 Nos.	36	29	7	46	Negotiation	Muhammad Sarwar, Islam Pura, Lahore.
Juki Button and Hole Machine 2 Nos.	13	11	2	13	Negotiation	Muhammad Sarwar, Islam Pura, Lahore.
Juki DDL-555 Sewing Machine 12 Nos.	44	37	7	45	Negotiation	Muhammad Sarwar, Islam Pura, Lahore.
Blow Room 1/2 Line 1/2 Line	208	21	187	60	Negotiation	Ghulam Rasool, Hyderabad Road, Karachi

Drawing Frame	1 No	3	1	2	27	Negotiation	Muhammad Asghar, Samundri Road, Faisalabad.
Ring frame	5 Nos.	172	17	155	294	Negotiation	Sh. Altaf Hussain, Islam Nagar, Faisalabad.
Ring frame Mini	1 No.	52	21	31	59	Negotiation	Sh. Altaf Hussain, Islam Nagar, Faisalabad.
Grading Machine	1 No.	76	49	27	10	Negotiation	Zubair Khan Engineering Works, Shahkot Road, Faisalabad.
<b>Electric Installations</b>							
Air Conditioner	1 No.	22	13	9	13	Negotiation	SAC Group of Industries Limited, Hattar (Subsidiary company)
Air Conditioner	1 No.	11	10	1	10	Negotiation	SAC Group of Industries Limited, Hattar (Subsidiary company)
Geysers 35 GL.	12 Nos.	67	22	45	4	Negotiation	Sh. Altaf Hussain, Samundri Road, Faisalabad.
Geysers 35 GL	6 Nos.	29	11	18	1	Negotiation	M. Tariq, Altaf Hussain, Samundri Road, Faisalabad.
Geysers 35 GL.	4 Nos.	20	5	15	2	Negotiation	Waheed and Nazir, Ghulam Muhammad Abad, Faisalabad.
Geysers 35 GL.	14 Nos.	70	19	51	7	Negotiation	M. Aslam, M. Arif and Nazir Ahmad, Partab Nagar, Faisalabad.
Geysers 35 GL.	3 Nos.	21	6	15	1	Negotiation	Ghulam Rasool, Islam Nagar, Faisalabad.
Room Cooler	1 No.	3	2	1	1	Negotiation	Nazar Muhammad Sh. Altaf, Samundri Road, Faisalabad.
Switch Board	3 Nos.	812	582	230	1	Negotiation	M. Aslam, Abaid Ali and Bashir Blouch, Dijkot Road, Faisalabad.
Switch Board	1 No	70	48	22	1	Negotiation	M. Aslam, Abaid Ali and Bashir Blouch, Dijkot Road, Faisalabad.
Switch Board	2 Nos	779	535	244	1	Negotiation	M. Aslam, Abaid Ali and Bashir Blouch, Dijkot Road, Faisalabad
Cooking Range	1 No.	6	4	2	1	Negotiation	Umar Din, Zulfiqar Ali and M Arshad, Ghulam M. Abad, Faisalabad.
Cooking Range	1 No	4	3	1	1	Negotiation	Umar Din, Zulfiqar Ali and M. Arshad, Ghulam M. Abad, Faisalabad.
Washing machine	1 No.	9	6	3	1	Negotiation	Muhammad Ilyas, Islam Nagar, Faisalabad.
Washing machine	1 No.	10	6	4	1	Negotiation	Zulfiqar Ali, Samundri Road, Faisalabad.
Electric Water Cooler	1 No,	14	8	6	1	Negotiation	Zulfiqar Ali, Samundri Road, Faisalabad.
Electric Water Cooler	1 No.	10	3	7	1	Negotiation	Zulfiqar Ali, Samundri Road, Faisalabad.
Electric Water Cooler	1 No.	16	8	8	2	Negotiation	Zulfiqar Ali, Samundri Road, Faisalabad.
Power Dist. Board	1 No.	13	8	5	4	Negotiation	Sh. Iltaf, Ghulam Rasool, Abaid and Arif, Samundri Road, Faisalabad.
Pedestal Fan	33 Nos.	21	19	2	5	Negotiation	Nazar Muhammad, Sh. Altaf, Samundri Road, Faisalabad.
Ceiling Fan	23 Nos.	17	17	--	1	Negotiation	Nazar Muhammad, Sh. Altaf, Samundri Road, Faisalabad.
Exhaust Fan	2 Nos.	2	1	1	--	Negotiation	Nazar Muhammad, Sh. Altaf, Samundri Road, Faisalabad.
Exhaust Fan	17 Nos	11	8	3	--	Negotiation	M. Aslam, Abaid Ali Bashir Blouch, Dijkot Road, Faisalabad.
<b>Vehicles</b>							
Yamaha Motor Cycle	FDR 7528	46	31	15	46	Negotiation	Amjid Saeed Butt, company's Ex- Employee
Yamaha Motor Cycle	FDR 7532	47	31	16	47	Negotiation	M. Wajid, Company's Employee
Yamaha Motor Cycle	FDR 7533	47	31	16	47	Negotiation	Tariq Gulzar, Company's Employee
Yamaha Motor Cycle	FDR 4426	42	31	11	42	Negotiation	Mr. Aamer Nadeem, Company's Employee
Yamaha Motor Cycle	FDR 5735	47	35	12	47	Negotiation	Khurshid Ahmad, Company's Employee
Yamaha Motor Cycle	FDR 7531	47	31	16	47	Negotiation	Talib Butt, Company's Employee
Toyota Corolla car	FDR 1753	260	94	166	175	Negotiation	Muhammad Saleem P-15 Street No. 1 Old Yong Wala, Faisalabad.
Honda Civic car	LOW 3923	284	57	227	275	Negotiation	Aman Rasool, House No. 134/135 Gulistan Colony, Faisalabad
Suzuki Mehran 800 CC Car	U 6581	51	34	17	85	Negotiation	Aqeel Haider, 26 - C Stadium Lane-1 D.H.A., Karachi.
Suzuki Mehran 800 CC Car	FDR 6155	195	143	52	80	Negotiation	Javid Habib Awan, House No. P139 Street No. 18, Faisalabad.
Toyota Corolla 1300 CC Car	S 9703	425	153	272	300	Negotiation	Aslam Pervaiz, Bazar Ahmad Khan, Bannu.
Suzuki Mehran 800 CC Car	FDQ 7466	102	50	52	128	Negotiation	Shah Muhammad, Company's Employee
Suzuki Mehran 800 CC Car	R 3821	16	13	3	90	Negotiation	Muhammad Zafar Iqbal Ex-Company's Employee
<b>Furniture and Fixture</b>							
Dining Table	1 No.	18	11	7	--	Negotiation	Tariq Mehmood and Nazar Muhammad, Partab Nagar, Faisalabad.
Carpets	561 Sq.ft.	82	60	22	1	Negotiation	Muhammad Aslam, Company's Employee
Carpets	168 Sq.ft.	21	14	7	1	Negotiation	Nazar Muhammad, Partab Nagar, Faisalabad.
Carpets	93 Sq.ft.	30	26	4	1	Negotiation	Muhammad Aslam, Noor Pur, Faisalabad.
Carpets	--	13	11	2	--	Negotiation	Abdul Rehman, Company's Employee
Iron Table	1 No.	6	4	2	--	Negotiation	Tariq Mehmood and Nazar Muhammad, Partab Nagar, Faisalabad.

**Office Equipments**

Type Writer	22 Nos.	339	282	57	3	Negotiation	M. Aslam, M. Arif and Sh. Iltaf, Samundri Road, Faisalabad.
Table Fax Toshiba	1 No.	50	42	8	1	Negotiation	M. Aslam, M. Arif and Sh. Iltaf, Samundri Road, Faisalabad.
Fax Machine	1 No.	57	46	11	1	Negotiation	M. Aslam, M. Arif and Sh. Iltaf, Samundri Road, Faisalabad.

**13. ASSETS SUBJECT TO FINANCE LEASE**

DESCRIPTION	(RUPEES IN THOUSAND)								
	COST			AMORTIZATION			BOOK VALUE AMORTIZATION		
	As at 01 October 1999	Additions/ (Deletions)	As at 30 September 2000	As at 01 October 1999	Adjustment	Charge for the year	As at 30 September 2000	AS AT 30 SEPTEMBER 2000	RATE %
Plant and machinery	284 467	10 769 (75 000)	220 236	68 214	(30 713)	18 273	55 774	164 462	10
Vehicles	15 170	7 408 (247)	22 331	4 317	(89)	3 621	7 849	14 482	20
2000	299 637	18 177 (75 247)	242 567	72 531	(30 802)	21 894	63 623	178 944	
1999	369 749	97 875 (167 987)	299 637	94 055	(48 265)	26 741	72 531	227 106	

13.1 Amortization of leasehold assets for the year has been allocated as follows:

	(RUPEES IN THOUSAND)	
	2000	1999
Cost of goods sold - Textile (Note 24.1)	18 273	24 028
Administrative and general expenses - Textile (Note 25.1)	3 621	2 713
	21 894	26 741

13.2 Deletions represent assets purchased at the expiry of lease term and transferred to operating fixed assets.

**14. CAPITAL WORK-IN-PROGRESS**

Land	1 721	671
Plant and machinery	3 417	10 347
Advances to suppliers	1 556	296
	6 694	11 314

**15. EQUITY INVESTMENTS****QUOTED**

**ASSOCIATED UNDERTAKINGS****Crescent Jute Products Limited**

2 736 847 (1999: 2 736 847) fully paid ordinary shares of Rupees 10 each  
Equity held 18.17% (1999: 18.17%)

20 359                      20 359

Crescent Sugar Mills and Distillery Limited  
867 506 (1999: 867 506) fully paid ordinary shares of Rupees 10 each

5 854                      5 854

Shams Textile Mills Limited  
406 080 (1999: 406 080) fully paid ordinary shares of Rupees 10 each

5 029                      5 029

Jubilee Spinning and weaving Mills Limited  
182 629 (1999:182 629) fully paid ordinary shares of Rupees 10 each

702                        702

**Crescent Boards Limited**

334 912 (1999: 334 912) fully paid ordinary shares of Rupees 10 each

3 130                      3 130

**Shakarganj Mills Limited**

3 230 648 (1999: 3 230 648) fully paid ordinary shares of Rupees 10 each  
Equity held 11,03% (1999: 11.03%)

25 969                      25 969

**Elite Textile Mills Limited**

8 400 (1999: 8 400) fully paid ordinary shares of Rupees 10 each

40                         40

**The Premier Insurance Company of Pakistan Limited**

56 215 (1999: 56 215) fully paid ordinary shares of Rupees 5 each

35                         35

**Crescent Steel and Allied Products Limited**

1 368 787 (1999: 1 368 787) fully paid ordinary shares of Rupees 10 each

7 200                      7 200

**Crescent Investment Bank Limited**

5 352 748 (1999: 5 352 748) fully paid ordinary shares of Rupees 10 each  
Equity held 10,70% (1999: 10,70%)

68 210                      68 210

**Pakistan Industrial Leasing Corporation Limited**

748 500 (1999: 748 500) ordinary shares of Rupees 10 each

24 950                      24 950

**Crescent Knitwear Limited**

1 200 000 (1999:1 200 000) ordinary shares of Rupees 10 each  
Equity held 12.50% (1999: 12.50%)

12 000                      12 000



**OTHERS:****Pakistan Industrial Credit and Investment Corporation Limited**

643 931 (1999: 643 931) ordinary shares of Rupees 10 each	4 542	4 542
---	-------	-------

Crescent Spinning Mills Limited		
---------------------------------	--	--

556 800 (1999:556 800) fully paid ordinary shares of Rupees 10 each	5 568	5 568
--	-------	-------

	-----	-----
	183 588	183 588

**UNQUOTED****ASSOCIATED UNDERTAKINGS****Crescent Ventures International Limited**

150 000 (1999: 150 000) fully paid ordinary shares of Rupees 10 each		
---	--	--

Equity held 30.03% (1999: 30.03%)		
-----------------------------------	--	--

Break-up value as per audited accounts for the year ended 30 June 1999 was Rupees 11.02 per share	1 500	1 500
--	-------	-------

**Crescent Group Services (Private) Limited**

220 000 (1999:220 000) fully paid ordinary shares of Rupees 10 each		
--	--	--

Equity held 8.21% (1999: 8.21%)		
---------------------------------	--	--

Break-up value as per audited accounts for the year ended 30 June 2000 was Rupees zero per share	2 200	2 200
---	-------	-------

**Crescent Greenwood Limited**

26 826 433 (1999: 26 826 433) ordinary shares of Rupees 10 each		
--	--	--

Equity held 19.57% (1999: 19.57%)		
-----------------------------------	--	--

Break-up value as per audited accounts for the year ended 30 September 1999 was Rupees zero per share	268 264	268 264
--	---------	---------

**SUBSIDIARY COMPANIES****Crescent Energy Limited**

2 000 000 (1999: 2 000 000) ordinary shares of Rupees 10 each Equity held 100%		
---	--	--

Break-up value as per audited accounts for the year ended 30 June 2000 was Rupees 75.30 per share	20 000	20 000
--	--------	--------

**SAC Group of Industries Limited**

5 700 000 (1999: 5 700 000) fully paid ordinary shares of Rupees 10 each		
---	--	--

Equity held 100%		
------------------	--	--

Break-up value as per audited accounts for the year ended 30 September 2000 was Rupees zero per share	2 000	2 000
--	-------	-------

**OTHER**

**Taxmac Services (Private) Limited**

500 (1999: NIL) ordinary shares of  
Rupees 1 000 each.

Chief Executive Mr. Muhammad Rafi	500	--
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**Premier Financial Services (Private) Limited**

500 (1999: 500) ordinary shares of Rupees 1 000 each

Chief Executive Mr. Adil A. Ghaffar	500	500
-------------------------------------	-----	-----

	-----	-----
	478 552	478 052

Less: Provision for diminution in market / break up  
value of equity investments

	257 490	194 903
--	---------	---------

	-----	-----
	221 062	283 149

	=====	=====
--	-------	-------

15.1 Aggregate market value of investments of quoted companies was Rupees 193.013 million (1999:  
Rupees 146.113 million).

**16. LONG TERM LOANS AND ADVANCES**

Loan to subsidiary company (Note 16.1)	116 167	150 260
--	---------	---------

Loan to employees (Note 16.2)	1 797	1 867
-------------------------------	-------	-------

Commission on bank guarantees	286	145
-------------------------------	-----	-----

	-----	-----
	118 250	152 272

Less: Current portion

Loans to subsidiary company	29 042	34 093
-----------------------------	--------	--------

Loans to employees	1 214	1 501
--------------------	-------	-------

Commission on bank guarantees	199	119
-------------------------------	-----	-----

	-----	-----
	30 455	35 713

	-----	-----
	87 795	116 559

	=====	=====
--	-------	-------

16.1 It is due by SAC Group, of Industries Limited, wholly owned subsidiary company. It was utilized to repay its loan due to Muslim Commercial Bank Limited and Al-Faysal Investment Bank Limited under SBP scheme (Note 4.2). It carries mark-up @ 16.75 percent per annum and is repayable in 11 equal half yearly installments commenced from 01 July 1999.

16.2 These are interest free loans to company's employees against cycles, fans, sewing machines and computers, which are secured against provident fund contribution and considered good. Loans are recoverable in fortnightly/monthly installments.

**17. STORES, SPARE PARTS AND LOOSE TOOLS**

Stores	76 123	64 728
--------	--------	--------

Store-in-transit	729	912
------------------	-----	-----

Spare parts	25 588	19 330
-------------	--------	--------

Loose tools	129	62
-------------	-----	----

	-----	-----
--	-------	-------

	102 569	85 032
	=====	=====

**18. STOCK-IN-TRADE**

Raw materials	116 676	183 186
Work-in-process	38 740	42 515
Finished goods	438 189	501 037
Waste	716	606
	-----	-----
	594 321	727 344
	=====	=====

**19. TRADE DEBTS****Considered good:**

Secured (Against letters of credit)	294 251	222 512
Unsecured (Note 19.1)	770 456	363 056
	-----	-----
	1 064 707	585 568
	-----	-----
Considered doubtful (Note 19.2)	32 265	29 677
Less: Provision for doubtful	32 265	29 677
	-----	-----
	--	--
	-----	-----
	1 064 707	585 568
	=====	=====

19.1 It includes Rupees 0.015 million (1999: Rupees Nil) receivable from Suraj Cotton Mills Limited (associated undertaking).

19.2 It includes Rupees 29.677 million (1999: Rupees 29.677 million) receivable from Crescent Knitwear Limited (associated undertaking).

**20. ADVANCES, DEPOSITS AND PREPAYMENTS****Loans and Advances:**

Considered good		
Employees (Note 20.1)	1 806	3 122
Suppliers (Note 20.2)	950 784	903 258
Current portion of long term loan	29 042	34 093
	-----	-----
	981 632	940 473
	-----	-----
Considered doubtful	25961	2596
Less: Provision for doubtful	2 596	2 596
	-----	-----
	--	--
	-----	-----
	981 632	940 473
Income Tax	150 970	108 738
Letters of credit	72 449	33 899
	-----	-----

	1 205 051	1 083 110
<b>Deposits:</b>		
Securities -Trade and others	15 099	23 141
Excise duty	45	120
Margin deposit	2 697	164
	-----	-----
	17 841	23 425
<b>Short term prepayments</b>	1 514	1 789
	-----	-----
	1 224 406	1 108 324
	=====	=====

20.1 The maximum aggregate amount due from executives at the end of any month during the year was Rupees 2.667 million (1999: Rupees 2.815 million) and aggregate balances due at the end of financial year were Rupees 0.187 million (1999: Rupees 0.963 million).

20.2 It includes an amount of Rupees 932.400 million (1999: Rupees 887.005 million) due from Crescent Greenwood Limited (CGL), associated undertaking, including mark-up, for purchase of goods against which CGL could not make supplies within stipulated time period and as per specifications.

A memorandum of Understanding (MOU) had been signed on 25 January 2001 among The Crescent Textile Mills Limited (CTM), CGL, International Finance Corporation (IFC) and other Senior Lenders for Restructuring of Financial obligations of CGL, to revive the project. These short term trade advances (consisting of principal amount of Rupees 428.400 million and accrued mark-up of Rupees 504 million) will be converted into long term subordinated loan after approval by Securities and Exchange Commission of Pakistan and the shareholders under section 208 of the Companies Ordinance, 1984.

## 21. OTHER RECEIVABLES

### Considered good:

Due from associated undertakings (Note 21.1)	46 871	44 997
Export rebates	72 590	50 035
Sales tax refundable	136 075	51 288
Dividend receivable	18 735	--
Miscellaneous	885	410
	-----	-----
	275 156	146 730
	=====	=====

### 21.1 Due from associated undertakings

Crescent Jute Products Limited	158	37
Jubilee Spinning and Weaving Mills Limited	--	10 977
SAC Group of Industries Limited	7 615	--
Elite Textile Mills Limited	38 304	33 368
Crescent Industrial Chemicals Limited	414	414
Crescent Boards Limited	380	201
	-----	-----
	46 871	44 997
	=====	=====

## 22. CASH AND BANK BALANCES

**Cash with banks on:**

Current accounts	4 005	12 161
Dividend accounts	--	24 609
	-----	-----
	4 005	38 770
<b>Cash in hand</b>	483	984
	-----	-----
	4 488	37 754
	=====	=====

**23. SALES****Textile:**

Local	1 169 323	958 114
Export	3 379 957	2 851 646
Waste	19 574	26 759
Processing Income	155 636	123 886
	-----	-----
	4 724 490	3 960 405
Less: Commission paid to selling agents	(98 554)	(69 316)
	-----	-----
	4 625 936	3 891 089

**Cold Storage:**

Ice	5 430	958
Warehousing income	1 152	4 990
	-----	-----
	6 582	5 948
	-----	-----
	4 632 518	3 897 037
	=====	=====

**24. COST OF GOODS SOLD**

Textile (Note 24.1)	3 784 224	3 182 488
Cold storage (Note 24.2)	4 062	3 226
	-----	-----
	3 788 286	3 185 714
	=====	=====

**24.1 COST OF GOODS SOLD-TEXTILE**

Raw materials		
Opening stock	183 186	33 464
Purchases	1 221 193	1 565 842
	-----	-----
	1 404 379	1 599 306
Closing stock	(116 676)	(183 186)
	-----	-----
Raw material consumed	1 287 703	1 416 120
Cloth and yarn purchased	896 781	390 625
Stores, spare parts and loose tools	306 636	283 960
Packing materials	74 914	63 927
Processing and weaving charges	412 908	313 951
Salaries, wages and other benefits	237 740	214 617

Fuel and power	368 874	334 491
Repairs and maintenance	27 233	30 467
Insurance	9 244	5 926
Depreciation (Note 12.1)	74 223	77 267
Amortization (Note 13.1)	18 273	24 028
Other factory overhead	3 182	2 943

	-----	-----
	3 717 711	3 158 322

Work-in-process		
Opening stock	42 515	43 530
Closing stock	(38 740)	(42 515)

	-----	-----
	3 775	1 015

Cost of goods manufactured	3 721 486	3 159 337
----------------------------	-----------	-----------

Finished goods		
Opening stock	501 643	524 794
Closing stock	(438 905)	(501 643)

	-----	-----
	62 738	23 151

	-----	-----
	3 784 224	3 182 488
	=====	=====

#### 24.2 COST OF GOODS SOLD - COLD STORAGE

Ammonia gas consumed	64	78
Stores	40	49
Salaries, wages and other benefits	190	176
Fuel and Power	3 305	2 531
Repairs and maintenance	304	215
Insurance	24	24
License fee and professional tax	6	12
Depreciation (Note 12.1)	125	136
Lease money	4	5

	-----	-----
	4 062	3 226
	=====	=====

#### 25. ADMINISTRATIVE AND GENERAL EXPENSES

Textile (Note 25.1)	93 707	89 741
Cold storage (Note 25.3)	386	354

	-----	-----
	94 093	90 095
	=====	=====

#### 25.1 ADMINISTRATIVE AND GENERAL EXPENSES - TEXTILE

Salaries, Wages and other benefits	48 208	45 226
Directors' meeting fee	25	23
Travelling, conveyance and entertainment	6 967	7 740
Rent, rates and taxes	3 114	4 052

Repairs and maintenance	7 517	4 739
Insurance	1 601	1 322
Printing and stationery	5 438	4 557
Communication	6 681	8 625
Subscription	1 137	1 563
Legal and professional charges (Note 25.2)	3 215	2 075
Registered office expenses	910	964
Consultancy charges	1	321
Depreciation (Note 12.1)	3 782	4 067
Amortization (Note 13.1)	3 621	2 713
Other charges	1 490	1 754
	-----	-----
	93 707	89 741
	=====	=====

25.2 Legal and professional charges include the following in respect of auditors' services for:

Statutory audit	300	300
Reimbursable expenses	12	12
	-----	-----
	312	312
	=====	=====

### 25.3 ADMINISTRATIVE EXPENSES - COLD STORAGE

Salaries, wages and other benefits	355	326
Travelling and conveyance	4	2
Communication	15	15
Others	12	11
	-----	-----
	386	354
	=====	=====

### 26. SELLING AND DISTRIBUTION EXPENSES

#### Textile:

Freight and shipment	195 381	161 132
Distribution	28 624	8 170
Advertisement	173	433
	-----	-----
	224 178	169 735
	=====	=====

### 27.1 OPERATING PROFIT

Textile (Note 27.1)	523 827	449 125
Cold storage (Note 27.2)	2 134	2 368
	-----	-----
	525 961	451 493
	=====	=====

### 27.1 OPERATING PROFIT- TEXTILE

Sales (Note 23)	4 625 936	3 891 089
Cost of goods sold (Note 24.1)	3 784 224	3 182 488
	-----	-----

Gross profit	841 712	708 601
Operating expenses		
Administrative and general (Note 25.1)	93 707	89 741
Selling and distribution (Note 26)	224 178	169 735
	-----	-----
	317 885	259 476
	-----	-----
	523 827	449 125
	=====	=====

**27.2 OPERATING PROFIT- COLD STORAGE**

Sales (Note 23)	6 582	5 948
Cost of goods sold (Note 24.2)	4 062	3 226
	-----	-----
Gross profit	2 520	2 722
Administrative and general expenses (Note 25.3)	386	354
	-----	-----
	2 134	2 368
	=====	=====

**28. OTHER INCOME**

Mark- up on advances to associated undertakings	83 642	174 490
Dividend income (Note 28.1)	26 205	3 469
Sale of empties and scrap	7 902	11 092
Rental income	268	251
Gain on disposal of operating fixed assets	--	3 220
Service charges	1 560	1 560
Lease rent	375	375
Credit balances added back	553	239
	-----	-----
	120 505	194 696
	=====	=====

**28.1 DIVIDEND INCOME****Associated undertakings:**

The Premier Insurance Company of Pakistan Limited	70	47
Pakistan Industrial Leasing Corporation Limited	561	--
Crescent Investment Bank Limited	24 890	--
Crescent Steel and Allied Products Limited	684	3 422
	-----	-----
	26 205	3 469
	=====	=====

**29. FINANCIAL CHARGES****Interest on:**

Long term loans	11 640	16 186
Provident Fund Trust	185	--
Workers' Participation Fund	1 103	1 107



**Mark up on:**

Redeemable capital	37 542	49 201
Short term finances	145 466	134 902
Charges on finance lease liabilities	34 506	33 632
Lease agreement fee	121	305
Bank charges and commission	2 489	2 752
	-----	-----
	233 052	238 085
	=====	=====

**30. OTHER CHARGES**

Workers' welfare fund	1 500	2 500
Donations (Note 30.1)	1 256	213
Loss on disposal of operating fixed assets	1 044	--
Debit balances written off	206	15
Provision for doubtful debts	--	29 677
Loss on investment	--	80
Workers' participation fund	17 471	10 019
	-----	-----
	21 477	42 504
	=====	=====

30.1 The directors and their spouse have no interest in donees' funds.

**31. TAXATION**

Current	50 576	41 515
Deferred	32 733	--
	-----	-----
	83 309	41 515
	=====	=====

31.1 This represents provision for current taxation under normal law. Deferred tax on certain timing differences to the extent of Rupees 28.296 million had not been accounted for in the year 1999 on the basis that these timing differences will not reverse due to future expansion plan in the foreseeable period ahead.

**32. DIRECTORS AND EXECUTIVES' REMUNERATION**

The aggregate amount charged in the accounts for remuneration, allowances including all benefits to the Chief Executive and other Executives of the company are as follow:

<i>Description</i>	<i>(RUPEES IN THOUSAND)</i>			
	<i>2000</i>		<i>1999</i>	
	<i>Chief Executive</i>	<i>Executives</i>	<i>Chief Executive</i>	<i>Executives</i>
Managerial remuneration	2 100	33 896	2 100	28 705
Contribution to employees' provident fund trust	131	1 528	131	1 252
Housing	945	5 636	945	4 854
Reimbursable expenses	484	6 016	362	5 690
	-----	-----	-----	-----

	3 660	47 076	3 538	40 501
	=====	=====	=====	=====
<b>Number of persons</b>	1	125	1	108

32.1 In addition, some of the Executives are provided free accommodation and free use of Company's maintained vehicles. The Chief Executive is provided free use of the company's maintained vehicles and residential telephones.

32.2 The aggregate amount charged in the accounts for the year for fees to 5 Directors for two meetings was Rupees 25,000 (1999: Rupees 22,500).

### 33. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

The Company purchased from and sold to associated undertakings materials, goods and services in the aggregate sum of Rupees 822.275 million (1999: Rupees 526.842 million) and Rupees 217.516 million (1999: Rupees 157.072 million) respectively. Purchases/sales of goods and services are made at prevailing market prices. Mark-up is received / paid on advances at rate of 11.50 to 18.00 percent (Note 28).

The maximum aggregate amount due from associated undertakings/subsidiary company at the end of any month during the year was Rupees 1 363.403 million (1999: Rupees 1 170.363 million).

### 34. EARNING PER SHARE

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

		<i>2000</i>	<i>1999</i>
Profit attributable to ordinary Shareholders	<i>(Rupees in thousand)</i>	246 041	145 234
Weighted average number of ordinary shares outstanding during the year		40 669 358	40 669 358
Earning per share - (Basic)	<i>(Rupees)</i>	6.05	3.57

### 35. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

#### 35.1 Financial assets and liabilities

	<i>(RUPEES IN THOUSAND)</i>							
	<i>2000</i>							
	<i>INTEREST/MARK-UP BEARING</i>				<i>NON-INTEREST BEARING</i>			<i>TOTAL</i>
	<i>Interest Rates Range %</i>	<i>Maturity within one year</i>	<i>Maturity more than one year but less than five year</i>	<i>Sub-Total</i>	<i>Maturity within one year</i>	<i>Maturity more than one year but less than five year</i>	<i>Sub-Total</i>	
<b>Financial Assets</b>								
Long term investments	--	--	--	--	--	8 326	8 326	8 326
Long term loans and advances	16.75	29 042	87 125	116 167	1 214	583	1 797	117 964
Long term security deposits	--	--	--	--	--	6 500	8 500	8 500
Trade debts	--	--	--	--	1 064 707	--	1 064 707	1 064 707

Advances deposits and prepayments	11.50	932 400	--	932 400	18 388	--	18 388	950 788
Other receivables	16.50 to 18	38 304	--	38 304	9 452	--	9 452	47 756
Cash and bank balances	--	--	--	--	4 488	--	4 488	4 488
	--	999 746	87 125	1 086 871	1 098 249	17 409	1 115 658	2 202 529
<b>Financial Liabilities</b>								
Redeemable capital	15 to 18	58 356	134 160	192 516	--	--	--	192 516
Long term loans	15	19 173	47 759	66 932	--	--	--	66 932
Liabilities against assets subject to finance lease	17 to 23	66 609	74 531	141 340	--	--	--	141 340
Short term finances	08 to 18	1 665 842	--	1 665 842	--	--	--	1 665 842
Creditors accrued and other liabilities	--	--	--	--	641 884	--	641 884	641 884
Commitments	--	--	--	--	150 522	--	150 522	150 522
	--	1 810 180	256 450	2 066 630	792 406	--	792 406	2 859 036

(RUPEES IN THOUSAND)

1999

	<i>INTEREST/MARK-UP BEARING</i>				<i>NON-INTEREST BEARING</i>			<i>TOTAL</i>
	<i>Interest Rates Range %</i>	<i>Maturity within one year</i>	<i>Maturity more than one year but less than five year</i>	<i>Sub-Total</i>	<i>Maturity within one year</i>	<i>Maturity more than one year but less than five year</i>	<i>Sub-Total</i>	
<b>Financial Assets</b>								
Long term investments	--	--	--	--	--	7 826	7 826	7 826
Long term loans and advances	16.75	34 093	116 167	150 260	1 501	366	1 867	152 127
Long term security deposits	--	--	--	--	--	19 029	19 029	19 029
Trade debts	--	--	--	--	585 568	--	585 568	585 568
Advances deposits and prepayme	18	887 005	--	887 005	24 926	--	24 926	911 931
Other receivables	18	33 368	--	33 368	12 039	--	12 039	45 407
Cash and bank balances	--	--	--	--	37 754	--	37 754	37 754
	--	954 466	116 167	1 070 633	661 788	27 221	689 009	1 759 642
<b>Financial Liabilities</b>								
Redeemable capital	16.25 to 18	63 407	192 515	255 922	--	--	--	255 922
Long term loans	14 to 15	26 124	66 932	93 056	--	--	--	93 056
Liabilities against assets subject to finance lease	17 to 23	86 565	111 877	198 442	--	--	--	198 442
Short term finances	8 to 20	1 481 871	--	1 481 871	--	--	--	1 481 871
Creditors accrued and other liabilities	--	--	--	--	516 718	--	516 718	516 718
Contingencies	--	--	--	--	1 824	--	1 824	1 824

Commitments	--	--	--	--	35 574	--	35 574	35 574
	-----	-----	-----	-----	-----	-----	-----	-----
	--	657 967	371 324	2 029 291	554 116	--	554 116	2 583 407
	=====	=====	=====	=====	=====	=====	=====	=====

### 35.2 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES

The company issues financial instruments mainly to finance its operations. In addition financial instruments such as trade receivables and trade payables arise directly from the company's operation.

The company finances its operations primarily by a mixture of issued share capital, retained profits, long term and short term loans and liabilities. Company borrows funds in local currency usually at fixed rate of interest.

Overall risks arising from the company's financial instruments are limited.

#### (a) Interest Rate Risk

Since the company borrows funds usually at fixed interest rates, therefore, the risk occurrence is minimal.

#### (b) Foreign Exchange Risk Management

Foreign currency risk on financial instruments, receivables or payable in foreign currency is also not material as trend of devaluation of Pak Rupee on export based industry is positive.

#### (c) Credit Risk

The company deals mostly with regular and permanent customers who pay the instrument on due dates. Company considers the credit risk as minimal.

#### (d) Fair Value of Financial Assets and Liabilities

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values except for equity investments which are stated at cost less provision for diminution in break-up/market value of investment. Market value is also disclosed in Note 15.1.

#### (RUPEES IN THOUSAND)

2000                      1999

### 36. EMPLOYEES' RETIREMENT BENEFITS

Contribution to Employees' Provident Fund	7,884	7,110
Contribution to Employees' Oldage Benefit Institution	6,098	5,899
	-----	-----
	13,982	13,009
	-----	-----
Number of Employees	4 806	4 890
	=====	=====

### 37. PLANT CAPACITY AND ACTUAL PRODUCTION

#### Spinning:

Spindle installed (Numbers)	113 872	113 500
Rotar installed	1 000	1 000
Production at normal capacity in 20s count based on		

3 shifts per day (Kgs)	32 022	29 982
Actual production converted to 20s count based on 3 shifts per day (Kgs.)	31 035	30 720

**Weaving:**

Sulzer looms installed (Numbers)	199	174
Production at normal capacity in 50 picks based on 3 shifts per day (Sqr. Mtrs.)	32 207	27 622
Actual production at normal capacity converted to 50 picks based on 3 shifts per day (Sqr. Mtrs.)	28 853	25 668

**Towel:**

Towel air jet looms (Numbers)	12	12
Production at normal capacity based on 3 shifts per day (Kgs.)	654	654
Actual production at normal capacity based on 3 shifts per day (Kgs.)	676	664

**37.1 REASON FOR LOW PRODUCTION**

Under utilization of available capacity is due to gradual increase in capacity and normal maintenance.

**(RUPEES IN THOUSAND)**

	<b>2000</b>	<b>1999</b>
--	-------------	-------------

**38. SEGMENT ASSETS**

The composition of assets of textile and cold storage units is as follows:

Textile	4 474 043	4 084 016
Cold storage	7 124	6 004
	-----	-----
	4 481 167	4 090 020
	=====	=====

**39. CORRESPONDING FIGURES**

Previous year's figures have been re-arranged, wherever necessary, for the purpose of comparison.

**CHAIRMAN & CHIEF EXECUTIVE****DIRECTOR****ACCOUNTS OF THE SUBSIDIARY COMPANIES:**

Accounts of Crescent Energy Limited and SAC Group of Industries Limited for the year ended 30 June 2000 and 30 September 2000 respectively are annexed to these accounts.

	<b>1999</b>	<b>2000</b>
	<b>%</b>	<b>%</b>

a) Extent of the interest of The Crescent Textile Mills Limited (the holding company) in the equity of the subsidiary companies at the end of the financial year of the subsidiaries;	100	100
---	-----	-----

**(RUPEES IN THOUSAND)**

b) The net aggregate amount of profits after deducting losses, if any of the subsidiary companies so far as these concern members of the holding company and have not been dealt with in the accounts of the holding company for the year ended 30 September 2000 are;

i) for the financial year of the subsidiaries;	31 102	50 021
ii) for the previous years of the subsidiaries since these become the holding company's subsidiaries;	109 814	59 792

c) The net aggregate amount of profits after deducting losses, if any, of the subsidiary companies so far as these have been dealt with in the accounts of the holding company for the year ended 30 September 2000 are;

i) for the financial year of the subsidiaries;	NIL	NIL
ii) for the previous years of the subsidiaries since these become the holding company's subsidiaries;	32 500	32 500

The holding company's interest in subsidiary, Crescent Energy Limited has not been changed from 30 June 2000 to 30 September 2000.

No material changes have occurred from 30 June 2000 to 30 September 2000 in respect of subsidiary assets and money borrowed by it.

**(MUHAMMAD ANWAR)**  
**CHAIRMAN & CHIEF EXECUTIVE**

**(ANJUM M. SALEEM)**  
**DIRECTOR**

**CRESCENT ENERGY LIMITED**  
**FINANCIAL STATEMENTS WITH**  
**ACCOMPANYING INFORMATION**  
**FOR THE YEAR ENDED 30 JUNE 2000**

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## **COMPANY INFORMATION**

### **BOARD OF DIRECTORS**

MR. MUHAMMAD ANWAR (CHIEF EXECUTIVE)

MR. ANJUM M. SALEEM

MR. HUMAYUN MAZHAR

MR. KHALID BASHIR

MR. MUHAMMAD ARSHAD

MR. NASIR SHAFI

MR. SHAMS RAFI

### **CORPORATE SECRETARY**

MR. RASHID SADIQ

### **AUDITORS**

RIAZ AHMAD & COMPANY

CHARTERED ACCOUNTANTS

### **BANKER**

NATIONAL BANK OF PAKISTAN

### **REGISTERED OFFICE**

83, BABAR BLOCK,

NEW GARDEN TOWN,

LAHORE

### **HEAD OFFICE & MILLS**

SARGODHA ROAD,

FAISALABAD

## **NOTICE OF SIXTH ANNUAL GENERAL MEETING**

We are pleased to inform you that Sixth Annual General Meeting of the shareholders of CRESCENT ENERGY LIMITED will be held on Saturday the December 23, 2000 at 9:00 a.m. at the Registered Office, 83-Babar Block, New Garden Town, Lahore to transact the following business:-

1. To receive, consider and adopt the Audited Accounts of the company for the year ended June 30, 2000 together with the Directors' and Auditors' Report thereon.
2. To appoint Auditors and fix their remuneration.

**BY ORDER OF THE BOARD**

**RASHID SADIQ**

**CORPORATE SECRETARY**

### **REGISTERED OFFICE:**

83-Babar Block, New Garden Town,

**LAHORE:**

Dated: November 28, 2000.

**NOTE:**

A member eligible to attend and vote at this Meeting may appoint another member as his/her proxy to attend and vote instead of him/her. 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.

**DIRECTORS' REPORT TO THE SHAREHOLDERS**

Your Directors are pleased to present audited financial statements of the company for the year ended 30 June 2000.

The Company is wholly owned subsidiary of The Crescent Textile Mills Limited. Company generated 32 004 MW hours of electricity during the year (1999: 33 152 MW hours) and supplied 30 532 MW hours (1999: 31 695 MW hours) to the holding company, The Crescent Textile Mills Limited.

Your Company's operations for the year resulted in a net after tax profit of Rupees 20.403 million (1999: 50.415 million). Profits are lower due to decrease in average sale rate from Rupees 3.89 per KWH to Rupees 3.54 per KWH and increase in furnace oil average rates from Rupees 5 584 per ton to Rupees 7 362 per ton. Earning per share of the Company is Rupees 10.20 (1999: Rupees 25.21)

Your Directors recommended appropriation of profit as follows:

*(THOUSAND RUPEES)*

Profit available for appropriation	20 610
Appropriation:	
Transfer to General Reserve	20 000
	-----
Unappropriated profit carried forward	610
	=====

**FUTURE PROSPECTS**

Furnace oil price has increased to Rupees 12 339 per ton in subsequent period. Increase in furnace oil rates has considerably reduced the margin of profit in electricity being generated. This situation has induced the management to evaluate the possibility of converting power generating engines to multi fuel system.

**AUDITORS**

The present auditors M/s Riaz Ahmad and Company, Chartered Accountants retire and being eligible, offer themselves for reappointment.

**FOR AND ON BEHALF OF  
BOARD OF DIRECTORS**

**(MUHAMMAD ANWAR)  
CHIEF EXECUTIVE**

Faisalabad  
22 November 2000



## **AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of CRESCENT ENERGY LIMITED as at 30 June 2000 and the related profit and loss account, statement of sources and application of funds and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion:

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account and the statement of sources and application of funds and statement of changes in equity together with the notes forming part thereof confirm with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June 2000 and of the profit and the changes in sources and application of funds and changes in equity for the year then ended; and

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

FAISALABAD:- 15 November 2000

**RIAZ AHMAD AND COMPANY**  
**Chartered Accountants**

## **BALANCE SHEET AS AT 30 JUNE 2000**

*2000*

*1999*

<b>EQUITY AND LIABILITIES</b>	<b>NOTE</b>	<b>Rupees</b>	<b>Rupees</b>
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorised share capital</b>			
2 000 000 ordinary shares of Rupees 10 each		20 000 000	20 000 000
		=====	=====
Issued, subscribed and paid up share capital	3	20 000 000	20 000 000
Revenue reserve - General		130 000 000	110 000 000
Unappropriated profit		609 794	207 018
		-----	-----
		150 609 794	130 207 018
<b>CURRENT LIABILITIES</b>			
Accrued liabilities	4	418 769	339 528
Workers' participation fund	5	1 088 576	2 666 786
		-----	-----
		1 507 345	3 006 314
<b>CONTINGENCIES AND COMMITMENTS</b>			
		--	--
		-----	-----
		152 117 139	133 213 332
		=====	=====

The annexed notes form an integral part of these accounts.

**(MUHAMMAD ANWAR)  
CHIEF EXECUTIVE**

## ASSETS

### NON-CURRENT ASSETS

<b>Tangible operating fixed assets</b>	6	42 756 269	47 573 074
--	---	------------	------------

### CURRENT ASSETS

Fuel stock		2 718 343	--
Trade debtor	7	101 137 501	84 655 953
Advances and prepayments	8	5 270 444	813 077
Cash with bank on current account		234 582	171 228
		-----	-----
		109 360 870	85 640 258
		-----	-----
		152 117 139	133 213 332
		=====	=====

**(MUHAMMAD ARSHAD)  
DIRECTOR**

## PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 30 JUNE 2000**

	<i>Note</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
<b>SALES</b>		108 084 162	123 275 121
<b>COST OF SALES</b>	9	84 235 559	67 107 771
		-----	-----
<b>GROSS PROFIT</b>		23 848 603	56 167 350
<b>OPERATING EXPENSES</b>			
Administrative and general	10	2 368 331	2 545 581
		-----	-----
<b>OPERATING PROFIT</b>		21 480 272	53 621 769
<b>OTHER INCOME-CREDIT BALANCES</b>			
<b>ADDED BACK</b>		291 403	--
		-----	-----
		21 771 675	53 621 769
<b>FINANCIAL AND OTHER CHARGES</b>			
Financial	11	280 323	540 208
Workers' participation fund		1 088 576	2 666 786
		-----	-----
		1 368 899	3 206 994
		-----	-----
<b>PROFIT BEFORE TAXATION</b>		20 402 776	50 414 775
<b>UNAPPROPRIATED PROFIT BROUGHT FORWARD</b>		207 018	792 243
		-----	-----
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		20 609 794	51 207 018
<b>APPROPRIATION</b>			
Transfer to general reserve		20 000 000	51 000 000
<b>UNAPPROPRIATED PROFIT CARRIED TO</b>		-----	-----
<b>BALANCE SHEET</b>		609 794	207 018
		=====	=====
<b>EARNING PER SHARE</b>	14	10.20	25.21

The annexed notes form an integral part of these accounts.

(MUHAMMAD ANWAR)  
CHIEF EXECUTIVE

(MUHAMMAD ARSHAD)  
DIRECTOR

**STATEMENT OF SOURCES AND APPLICATION OF FUNDS (CASH FLOW STATEMENT)**  
**FOR THE YEAR ENDED 30 JUNE 2000**

	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit for the year</b>	20 402 776	50 414 775

**Adjustments to reconcile profit to net cash provided  
by operating activities**

Depreciation	4 816 805	5 368 533
Amortization	--	374 275
Credit balances added back	(291 403)	--
Financial charges	280 323	540 208

**CASH FLOWS FROM OPERATING ACTIVITIES  
BEFORE WORKING CAPITAL CHANGES**

	25 208 501	56 697 791
--	------------	------------

**CASH FLOWS FROM WORKING CAPITAL CHANGES**

(Increase)/decrease in current assets

Fuel stock	(2 718 343)	--
Trade debtor	(16 481 548)	(51 685 324)
Advances and prepayments	(4 450 867)	152 932

Increase/(decrease) in current liabilities

Accrued liabilities	382 378	8 048
Workers' participation fund	(1 578 210)	205 697

**NET CASH FLOWS FORM WORKING CAPITAL CHANGES**

	(24 846 590)	(51 318 647)
--	--------------	--------------

**CASH FLOWS FROM OPERATING ACTIVITIES**

	361 911	5 379 144
--	---------	-----------

Financial charges paid

	(292 057)	(551 508)
--	-----------	-----------

Income tax paid

	(6 500)	(230 690)
--	---------	-----------

**NET CASH FLOWS FROM OPERATING ACTIVITIES**

	63 354	4 596 946
--	--------	-----------

**CASH FLOW FROM FINANCING ACTIVITIES**

Redemption of redeemable capital

	--	(4 117 648)
--	----	-------------

Repayment of finance lease liability

	--	(507 694)
--	----	-----------

**NET CASH FLOWS FROM FINANCING ACTIVITIES**

	--	(4 625 342)
--	----	-------------

**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT**

	63 354	(28 396)
--	--------	----------

**CASH AND CASH EQUIVALENT AT BEGINNING OF THE YEAR**

	171 228	199 624
--	---------	---------

**CASH AND CASH EQUIVALENT AT THE END OF THE YEAR**

	234 582	171 228
--	---------	---------

(MUHAMMAD ANWAR)  
CHIEF EXECUTIVE

(MUHAMMAD ARSHAD)  
DIRECTOR

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2000**

<i>SHARE</i>	<i>REVENUE</i>	<i>UN-APPROPRIATE</i>	<i>TOTAL</i>
<i>CAPITAL</i>	<i>RESERVE-</i>	<i>PROFIT</i>	

**GENERAL**

	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Balance as on 01 July 1998	20 000 000	59 000 000	792 243	79 792 243
Net profit for the year	--	--	50 414 775	50 414 775
Transfer to general reserve	--	51 000 000	(51 000 000)	--
	-----	-----	-----	-----
Balance as on 30 June 1999	20 000 000	110 000 000	207 018	130 207 018
Net profit for the year	--	--	20 402 776	20 402 776
Transfer to general reserve	--	20 000 000	(20 000 000)	--
	-----	-----	-----	-----
Balance as on 30 June 2000	20 000 000	130 000 000	609 794	150 609 794
	=====	=====	=====	=====

(MUHAMMAD ANWAR)  
CHIEF EXECUTIVE

(MUHAMMAD ARSHAD)  
DIRECTOR

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2000

### 1. THE COMPANY AND ITS ACTIVITIES

Crescent Energy Limited is a public limited company incorporated on 10 April 1994 under the Companies Ordinance, 1984. It is a wholly owned subsidiary company of The Crescent Textile Mills Limited and is engaged in the business of electricity generation, accumulation, distribution and sale to its holding company.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Accounting convention

These accounts have been prepared under the historical cost convention.

#### 2.2 Taxation

Profit and gain of the company are exempt from levy of income tax under clause 176 of the Second Schedule to the Income Tax Ordinance, 1979. Therefore, no provision for taxation is required.

#### 2.3 Tangible fixed assets and depreciation

Operating fixed assets are stated at cost less accumulated depreciation. Capital work in progress is stated at cost. Cost of tangible fixed assets consists of historical cost, borrowing cost pertaining to the erection period, and directly attributable cost of bringing the assets to working condition.

Maintenance and normal repairs are charged to current year's income. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gain/loss on disposal of operating fixed assets is included in current year's income.

Depreciation on operating fixed assets is charged to income on reducing balance method to write off the cost over their expected useful life.

Full year's depreciation is charged on additions, while no depreciation is charged on assets deleted during the year.

**2.4 Asset subject to finance lease**

This is stated at lower of present value of minimum lease payments under the lease agreement and the fair value of assets. Aggregate amount of obligation relating to assets subject to finance lease is accounted for at net present value of liability. Asset so acquired is amortized over the useful life of asset or lease term whichever is shorter. Amortization of leased asset is charged to current year's income.

**2.5 Assets subject to operating lease**

Land and building have been acquired from the holding company under lease agreement termed as operating lease for a period of 51 years commencing from November 1994. Lease rentals of Rupees 300,000 per annum are subject to 25 percent increase after every three years and are charged to current year's income.

**2.6 Revenue recognition**

Revenue from supply of electricity is recognized on issue of bills to customer.

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>

**13. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**

2 000 000 Ordinary shares  
of Rupees 10 each fully paid  
in cash

20 000 000	20 000 000
=====	=====

3.1 These shares are held by The Crescent Textile Mills Limited (holding company).

**4. ACCRUED LIABILITIES**

Excise duty on secured finance	--	11 734
Due to associated undertaking	1 392	1 392
Other accrued liabilities	35 000	326 402
Sales Tax payable	382 377	--
	-----	-----
	418 769	339 528
	=====	=====

**5. WORKERS' PARTICIPATION FUND**

Balance as at 01 July	2 666 786	2 461 089
Allocation for the year	1 088 576	2 666 786
Interest accrued	280 176	254 165
	-----	-----
	4 035 538	5 382 040
Less: Payments made to fund	2 946 962	2 715 254
	-----	-----
	1 088 576	2 666 786
	=====	=====

5.1 The company retains workers' participation fund for its business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Act on funds utilized by the company till the date of payment to the fund (Note 11).

**6. TANGIBLE OPERATING FIXED ASSETS**

<i>DESCRIPTION</i>	<i>COST</i>			<i>DEPRECIATION</i>			<i>Book Value As at 30 June 2000</i>	<i>Rate %</i>
	<i>As at 01 July 1999</i>	<i>Additions</i>	<i>As at 30 June 2000</i>	<i>As at 01 July 1999</i>	<i>Charge for the year</i>	<i>As at 30 June 2000</i>		
Plant and machinery	79 359 748	--	79 359 748	32 498 610	4 686 114	37 184 724	42 175 024	10
Tools and equipments	160 440	--	160 440	43 480	11 696	55 176	105 264	10
Vehicles	1 049 000	--	1 049 000	454 024	118 995	573 019	475 981	20
	-----	-----	-----	-----	-----	-----	-----	
2000 Rupees	80 569 188	--	80 569 188	32 996 114	4 816 805	37 812 919	42 756 269	
	=====	=====	=====	=====	=====	=====	=====	
1999 Rupees	80 368188	201 000	80 569 188	27 627 582	5 368 533	32 996 114	47 573 074	
	=====	=====	=====	=====	=====	=====	=====	

**6.1 Depreciation charge for the year has been allocated as follows:**

	<i>2000 Rupees</i>	<i>1999 Rupees</i>
Cost of sales (Note 9)	4 697 810	5 219 789
Administrative and general expenses (Note 10)	118 995	148 744
	-----	-----
	4 816 805	5 368 533
	=====	=====

**7. TRADE DEBTOR**

This represents the unsecured amount due from holding company against supply of electricity and is considered good.

**8. ADVANCES AND PREPAYMENTS**

Advances to suppliers-Considered good	4 773 668	344 473
Income tax	270 457	263 957
Short term prepayments	226 319	204 647
	-----	-----
	5 270 444	813 077
	=====	=====

**9. COST OF SALES**

Fuel and lubricants	58 846 289	46 845 753
Stores and spare parts	16 417 258	10 983 330
Salaries, wages and other benefits	2 131 492	2 018 857
Repairs and maintenance	425 540	360 000
Insurance	728 467	667 966
Lease rent-Land and building	375 000	375 000
Electricity duty on power generation	613 703	637 076
Depreciation (Note 6.1)	4 697 810	5 219 789
	-----	-----
	84 235 559	67 107 771
	=====	=====

**10. ADMINISTRATIVE AND GENERAL EXPENSES**

Directors' meeting fee	5 000	5 000
Service charges paid to holding company	1 560 000	1 560 000
Vehicle insurance and taxes	141 340	97 424
Vehicle running	284 560	176 986
Legal and professional	50 200	134 050
Audit fee	35 000	35 000
Rent, rates and taxes	121 850	9 700
Corporate service charges	48 000	--
Miscellaneous	3 386	4 402
Depreciation (Note 6.1)	118 995	148 744
Amortization	--	374 275
	-----	-----
	2 368 331	2 545 581
	=====	=====

#### 11. FINANCIAL CHARGES

Mark-up on redeemable capital	--	219 196
Charges on liability against asset subject to finance lease	--	62 887
Interest on workers' participation fund	280 176	254 165
Bank charges and commission	147	3 960
	-----	-----
	280 323	540 208
	=====	=====

#### 12. CHIEF EXECUTIVE'S AND DIRECTORS' REMUNERATION

12.1 No remuneration has been paid during the year to the Chief Executive and Directors except meeting fee. Chief Executive has been provided free use of the company's maintained vehicles,

12.2 Aggregate amount charged in accounts for the year for fee to 5 Directors for 2 meetings was Rupees 5 000 (1999: Rupees 5 000 to 5 Directors for 2 meetings).

#### 13. TRANSACTIONS WITH ASSOCIATED UNDERTAKING

The company purchased from and sold to holding company goods and services in aggregate sum of Rupees 22.998 million (1999: 57.028 million) and Rupees 121.286 million (1999: Rupees 123.275 million) respectively. Purchases of goods and services are made at prevailing market prices. The sale represents electricity supplied to holding company at the rate mutually agreed by the parties and furnace oil.

The maximum aggregate amount due from holding company at the end of any month during the year was Rupees 149.037 million 1999: Rupees 88.056 million).

#### 14. EARNING PER SHARE

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

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
Profit attributable to ordinary Shareholders	20 402 776	50 414 775



Numbers of ordinary shares outstanding during the year (Note 3)	2 000 000	2 000 000
---	-----------	-----------

Earning per share - (Basic)	10.20	25.21
-----------------------------	-------	-------

## 15. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### 15.1 Financial Assets and Liabilities

	<i>INTEREST/MARK-UP BEARING</i>			<i>Sub total</i>	<i>NON INTEREST BEARING</i>		<i>TOTAL</i>
	<i>Interest rate ranges %</i>	<i>Maturity within one year</i>	<i>Maturity more than one year but less than 5 years</i>		<i>Maturity within one year</i>	<i>Maturity more than one year but less than 5 years</i>	
<b>Financial Assets</b>							
Trade debtor	--	--	--	--	101 137 501	--	101 137 501
Advances	--	--	--	--	4 773 668	--	4 773 668
Cash with bank on Current account	--	--	--	--	234 582	--	234 582
	-----	-----	-----	-----	-----	-----	-----
	--	--	--	--	106 145 751	--	106 145 751
	=====	=====	=====	=====	=====	=====	=====
<b>Financial Liabilities</b>							
Accrued liabilities	--	--	--	--	418 769	--	418 769
	-----	-----	-----	-----	-----	-----	-----
	--	--	--	--	418 769	--	418 769
	=====	=====	=====	=====	=====	=====	=====

### 15.2 Financial instruments and risk management policies

The company issues financial instruments mainly to finance its operations. In addition financial instruments such as trade debtor and creditors arise directly from the company's operation.

The company finances its operations primarily by a mixture of issued share capital, retained profits and liabilities.

Overall risks arising from the company's financial instruments are limited.

#### (a) Interest rate risk

Since the company has not borrowed funds, the risk is zero.

#### (b) Foreign exchange risk management

Since the company does not hold foreign currency financial instruments, foreign exchange risk on financial instrument is zero.

#### (c) Credit risk

The Company deals with holding company only, therefore, credit risk is minimal.

#### (d) Fair value of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

## 16. PLANT CAPACITY AND ACTUAL POWER GENERATION

(MEGAWATT HOURS)

2000                      1999

Plant capacity for 360 days	43 200	43 200
Actual power generation	32 004	33 152

### 16.1 REASON FOR LOW POWER GENERATION

Actual power generation is low as compared to the plant capacity mainly due to periodical maintenance of generator.

## 17. GENERAL

17.1 Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison.

17.2 Figures have been rounded off to the nearest Rupee.

(MUHAMMAD ANWAR)  
CHIEF EXECUTIVE

(MUHAMMAD ARSHAD)  
DIRECTOR

# SAC GROUP OF INDUSTRIES LIMITED

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## COMPANY INFORMATION

### BOARD OF DIRECTORS

MR. SHAMS RAFI                      (CHIEF EXECUTIVE)  
MR. AHSAN BASHIR  
MR. HUMAYUN MA7HAR

MR. RI7WAN SHAFI  
MR. SALMAN RAFI  
MR. SHAHID RIAZ  
MR. UMER SHAFI

**CORPORATE SECRETARY**

MR. GHULAM MUHAMMAD

**AUDITORS**

RIAZ AHMAD & COMPANY  
CHARTERED ACCOUNTANTS

**BANKERS**

NATIONAL BANK OF PAKISTAN  
UNITED BANK LIMITED

**REGISTERED OFFICE**

40-A, OFF ZAFAR ALI ROAD,  
GULBERG-V, LAHORE.

**HEAD OFFICE**

SARGODHA ROAD,  
FAISALABAD.

**MILLS**

49 PHASE III,  
INDUSTRIAL ESTATE HATTAR,  
HARIPUR N.W.F.P.

**NOTICE OF 13TH ANNUAL GENERAL MEETING**

We are pleased to inform you that 13th Annual General Meeting of the shareholders of SAC GROUP OF INDUSTRIES LIMITED will be held on Saturday the March 31,2001 at 10:00 a.m. at Registered Office, 40-A, Off Zafar Ali Road, Gulberg-V, Lahore to transact the following business:-

To receive, consider and adopt the Audited Accounts of the company for the year ended September 30, 2000 together with the Directors' and Auditors' Reports thereon.

2. To appoint Auditors and fix their remuneration.

**BY ORDER OF THE BOARD**

**GHULAM MUHAMMAD  
CORPORATE SECRETARY**

**REGISTERED OFFICE:**

40-A, Off Zafar All Road, Gulberg-V,  
LAHORE:  
Telephone No. 111-245-245  
Fax No.111-222-245

Dated: March 10, 2001

**Note:**

A member eligible to attend and vote at this Meeting may appoint another member as his/her proxy to attend and vote instead of him/her. 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.

## **DIRECTOR'S REPORT TO THE SHAREHOLDERS**

The Directors' have pleasure in presenting audited financial statements together with Auditors' Report for the year ended 30 September 2000.

Turnover for the year remained almost at previous level. Cost of sales decreased by Rupees 8.146 million (11.84%) from Rupees 68.791 million in 1999 to Rupees 60.645 million in 2000 due to decrease in stores and spares consumption. Gross margin improved by 27.24% from Rupees 33.566 million in 1999 to Rupees 42.710 million in 2000. Administrative expenses decreased by 27.70% due to decrease in directors' remuneration, salaries and wages and other overheads. The company's operations posted profits of Rupees 10.700 million for the first time in the history of the Company against previous year's loss of Rupees 0.393 million. Earning per share is Rupees 1.88 (1999: Rupees 0.07, negative).

### **AUDITORS**

The present auditors M/s Riaz Ahmad & Company, Chartered Accountants retire and being eligible offer themselves for reappointment.

### **PATTERN OF SHAREHOLDING**

The pattern of shareholding as required by Section 236 of the Companies Ordinance, 1984 is attached to this report.

### **FUTURE PROSPECTS**

The Company envisage better profitability due to efforts for increasing revenue by improving quality and minimizing rejection rate.

**FOR AND ON BEHALF OF  
THE BOARD OF DIRECTORS**

**(SHAMS RAFI)  
Chief Executive**

Faisalabad  
09 March 2001

## **AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of **SAC GROUP OF INDUSTRIES LIMITED** as at 30 September 2000 and the related profit and loss account, 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 Company's Ordinance, 1984. Our responsibility is to express an

opinion on these statements based on our audit.

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

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

(b) in our opinion:

(i) the balance sheet and profit and loss account together with the notes thereon, have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity, together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 September 2000 and Of the profit, its cash flows and changes in equity for the year then ended; and

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

FAISALABAD- February 2001

**RIAZ AHMAD & COMPANY**  
**Chartered Accountants**

## **BALANCE SHEET AS AT 30 SEPTEMBER 2000**

*(RUPEES IN THOUSAND)*

<i>NOTE</i>	<i>2000</i>	<i>1999</i>
-------------	-------------	-------------

### **EQUITY AND LIABILITIES**

#### **SHARE CAPITAL AND RESERVES**

##### **Authorised share capital**

10 000 000 ordinary shares  
of Rupees 10 each

100 000	100 000
=====	=====

Issued, subscribed and paid up share capital

5 700 000 ordinary shares of Rupees 10 each fully paid up in cash		57 000	57 000
Accumulated loss		(75 878)	(86 578)
		-----	-----
		(18 878)	(29 578)

**NON-CURRENT LIABILITIES**

<b>REDEEMABLE CAPITAL</b>	3	87 125	116 167
<b>DEFERRED LIABILITY FOR GRATUITY</b>		1 512	1 452
		-----	-----
		88 637	117 619

**CURRENT LIABILITIES**

Current portion of long term liabilities		29 042	34 093
Creditors, accrued and other liabilities	4	12 939	6 288
Workers' participation fund		563	--
		-----	-----
		42 544	40 381

**CONTINGENCIES AND COMMITMENTS**

		--	--
		-----	-----
		112 303	128 422
		=====	=====

The annexed notes form an integral part of these accounts.

**(SHAMS RAFI)**  
**CHIEF EXECUTIVE**

**ASSETS****NON-CURRENT ASSETS**

<b>Tangible fixed assets</b>			
Operating fixed assets	5	103 824	112 193
Capital work-in-progress		--	1 292
		-----	-----
		103 824	113 485
<b>LONG TERM SECURITY DEPOSITS</b>		22	22
		-----	-----
		103 846	113 507

**CURRENT ASSETS**

Stores and spares		3 109	5 144
Stock-in-trade	6	1 521	1 541
Trade debts-unsecured but considered good		325	3 545
Advances, deposits, prepayments and other receiva	7	2 289	4 395
Cash and bank balances	8	1 213	290
		-----	-----
		8 457	14 915
		-----	-----

112 303      128 422

=====

(SALMAN RAFI)  
DIRECTOR**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 SEPTEMBER 2000**

		<i>(RUPEES IN THOUSAND)</i>	
	<i>NOTE</i>	<i>2000</i>	<i>1999</i>
<b>SALES</b>	9	103 355	102 357
<b>COST OF SALES</b>	10	60 645	88 791
		-----	-----
<b>GROSS PROFIT</b>		42 710	33 586
<b>OPERATING EXPENSES</b>			
Administrative	11	5 890	8 147
Selling	12	284	439
		-----	-----
		6 174	8 586
		-----	-----
<b>OPERATING PROFIT</b>		36 536	24 980
<b>OTHER INCOME</b>	13	734	1 353
		-----	-----
		37 270	26 333
<b>FINANCIAL AND OTHER CHARGES</b>			
Financial	14	22 358	26 723
Other charges	15	4 212	3
		-----	-----
		26 570	26 726
		-----	-----
<b>PROFIT/(LOSS) FOR THE YEAR</b>		10 700	(393)
<b>ACCUMULATED LOSS BROUGHT FORWARD INDUSTRIES</b>		(86 578)	(86 185)
<b>ACCUMULATED LOSS CARRIED FORWARD</b>		(75 878)	(86 578)
		=====	=====
<b>EARNING/(LOSS) PER SHARE (RUPEES)</b>	18	1.88	(0.07)

The annexed notes form an integral part of these accounts.

(SHAMS RAFI)  
CHIEF EXECUTIVE(SALMAN RAFI)  
DIRECTOR**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 SEPTEMBER 2000**

**(RUPEES IN THOUSAND)****2000****1999****CASH FLOWS FROM OPERATING ACTIVITIES****Profit/(loss) for the year** 10 700 (393)**Adjustments to reconcile profit/(loss) to net cash provided by operating activities**

Depreciation	9 832	10 777
Provision for gratuity	662	472
Credit balances written back	(329)	--
Debit balances written off	459	--
Provision for doubtful debts	3 190	--
Gain on sale of operating fixed assets	--	(175)
Financial charges	22 358	26 723

**CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES**

46 872 37 404

**CASH FLOWS FROM WORKING CAPITAL CHANGES****(INCREASE)/DECREASE IN CURRENT ASSETS**

Stores and spares	2 035	(1 158)
Stock in trade	20	(1 541)
Trade debts	2 761	6 487

Advances, deposits, prepayments and other receivables (1 048) (1 113)

**INCREASE/(DECREASE) IN CURRENT LIABILITIES**

Creditors, accrued and other liabilities	6 980	(2 794)
Workers' participation fund	563	--

**NET CASH FLOWS FROM WORKING CAPITAL CHANGES**

11 311 (119)

**CASH FLOWS FROM OPERATING ACTIVITIES**

Financial charges paid	(22 358)	(26 723)
Taxes paid	(36)	(41)
Gratuity paid	(602)	(521)

**NET CASH FLOWS FROM OPERATING ACTIVITIES**

35 187 10 000

**CASH FLOWS FROM INVESTING ACTIVITIES**

Fixed assets acquired	(171)	(1 356)
Sale proceeds of operating fixed assets	--	875

**NET CASH FLOWS FROM INVESTING ACTIVITIES**

(171) (481)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Repayment of long term loans (34 093) (9 470)

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

923 49



**CASH AND CASH EQUIVALENTS AT THE  
BEGINNING OF THE YEAR**

290 241

**CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR**

1 213 290

**(SHAMS RAFI)  
CHIEF EXECUTIVE****(SALMAN RAFI)  
DIRECTOR****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2000***(RUPEES IN THOUSAND)*

	<i>SHARE CAPITAL</i>	<i>UN-APPROPRIATE PROFIT / (LOSS)</i>	<i>TOTAL</i>
--	--------------------------	---	--------------

Balance as on 01 October 1998	57 000	(86 185)	(29 185)
Loss for the year	--	(393)	(393)
Balance as on 30 September 1999	57 000	(86 578)	(29 578)
Profit for the year	--	10 700	10 700
Balance as on 30 September 2000	57 000	(75 878)	(18 878)

**(SHAMS RAFI)  
CHIEF EXECUTIVE****(SALMAN RAFI)  
DIRECTOR****NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2000****1. THE COMPANY AND ITS ACTIVITIES**

The company was incorporated in June 1988 as a private limited company and subsequently converted into public limited company with effect from 08 August 1990. The principal activity of the company is weaving/manufacturing and sale of cloth.

**1.1 Compliance with International Accounting Standards (IAS)**

These accounts comply with International Accounting Standards, as applicable in Pakistan, in all material respects.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****2.1 Accounting convention**

These accounts have been prepared under the historical cost convention.

**2.2 Staff retirement benefits**

The company operates an unfunded gratuity scheme covering all its employees. Provision is made annually to cover the liability under the scheme according to the West Pakistan Industrial and Commercial Employment (Standing orders) Ordinance, 1968.

### **2.3 Taxation**

#### **Current**

The company is located in tax free zone and the profits of the company are exempt from tax for the first eight years from its commercial production.

#### **Deferred**

The company accounts for deferred taxation using the liability method on all significant timing differences. However, deferred tax is not provided if it can be established with reasonable probability that these differences will not reverse in the foreseeable future.

### **2.4 Foreign currency transactions**

Assets and liabilities in foreign currencies are translated at the rates of exchange prevailing on the balance sheet date. The resulting gains and losses are charged to current year's income.

### **2.5 Borrowing Cost**

Interest, mark-up and other charges on long term liabilities are capitalized upto the date of commissioning of respective fixed assets acquired out of the proceeds of such long term liabilities. All other interest, mark-up and charges are charged to income.

### **2.6 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation except capital work in progress which is stated at cost. Depreciation on operating fixed assets is charged on reducing balance method at the rates specified in note 5.

Full year's depreciation is charged in the year of addition while no depreciation is charged on assets disposed of during the year.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gains or losses on disposal of operating fixed assets, if any, are included in current year's income.

### **2.7 Stores, spares and loose tools**

These are valued at weighted average cost. Items in transit are valued at cost, comprising of the invoice values plus other charges incurred thereon till balance sheet date.

### **2.8 Stock-in-trade**

These are valued at lower of average cost and net realizable value. Cost of work in process and finished goods represents direct cost of material, labour and appropriate portion of production overheads. Net realizable value signifies the estimated selling price less expenses and taxes necessary to be incurred to make the sale.

### **2.9 Trade debts**

Known bad debts are written off and provision is made against doubtful debts.

### **2.10 Revenue recognition**

Revenue is recognised on the following basis:

Local sales:	On despatch of goods to customers
Export sales:	On shipment of goods

Export rebate:	On accrual basis
Weaving income:	On despatch of weaved cloth

**(RUPEES IN THOUSAND)**

	<b>2000</b>	<b>1999</b>
<b>3. REDEEMABLE CAPITAL - UNSECURED</b>	116 167	150 260
Less: Current portion	(29 042)	(34 093)
	-----	-----
	87 125	116 167
	=====	=====

3.1 Long term finance under mark-up arrangement was obtained from The Crescent Textile Mills Limited, holding company, to repay the overdue loans/finances of Muslim Commercial Bank Limited and Faysal Bank Limited under the State Bank of Pakistan's Loan Repayment Incentive Scheme. It carries mark-up at the rate of 16.75 percent per annum and is repayable in 11 equal half yearly installments commencing from 01 July 1999.

**4. CREDITORS, ACCRUED AND OTHER LIABILITIES**

Creditors for supplies	1 211	1 168
Accrued expenses	3 564	3 343
Due to ex-director against expenses	--	123
Sales tax	61	1 064
Income tax deducted at source	488	560
Due to associated undertaking	--	30
Due to The Crescent Textile Mills Limited - Holding company	7 615	--
	-----	-----
	12 939	6 288
	=====	=====

**5. OPERATING FIXED ASSETS****(RUPEES IN THOUSAND)**

<b>DESCRIPTION</b>	<b>COST</b>			<b>DEPRECIATION</b>			<b>BOOK VALUE</b>	<b>DEPRECIATION</b>	
	<b>As at 01 October 1999</b>	<b>Additions/ (Deletions)</b>	<b>As at 30 September 2000</b>	<b>As at 01 October 1999</b>	<b>Adjustments</b>	<b>Charge for the year</b>	<b>As at 30 September 2000</b>	<b>AS AT 30 SEPTEMBER 2000</b>	<b>RATE %</b>
Lease hold land	4 719	--	4 719	369	--	48	417	4 302	--
Building on Lease hold land	31 297	1 430	32 727	9 276	--	1 173	10 449	22 278	5
Plant and machinery	176 013	--	176 013	91 686	--	8 433	100 119	75 894	10
Furniture & Fixtures	462	--	462	238	--	22	260	202	10
Tools and equipments	740	10	750	360	--	39	399	351	10
Vehicles	557	--	557	309	--	50	359	198	20
Office equipments	855	23	878	338	--	54	392	486	10
Electrical and gas installations	230	--	230	104	--	13	117	113	10
	-----	-----	-----	-----	-----	-----	-----	-----	-----
2000	214 873	1 463	216 336	102 680	--	9 832	112 512	103 824	

1999	215 621	127 (875)	214 873	92 078	(175)	10 777	102 680	112 193
------	---------	--------------	---------	--------	-------	--------	---------	---------

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

**(RUPEES IN THOUSAND)**

**2000                      1999**

Cost of sales (Note10)	9 693	10 619
Administrative expenses (Note 11 )	139	158
	-----	-----
	9 832	10 777
	=====	=====

**6. STOCK-IN-TRADE**

Weaving cost of work-in-process	278	213
Weaving cost of finished goods	1 243	1 328
	-----	-----
	1 521	1 541
	=====	=====

**7. ADVANCES, DEPOSITS, PREPAYMENTS  
AND OTHER RECEIVABLES**

Advances considered good:

Staff	118	241
Suppliers	2	78
	-----	-----
	120	319
Income tax	698	662
Security deposits	705	705
Due from ex-directors against expenses		
Considered good	--	2 699
Considered doubtful	6 972	3 782
Provision for doubtful	6 972	3 782
	-----	-----
	--	--
Short term prepayments	32	--
Other receivables	734	10
	-----	-----
	2 289	4 395
	=====	=====

7.1 The maximum aggregate amount due from executive and ex-directors of the company at the end of any month was Rupees 0.102 million (1999: Rupees 2.908 million) and aggregate balances due at the end of financial year was Rupees 0.098 million (1999: Rupees2.787 million).

**8. CASH AND BANK BALANCES**

Cash in hand	223	103
Cash with banks on current accounts	990	187
	-----	-----
	1 213	290
	=====	=====

**9. SALES**

Weaving income	101 250	97 519
Processing income	995	21
Waste	1 246	4 861
	-----	-----
	103 491	102 401
Less: Commission to selling agents	(136)	(44)
	-----	-----
	103 355	102 357
	=====	=====

**10. COST OF SALES**

Raw material consumed	336	672
Salaries, wages and other benefits	9 743	9 063
Stores, spare parts and loose tools	11 896	19 729
Packing material and charges	652	231
Freight and taxes	2 248	2 283
Fuel and power	25 262	26 752
Insurance	511	610
Repair and maintenance	250	324
Petrol, oil and lubricants	--	23
Miscellaneous	14	26
Depreciation (Note 5.1)	9 693	10 619
	-----	-----
	60 625	70 332
Weaving cost of work-in-process		
Opening	213	--
Closing	(278)	(213)
	-----	-----
	(65)	(213)
	-----	-----
Cost of goods manufactured	60 560	70 119
Weaving cost of finished goods		
Opening	1 328	--
Closing	(1 243)	(1 328)
	-----	-----
	85	(1328)
	-----	-----
	60 645	68 791
	=====	=====

**11. ADMINISTRATIVE EXPENSES**

Directors' remuneration	--	747
-------------------------	----	-----

Salaries, wages and other benefits	2 990	3 721
Travelling and conveyance	611	618
Telephone and postage	400	449
Vehicles' running	262	353
Electricity, sui gas and water	193	192
Repair and maintenance	27	335
Legal and professional charges	642	662
Auditors' remuneration	37	37
Registered office expenses	25	30
Printing and stationery	74	23
Entertainment	73	136
Fee and subscription	76	92
Insurance	42	43
Rent, rates and taxes	285	503
Miscellaneous	14	48
Depreciation (Note 5.1)	139	158
	-----	-----
	5 890	8 147
	=====	=====

**12. SELLING EXPENSES**

Salaries, wages and other benefits	280	283
Postage, telephone and telex	4	156
	-----	-----
	284	439
	=====	=====

**13. OTHER INCOME**

Sale of empties	405	1 178
Credit balances written back	329	--
Gain on sale of operating fixed assets	--	175
	-----	-----
	734	1 353
	=====	=====

**14. FINANCIAL CHARGES**

Mark-up on redeemable capital	22 299	26 678
Bank charges and commission	59	45
	-----	-----
	22 358	26 723
	=====	=====

**15. OTHER CHARGES**

Provision for doubtful debts	3 190	--
Debit balances written off	459	--
Donation	--	3
Workers' participation fund	563	--
	-----	-----
	4212	3
	=====	=====

**16. EXECUTIVES' REMUNERATION**

The aggregate amount charged in the accounts for remuneration, allowances including all benefits to the Chief Executive, Directors and Executives of the company was as follows:

<i>Description</i>	<i>(RUPEES IN THOUSAND)</i>					
	<i>2000</i>			<i>1999</i>		
	<i>Chief Executive</i>	<i>Directors</i>	<i>Executives</i>	<i>Chief Executive</i>	<i>Directors</i>	<i>Executives</i>
Managerial remuneration	--	--	1 702	211	438	3 073
Contribution to employees' provident fund trust	--	--	28	--	--	58
Gratuity	--	--	72	--	--	35
Housing	--	--	259	32	67	467
Reimbursable expenses	--	--	111	4	15	119
	-----	-----	-----	-----	-----	-----
	--	--	2 172	247	520	3 752
	=====	=====	=====	=====	=====	=====
Number of persons	--	--	4	1	4	8
	=====	=====	=====	=====	=====	=====

#### 17. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

The company purchased from and sold to holding company materials, goods and services in the aggregate sum of Rupees 0.384 million (1999: Rupees 0.596 million) and Rupees 111.291 million (1999: Rupees 88.216 million) respectively. Purchases/sales of goods and services are made at prevailing market prices.

#### 18. EARNING/(LOSS) PER SHARE

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

	<i>1999</i>	<i>2000</i>
Profit/(loss) attributable to ordinary shareholders	(Rupees in thousand) 10 700	(393)
Weighted average number of ordinary shares outstanding during the year	5 700 000	5 700 000
Earning / (Loss) per share (Basic)	(Rupees) 1.88	(0.07)

#### 19. FINANCIAL ASSETS AND LIABILITIES

<i>Description</i>	<i>(RUPEES IN THOUSAND)</i>							
	<i>2000</i>							
	<i>Interest/Mark-up Bearing</i>			<i>Sub Total</i>	<i>Non Interest Bearing</i>			<i>TOTAL</i>
	<i>Interest rate range %</i>	<i>Maturity within one year</i>	<i>Maturity more than 1 year but less than 5 years</i>		<i>Maturity within one year</i>	<i>Maturity more than 1 year but less than 5 years</i>	<i>Sub Total</i>	
<b>Financial Assets</b>								
Long term security deposits	--	--	--	--	--	22	22	22

Trade debts	--	--	--	--	325	--	325	325
Advances, deposits and other receivables	--	--	--	--	1 559	--	1 559	1 559
Cash and bank balances	--	--	--	--	1 213	--	1 213	1 213
	-----	-----	-----	-----	-----	-----	-----	-----
	--	--	--	--	3 097	22	3 119	3 119
	=====	=====	=====	=====	=====	=====	=====	=====

**Financial Liabilities**

Redeemable capital	16.75	29 042	87 125	116 167	--	--	--	116 167
Creditors, accrued and other liabilities	--	--	--	--	12 939	--	12 939	12 939
	-----	-----	-----	-----	-----	-----	-----	-----
	--	29 042	87 125	116 167	12 939	--	12 939	129 106
	=====	=====	=====	=====	=====	=====	=====	=====

**1999***Interest/Mark-up Bearing**Non Interest Bearing*

<i>Description</i>	<i>Interest rate range %</i>	<i>Maturity within one year</i>	<i>Maturity more than 1 year but less than 5 years</i>	<i>Sub Total</i>	<i>Maturity within one year</i>	<i>Maturity more than 1 year but less than 5 years</i>	<i>Sub Total</i>	<i>TOTAL</i>
<b>Financial Assets</b>								
Long term security deposits	--	--	--	--	--	22	22	22
Trade debts	--	--	--	--	3 545	--	3 545	3 545
Advances, deposits and other receivables	--	--	--	--	3 733	--	3 733	3 733
Cash and bank balances	--	--	--	--	290	--	290	290
	-----	-----	-----	-----	-----	-----	-----	-----
	--	--	--	--	7 568	22	7 590	7 590
	=====	=====	=====	=====	=====	=====	=====	=====
<b>Financial Liabilities</b>								
Redeemable capital	16.75	34 093	116 167	150 260	--	--	--	150 260
Creditors, accrued and other liabilities	--	--	--	--	6 288	--	6 288	6 288
	-----	-----	-----	-----	-----	-----	-----	-----
	--	34 093	116 167	150 260	6 288	--	6 288	156 548
	=====	=====	=====	=====	=====	=====	=====	=====

**19.1 Financial instruments and risk management policies**

The company issues financial instruments mainly to finance its operations. In addition financial instruments such as trade receivables and trade payables arise directly from the company's operation.

The company finances its operations primarily by a mixture of issued share capital, long term and



short term loans and liabilities. Company borrows funds in local currency usually at fixed rate of interest.

Overall risks arising from the company's financial instruments are limited.

**a) Interest rate risk**

Since the company borrows funds usually at fixed interest rates, therefore, the risk occurrence is minimal.

**b) Credit risk**

The company deals with most of regular and permanent customers who pay the instrument on due dates. Company considers the credit risk as minimal.

**c) Fair value of financial assets and liabilities**

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

**(RUPEES IN THOUSAND)**

**2000                      1999**

**20. EMPLOYEES' RETIREMENT BENEFITS**

Contribution to Employees' Provident Fund	51	58
Provision for gratuity	611	414
Contribution to Employees' Oldage Benefit Institution	284	312
	-----	-----
	946	784
	=====	=====
Number of employees	203	204

**(FIGURES IN THOUSAND)**

**2000                      1999**

**21. PLANT CAPACITY AND ACTUAL PRODUCTION**

Production at normal capacity converted to 50 picks based on 3 shifts per day (Sq. Mtrs.)	20 899	20 899
Actual production at normal capacity converted to 50 picks based on 3 shifts per day (Sq. Mtrs.)	17 482	17 316

**21.1 Reason for low production**

Under utilization of available capacity is due to normal maintenance.

**22. GENERAL**

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison.

**(SHAMS RAFI)**  
**CHIEF EXECUTIVE**

**(SALMAN RAFI)**  
**DIRECTOR**

**THE CRESCENT TEXTILE MILLS LIMITED**

**AND ITS SUBSIDIARIES  
FINANCIAL STATEMENTS WITH  
ACCOMPANYING INFORMATION  
FOR THE YEAR ENDED 30 SEPTEMBER 2000**

**CONTENTS**

Auditors' Report to the Members  
Balance Sheet  
Profit & Loss Account  
Cash Flow Statement  
Statement of Changes in Equity  
Notes to the Accounts

**AUDITORS' REPORT TO THE MEMBERS**

We have examined the annexed consolidated financial statements comprising consolidated balance sheet of **The Crescent Textile Mills Limited and its subsidiary companies** as at 30 September 2000 and the related consolidated profit and loss account, consolidated cash flow statement and consolidated statement of changes in equity, together with the notes forming part thereof, for the year ended 30 September 2000. We have also expressed separate opinions on the financial statements of The Crescent Textile Mills Limited and its subsidiary companies. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our examination.

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

In our opinion, the consolidated financial statements examined by us present fairly the financial position of The Crescent Textile Mills Limited and its subsidiary companies as at 30 September 2000 and the results of their operations for the year then ended.

Without qualifying our opinion, we draw attention to Note No. 20.2 to the financial statements. Balance of Rupees 932.400 million due from Crescent Greenwood Limited (CGL), associated undertaking, has not been transferred into long term subordinated loan as per terms of Memorandum of Understanding for restructuring of CGL due to the reason stated in the aforesaid note. The ultimate outcome is dependent upon future events which may affect the financial statements.

FAISALABAD:

**(RIAZ AHMAD AND COMPANY)**  
**Chartered Accountants**

**CONSOLIDATED BALANCE SHEET  
AS AT 30 SEPTEMBER 2000**

*(RUPEES IN THOUSAND)*

	<i>NOTE</i>	<i>2000</i>	<i>1999</i>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
100 000 000 ordinary shares of Rupees 10 each		1 000 000	1 000 000
		=====	=====
<b>Issued subscribed and paid up share capital</b>	3	406 693	406 693
Reserves		1 078 815	958 815
Unappropriated profit/(loss)		86 886	(13 513)
		-----	-----
		1 572 394	1 351 995
<b>NON-CURRENT LIABILITIES</b>			
Redeemable capital	4	134 160	192 515
Long term loans	5	47 759	66 932
Liabilities against assets subject to finance lease	6	74 531	111 877
Deferred taxation		32 733	--
Provision for gratuity		1 512	1 452
		-----	-----
		290 695	372 776
<b>CURRENT LIABILITIES</b>			
Current portion of long term liabilities	7	144 338	176 096
Short term finances	8	1 665 842	1 481 871
Creditors accrued and other liabilities	9	576 421	469 328
Workers' participation fund	10	22 609	15 545
Provision for taxation		148 110	97 534
Proposed dividend		111 841	81 339
Dividend payable		--	25 011
Unclaimed dividend		3 173	2 703
		-----	-----
		2 672 334	2 349 427
<b>CONTINGENCIES AND COMMITMENTS</b>	11	--	--
		-----	-----
		4 535 423	4 074 198
		=====	=====

The annexed notes form an integral part of these accounts.

**(MUHAMMAD ANWAR)**  
**CHAIRMAN & CHIEF EXECUTIVE**

**ASSETS**

**NON-CURRENT ASSETS**

**Tangible fixed assets**

Operating fixed assets	12	859 094	901 877
Assets subject to finance lease	13	178 944	227 106

Capital work-in-progress	14	6 694	12 606
		-----	-----
		1 044 732	1 141 589
<b>Equity investments</b>	15	235 829	242 810
<b>Long term loans and advances</b>	16	670	392
<b>Long term security deposits</b>		8 522	19 051
		-----	-----
		1 289 753	1 403 842
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	17	108 396	90 176
Stock-in-trade	18	595 842	728 885
Trade debts	19	1 065 032	586 911
Advances, deposits and prepayments	20	1 202 189	1 079 439
Other receivables	21	268 275	146 730
Cash and bank balances	22	5 936	38 215
		-----	-----
		3 245 670	2 670 356
		-----	-----
		4 535 423	4 074 198
		=====	=====

(ANJUM M. SALEEM)  
DIRECTOR

### CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2000

		<i>(RUPEES IN THOUSAND)</i>	
	<i>NOTE</i>	<i>2000</i>	<i>1999</i>
<b>SALES</b>	23	4 638 326	3 910 582
<b>COST OF GOODS SOLD</b>	24	3 727 158	3 109 150
		-----	-----
<b>GROSS PROFIT</b>		911 168	801 432
<b>OPERATING EXPENSES</b>			
Administrative and general	25	101 073	99 666
Selling and distribution	26	224 178	169 735
		-----	-----
		325 251	269 401
		-----	-----
<b>OPERATING PROFIT</b>		585 917	532 031
<b>OTHER INCOME</b>	27	71 090	163 967
		-----	-----
		657 007	695 998
<b>FINANCIAL AND OTHER CHARGES</b>			
Financial charges	28	233 391	238 670

Other charges	29	26 791	45 174
		-----	-----
		260 182	283 844
		-----	-----
		396 825	412 154
<b>SHARE OF PROFIT/(LOSS) OF ASSOCIATED COMPANIES</b>		22 558	(17 954)
		-----	-----
<b>PROFIT BEFORE TAXATION</b>		419 383	394 200
<b>PROVISION FOR TAXATION</b>	30	87 143	37 131
		-----	-----
<b>PROFIT AFTER TAXATION</b>		332 240	357 069
<b>ACCUMULATED LOSS BROUGHT FORWARD</b>		(13 513)	(173 232)
		-----	-----
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		318 727	183 837
<b>APPROPRIATIONS</b>			
General reserve		120 000	91 000
Special dividend		--	25 011
Proposed dividend @ 27.50%		111 841	81 339
		-----	-----
		231 841	197 350
		-----	-----
<b>UNAPPROPRIATED PROFIT/(LOSS)</b>		86 886	(13 513)
		=====	=====

(RUPEES)

<b>EARNING PER SHARE</b>	33	8.17	8.78
<b>DIVIDEND PER SHARE</b>			
Special		--	0.61
Proposed		2.75	2.00

The annexed notes form an integral part of these accounts.

(MUHAMMAD ANWAR)  
CHAIRMAN & CHIEF EXECUTIVE

(ANJUM M. SALEEM)  
DIRECTOR

### CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2000

(RUPEES IN THOUSAND)

	2000	1999
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	419 383	394 200
Adjustments to reconcile profit to net cash provided by operating activities		
Depreciation	92 777	97 616
Amortization	21 894	27 115

Adjustment in operating fixed assets	--	147
Provision for gratuity	611	463
Debit balances written off	665	15
Credit balances added back	(1 173)	(239)
(Gain)/loss on disposal of operating fixed assets	1 057	(3 395)
Loss on disposal of equity investment	--	80
Provision for doubtful debts	3 190	29 677
Dividend from associated undertakings	26 205	3 469
Share of (profit)/loss of associated undertakings	(22 558)	17 954
Financial charges	233 391	238 670
	-----	-----
<b>CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES</b>	775 442	805 772
<b>CASH FLOWS FROM WORKING CAPITAL CHANGES</b>		
<b>(INCREASE)/DECREASE IN CURRENT ASSETS</b>		
Stores, spare parts and loose tools	(18 220)	(8 344)
Stock in trade	133 043	(127 097)
Trade debts	(478 786)	(98 665)
Advances, deposits and prepayments	(83 666)	(331 838)
Other receivables	(121 545)	(6 440)
<b>INCREASE/(DECREASE) IN CURRENT LIABILITIES</b>		
Shod term finances	183 971	257 827
Creditors, accrued and other liabilities	113 951	62 195
Workers' participation fund	7 064	(370)
	-----	-----
<b>NET CASH FLOWS FROM WORKING CAPITAL CHANGES</b>	(264 188)	(252 732)
	-----	-----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	511 254	553 040
Financial charges paid	(239 076)	(239 979)
income tax paid	(42 274)	(41 474)
Gratuity paid	(551)	(512)
Dividend paid	(105 880)	(47 854)
	-----	-----
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	123 473	223 221
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed assets acquired	(2 998)	(37 034)
Sale proceeds/insurance claims of operating fixed assets	2 304	10 518
Sale proceeds of equity investment	--	120
Equity investment purchased	(500)	--
Long term loans and advances	(278)	660
Long term security deposits	10 529	5 656
	-----	-----
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	9 057	(20 080)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Redemption of redeemable capital	(63 406)	(49 996)

Repayment of long term loans	(26 124)	(31 593)
Liabilities against assets subject to finance lease	14 977	41 860
Repayment of finance lease liabilities	(90 256)	(132 494)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(164 809)</b>	<b>(172 223)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(32 279)</b>	<b>30 918</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>38 215</b>	<b>7 055</b>
<b>CASH AND CASH EQUIVALENT OF SUBSIDIARY ACQUIRED</b>	<b>--</b>	<b>242</b>
	<b>38 215</b>	<b>7 297</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>5 936</b>	<b>38 215</b>
	=====	=====

(MUHAMMAD ANWAR)  
CHAIRMAN & CHIEF EXECUTIVE

(ANJUM M. SALEEM)  
DIRECTOR

#### STATEMENT OF CHANGES IN EQUITY AS AT 30 SEPTEMBER 2000

	<i>(RUPEES IN THOUSAND)</i>						
	<i>SHARE CAPITAL</i>	<i>Capital Bonus Shares</i>	<i>RESERVES</i>		<i>Total</i>	<i>UN-APPROPRIATED TOTAL PROFIT/(LOSS)</i>	
			<i>Revenue Dividend Equalization</i>	<i>General</i>			
Balance as on 01 October 1998	387 327	19 366	30 000	869 000	918 366	(173 232)	1 132 461
Nominal value of bonus shares issued	19 366	(19 366)	--	--	(19 366)	--	--
Net profit for the year	--	--	--	--	--	357 069	357 069
Transfer to general reserve	--	--	--	91 000	91 000	(91 000)	--
Special dividend	--	--	--	--	--	(25 011 )	(25 011)
Proposed dividend	--	--	--	--	--	(81 339)	(81 339)
Goodwill written off	--	--	--	(31 185)	(31 185)	--	(31 185)
Balance as on 30 September 1999	406 693	--	30 000	928 815	958 815	(13 513)	1 351 995
Net profit for the year	--	--	--	--	--	332 240	332 240

Transfer to general reserve	--	--	--	120 000	120 000	(120 000)	--
Proposed dividend	--	--	--	--	--	(111 841)	(111 841)
Balance as on 30 September 2000	----- 406 693 =====	----- -- =====	----- 30 000 =====	----- 1 048 815 =====	----- 1 078 815 =====	----- 86 886 =====	----- 1 572 394 =====

**(MUHAMMAD ANWAR)**  
**CHAIRMAN & CHIEF EXECUTIVE**

**(ANJUM M. SALEEM)**  
**DIRECTOR**

## **NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2000**

### **1. THE GROUP AND ITS ACTIVITIES**

The Crescent Textile Mills Group is engaged in business of textile manufacturing comprising of spinning, combing, weaving, dyeing, bleaching, printing, buying, selling and otherwise dealing in yarn, cloth and other goods and fabrics made from raw cotton and synthetic fibers(s), electricity generation and cold storage.

#### **1.1 Compliance with International Accounting Standards (IAS)**

These accounts comply with International Accounting Standards, as applicable in Pakistan, in all material respects.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **2.1 Accounting convention**

These accounts have been prepared under the historical cost convention as adjusted to the extent of exchange differences referred to in note 2.4,

#### **2.2 Basis of consolidation**

Consolidated financial statements include The Crescent Textile Mills Limited and following wholly owned subsidiary companies incorporated in Pakistan.

#### **Financial year ending on:**

- |                                    |                   |
|------------------------------------|-------------------|
| 1. SAC Group of Industries Limited | 30 September 2000 |
| 2. Crescent Energy Limited         | 30 June 2000      |

The subsidiaries are consolidated using purchase method from the effective date of acquisition.

#### **2.3 Staff retirement benefits**

The group companies have different accounting policies for staff retirement benefits. The main features of the scheme operated by group in holding company and subsidiaries are as follows:

#### **The Crescent Textile Mills Limited - holding company**

The company operates a Provident Fund Scheme for its permanent employees. Equal monthly contributions are made both by the company and employees at the rate of 6.25 percent of basic pay.

#### **SAC Group of Industries Limited**

Provision for gratuity payable under the West Pakistan Industrial and Commercial Employment



(Standing Orders) Ordinance, 1968 is made in the accounts.

### **Crescent Energy Limited**

Employees of The Crescent Textile Mills Limited provide service to Crescent Energy Limited under an agreement. No direct labour force is hired by Crescent Energy Limited.

### **2.4 Foreign currency**

Assets and liabilities in foreign currency are translated into Pak Rupees at the rates of exchange ruling at the balance sheet date or at exchange rates booked with commercial bank(s). Exchange gain or loss on translation of foreign currency loans is adjusted against the cost of tangible fixed assets acquired from respective loans. Exchange risk fee and exchange gain or loss on translation of foreign bills under collection at the year end are charged to current year's income.

### **2.5 Taxation**

Charge for current taxation is based on taxable income at current tax rates after taking into account rebates and tax credits, if any. Group recognises the deferred taxation, using the liability method, on all major timing differences.

### **2.6 Tangible fixed assets and depreciation**

Operating fixed assets are stated at cost less accumulated depreciation. Freehold land and capital work-in-progress are stated at cost. Cost of tangible fixed assets consists of historical cost, applicable exchange differences, borrowing costs pertaining to the construction/erection period and directly attributable cost of bringing the assets to working condition.

Depreciation on operating fixed assets is charged to income on reducing balance method to write-off the cost including related exchange differences over their expected useful life. Full year's depreciation is charged on the assets added while no depreciation is charged on the assets deleted during the year.

Maintenance and normal repairs are charged to current year's income. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gain or loss on disposal of operating fixed assets is included in current year's income.

### **2.7 Assets subject to finance lease**

These are stated at lower of present value of minimum lease payments under the lease agreements and fair value of assets. Aggregate amount of obligations relating to assets subject to finance lease are accounted for at net present value of the liabilities. Amortization of leased assets is charged to current year's income.

The group assets subject to finance lease are amortized as under:

#### **The Crescent Textile Mills Limited - holding company**

Assets acquired under finance lease are amortized over the useful life of assets.

#### **Crescent Energy Limited**

Asset acquired under finance lease is amortized over the useful life of asset or lease term which ever is shorter.

### **2.8 Assets subject to operating lease**

#### **The Crescent Textile Mills Limited - holding company**

Land of cold storage has been acquired under lease agreement for a period of 51 years

commencing from August 1981. Lease rentals of Rupees 3,000 per annum are subject to 10 percent increase after every three years and are charged against current year's income.

### **SAC Group of Industries Limited**

Land has been acquired under two lease agreements with Sarhad Development Authority for a period of 99 years commencing from March, 1988 and November, 1993. Leasehold land has been amortized over lease terms by charging to current year's income.

### **2.9 Equity investments**

Investments in associated undertakings are accounted for by equity method. Other long term investments are stated at cost. However, provision is made for permanent diminution in value. Short term investments are stated at lower of cost and market value determined on aggregate portfolio basis.

### **2.10 Borrowing cost**

Interest, mark-up and other charges on long term liabilities are capitalized upto the date of commissioning of respective fixed assets acquired out of the proceeds of such long term liabilities. All other interest, mark-up and other charges are charged to income.

### **2.11 Store, spare parts and loose tools**

These are valued at moving average cost except for items-in-transit which are valued at cost comprising invoice values plus other charges paid thereon.

### **2.12 Stock-in-trade**

Stock-in-trade is valued at lower of average cost and net realizable value except waste which is valued at net realizable value determined on the basis of contract prices. Average cost and net realizable value are defined as under:

#### **Average cost**

For raw materials - Weighted average cost.  
For work-in-process and finished goods - Production cost including a proportion of overheads.

#### **Net realizable value**

- Selling prices in the ordinary course of business less incidental selling expenses.

### **2.13 Trade debts**

Known bad debts are written off and provision is made against debts considered doubtful.

### **2.14 Revenue recognition**

Revenue from sales is recognized on delivery of goods to customers. Dividend income is recognized when right to receive the dividend is established. Previously dividend income was accounted for on receipt basis. This change has been made for compliance with International Accounting Standards.

**(RUPEES IN THOUSAND)**

**2000                      1999**

### **3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**

19 781 136 (1999:19 781 136) ordinary shares of		
Rupees 10 each fully paid in cash	197 811	197 811

20 888 222 (1999:20 888 222) ordinary shares of Rupees 10 each issued as fully paid bonus shares	208 882	208 882
	-----	-----
	406 693	406 693
	=====	=====

3.1 5 692 818 (1999:5 743 277) ordinary shares of Rupees 10 each are held by associated undertakings.

#### 4. REDEEMABLE CAPITAL

Emirates Bank International PJSC (Note 4.1)	35 000	52 500
Habib Bank Limited (Note 4.2)	116 167	150 260
Allied Bank of Pakistan Limited (Note 4.3)	41 349	53 162
	-----	-----
	192 516	255 922
Less: Current portion (Note 7)	58 356	63 407
	-----	-----
	134 160	192 515
	=====	=====

4.1 Term finance obtained from Emirates Bank International PJSC is repayable in 16 quarterly installments commenced from 18 December 1998. The finance carries mark up at the rate of 18 percent per annum or one percent above average STFB (Short Term Federal Bond) rate whichever is higher. These rates will be reviewed after every six months depending upon the average STFB rates of preceding six months. Finance is secured by first pari passu charge of Rupees 90 million over fixed assets of the company.

4.2 Demand finance from Habib Bank Limited was arranged to settle/pay loan of SAC Group of Industries Limited, a wholly owned subsidiary company, due to Muslim Commercial Bank Limited and Al-Faysal Investment Bank Limited under State Bank of Pakistan scheme. Finance carries mark up at the rate of 16.25 percent per annum and is secured by first charge on all existing and future assets of SAC Group of Industries Limited. Demand finance is repayable in 11 equal half-yearly installments commenced from 01 July 1999.

4.3 Demand finance from Allied Bank of Pakistan Limited carries mark-up at the rate of 15 percent per annum and is repayable in 10 half-yearly installments commenced from 22 August 1999. The finance is secured by first pari passu charge on present and future fixed assets of the company and personal guarantees of all directors of the company.

#### 5. LONG TERM LOANS

LENDER/LOAN NO.	CURRENCY	<i>(RUPEES IN THOUSAND)</i>	
		2000	1999
<b>Pakistan Industrial Credit and Investment Corporation Limited</b>			
ADD-878-879/11	<b>Pak Rupee</b>	--	9 534
IBRD-3019 (Note 5.1)	<b>Pak Rupee</b>	66 932	83 522
		-----	-----
		66 932	93 056
Less: Current portion (Note 7)		19 173	26 124

-----	-----
47 759	66 932
=====	=====

5.1 Loan obtained from Pakistan Industrial Credit and Investment Corporation Limited is secured by way of:

- (a) first legal mortgage on present and future immovable properties of the company;
- (b) hypothecation on all present and future machinery of the company;
- (c) first floating charge on all other assets present and future subject to hypothecation or charge against short term finances as referred to in Note 8; and
- (d) demand promissory notes.

Loan of US Dollar 6.034 million was utilized for import of machinery. It carries interest at the rate 15 percent per annum and is repayable in 20 unequal semi annual installments commenced from 01 January 1994. The loan has been translated into Pak Rupees by converting the pertinent foreign currency at higher effective selling rate on the Letter of Credit establishment date. Last installment is due on 01 January 2003.

**(RUPEES IN THOUSAND)**  
**2000**                      **1999**

**6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**

The amounts of future rentals and periods during which they fall due are as under:

30 September 2000	--	121 192
30 September 2001	85 545	75 601
30 September 2002	38 747	28 703
30 September 2003	41 704	31 065
30 September 2004	6 478	297
30 September 2005	4 159	--
	-----	-----
Balance rentals as at 30 September	176 633	256 858
Less: financial charges	35 293	58 416
	-----	-----
Present value of minimum lease payments	141 340	198 442
Less: Current portion (Note 7)	66 809	86 565
	-----	-----
	74 531	111 877
	=====	=====

6.1 The value of the minimum lease payments has been discounted at an implicit interest rate ranging from 17 to 23 percent. The balance rentals are payable in monthly/quarterly installments and in case of default of any payment an additional charge at the rate of 1 to 2 percent per annum shall be paid. Taxes, repairs and insurance costs are to be borne by the company. In case of termination of the agreement, the company shall pay entire amount of rentals for unexpired period of lease agreement. The lease agreements are renewable at the option of the

lessor on such terms as may be agreed upon. Liabilities are secured against deposit of Rupees 7.826 million and Rupees 12.936 million (1999: Rupees 18.526 million and Rupees 14.900 million) included in long term security deposits and advances, deposits and prepayments respectively.

#### 7. CURRENT PORTION OF LONG TERM LIABILITIES

Redeemable capital	58 356	63 407
Long term loans	19 173	26 124
Liabilities against assets subject to finance lease	66 809	86 565
	-----	-----
	144 338	176 096
	=====	=====

#### 8. SHORT TERM FINANCES

##### Secured:

##### Banking companies and financial institutions:

Cash finance (Note 8.1 and 8.2)	333 171	254 220
Export refinance scheme (Note 8.1 and 8.3)	1 090 000	1 000 000
Usance export bills (Note 8.1 and 8.4)	242 671	227 651
	-----	-----
	1 665 842	1 481 871
	=====	=====

8.1 The aggregate short term finances are secured by way of joint pari passu hypothecation agreement dated 15 February 1999 signed by the company and the consortium banks against charge and hypothecating of all present and future current assets of the company, wherever situated, including but not limited to stores, spare parts and loose tools, stock-in-trade, trade debts, advances, deposits and prepayments, other receivables, cash and bank balances and personal guarantee of the directors.

8.2 The finances aggregating to Rupees 640 million (1999: Rupees 550 million) are available under mark-up agreements and carry markup ranging from paisas 42 to 49.50 per Rupees 1 000 per day.

8.3 Export refinances have been obtained from banking companies under State Bank of Pakistan's refinance scheme on which a service charge at the rate of 8 percent per annum are payable. These form part of aggregate borrowing limits of Rupees 1,090 million (1999: Rupees 1,000 million).

8.4 Limits of Rupees 550 million (1999: Rupees 550 million) were available during the year against usance export bills at mark-up of 15 to 18 percent per annum.

#### 9. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors	351 948	259 337
Advances from customers	7 724	3 955
Retention money due to contractors	466	526
Accrued expenses	138 429	114 387

Mark-up/interest accrued on finances-secured

Redeemable capital	8 313	8 939
--------------------	-------	-------

Long term loans	2 510	3 466
Short term finances	32 789	28 659
Charges on finance lease liabilities	1 647	1 597
Excise duty on loans	7 768	16 051
Due to associated undertakings	9 455	17 941
Workers' welfare fund	10 035	8 535
Income tax deducted at source	1 768	1 290
Sales Tax	443	1 064
Due to Employees' provident fund trust	3 126	3 581
	-----	-----
	576 421	469 328
	=====	=====

#### 10. WORKERS' PARTICIPATION FUND

Balance as at 01 October	15 545	15 915
Allocation for the year	19 123	12 686
Interest accrued	1 383	1 361
	-----	-----
	36 051	29 962
Less: payments made to Trust during the year	13 442	14 417
	-----	-----
	22 609	15 545
	=====	=====

10.1 Interest is paid at the prescribed rate under the Act on the funds utilized by group till the date of allocation to workers.

#### 11. CONTINGENCIES AND COMMITMENTS

##### Contingencies

Group is contingently liable to the sum of Rupees Nil (1999: Rupees 1.824 million on account of claim raised by Employees' Old-age Benefits Institution and Employee's Social Security Institution on certain payments and civil suits for recovery of amount which was disputed and had not been acknowledged as liability by the group).

##### Commitments

Contracts for capital expenditures are Rupees 49.617 million (1999: Rupees Nil). Letters of credit other than for capital expenditure are Rupees 100.905 million (1999: Rupees 35.574 million).

#### 12. OPERATING FIXED ASSETS

DESCRIPTION	COST		DEPRECIATION		(RUPEES IN THOUSAND)				
	As at	Additions/	As at	As at	Adjustments	Charge for	As at	Book value	Depreciation
	01 October	(Deletions)	30 September	01 October		the year	30 September	as at 30	Rate
	1999		2000	1999			2000	September	%
								2000	
Land-Freehold	4 980	--	4 980	--	--	--	--	4 980	--
Land-Leasehold	4 719	--	4 719	369	--	48	417	4 302	--

Buildings on freehold land	194 227	760	194 987	112 614	--	6 982	119 596	75 391	5-10
Building on leasehold land	35 453	1 430	36 883	12 803	--	1 236	14 039	22 844	5-10
Plant and machinery	1 344 232	45 798 (626)	1 389 404	595 810	(206)	79 380	674 984	714 420	10
Factory tools and equipments	14 580	637	15 217	7 983	--	724	8 707	6 510	10
Gas and electric installations	43 288	783 (2 019)	42 052	27 006	(1 336)	1 638	27 308	14 744	10
Vehicles	12 084	973 (1 613)	11 444	7 314	(739)	974	7 549	3 895	20
Furniture and fixtures	9 299	823 (182)	9 940	5 093	(138)	498	5 453	4 487	10
Office equipments	19 292	1 993 (4 863)	16 422	11 285	(3 681)	1 297	8 901	7 521	10-15
<b>2000</b>	1 682 154	53 197 (9 303)	1 726 048	780 277	(6 100)	92 777	866 954	859 094	
<b>1999</b>	1 436 249	255 239 (9 334)	1 682 154	685 257	(2 596)	97 616	780 277	901 877	

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

**(RUPEES IN THOUSAND)**

	<b>2000</b>	<b>1999</b>
Cost of goods sold (Note 24)	88 739	93 242
Administrative and general expenses (Note 25)	4 038	4 374
	92 777	97 616

**12.2 DISPOSAL OF OPERATING FIXED ASSETS**

**(RUPEES IN THOUSAND)**

<b>DESCRIPTION</b>	<b>COST</b>	<b>ACC. DEP.</b>	<b>BOOK VALUE</b>	<b>SALE PROCEEDS</b>	<b>MODE OF DISPOSAL</b>	<b>PARTICULARS OF PURCHASER</b>
<b>Plant Machinery</b>						
Peguses DC-1 Over Lock Machine 1 No.		8	7	1	5	Negotiation Muhammad Sarwar, Islam Pura, Lahore.
Peguses DC-1 Over Lock Machine 1 No.		11	10	1	10	Negotiation Muhammad Sarwar, Islam Pura, Lahore,
Peguses Over Lock Machine 2 Nos.		36	29	7	46	Negotiation Muhammad Sarwar, Islam Pura, Lahore.
Juki Button and Hole Machine 2 Nos.		13	11	2	13	Negotiation Muhammad Sarwar, Islam Pura, Lahore.
Juki DDL-555 Sewing Machine 12 Nos.		44	37	7	45	Negotiation Muhammad Sarwar, Islam Pura, Lahore.
Blow Room 1/2 Line 1/2 Line		208	21	187	60	Negotiation Ghulam Rasool, Hyderabad Road, Karachi
Drawing Frame 1 No.		3	1	2	27	Negotiation Muhammad Asghar, Samundri Road, Faisalabad.
Ring frame 5 Nos.		172	17	155	294	Negotiation Sh. Altaf Hussain, Islam Nagar, Faisalabad.
Ring frame Mini 1 No.		52	21	31	59	Negotiation Sh. Altaf Hussain, Islam Nagar, Faisalabad.
Grading Machine 1 No.		76	49	27	10	Negotiation Zubair Khan Engineering Works, Shahkot Road, Faisalabad.
<b>Electric Installations</b>						
Geyser 35 GL. 12 Nos.		67	22	45	4	Negotiation Sh. Altar Hussain, Samundri Road, Faisalabad.
Geyser 35 GL. 6 Nos.		29	11	18	1	Negotiation M. Tariq, Altaf Hussain, Samundri Road, Faisalabad.

Geyser 35 GL.	4 Nos.	20	5	15	2	Negotiation	Waheed and Nazir, Ghulam Muhammad Abad, Faisalabad.
Geyser 35 GL.	14 Nos.	70	19	51	7	Negotiation	M. Aslam, M. Arif and Nazir Ahmad, Partab Nagar; Faisalabad.
Geyser 35 GL.	3 Nos.	21	6	15	1	Negotiation	Ghulam Rasool Islam Nagar, Faisalabad.
Room Cooler	1 No.	3	2	1	1	Negotiation	Nazar Muhammad Sh. Altaf, Samundri Road, Faisalabad.
Switch Board	3 Nos.	812	582	230	1	Negotiation	M. Aslam, Abaid Ali and Bashir Blouch, Dijkot Road, Faisalabad.
Switch Board	1 No	70	48	22	1	Negotiation	M. Adam, Abaid Ali and Bashir Blouch, Dijkot Road, Faisalabad.
Switch Board	2 Nos	779	535	244	1	Negotiation	M. Aslam, Abaid Ali and Bashir Blouch, Dijkot Road, Faisalabad
Cooking Range	1 No.	6	4	2	1	Negotiation	Umar Din, Zulfiqar Ali and M. Arshad, Ghulam M. Abad, Faisalabad.
Cooking Range	1 No	4	3	1	1	Negotiation	Umar Din, Zulfiqar Ali and M. Arshad, Ghulam M. Abad, Faisalabad.
Washing machine	1 No.	9	6	3	1	Negotiation	Muhammad Ilyas, Islam Nagar, Faisalabad.
Washing machine	1 No.	10	6	4	1	Negotiation	Zulfiqar Ali, Samundri Road, Faisalabad.
Electric Water Cooler	1 No.	14	8	6	1	Negotiation	Zulfiqar Ali, Samundri Road, Faisalabad.
Electric Water Cooler	1 No.	10	3	7	1	Negotiation	Zulfiqar Ali, Samundri Road, Faisalabad.
Electric Water Cooler	1 No.	16	8	8	2	Negotiation	Zulfiqar Ali, Samundri Road, Faisalabad.
Power Dist. Board	1 No.	13	8	5	4	Negotiation	Sh. Iltaf, Ghulam Rasool, Abaid and Arif, Samundri Road, Faisalabad.
Pedestal Fan	33 Nos.	21	19	2	5	Negotiation	Nazar Muhammad, Sh. Altaf, Samundri Road, Faisalabad.
Ceiling Fan	23 Nos	17	17	--	1	Negotiation	Nazar Muhammad, Sh. Altaf, Samundri Road, Faisalabad.
Exhaust Fan	2 Nos.	2	1	1	--	Negotiation	Nazar Muhammad, Sh. Altaf, Samundri Road, Faisalabad.
Exhaust Fan	17 Nos	11	8	3	--	Negotiation	M. Aslam, Abaid Ali Bashir Blouch, Dijkot Road, Faisalabad.

**Vehicles**

Yamaha Motor Cycle	FDR 7528	46	31	15	46	Negotiation	Amjid Saeed Butt, Company's Ex- Employee
Yamaha Motor Cycle	FDR 7532	47	31	16	47	Negotiation	M. Wajid, Company's Employee
Yamaha Motor Cycle	FDR 7533	47	31	16	47	Negotiation	Tariq Gulzar, Company's Employee
Yamaha Motor Cycle	FDR 4426	42	31	11	42	Negotiation	Mr. Aamer Nadeem, Company's Employee
Yamaha Motor Cycle	FDR 5735	47	35	12	47	Negotiation	Khurshid Ahmad, Company's Employee
Yamaha Motor Cycle	FDR 7531	47	31	16	47	Negotiation	Talib Butt, Company's Employee
Toyota Corolla car	FDR 1753	260	94	166	175	Negotiation	Muhammad Saleem P-15 Street No. 1 Old Yong Wala, Faisalabad.
Honda Civic Car	LOW 3923	284	57	227	275	Negotiation	Aman Rasool, House No. 134/135 Gulistan Colony, Faisalabad
Suzuki Mehran 800 CC Car	U 6581	51	34	17	85	Negotiation	Aqeel Haider, 26 - C Stadium Lane-1 D.H.A., Karachi.
Suzuki Mehran 800 CC Car	FDR 6155	195	143	52	80	Negotiation	Javid Habib Awan, House No. P139 Street No 18, Faisalabad.
Toyota Corolla 1300 CC Car	S 9703	425	153	272	300	Negotiation	Aslam Pervaiz, Bazar Ahmad Khan, Bannu.
Suzuki Mehran 800 CC Car	FDQ 7466	102	50	52	128	Negotiation	Shah Muhammad, Company's Employee
Suzuki Mehran 800 CC Car	R 3821	16	13	3	90	Negotiation	Muhammad Zafar Iqbal Ex-Company's Employee

**Furniture and Fixture**

Dining Table	1 No.	18	11	7	--	Negotiation	Tariq Mehmood and Nazir Muhammad, Partab Nagar, Faisalabad.
Carpets	561 Sq.ft.	82	60	22	1	Negotiation	Muhammad Aslam, Company's Employee
Carpets	168 Sq ft.	21	14	7	1	Negotiation	Nazar Muhammad, Partab Nagar, Faisalabad.
Carpets	93 Sq.ft.	30	26	4	1	Negotiation	Muhammad Aslam, Noor Pur, Faisalabad.
Carpets	--	13	11	2	--	Negotiation	Abdul Rehman, Company's Employee
Iron Table	1 No.	6	4	2	--	Negotiation	Tariq Mehmood and Nazir Muhammad, Partab Nagar, Faisalabad.

**Office Equipments**

Type Writer	22 Nos.	339	282	57	3	Negotiation	M. Aslam, M. Arif and Sh. Iltaf, Samundri Road, Faisalabad.
Table Fax Toshiba	1 No.	50	42	8	1	Negotiation	M. Aslam, M. Arif and Sh. Iltaf, Samundri Road, Faisalabad.
Fax Machine	1 No.	57	46	11	1	Negotiation	M. Aslam, M. Arif and Sh. Iltaf, Samundri Road, Faisalabad.

**13. ASSETS SUBJECT TO FINANCE LEASE***(RUPEES IN THOUSAND)*



<i>DESCRIPTION</i>	<i>COST</i>		<i>AMORTIZATION</i>				<i>Book Value</i>	<i>Amortization</i>	
	<i>AS at 01 October 1999</i>	<i>Additions/ (Deletions)</i>	<i>As at 30 September 2000</i>	<i>As at 01 October 1999</i>	<i>Adjustment</i>	<i>Charge for the year</i>	<i>As at 30 September 2000</i>	<i>As at 30 September 2000</i>	<i>Rate %</i>
Plant and machinery	284 467	10 769 (75 000)	220 236	68 214	(30 713)	18 273	55 774	164 462	10
Vehicles	15 170	7 408 (247)	22 331	4 317	(89)	3 621	7 849	14 482	20
2000	299 637	18 177 (75 247)	242 567	72 531	(30 802)	21 894	63 623	178 944	
1999	371 759	97 875 (169 997)	299 637	95 116	(49 700)	27 115	72 531	227 106	

13.1 Amortization of leasehold assets for the year has been allocated as follows:

**(RUPEES IN THOUSAND)**

**2000                      1999**

Cost of goods sold (Note 24)	18 273	24 028
Administrative and general expenses - (Note 25)	3 621	3 087
	21 894	27 115

13.2 Deletions represent assets purchased at the expiry of lease term and transferred to operating fixed assets.

**14. CAPITAL WORK-IN-PROGRESS**

Land	1 721	671
Building	--	1 292
Plant and machinery	3 417	10 347
Advances to suppliers	1 556	296
	6 694	12 606

**15. EQUITY INVESTMENTS**

**(RUPEES IN THOUSAND)**

<i>COST</i>	<i>2000</i>		<i>NET</i>	<i>COST</i>	<i>1999</i>	
	<i>SHARE OF POST ACQUISITION PROFIT/(LOSS)</i>				<i>SHARE OF POST ACQUISITION PROFIT/(LOSS)</i>	

**QUOTED**

**ASSOCIATED UNDERTAKINGS:****Crescent Jute Products Limited**

2 736 847 (1999:2 736 847) fully paid ordinary shares of Rupees 10 each

Equity held 18% (1999: 18%) 20 359 (20 359) -- 20 359 (20 359) --

**Crescent Sugar Mills and Distillery Limited**

867 506 (1999:867 506) fully paid ordinary shares of Rupees 10 each

5 854 1 212 7 066 5 854 1 150 7 004

**Shams Textile Mills Limited**

406 080 (1999:406 080) fully paid ordinary shares of Rupees 10 each

5 029 (5 029) -- 5 029 (5 029) --

**Jubilee Spinning and Weaving Mills Limited**

182 629 (1999:182 629) fully paid ordinary shares of Rupees 10 each

702 (702) -- 702 (618) 84

**Crescent Boards Limited**

334 912 (1999:334 912) fully paid ordinary shares of Rupees 10 each

3 130 (3 130) -- 3 130 (3 130) --

**Shakarganj Mills Limited**

3 230 648 (1999:3 230 648) fully paid ordinary shares of Rupees 10 each

Equity held 11.03% (1999: 11.03%) 25 969 13 784 39 753 25 969 13 643 39 612

**Elite Textile Mills Limited**

8 400 (1999:8 400) fully paid ordinary shares of Rupees 10 each

40 (40) -- 40 (40) --

**The Premier Insurance Company of Pakistan Limited**

56 215 (1999:56 215) fully paid ordinary shares of Rupees 5 each

35 319 354 35 288 323

**Crescent Steel and Allied Products Limited**

1 368 787 (1999:1 368 787) fully paid ordinary shares of Rupees 10 each

7 200 32 818 40 018 7 200 30 558 37 758

**Crescent Investment Bank Limited**

5 352 748 (1999:5 352 748) fully paid ordinary shares of Rupees 10 each

Equity held 10.70% (1999: 10.70%) 68 210 34 195 102 405 68 210 44 264 112 474

**Pakistan Industrial Leasing Corporation Limited**

748 500 (1999:748 500) ordinary sh

24 950 11 303 36 253 24 950 11 125 36 075

**Crescent Knitwear Limited**

1 200 000 (1999:1 200 000) ordinary Equity held 12.50% (1999: 12.50%)

12 000 (12 000) -- 12 000 (12 000) --

**OTHERS:****Pakistan Industrial Credit and Investment Corporation Limited**

643 931 (1999:643 931) ordinary sh	4 542	--	4 542	4 542	4 542	--
------------------------------------	-------	----	-------	-------	-------	----

**Crescent Spinning Mills Limited**

556 800 (1999:556 800) fully paid ordinary shares of Rupees 10 each	5 568	--	5 568	5 568	--	5 568
	-----	-----	-----	-----	-----	-----
	183 588	52 371	235 959	183 588	59 852	243 440

**UNQUOTED****ASSOCIATED UNDERTAKINGS:****Crescent Ventures International Limited**

150 000 (1999:150 000) fully paid ordinary shares of Rupees 10 each Equity held 30.02% (1999: 30.02%) Break-up value as per audited accounts for the year ended 30 June 1999 was Rupees 11	1 500	154	1 654	1 500	154	1 654
--	-------	-----	-------	-------	-----	-------

**Crescent Group Services (Private) Limited**

220 000 (1999:220 000) fully paid ordinary shares of Rupees 10 each Equity held 8.21% (1999: 8.21%) Break-up value as per audited accounts for the year ended 30 June 2000 was Rupees ze	2 200	(2 200)	--	2 200	(2 200)	--
--	-------	---------	----	-------	---------	----

**Crescent Greenwood Limited**

26 826 433 (1999:26 826 433) ordinary shares of Rupees 10 each Equity held 19.57% (1999:19.57%) Break-up value as per audited accounts for the year ended 30 September 1999 was Rup	268 264	(268 264)	--	268 264	(268 264)	--
---	---------	-----------	----	---------	-----------	----

**OTHER:****Taxmac Services (Private) Limited**

500 (1999: NIL) ordinary shares of Rupees 1 000 each. Chief Executive Mr. Muhammad R	500	--	500	--	--	--
---	-----	----	-----	----	----	----

**Premier Financial Services (Private) Limited**

500 (1999: 500) ordinary shares of Rupees 1 000 each Chief Executive Mr. Adil A. Ghaffa	500	--	500	500	--	500
	-----	-----	-----	-----	-----	-----
	456 552	(217 939)	238 613	456 052	(210 458)	245 594
	=====	=====		=====	=====	

Less: Provision for diminution in market  
value of equity investments

2 784	2 784
-----	-----
235 829	242 810
=====	=====

15.1 Aggregate market value of investments of quoted companies was Rupees 193.013 million  
(1999: Rupees 146.113 million).

**(RUPEES IN THOUSAND)**

**2000                      1999**

**16. LONG TERM LOANS AND ADVANCES**

Loans to employees (Note 16.1)	1 797	1 867
Commission on bank guarantees	286	145
	-----	-----
	2 083	2 012
Less: Current portion		
Loans to employees	1 214	1 501
Commission on bank guarantees	199	119
	-----	-----
	1 413	1 620
	-----	-----
	670	320
	=====	=====

16.1 These are interest free loans to company's employees against cycles, fans, sewing machines  
and computers, which are secured against provident fund contribution and considered good.  
Loans are recoverable in fortnightly/monthly installments.

**17. STORES, SPARE PARTS AND LOOSE TOOLS**

Stores	80 111	68 033
Store-in-transit	729	912
Spare parts	27 427	21 169
Loose tools	129	62
	-----	-----
	108 396	90 176
	=====	=====

**18. STOCK-IN-TRADE**

Raw materials	116 676	183 186
Work-in-process	39 018	42 728
Finished goods	439 432	502 365
Waste	716	606
	-----	-----
	595 842	728 885
	=====	=====

**19. TRADE DEBTS**

**Considered good:**

Secured (Against letters of credit)	294 251	222 512
Unsecured (Note 19.1)	770 781	364 399
	-----	-----

	1 065 032	586 911
Considered doubtful (Note 19.2)	32 265	29 677
Less: Provision for doubtful	--	--
	1 065 032	586 911
	=====	=====

19.1 It includes Rupees 0.015 million (1999: Rupees Nil) receivable from Suraj Cotton Mills Limited (associated undertaking).

19.2 It includes Rupees 29.677 million (1999: Rupees 29.677 million) receivable from Crescent Knitwear Limited (associated undertaking).

## 20. ADVANCES, DEPOSITS AND PREPAYMENTS

### Loans and Advances:

Considered good		
Employees (Note 20.1)	1 924	6 062
Suppliers (Note 20.2)	955 560	903 680
	957 484	909 742
Considered doubtful	9 568	6 378
Less: Provision for doubtful	9 568	6 378
	--	--
	957 484	909 742
Income Tax	151 938	109 664
Letters of credit	72 449	33 899
	1 181 871	1 053 305
<b>Deposits:</b>		
Securities -Trade and others	15 804	23 846
Excise duty	45	120
Others	2 697	174
	18 546	24 140
<b>Short term prepayments</b>	1 772	1 994
	1 202 189	1 079 439
	=====	=====

20.1 The maximum aggregate amount due from executives at the end of any month during the year was Rupees 2.769 million (1999: Rupees 5.723 million) and aggregate balances due at the end of financial year was Rupees 0.285 million (1999: Rupees 3.750 million).

20.2 It includes an amount of Rupees 932.400 million (1999: Rupees 887.005 million) due from Crescent Greenwood Limited (CGL), associated undertaking, including mark-up, for purchase of goods against which CGL could not make supplies within stipulated time period and as per specifications.

A memorandum of Understanding (MOU) had been signed on 25 January 2001 among The Crescent Textile Mills Limited (CTM), CGL, International Finance Corporation (IFC) and other Senior Lenders for Restructuring of Financial obligations of CGL, to revive the project. These short term trade advances (consisting of principal amount of Rupees 428.400 million and accrued mark-up of Rupees 504 million) will be converted into long term subordinated loan after approval by Securities and Exchange Commission of Pakistan and the shareholders under section 208 of the Companies Ordinance, 1984.

## 21. OTHER RECEIVABLES

### Considered good:

Due from associated undertakings	39 256	44 997
Export rebates	72 590	50 035
Sales tax refundable	136 075	51 288
Dividend receivable	18 735	--
Miscellaneous	1 619	410
	-----	-----
	268 275	146 730
	=====	=====

### 21.1 Due from associated undertakings

Crescent Jute Products Limited	158	37
Jubilee Spinning and Weaving Mills Limited	--	10 977
Elite Textile Mills Limited	38 304	33 368
Crescent Industrial Chemical Limited	414	414
Crescent Boards Limited	380	201
	-----	-----
	39 256	44 997
	=====	=====

## 22. CASH AND BANK BALANCES

### Cash with banks on:

Current accounts	5 230	12 519
Dividend accounts	--	24 609
	-----	-----
	5 230	37 128
Cash in hand	706	1 087
	-----	-----
	5 936	38 215
	=====	=====

## 23. SALES

Local	1 174 417	958 476
Export	3 379 957	2 851 646
Waste	20 820	31 620
Processing weaving and warehousing income	161 822	138 200
	-----	-----
	4 737 016	3 979 942
Less: Commission paid to selling agents	(98 690)	(69 360)
	-----	-----
	4 638 326	3 910 582
	=====	=====

**24. COST OF GOODS SOLD**

Raw materials		
Opening stock	183 186	33 464
Purchases	1 221 193	1 565 842
	-----	-----
	1 404 379	1 599 306
Closing stock	(116,676)	(183 186)
	-----	-----
Raw material consumed	1 287 703	1 416 120
Cloth and yarn purchased	896 781	390 701
Store, spare parts and loose tools	335 053	314 799
Packing materials	77 814	66 441
Processing and weaving charges	315 697	225 735
Salaries, wages and other benefits	249 804	225 874
Fuel and power	348 223	287 344
Repairs and maintenance	28 212	31 366
Insurance	10 507	7 228
Depreciation (Note 12.1)	88 739	93 242
Amortization (Note 13.1)	18 273	24 028
Electricity duty on power generation	613	637
Other factory overhead	3 206	3 010
	-----	-----
	3 660 625	3 086 525
Work-in-process		
Opening stock	42 728	43 530
Closing stock	(39 018)	(42 728)
	-----	-----
	3 710	802
	-----	-----
Cost of goods manufactured	3 664 335	3 087 327
Finished goods		
Opening stock	502 971	524 794
Closing stock	(440 148)	(502 971)
	-----	-----
	62 823	21 823
	-----	-----
	3 727 158	3 109 150
	=====	=====

**25. ADMINISTRATIVE AND GENERAL EXPENSES**

Salaries, Wages and other benefits	51 833	50 303
Directors' meeting fee	30	28
Travelling, conveyance and entertainment	7 582	8 496
Rent, rates and taxes	3 521	4 062
Repair and maintenance	8 090	5 604
Insurance	1 784	1 462
Printing and stationery	5 512	4 580
Communication	7 100	9 244
Subscription	1 213	1 655
Legal and professional charges (Note 25.1)	3 980	2 943

Registered office expenses	983	994
Consultancy charges	--	321
Depreciation (Note 12.1)	4 038	4 374
Amortization (Note 13.1)	3 621	3 087
Other charges	1 786	2 513
	-----	-----
	101 073	99 666
	=====	=====

25.1 Legal and professional charges include the following in respect of auditors' services for:

Statutory audit	370	370
Reimbursable expenses	14	14
	-----	-----
	384	384
	=====	=====

## 26. SELLING AND DISTRIBUTION EXPENSES

Freight and shipment	195 381	161 132
Distribution	28 624	8 170
Advertisement	173	433
	-----	-----
	224 178	169 735
	=====	=====

## 27. OTHER INCOME

Mark- up on advances to associated undertakings	61 343	147 812
Sale of empties and scrap	8 306	12 270
Rental income	268	251
Gain on disposal of operating fixed assets	--	3 395
Credit balances added back	1 173	239
	-----	-----
	71 090	163 967
	=====	=====

## 28. FINANCIAL CHARGES

Interest on:		
Long term loans	11 640	16 186
Provident Fund Trust	185	--
Workers' Participation Fund	1 383	1 361
Mark-up on:		
Redeemable capital	37 542	49 420
Short term finances	145 466	134 902
Charges on finance lease liabilities	34 506	33 695
Lease agreement fee	121	305
Bank charges and commission	2 548	2 801
	-----	-----
	233 391	238 670
	=====	=====



**29. OTHER CHARGES**

Workers' welfare fund	1 500	2 500
Donations (Note 29.1)	1 256	216
Debit balances written off	665	15
Loss on investment	--	80
Loss on disposal of operating fixed assets	1 057	--
Provision for doubtful debts	3 190	29 677
Workers' participation fund	19 123	12 686
	-----	-----
	26 791	45 174
	=====	=====

29.1 The directors and their spouse have no interest in donees' funds.

**30. TAXATION****Current:**

Group	50 576	41 515
Associates	3 834	(4 384)
	-----	-----
	54 410	37 131

**Deferred:**

Group	32 733	--
	-----	-----
	87 143	37 131
	=====	=====

30.1 This represents provision for current taxation under normal law. Deferred tax on certain timing differences to the extent of Rupees 28.296 million had not been accounted for in the year 1999 on the basis that these timing differences will not reverse due to future expansion plan in the foreseeable period ahead.

**31. DIRECTORS AND EXECUTIVES' REMUNERATION**

The aggregate amount charged in the accounts for remuneration, allowances including all benefits to the Chief Executive, Directors and other Executives of the company are as follow:

<i>Description</i>	<i>(RUPEES IN THOUSAND)</i>					
	<i>2000</i>			<i>1999</i>		
	<i>Chief Executive</i>	<i>Director</i>	<i>Executives</i>	<i>Chief Executives</i>	<i>Director</i>	<i>Executives</i>
Managerial remuneration	2 100	--	35 027	2 311	438	31 778
Contribution to employees' provident fund trust	131	--	1 528	131	--	1 309
Gratuity	--	--	72	--	--	37
Housing	945	--	5 807	977	67	5 321
Reimbursable expenses	484	--	6 127	366	15	5 809
	-----	-----	-----	-----	-----	-----
	3 660	--	48 561	3 785	520	44 254
	=====	=====	=====	=====	=====	=====
No. of persons	1	--	128	2	4	116
	=====	=====	=====	=====	=====	=====

31.1 In addition, some of the Executives are provided free accommodation and free use of companies maintained vehicle. The Chief Executives are provided free use of the company's maintained vehicles and residential telephones.

31.2 The aggregate amount charged in the accounts for the year for fees to 6 Directors for two meetings was Rupees 30 500 (1999: Rupees 27 500).

### 32. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

The group purchased from and sold to associated undertakings materials, goods and services in the aggregate sum of Rupees 579.997 million (1999: Rupees 319.589 million) and Rupees 186.446 million (1999 Rupees 108.277 million) respectively. Purchases/sales of goods and services are made at prevailing market prices. Mark-up is received / paid on advances at rate of 11.50 to 18 percent (Note 27).

The maximum aggregate amount due from associated undertakings at the end of any month during the year was Rupees 1 194.580 million (1999: Rupees 1 007.672 million).

### 33. EARNING PER SHARE

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

		2000	1999
Profit attributable to ordinary Shareholders	(Rupees in thousand)	332 240	357 069
Weighted average number of ordinary shares outstanding during the year		40 669 358	40 669 358
Earning per share - Basic	(Rupees)	8.17	8.78

### 34. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

#### 34.1 Financial assets and liabilities

								(RUPEES IN THOUSAND)
	2000							
	INTEREST/MARK-UP BEARING			Sub-Total	NON INTEREST BEARING			TOTAL
	Interest Rates Range %	Maturity within one year	Maturity more than one year but less than five year		Maturity within one year	Maturity more than one year but less than five year	Sub-Total	
<b>Financial Assets</b>								
Long term investments	--	--	--	--	--	8 326	8 326	8 326
Long term loans and advances	--	--	--	--	1 214	583	1 797	1 797
Long term security deposits	--	--	--	--	--	8 522	8 522	8 522
Trade debts	--	--	--	--	1 065 032	--	1 065 032	1 065 032
Advances and deposits	11.50	932 400	--	932 400	19 211	--	19 211	951 611
Other receivables	16.50 to 18	38 304	--	38 304	2 571	--	2 571	40 875
Cash and bank balances	--	--	--	--	5 936	--	5 936	5 936
	--	970 704	--	970 704	1 093 964	17 431	1 111 395	2 082 099
	=====	=====	=====	=====	=====	=====	=====	=====

#### Financial Liabilities

Redeemable capital	15 to 18	58 356	134 160	192 516	--	--	--	192 516
Long term loans	15	19 173	47 759	66 932	--	--	--	66 932
Liabilities against assets subject to finance lease	17 to 23	66 809	74 531	141 340	--	--	--	141 340
Short term finances	08 to 18	1 665 842	--	1 665 842	--	--	--	1 665 842
Provision for gratuity	--	--	--	--	--	1 512	1 512	1 512
Creditors accrued and other liabilities	--	--	--	--	545 557	--	545 557	545 557
Commitments	--	--	--	--	150 522	--	150 522	150 522
		-----	-----	-----	-----	-----	-----	-----
	--	1 810 180	256 450	2 066 630	696 079	1 512	697 591	2 764 221
		=====	=====	=====	=====	=====	=====	=====

(RUPEES IN THOUSAND)

1999

	<i>INTEREST/MARK-UP BEARING</i>				<i>NON INTEREST BEARING</i>			<i>TOTAL</i>
	<i>Interest Rates Range %</i>	<i>Maturity within one year</i>	<i>Maturity more than one year but less than five year</i>	<i>Sub-Total</i>	<i>Maturity within one year</i>	<i>Maturity more than one year but less than five year</i>	<i>Sub-Total</i>	
<b>Financial Assets</b>								
Long term investments	--	--	--	--	--	7 826	7 826	7 826
Long term loans and advances	--	--	--	--	1 501	366	1 867	1 867
Long term security deposits	--	--	--	--	--	19 051	19 051	19 051
Trade debts	--	--	--	--	586 911	--	586 911	586 911
Advances and deposits	18	887 005	--	887 005	28 581	--	28 581	915 586
Other receivables	18	33 368	--	33 368	12 039	--	12 039	45 407
Cash and bank balances	--	--	--	--	38 215	--	38 215	38 215
		-----	-----	-----	-----	-----	-----	-----
	--	920 373	--	920 373	667 247	27 243	694 490	1 614 863
		=====	=====	=====	=====	=====	=====	=====
<b>Financial Liabilities</b>								
Redeemable capital	16.25 to 18	63 407	192 515	255 922	--	--	--	255 922
Long term loans	14 to 15	26 124	66 932	93 056	--	--	--	93 056
Liabilities against assets subject to finance lease	17 to 23	86 565	111 877	198 442	--	--	--	198 442
Short term finances	8 to 20	1 481 871	--	1 481 871	--	--	--	1 481 871
Provision for gratuity	--	--	--	--	--	1 452	1 452	1 452
Creditors, accrued and other liabilities	--	--	--	--	434 852	--	434 852	434 852
Contingencies	--	--	--	--	1 824	--	1 824	1 824
Commitments against letters of credit	--	--	--	--	35 574	--	35 574	35 574
		-----	-----	-----	-----	-----	-----	-----
	--	1 657 967	371 324	2 029 291	472 250	1 452	473 702	2 502 993
		=====	=====	=====	=====	=====	=====	=====

**34.2 Financial Instruments and Risk Management Policies**

The group issues financial instruments mainly to finance its operations. In addition financial

instruments such as receivables and payables arise directly from the group's operation.

The group finances its operations primarily by a mixture of issued share capital, retained profits, long term and short term loans and liabilities. Group borrows funds in local currency usually at fixed rate of interest.

Overall risks arising from the group's financial instruments are limited.

**(a) Interest rate risk**

Since the group borrows funds usually at fixed interest rates, therefore, the risk occurrence is minimal.

**(b) Foreign Exchange Risk Management**

Foreign currency risk on financial instruments, receivables or payable in foreign currency is also not material as trend of devaluation of Pak Rupees on export based industry is positive.

**(c) Credit Risk**

The group deals mostly with regular and permanent customers who pay the instrument on due dates. Group considers the credit risk as minimal.

**(d) Fair Value of Financial Assets and Liabilities**

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values except for equity investments which are stated at cost. Market value is also disclosed in Note 15.1.

**(RUPEES IN THOUSAND)**

**2000**                      **1999**

**35. EMPLOYEES' RETIREMENT BENEFITS**

Gratuity	611	463
Contribution to Employees' Provident Fund	7 935	7 168
Contribution to Employees' Oldage Benefit Institution	6 382	6 206
	-----	-----
	14 928	13 837
	=====	=====
Number of Employees	5 009	5 094
	=====	=====

**(FIGURES IN THOUSAND)**

**2000**                      **1999**

**36. PLANT CAPACITY AND ACTUAL PRODUCTION**

**Spinning:**

Spindle installed (Numbers)	113 872	113 500
Rotar installed	1 000	1 000
Production at normal capacity in 20s count based on 3 shifts per day (Kgs)	32 467	29 982
Actual production converted to 20s count based on 3 shifts per day (Kgs.)	31 035	30 720

**Weaving:**

Sulzer looms installed (Numbers)	199	174
Air jet looms installed (Numbers)	72	72
Production at normal capacity in 50 picks based on 3 shifts per day (Sqr. Mtrs.)	53 106	48 521
Actual production at normal capacity converted to 50 picks based on 3 shifts per day (Sqr. Mtrs.)	46 335	42 984

**Towel:**

Towel air jet looms (Numbers)	12	12
Production at normal capacity based on 3 shifts per day (Kgs.)	654	654
Actual production at normal capacity based on 3 shifts per day (Kgs.)	676	664

## Power generation:

Normal capacity (Megawatt hours)	43 200	43 200
Actual generation (megawatt hours)	32 004	33 152

**36.1 REASON FOR LOW PRODUCTION**

Under utilization of available capacity, wherever applicable, is due to normal maintenance.

**37. CORRESPONDING FIGURES**

37.1 Previous year's figures have been re-arranged, wherever necessary, for the purpose of comparison.

**(MUHAMMAD ANWAR)**  
**CHAIRMAN & CHIEF EXECUTIVE**

**(ANJUM M. SALEEM)**  
**DIRECTOR**