



**Crescent
Fibres**



**Half Yearly Report
December 31, 2016**

COMPANY INFORMATION

Board of Directors	Khawar Maqbool	(Chairperson, Non-Executive Director)
	Imran Maqbool	(Chief Executive, Executive Director)
	Humayun Maqbool	(Executive Director)
	Jahanzeb Saeed Khan	(Independent, Non-Executive Director)
	Nadeem Maqbool	(Non-Executive Director)
	Naila Humayun Maqbool	(Non-Executive Director)
	Mansoor Riaz	(Non-Executive Director)
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Chief Financial Officer	Kamran Rasheed	
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Company Secretary	Javaid Hussain	
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Audit Committee	Jahanzeb Saeed Khan	(Chairman)
	Nadeem Maqbool	(Member)
	Naila Humayun Maqbool	(Member)
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Human Resources & Remuneration Committee	Naila Humayun Maqbool	(Chairperson)
	Jahanzeb Saeed Khan	(Member)
	Nadeem Maqbool	(Member)
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Auditors	BDO Ebrahim & Company Chartered Accountants	
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Legal Advisor	Mohsin Tayebally & Sons	
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Share Registrar	Vision Consulting Limited 1st Floor, 3-C, LDA Flats, Lawrence Road, Lahore.	
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Registered Office	104 Shadman 1, Lahore - 54000 Tel : (042) 35960871-4 Lines Fax : (042) 35960004	
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E-mail:	lo@crescentfibres.com	
Website:	www.crescentfibres.com	

DIRECTORS' REPORT

The Company made a loss of Rs. 1.05 million in the second quarter of the fiscal year, which when combined with a profit of Rs.0.9 million in the first quarter, resulted in a net loss of Rs. 0.15 million for the six months ended December 31, 2016. The earnings per share for the period under review was negative 0.01 as compared to Rs. 1.31 for the period ended December 31, 2015.

The textile industry in Pakistan has been going through a prolonged recessionary period characterized by weak demand, low end-product prices and eroding margins. Factors contributing to this include high cost of doing business, a global growth slow down, devaluation of regional currencies, increased financial and commodity market volatility and a significant economic slowdown in China.

Sales for the period under review were 20% higher than the corresponding period, due to the capacity expansion at the Company's Nooriabad unit and improvement in end-product prices in the second quarter. In the period under review, the gross margin decreased to 3.2 % as compared to 4.8% in the corresponding period. Owing to cost controls, selling, administrative and other costs were slightly lower at 2.4% of sales as compared to 2.7% for the previous period. The operating margin for the period under review decreased to 1.7% as compared to 2.7% for the period ended December 31, 2015. Financial charges at Rs. 34.5 million were 1.8% of sales as compared to 2.2% in the corresponding period. Overall, the net margin was negative as compared to 1.0% for the previous period.

Though yarn prices have shown some improvement in the recent past, we expect the profitability of the textile industry to remain under pressure. The uncertain global economic situation, particularly the slowdown and currency devaluation in China, is likely to keep demand for end products weak. Apart from market dynamics, the Pakistani textile industry faces several other challenges. These include continued shortfalls in cotton production, high cost of doing business, uncertainty relating to energy supply and pricing, unrealistic currency valuation and high local taxes and surcharges. The situation is further exacerbated by the strong government support being offered to our regional competitors in the form of subsidies and export incentives.

The Management will continue to strive to maintain profitability through improved efficiency and productivity and sound, low risk decision-making. However, we expect that margins will turn negative over the course of the financial year.

The Management wishes to place on record its appreciation for the hard work and devotion of its workers and the invaluable advice and support of the Company's Directors, shareholders and bankers.



IMRAN MAQBOOL
Chief Executive Officer

February 27, 2017

کمپنی نظام (ڈائریکٹران) کی رپورٹ:

کمپنی کو مالی سال کی دوسری سہ ماہی میں 1.05 ملین روپے کا نقصان ہوا جو کہ پہلی سہ ماہی کے منافع 0.9 ملین روپے کے ساتھ شامل کرنے کے نتیجے میں 31 دسمبر 2016ء کو چھ ماہ کے لئے 0.15 ملین روپے کا نقصان ہوا۔ 31 دسمبر 2015ء کی مدت کے لئے 1.31 روپے منافع کے مقابلے میں زیر جائزہ مدت کے لئے نیٹو آمدنی منفی 0.01 تھی۔

پاکستان میں ٹیکسٹائل کی صنعت طویل عرصہ سے ابتری کا شکار رہی۔ چیدہ چیدہ محرکات میں ٹیکسٹائل مصنوعات کی طلب میں کمی ہونا، مصنوعات کی قیمت فروخت میں کمی، صنعت کو متعلقہ فوائد کے حصول میں رکاوٹ، کاروباری اخراجات میں اضافہ، اسکے علاوہ عالمی کساد بازاری، علاقائی ممالک کی کرنسیوں کی قیمت میں تخفیف، مالیاتی اور مصنوعات کی مارکیٹ میں بلاوجہ تغیر، ہمسایہ بڑے ملک چین میں اقتصادی سربازاری وغیرہ ہے۔

زیر جائزہ مدت کے لئے مالیت فروخت میں دوسری سہ ماہی میں اسی مدت کے مقابلے میں 20 فیصد زیادہ تھیں، جس کی وجہ کمپنی کے نوری آباد پونٹ میں توسیع اور اختتامی مصنوعات کی قیمتوں میں بہتری کی وجہ سے تھی۔ زیر جائزہ مدت میں مجموعی منافع میں اسی مدت میں 4.8 فیصد کے مقابلے میں 3.2 فیصد کمی واقع ہوئی۔ لاگت کنٹرولز کی وجہ سے فروخت، انعطامی اور دیگر اخراجات گزشتہ مدت کے 2.7 فیصد کے مقابلے میں فروخت کے 2.4 فیصد پر قدرے کم تھے۔ زیر جائزہ مدت کے لئے آپریٹنگ منافع میں 31 دسمبر 2015ء کی مدت کے لئے 2.7 فیصد کے مقابلے میں 1.7 فیصد کمی واقع ہوئی۔ مالیاتی اخراجات 34.5 ملین روپے تھے جو اسی عرصے میں 2.2 فیصد کے مقابلے میں فروخت کا 1.8 فیصد تھے۔ مجموعی طور پر پچھلے عرصے کے خالص منافع 1.0 فیصد کے مقابلے میں منفی تھا۔

اگرچہ دھماگے کی قیمتوں میں ماضی قریب میں کچھ بہتری دکھائی دی ہے۔ ہمیں ٹیکسٹائل کی صنعت کے منافع کو دباؤ میں رہنے کی توقع ہے۔ اس وقت عالمی غیر یقینی اقتصادی حالات کے بعد قابل ذکر عوامل مثلاً چین کی کرنسی کا گرنا ہماری سیل پر منفی اثر ڈالے گا۔ اس کے علاوہ پاکستانی ٹیکسٹائل صنعت کو کئی دیگر چیلنجز درپیش ہیں جس میں کپاس کی پیداوار میں افسوس ناک حد تک کمی، کاروباری معاملات کے اخراجات میں اضافے کا ترجمان، بجلی کی کم اور بے قاعدہ سپلائی اور گراں قیمت کے نقصانات، ملکی کرنسی کی ناہمواری اور غیر مناسب ٹیکسوں اور سرچارج کا بوجھ۔ اس پرستم یہ کہ حکومت ٹیکسٹائل سے مقابلہ کرنے والی صنعتوں کو رعایت اور ایکسپورٹ سہولیات فراہم کر رہی ہے۔

کمپنی انتظامیہ بہتر کارکردگی اور پیداوار کی بہتر کوالٹی اور لاگت میں کمی کے ذریعے منافع حاصل کرنے کی کوشش جاری رکھنے گی۔ تاہم ہمیں توقع ہے کہ اس مالی سال میں منافع منفی رہے گا۔

کمپنی کی انتظامیہ عمل کی مسلسل محنت اور جذبے پر اچھے تعلقات کا اعتراف کرتی ہے اور کمپنی ڈائریکٹرز، بینکرز اور حصہ داران کا بھی مسلسل حمایت پر شکریہ ادا کرتی ہے۔

Imran Maqsood

عمران مقبول

چیف ایگزیکٹو

تاریخ: 27 فروری 2017ء

**INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION
TO THE MEMBERS****Introduction**

We have reviewed the accompanying condensed interim balance sheet of **CRESCENT FIBRES LIMITED** ("the Company") as at December 31, 2016 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the accounts for the six-month period then ended (here-in-after referred as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at and for the six months period ended December 31, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarters ended December 31, 2016 and December 31, 2015 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

KARACHI**DATED: 27th February 2017****CHARTERED ACCOUNTANTS****Engagement Partner: Zulfikar Ali Causer****BDO Ebrahim & Co. Chartered Accountants**

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2016 (UN-AUDITED)

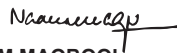
	Note	December 31, 2016 (Un-audited) Rupees	June 30, 2016 (Audited) Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	5	1,260,953,546	1,245,262,713
Long term investments		1,224,803	1,987,549
Long term advances		1,672,500	-
Long term deposits		13,364,868	18,715,498
		<u>1,277,215,717</u>	<u>1,265,965,760</u>
CURRENT ASSETS			
Stores, spares and loose tools		67,280,368	56,971,130
Stock in trade	6	603,913,058	239,201,212
Trade debts		460,805,915	489,355,247
Loans and advances		22,106,676	5,523,812
Trade deposits and short term prepayments		15,619,672	14,691,542
Other receivables		1,242,351	627,319
Short term investments		204,121,412	53,605,220
Tax refunds due from Government		39,481,275	21,406,016
Taxation - net		35,282,315	14,261,317
Cash and bank balances		82,552,429	183,988,955
		<u>1,532,405,471</u>	<u>1,079,631,770</u>
TOTAL ASSETS		<u>2,809,621,188</u>	<u>2,345,597,530</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
15,000,000 ordinary shares of Rs. 10/- each		<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed and paid-up capital			
12,417,876 ordinary shares of Rs. 10/- each		<u>124,178,760</u>	<u>124,178,760</u>
Reserves			
Unrealized gain on available for sale investment		60,710,119	22,626,535
Unappropriated Profit		775,837,076	788,404,080
		<u>836,547,195</u>	<u>811,030,615</u>
		<u>960,725,955</u>	<u>935,209,375</u>
NON CURRENT LIABILITIES			
Long term financing	7	423,112,445	409,598,099
Liabilities against assets subject to finance leases		2,876,771	2,585,326
Deferred taxation		153,838,916	159,623,311
		<u>579,828,132</u>	<u>571,806,736</u>
CURRENT LIABILITIES			
Trade and other payables		598,437,688	476,174,429
Interest and markup accrued		32,735,267	36,508,278
Short term borrowings	8	521,907,189	235,915,022
Current portion of long term liabilities		115,986,957	89,983,690
		<u>1,269,067,101</u>	<u>838,581,419</u>
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	9	<u>2,809,621,188</u>	<u>2,345,597,530</u>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

Half Yearly Report



IMRAN MAQBOOL
Chief Executive




NADEEM MAQBOOL
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)**

	Note	Half year ended		Quarter ended	
		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
		Rupees	Rupees	Rupees	Rupees
Sales - net		1,913,865,950	1,593,022,631	978,093,066	890,544,948
Cost of sales	10	(1,851,983,972)	(1,517,171,429)	(960,347,313)	(850,493,903)
Gross profit		61,881,978	75,851,202	17,745,753	40,051,045
Selling and distribution expenses		(9,070,298)	(7,515,888)	(5,143,691)	(4,480,163)
Administrative and general expenses		(45,622,885)	(43,266,237)	(22,453,954)	(20,963,620)
Other operating expenses		(921,853)	(894,548)	(399,925)	(722,075)
Other operating income	11	25,488,094	19,281,301	18,766,784	13,572,722
Operating profit		31,755,036	43,455,830	8,514,967	27,457,909
Finance cost		(34,457,034)	(34,865,359)	(18,548,718)	(19,507,105)
Share of (loss) / profit from associate		(390,893)	106,258	(341,891)	64,906
(Loss) / Profit before taxation		(3,092,891)	8,696,729	(10,375,643)	8,015,710
Taxation	12	2,943,763	7,585,412	9,321,642	(3,218,401)
(Loss) / Profit for the period		(149,128)	16,282,141	(1,054,001)	4,797,309
(Loss) / Earnings per share - basic and diluted (Rupees)	13	(0.01)	1.31	(0.08)	0.39

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.


IMRAN MAQBOOL
Chief Executive


NADEEM MAQBOOL
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	December 31, 2016 Rupees	December 31, 2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(3,092,891)	8,696,729
Adjustment for non cash charges and other items:		
Depreciation	57,619,113	60,441,071
(Gain) / Loss on disposal of operating fixed assets	(774,792)	(1,529,176)
Unrealized gain on remeasurement of investments	(1,415,676)	(2,544,082)
Impairment on long term investments	371,853	-
Share of loss / (profit) from associate	390,893	(106,258)
Finance cost	34,457,034	34,865,359
	90,648,424	91,126,914
(Increase) / decrease in current assets		
Stores, spares and loose tools	(10,309,238)	(14,994,213)
Stock in trade	(364,711,846)	(271,818,092)
Trade debts	28,549,332	(36,336,783)
Loans and advances	(16,582,864)	772,852
Trade deposits and short term prepayments	(928,130)	(1,569,553)
Other receivables	(615,032)	(146,628)
Tax refund due from Government	(18,075,259)	3,724,810
	(382,673,037)	(320,367,607)
Increase in current liabilities		
Trade and other payables	121,842,076	69,262,928
Cash used in operations	(174,947,928)	(151,281,037)
Income tax paid	(23,879,163)	(19,550,959)
Finance cost paid	(38,230,044)	(33,402,924)
Net cash used in operating activities	(237,057,135)	(204,234,920)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(73,195,033)	(105,479,331)
Proceeds from disposal of operating fixed assets	1,883,880	2,321,700
Short term investment	(111,000,000)	(55,336,469)
Long term advances	(1,672,500)	-
Long term deposits	5,350,630	(3,321,550)
Net cash used in investing activities	(178,633,023)	(161,815,650)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - net	45,782,078	30,677,077
Repayment of liabilities against asset subject to finance leases	(7,197,020)	(7,888,501)
Dividend paid	(11,996,093)	(17,987,346)
Short term borrowings	285,992,167	339,579,672
Net cash generated from / (used in) financing activities	312,581,132	344,380,902
Net increase in cash and cash equivalents	(101,436,526)	(21,669,668)
Cash and cash equivalents at the beginning of the period	183,988,955	152,353,010
Cash and cash equivalents at the end of the period	82,552,429	130,683,342

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.



IMRAN MAQBOOL
Chief Executive



NADEEM MAQBOOL
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	Issued, subscribed and paid-up capital	Reserves		Total
		Unrealized gain / (loss) on available for sale investment	Unappropriated profit	
Balance as at July 1, 2015	124,178,760	23,423,513	776,851,639	924,453,912
Total comprehensive income for the year				
Profit for the half year ended December 31, 2015	-	-	16,282,141	16,282,141
Other comprehensive Loss	-	(2,544,082)	-	(2,544,082)
	-	(2,544,082)	16,282,141	13,738,059
Transactions with owners				
Dividend declared @ Rs. 1.5 per share			(18,626,814)	(18,626,814)
Balance as at December 31, 2015	124,178,760	20,879,431	774,506,966	919,565,157
Balance as at July 1, 2016	124,178,760	22,626,535	788,404,080	935,209,375
Total comprehensive income for the year				
Loss for the half year ended December 31, 2016	-	-	(149,128)	(149,128)
Other comprehensive Income	-	38,083,584	-	38,083,584
Profit for the half year ended December 31, 2016	-	38,083,584	(149,128)	37,934,456
Transactions with owners				
Dividend declared @ Rs. 1 per share			(12,417,876)	(12,417,876)
Balance as at December 31, 2016	124,178,760	60,710,119	775,837,076	960,725,955


The annexed notes from 1 to 17 form an integral part of these financial statements.

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)**

	Half Yearly ended		Quarter ended	
	December 31, 2016 Rupees	December 31, 2015 Rupees	December 31, 2016 Rupees	December 31, 2015 Rupees
(Loss) / Profit for the period	(149,128)	16,282,141	(1,054,001)	4,797,309
Other comprehensive income				
Items that will be reclassified to profit and loss account on derecognition				
Unrealized loss on remeasurement of available for sale investments	38,083,584	(2,544,082)	39,036,382	(1,591,284)
Total comprehensive income for the period	37,934,456	13,738,059	37,982,381	3,206,024

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.


IMRAN MAQBOOL
Chief Executive


NADEEM MAQBOOL
Director

Half Yearly Report

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

Crescent Fibres Limited ("the Company") was incorporated in Pakistan on August 06, 1977 as a public limited company under the Companies Act, 1913 (now Companies Ordinance, 1984) and is listed on Pakistan Stock Exchange Limited. The Company is engaged in the manufacturing, sale and trading of yarn. The registered office of the Company is situated at 104- Shadman 1, Lahore. The principal business of the Company is manufacture and sale of yarn. The Company's manufacturing facilities are located at Nooriabad Industrial Estate, District Dadu, in the Province of Sindh, and at Bhikhi, District Sheikhupura in the Province of Punjab.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information is unaudited but subject to limited scope review by auditors and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984.

This condensed interim financial information of the Company for the six months period ended December 31, 2016 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

The disclosures made in this condensed interim financial information have been limited in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting". They do not include all the information and disclosures made in the annual published financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2016.

The comparative balance sheet presented in these condensed interim financial statements has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2016, whereas the comparative condensed interim profit and loss accounts, condensed interim statement of comprehensive income and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the half year ended December 31, 2015.

2.2 Basis of measurement

This condensed interim financial information have been prepared under the historical cost convention, except for available for sale investments which are carried at fair value.

This condensed interim financial information have been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

This condensed interim financial information have been presented in Pak Rupees, which is the functional and presentation currency of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies adopted and methods of computation followed in the preparation of this condensed interim financial information are same as those for the preceding annual financial statements for the year ended June 30, 2016.

3.2 The Company has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on 1, July, 2016. The adoption of these new and amended standards did not have material impact on the Company's condensed interim financial information.

4. ESTIMATES

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2016.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)**

		December 31, 2016 (Un-audited) Rupees	June 30, 2016 (Audited) Rupees
5. OPERATING FIXED ASSETS	Note		
Opening net book value (NBV)		1,245,262,713	1,181,661,516
Additions (at cost) during the period / year	5.1	74,419,033	194,415,361
		<u>1,319,681,746</u>	<u>1,376,076,877</u>
Disposals (at NBV) during the period / year	5.2	1,109,087	7,690,728
Depreciation charged during the period / year		57,619,113	123,123,436
		<u>58,728,200</u>	<u>130,814,164</u>
Closing net book value (NBV)		<u>1,260,953,546</u>	<u>1,245,262,713</u>
5.1 Details of additions (at cost) during the period / year are as follows:			
Owned			
Land		-	43,358,000
Building		-	31,171,946
Plant and machinery		71,251,033	109,334,915
Vehicles		1,944,000	8,390,500
Leased			
Vehicles		1,224,000	2,160,000
		<u>74,419,033</u>	<u>194,415,361</u>
5.2 Details of disposals (at NBV) during the period / year are as follows:			
Owned			
Plant and machinery		694,499	6,399,162
Vehicles		414,588	1,291,566
		<u>1,109,087</u>	<u>7,690,728</u>
6. STOCK IN TRADE			
Raw material in hand		501,184,186	147,082,605
Work-in-process		56,802,004	48,983,183
Finished goods		45,926,868	43,135,424
		<u>603,913,058</u>	<u>239,201,212</u>
7. LONG TERM FINANCING			
From banking companies - secured			
Balance as at July 01		490,922,562	508,914,328
Obtained during the period		67,598,000	79,859,697
		<u>558,520,562</u>	<u>588,774,025</u>
Repayments made during the period / year		(21,815,923)	(97,851,463)
		<u>536,704,639</u>	<u>490,922,562</u>
Less: Current portion shown under current liabilities		(113,592,194)	(81,324,463)
		<u>423,112,445</u>	<u>409,598,099</u>
8. SHORT-TERM FINANCING			
From banking companies - secured			
Running / cash finance		509,907,189	223,915,022
Bill discounting	8.1	12,000,000	12,000,000
		<u>521,907,189</u>	<u>235,915,022</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)**

- 8.1 The balance represents short term borrowings and markup accrued thereon payable to a financial institution. No provision for markup has been recorded on this balance since June 30, 2012. The company has received a nil balance certificate from the Bank and no claim has been received in respect of the amount outstanding from this financial institution or third party. Management considers it necessary to retain the balance outstanding in the books as no settlement has taken place.

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

- a) There is a contingent liability in respect of bank guarantees issued by the Company's bankers in the ordinary course of business aggregating to Rs. 60.992 million (June 30, 2016 : Rs. 60.992 million).
- b) Crescent Cotton Mills Limited has filed a case against Company for an amount of Rs. 53.850 million on the basis of case documents filed. The Company has a recorded liability of Rs. 17.542 million as the best estimate of amounts owed. No provision for the difference amount has been made as management is of the view that the basis is frivolous and in view of counter claims available with the Company is confident that the balance amount shall not be payable.

9.2 Commitments

The Company is committed as at the balance sheet date in respect of Letters of credit against import of raw material amounting to Rs. 6.509 million (June 30, 2016: Rs. 2.123 million).

10 Cost of Sales

	Half year ended		Quarter ended	
	December 31, 2016	December 31, 2015 (Un-audited)	December 2016	December 2015
	Rupees			
Materials consumed	1,286,408,283	980,140,001	653,222,194	557,962,187
Stores, spares and loose tools consumed	37,673,111	37,719,711	21,677,352	20,352,778
Packing material consumed	33,826,178	26,083,577	18,983,824	13,519,816
Salaries, wages and other benefits	177,472,997	162,249,343	88,817,288	86,263,933
Fuel and power	249,487,409	244,878,557	126,157,630	125,426,447
Insurance	6,610,000	4,500,629	3,415,000	2,424,931
Repairs and maintenance	2,372,955	3,537,639	1,340,802	1,281,462
Depreciation	54,666,304	57,951,305	27,474,107	28,987,136
Other manufacturing overheads	11,062,000	9,485,553	4,193,392	4,464,744
	1,859,579,237	1,526,546,315	945,281,589	840,683,434
Opening work in process	48,983,183	53,827,611	50,258,043	52,305,934
Closing work in process	(56,802,004)	(52,471,621)	(56,802,004)	(52,471,621)
	(7,818,821)	1,355,990	(6,543,961)	(165,687)
Cost of goods manufactured	1,851,760,416	1,527,902,305	938,737,628	840,517,747
Cost of goods purchased for trading	3,015,000	11,268,000	-	9,000,000
Opening stock of finished goods	43,135,424	18,126,660	67,536,553	41,101,692
Closing stock of finished goods	(45,926,868)	(40,125,535)	(45,926,868)	(40,125,535)
	(2,791,444)	(21,998,875)	21,609,685	976,157
	1,851,983,972	1,517,171,429	960,347,313	850,493,904

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)

11. OTHER OPERATING INCOME

Through the finance Act, 2008 an amendment was made to the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby Workers' Welfare Fund was computed at two percent of higher of accounting profit before tax and taxable income. Prior to the said amendment, the Workers' Welfare Fund was computed at two percent of the taxable income.

During the period, the Supreme Court of Pakistan has struck down the aforementioned amendments to the WWF Ordinance. Therefore, the Company has reversed provision in respect of Workers' Welfare Fund amounting to Rs. 10.365 million during the half year ended December 31, 2016 as a result of order passed by the Honorable Supreme Court of Pakistan in respect of Civil Appeal No. 1049/2011 etc. announced on November 10, 2016. The amount reversed represents the excess amount computed on the basis of higher of taxable and accounting profit.

12. TAXATION

The provision for taxation for the half year and quarter ended December 31, 2016 has been made using the estimated effective tax rate applicable to expected total annual earnings.

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

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

	Half year ended December 31, 2016		Quarter ended December 31, 2016	
	2016	2015	2016	2015
	(Un-audited)			
	Rupees			
(Loss) / Profit for the period (Rupees)	(149,128)	16,282,141	(1,054,001)	4,797,309
Weighted average number of ordinary shares	12,417,876	12,417,876	12,417,876	12,417,876
(Loss) / Earnings per share - basic and diluted (Rupees)	(0.01)	1.31	(0.08)	0.39

14. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise of group companies, other associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings are as under:

Relation with the Company	Nature of transaction				
Associated companies	Sales of goods and services	12,651,775	14,283,010	-	12,528,920
	Insurance premium	8,282,702	13,703,385	8,277,468	1,544,595
	Donation paid	60,000	60,000	40,000	30,000
	Rent received	242,136	220,188	132,042	220,188
	Rent paid	2,010,000	2,010,000	1,005,000	1,005,000
	Dividend Paid	5,917,579	7,093,289	5,917,579	7,093,289
Retirement benefit plans	Contribution to staff retirement benefit plans	6,467,937	5,960,331	2,969,891	3,050,025
Key management	Remuneration and benefits	16,623,361	12,889,097	9,995,659	6,253,319
14.1 Period / Year end balances				December 31, 2016	June 30, 2016
				(Un-audited)	(Audited)
				Rupees	Rupees
	Receivable from associated company			6,738,439	228,389
	Payable to associated company			20,279,556	15,461,385
	Payable to provident fund			2,546,075	1,732,055

14.2 There are no transactions with key management personnel other than under their terms of employment.

14.3 The above transactions with related parties are based at arm's length at normal commercial rates.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transaction.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1:** quoted prices in active markets for identical assets or liabilities.
- Level 2:** other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3:** techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at December 31, 2016, the Company held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
	Rupees			
Available for sale	90,364,056	-	124,750	90,488,806
At fair value through profit or loss	112,432,608	-	-	112,432,608
	202,796,664	-	124,750	202,921,414

As at June 30, 2016, the Company held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
	Rupees			
Available for sale				
Shares	52,280,470	-	124,750	52,405,220

Valuation techniques

For Level 3 available-for-sale investments the Company values the investment at carrying value less impairment (if any) which approximates the fair value of the investment.

Transfers during the period

During the 6 month period to December 31, 2016, there were no transfers into or out of Level 3 fair value measurements.

16. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information were authorized for issue on February 27, 2017 by the Board of Directors of the Company.

17. GENERAL

Amounts have been rounded off to the nearest of rupees.



IMRAN MAQBOOL
Chief Executive



NADEEM MAQBOOL
Director








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



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