



**Crescent  
Fibres**



**Quarterly Report  
September 30, 2017**



## COMPANY INFORMATION

<b>Board of Directors</b>	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 reported a net profit of Rs. 4.8 million for the quarter ended September 30, 2017 as compared to a profit of Rs. 0.90 million for the quarter ended September 30, 2016. The earnings per share for the period under review was Rs. 0.39.

The textile industry in Pakistan has been going through a prolonged recessionary period characterized by weak demand and eroding margins. Factors contributing to this include high cost of doing business, a global growth slow down, devaluation of regional currencies, overvaluation of the rupee significant economic slowdown in China.

Sales for the period under review were 9% higher than the corresponding period, primarily due to an improvement in end product prices witnessed in the first quarter of the financial year. Gross margin for the first quarter ended September 30, 2017 was 5.0% as compared to 4.7% for the quarter ended September 30, 2016. Administrative, general and other expenses, as a percentage of sales, were slightly higher at 2.6% as compared to 2.5% in the corresponding period. The operating margin for the period under review was 3.0% as compared to 2.5% for the quarter ended September 30, 2016. Financial charges, as a percentage of sales, were slightly lower against higher sales and reduction in long-term debt. Overall, the net margin improved to 0.5% as compared to 0.1% in the previous period.

Effective from the current financial year, the Company has changed its policy with respect to recognition of freehold land. In order to strengthen the balance sheet and improve borrowing capacity for future growth, freehold land will now be recognised using the revaluation model instead of the cost model.

Growth prospects for the global economy continue to weaken, and events such as the Brexit vote and terrorist attacks around the world, creating elevated levels of uncertainty for businesses.

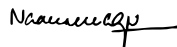
The outlook for textiles is likely to remain negative in the near term. The uncertain global economic situation is likely to keep demand for end products weak and margins low. Apart from market dynamics, the Pakistani textile industry faces several other challenges. These include continued shortfalls in cotton production and quality, high cost of doing business, unrealistically high energy 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



**NADEEM MAQBOOL**  
Director

Dated: October 28, 2017

## کمپنی نظام (ڈائریکٹران) کی رپورٹ:

کمپنی نے 30 ستمبر 2017 کو ختم ہونے والے سہ ماہی کے لئے 4.8 ملین روپے خالص منافع حاصل کیا جس کے مقابلے میں 30 ستمبر 2016 کو ختم ہونے والے سہ ماہی کا منافع 0.90 ملین روپے تھا۔ کمپنی کے آمدنی اس مدت میں 39 سپی فی حصہ رہی۔

پاکستان میں ٹیکسٹائل کی صنعت طویل عرصے سے ابتری کا شکار رہی۔ چیدہ چیدہ محرمات میں ٹیکسٹائل مصنوعات کی طلب میں کمی ہونا، صنعت کو متعلقہ فوائد کے حصول میں رکاوٹ، کاروباری اخراجات میں اضافہ، اس کے 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 سردبازاری وغیرہ ہے۔

کمپنی کی مجموعی مال کی مالیت فروخت میں گزشتہ سال کی اسی مدت کے مقابلے میں 9 فیصد اضافہ باجس کی بنیادی وجہ مالی سال کی سہ ماہی میں مصنوعات کی قیمتوں کے آخر میں بہتری کا باعث رہا۔ 30 ستمبر 2017 کو ختم ہونے والے سہ ماہی کا کل منافع گزشتہ سال 30 ستمبر 2016 کو ختم ہونے والے سہ ماہی کے مقابلے میں 4.7 فیصد سے بڑھ کر 5.0 فیصد رہا۔ انتظامی جزل اور دیگر اخراجات فروخت میں اضافے کی وجہ سے گزشتہ سال کے مقابلے میں 2.5 فیصد سے زیادہ ہو کر 2.6 فیصد رہے۔ آپریٹنگ مارجن گزشتہ سہ ماہی کے مقابلے میں 2.5 فیصد سے 3.0 فیصد رہا۔ مالیاتی اخراجات فروخت میں اضافے کی وجہ سے گزشتہ سال کے مقابلے میں پھر کم تھے اور کمی کی وجہ طویل مدتی قرض ہیں۔ مجموعی طور پر اس مدت میں خالص منافع گزشتہ سہ ماہی کے مقابلے میں 0.1 فیصد سے بہتر ہو کر 0.5 فیصد ہو گیا۔

موجودہ مالی سال سے مؤثر، کمپنی نے ملکیتی زمین کی شناخت کے حوالے سے اپنی پالیسی تبدیل کر دی ہے۔ بیلنس شیٹ کو مضبوط بنانے اور مستقبل کی ترقی کیلئے قرض لینے کی صلاحیت کو بہتر بنانے کے لئے، اب قیمت خرید کی بجائے تجدید شدہ قیمت کا استعمال کرتے ہوئے ملکیتی زمین کو تسلیم کیا جائے گا۔

عالمی معیشت کے لئے ترقی کے امکانات کمزور ہیں اور Brexit ووٹ اور دنیا بھر میں دہشت گردی کے حملوں جیسے واقعات نے کاروباری اداروں کے لئے اعلیٰ درجے کی غیر یقینی صورتحال پیدا کر دی ہے۔

ٹیکسٹائل صنعت کے حالات مستقبل قریب میں منفی رہنے کا امکان ہے۔ غیر یقینی عالمی اقتصادی صورتحال کو ختم ہونے والی مصنوعات کی طلب میں کمی اور مارجن کم ہونے کا امکان ہے۔ اس کے علاوہ پاکستانی ٹیکسٹائل صنعت کو کئی دیگر چیلنج درپیش ہیں جس میں کپاس کی پیداوار میں افسوس ناک حد تک کمی، کاروباری معاملات کے اخراجات میں اضافے کا رُجحان، بجلی کی کم اور بے قاعدہ سپلائی اور گراں قیمت کے نقصانات، بجلی کرنسی کی ناہمواری اور غیر مناسب ٹیکسوں اور سرچارج کا بوجھ۔ اس پر ستم یہ کہ حکومت ٹیکسٹائل سے مقابلہ کرنے والی صنعتوں کو رعایت اور ایکسپورٹ سہولیات فراہم کر رہی ہے۔

کمپنی انتظامیہ (مینیجمنٹ) پوری تمدنی، محنت، ہنرمندی اور تعمیری دوش سے ناساز حالات کا سامنا کر کے پیداوار کی بہتر کوالٹی اور لاگت میں کمی کے لئے ٹھوس اقدام، جدید منظم اور محفوظ طریقوں پر کاربند ہے اور بہتر مستقبل کے لئے پُر امید ہے۔ تاہم ہمیں توقع ہے کہ سال کے دوران منافع منفی ہو جائے 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۔

Naamunqur  
ندیم مقبول  
ڈائریکٹر

Imran Masood

عمران مقبول

چیف ایگزیکٹو

تاریخ 28 اکتوبر 2017ء

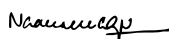
## CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2017 (UN-AUDITED)

	September 30, 2017 (Un-audited) Rupees	June 30, 2017 (Audited) Rupees
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment		
Operating fixed assets	5 3,076,660,705	1,217,342,358
Capital work-in-progress	2,238,038	23,765,454
Long term investments	880,234	917,734
Long term deposits	17,100,128	13,098,313
	3,096,879,105	1,255,123,859
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	61,731,175	60,401,739
Stock in trade	6 301,887,347	382,608,424
Trade debts	560,939,887	551,087,852
Loans and advances	2,597,751	8,255,453
Trade deposits and short term prepayments	19,143,271	8,105,342
Other receivables	820,351	820,351
Short term investments	251,005,558	262,210,919
Tax refunds due from Government	83,903,638	72,780,382
Taxation - net	3,811,535	7,521,442
Cash and bank balances	85,677,572	69,421,095
	1,371,518,086	1,423,212,999
<b>TOTAL ASSETS</b>	4,468,397,191	2,678,336,858
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized share capital		
15,000,000 ordinary shares of Rs. 10/- each	150,000,000	150,000,000
Issued, subscribed and paid-up capital		
12,417,876 ordinary shares of Rs. 10/- each	124,178,760	124,178,760
Reserves		
Capital	122,729,663	129,864,631
Revenue	805,882,243	801,055,828
	928,611,906	930,920,459
	1,052,790,666	1,055,099,219
Surplus on revaluation of fixed assets	5.1 1,865,908,556	-
<b>NON CURRENT LIABILITIES</b>		
Long term financing	7 354,033,090	375,593,904
Liabilities against assets subject to finance leases	13,682,868	1,706,229
Deferred taxation	149,514,200	149,514,201
	517,230,158	526,814,334
<b>CURRENT LIABILITIES</b>		
Trade and other payables	614,582,078	529,959,399
Financial charges payable	33,856,325	33,172,867
Short term borrowings	8 258,194,464	407,234,304
Current portion of long term liabilities	125,834,944	126,056,735
	1,032,467,811	1,096,423,305
<b>CONTINGENCIES AND COMMITMENTS</b>	9	
<b>TOTAL EQUITY AND LIABILITIES</b>	4,468,397,191	2,678,336,858

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

Quarterly Report

  
**IMRAN MAQBOOL**  
Chief Executive

  
**NADEEM MAQBOOL**  
Director

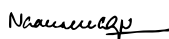
  
**KAMRAN RASHEED**  
Chief Financial Officer

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT  
FOR THE QUARTER ENDED SEPTEMBER 30, 2017 (UN-AUDITED)**

		September 30, 2017	September 30, 2016
	Note	Rupees	Rupees
Sales - net		1,023,138,657	935,772,885
Cost of sales	10	<u>(972,084,558)</u>	<u>(891,636,659)</u>
Gross profit		51,054,099	44,136,226
Selling and distribution expenses		(4,184,284)	(3,926,607)
Administrative and general expenses		(26,203,004)	(23,168,931)
Other operating expenses		(312,500)	(521,928)
Other operating income		<u>10,679,383</u>	<u>6,721,310</u>
Operating profit		31,033,693	23,240,069
Finance cost		(16,138,645)	(15,908,315)
Share of (loss) / profit from associate		<u>(37,500)</u>	<u>(49,002)</u>
Profit before taxation		14,857,548	7,282,752
Taxation	11	<u>(10,031,133)</u>	<u>(6,377,879)</u>
Profit for the period		<u>4,826,415</u>	<u>904,873</u>
Earnings per share - basic and diluted (Rupees)	12	<u>0.39</u>	<u>0.07</u>

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Chief Executive

  
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Director

  
**KAMRAN RASHEED**  
Chief Financial Officer

Quarterly Report

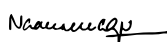
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

	September 30, 2017 Rupees	September 30, 2016 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	14,857,548	7,282,752
Adjustment for non cash charges and other items:		
Depreciation	28,655,959	28,546,332
(Gain) /Loss on sale & lease back	(538,334)	(707,172)
Unrealized gain on remeasurement of investments	-	(862,281)
Share of loss / (profit) from associate	37,500	49,002
Finance cost	16,138,645	15,908,315
	44,293,770	42,934,196
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	(1,329,436)	(3,590,283)
Stock in trade	80,721,077	68,360,633
Trade debts	(9,852,035)	42,589,185
Loans and advances	5,657,702	(5,632,164)
Trade deposits and short term prepayments	(11,037,929)	2,999,000
Other receivables	-	12,968
Tax refund due from Government	(11,123,256)	(8,245,889)
	53,036,122	96,493,450
<b>Increase in current liabilities</b>		
Trade and other payables	84,622,679	30,674,487
Cash generated from operations	196,810,119	177,384,886
Income tax paid	(11,800,831)	(9,172,494)
Finance cost paid	(15,455,187)	(14,226,314)
Net cash generated from operating activities	169,554,101	153,986,078
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of operating fixed assets	16,150,000	1,100,000
Short term investment	9,550,000	(141,000,000)
Long term deposits	(4,001,815)	(289,000)
Net cash used in investing activities	21,698,185	(140,189,000)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing - net	(25,380,254)	(9,975,367)
Repayment of liabilities against asset subject to finance leases	(575,715)	(2,517,996)
Short term borrowings	(149,039,840)	(49,200,144)
Net cash generated from / (used in) financing activities	(174,995,809)	(61,693,507)
Net increase in cash and cash equivalents	16,256,477	(47,896,429)
Cash and cash equivalents at the beginning of the period	69,421,095	183,988,955
Cash and cash equivalents at the end of the period	85,677,572	136,092,526

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

Quarterly Report

  
**IMRAN MAQBOOL**  
Chief Executive

  
**NADEEM MAQBOOL**  
Director

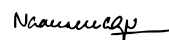
  
**KAMRAN RASHEED**  
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

	Issued, subscribed and paid-up capital	Reserves		Total
		Unrealized gain / (loss) on available for sale investment	Unappropriated profit	
Balance as at July 1, 2016	124,178,760	22,626,535	788,404,080	935,209,375
<b>Total comprehensive income for the year</b>				
Profit for the period ended September 30, 2016	-	-	904,873	904,873
Other comprehensive income	-	19,258,124	-	19,258,124
Profit for the period ended September 30, 2016	-	19,258,124	904,873	20,162,997
Balance as at September 30, 2016	<u>124,178,760</u>	<u>41,884,659</u>	<u>789,308,953</u>	<u>955,372,372</u>
Balance as at July 1, 2017	124,178,760	129,864,631	801,055,828	1,055,099,219
<b>Total comprehensive income for the year</b>				
Profit for the period ended September 30, 2017	-	-	4,826,415	4,826,415
Other comprehensive Income/(Loss)	-	(7,134,968)	-	(7,134,968)
Profit for the period ended September 30, 2017	-	(7,134,968)	4,826,415	(2,308,553)
Balance as at September 30, 2017	<u>124,178,760</u>	<u>122,729,663</u>	<u>805,882,243</u>	<u>1,052,790,666</u>

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

  
**IMRAN MAQBOOL**  
Chief Executive

  
**NADEEM MAQBOOL**  
Director

  
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Chief Financial Officer

Quarterly Report



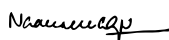
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED SEPTEMBER 30, 2017 (UN-AUDITED)**

	September 30, 2017 Rupees	September 30, 2016 Rupees
Profit for the period	4,826,415	904,873
Unrealized gain / (loss) on remeasurement of available for sale investments	(7,134,968)	19,258,124
	(7,134,968)	19,258,124
Total comprehensive income / (loss) for the period	<u>(2,308,553)</u>	<u>20,162,997</u>

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

Quarterly Report

  
**IMRAN MAQBOOL**  
Chief Executive

  
**NADEEM MAQBOOL**  
Director

  
**KAMRAN RASHEED**  
Chief Financial Officer

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2017 (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 Sheikhpura 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 three months period ended September 30, 2017 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, 2017.

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, 2017, 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 quarter ended September 30, 2016.

### 2.2 Basis of measurement

This condensed interim financial information have been prepared under the historical cost convention, except for freehold land that is carried at revalued amount and 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, 2017 except for those that is mentioned as change in accounting policy.

### 3.2 CHANGE IN ACCOUNTING POLICY

During the year the Company has changed its accounting policy with respect to measurement of fixed assets subsequent to initial recognition. In order to conform to the revaluation model in IAS 16 namely Property Plant and Equipment, the Company now carries freehold land at revalued amount rather than carrying this class of asset at cost. As per International Accounting Standard (IAS) 8 "Accounting Policies, Change in Accounting Estimates and Errors", the initial application of a policy to revalue assets in accordance with IAS 16 Property, Plant and Equipment is a change in accounting policy and is not accounted for retrospectively. Consequently, this change in accounting policy has been accounted for prospectively in accordance with the requirements of IAS 8. Had there been no change in accounting policy, the impacts would have been as follows:

		As at Sept 30, 2017
<b>Impact on Balance Sheet</b>		
Property Plant and Equipment	Lower	1,865,908,556
Surplus on revaluation of fixed asset	Lower	1,865,908,556

3.3 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 01 July, 2017. 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, 2017.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED SEPTEMBER 30, 2017 (UN-AUDITED)**

	September 30, 2017 (Un-audited) Rupees	June 30, 2017 (Audited) Rupees
<b>5. OPERATING FIXED ASSETS</b>		
Opening net book value (NBV)	1,217,342,358	1,245,262,713
Revaluation surplus on freehold land	5.1 1,865,908,556	-
Additions (at cost) during the period / year	5.2 37,677,416	98,248,522
	<u>3,120,928,330</u>	<u>1,343,511,235</u>
Disposals (at NBV) during the period / year	5.3 15,611,666	8,238,388
Depreciation charged during the period / year	28,655,959	117,930,489
	<u>44,267,625</u>	<u>126,168,877</u>
Closing net book value (NBV)	<u>3,076,660,705</u>	<u>1,217,342,358</u>
5.1 This represents surplus resulting from revaluation of freehold land carried out on 27 September 2017 by independent valuer Messrs. Evaluation Focussed Consulting. The Valuation was determined with respect to the present market value of similar properties.		
5.2 Details of additions (at cost) during the period / year are as follows:		
Owned		
Land	-	43,358,000
Building	-	31,171,946
Plant and machinery	21,527,416	109,334,915
Vehicles	-	8,390,500
Leased		
Vehicles	16,150,000	2,160,000
	<u>37,677,416</u>	<u>194,415,361</u>
5.3 Details of disposals (at NBV) during the period / year are as follows:		
Owned		
Plant and machinery	-	6,399,162
Vehicles	15,611,666	1,291,566
	<u>15,611,666</u>	<u>7,690,728</u>
<b>6. STOCK IN TRADE</b>		
Raw material in hand	168,362,113	147,082,605
Work-in-process	74,262,194	48,983,183
Finished goods	59,263,040	43,135,424
	<u>301,887,347</u>	<u>239,201,212</u>
<b>7. LONG TERM FINANCING</b>		
From banking companies - secured		
Balance as at July 01	500,771,544	490,922,562
Obtained during the period	-	87,354,000
	<u>500,771,544</u>	<u>578,276,562</u>
Repayments made during the period / year	(25,380,254)	(77,505,018)
	<u>475,391,290</u>	<u>500,771,544</u>
Less: Current portion shown under current liabilities	(121,358,200)	(125,177,640)
	<u>354,033,090</u>	<u>375,593,904</u>
<b>8. SHORT-TERM FINANCING</b>		
From banking companies - secured		
Running / cash finance	246,194,464	395,234,304
Bill discounting	8.1 12,000,000	12,000,000
	<u>258,194,464</u>	<u>407,234,304</u>

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. 66.915 million (June 30, 2017 : Rs. 66.915 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.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2017 (UN-AUDITED)

### 9.2 Commitments

The Company is committed as at balance sheet date as follows:

- a) The Company is committed as at the balance sheet date in respect of Letters of credit against import of stores and spares amounting to Rs. 3.52 million (June 30, 2017: Rs. 10.522 million).
- b) The amount of future ljarah rentals for ljarah financing and the period in which these payments will become due are as follows:

	September 30, 2017	June 30, 2017
	(Un-audited)	
	Rupees	
Not later than one year	825,192	396,972
Later than one year and not later than five years	1,182,042	496,215
	2,007,234	893,187

### 10. COST OF SALES

	September 30, 2017	September 30, 2016
	(Un-audited)	
	Rupees	
Materials consumed	652,951,299	633,186,089
Stores, spares and loose tools consumed	22,054,363	15,995,759
Packing material consumed	14,433,836	14,842,354
Salaries, wages and other benefits	88,743,183	88,655,709
Fuel and power	128,321,164	123,329,779
Insurance	2,908,788	3,195,000
Repairs and maintenance	1,646,786	1,032,153
Depreciation	26,589,600	27,192,197
Other manufacturing overheads	5,796,225	6,868,609
	943,445,243	914,297,649
Opening work in process	62,051,150	48,983,183
Closing work in process	(74,262,194)	(50,258,043)
	(12,211,044)	(1,274,860)
Cost of goods manufactured	931,234,199	913,022,789
Cost of goods purchased for trading	31,183,837	3,015,000
Opening stock of finished goods	68,929,561	43,135,424
Closing stock of finished goods	(59,263,040)	(67,536,553)
	9,666,521	(24,401,129)
	972,084,558	891,636,659

### 11. TAXATION

The provision for taxation for the three months quarter ended September 30, 2017 has been made using the estimated effective tax rate applicable to expected total annual earnings.

### 12. EARNINGS PER SHARE -BASIC AND DILUTED

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

Profit for the period (Rupees)	4,826,415	904,873
Weighted average number of ordinary shares	12,417,876	12,417,876
Earnings per share - basic and diluted (Rupees)	0.39	0.07

### 13. 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	21,388,450	12,651,775
	Insurance premium	18,746	5,234
	Donation paid	30,000	20,000
	Rent received	121,068	110,094
	Rent paid	1,005,000	1,005,000
Retirement benefit plans	Contribution to staff retirement benefit plans	3,632,298	3,498,046
Key management	Remuneration and other benefits	8,678,649	6,627,702

Quarterly Report

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED SEPTEMBER 30, 2017 (UN-AUDITED)**

13.1 Period / Year end balances	September 30,	June 30,
	2017	2017
	(Un-audited)	(Audited)
	Rupees	Rupees
Receivable from associated company	3,837,166	4,578,472
Payable to associated company	25,936,382	16,064,524
Payable to provident fund	1,750,163	1,672,346
Due to Chief Executive and Directors	3,957,775	4,172,775

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

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

**14. FAIR VALUE MEASUREMENT - 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 September 30, 2017, the Company held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
	Rupees			
Available for sale	153,747,243	-	87,451	153,834,694
Held for Trading	95,970,864	-	-	95,970,864

As at June 30, 2017, the Company held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
	Rupees			
<b>Available for sale</b>				
Shares	155,402,605	-	87,451	155,490,057
Held for Trading	105,520,863	-	-	105,520,863

**Valuation techniques**

For Level 3 available-for-sale investments the Company values the investment at carrying value which approximates the fair value of the investment.

**15 FAIR VALUE MEASUREMENT - NON CURRENT ASSETS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair Value of freehold land is based on the valuations carried out by an independent valuer M/s. Evaluation Focused Consulting on the basis of market value.

Fair value is based on the assumption considered to be level 2 in the fair value hierarchy due to significant observable inputs used in the valuation.

**Valuation techniques used to drive level 2 fair values**

Fair value of freehold land has been derived using a sales comparison approach. The most significant input in this valuation approach is price/rate per acre in particular locality. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation."

**16 DATE OF AUTHORIZATION FOR ISSUE**

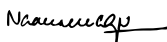
This condensed interim financial information were authorized for issue on 28 October 2017 by the Board of Directors of the Company.

**17 GENERAL**

Amounts have been rounded off to the nearest of rupees.

  
IMRAN MAQBOOL

Chief Executive

  
NADEEM MAQBOOL

Director

  
KAMRAN RASHEED

Chief Financial Officer















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