



**Crescent
Fibres**



**Half Yearly Report
December 31, 2023**

COMPANY INFORMATION

Board of Directors	Nadeem Maqbool	(Chairman, Non-Executive Director)
	Imran Maqbool	(Chief Executive Officer, Executive Director)
	Humayun Maqbool	(Executive Director)
	Naila Humayun Maqbool	(Non-Executive Director)
	Mansoor Riaz	(Non-Executive Director)
	Syed Rizwan Husain	(Independent, Non-Executive Director)
	Sheikh Muhammad Ali Asif	(Independent, Non-Executive Director)
Chief Financial Officer	Kamran Rasheed	
Company Secretary	Javaid Hussain	
Audit Committee	Sheikh Muhammad Ali Asif	(Chairman)
	Nadeem Maqbool	(Member)
	Naila Humayun Maqbool	(Member)
Human Resources & Remuneration Committee	Syed Rizwan Husain	(Chairman)
Remuneration Committee	Nadeem Maqbool	(Member)
	Naila Humayun Maqbool	(Member)
Auditors	BDO Ebrahim & Company Chartered Accountants	
Legal Advisor	Mohsin Tayebally & Sons	
Share Registrar	Corplink (Pvt) Limited	
	Wings Arcade, 1-K, Commercial, Model Town, Lahore.	
	Tet: (042) 35916714, 35916719, 35839182 Email: shares@corplink.com.pk	
Registered Office	104-Shadman 1, Lahore-54000 Tet: (042) 35960871-4 Lines	
Head Office	7 th Floor, Lakson Square Building No. 3, Sarwar Shaheed Road, Karachi Tet: (021) 35682073-74	
Project Locations		
Unit No. 1	Plot No. B/123, Road No. D-7, Industrial Area Nooriabad, District Dadu, Sindh	
Unit No. 2	17-Km, Faisalabad Road, Bhikhi, District Sheikhupura, Punjab	
E-mail	lo@crescentfibres.com	
Website	www.crescentfibres.com	



MANAGEMENT REVIEW

The Company reported after tax loss of Rs. 107.2 million for the six months ended December 31, 2023 as compared to a profit of Rs. 6.9 million for the six months ended December 31, 2022. The earnings per share for the period under review were negative Rs. 8.63 as compared to Rs. 0.55 in the previous period.

Overall, sales increased by 12% as compared to the six months ended December 31, 2022. Demand for products continued to be weak and the company had to resort to production curtailment, which further added to cost pressures. The gross margin for the period was 1.5% as compared to 5.9% in the previous period. Distribution and administrative expenses at 2.8% were lower as compared to 3.3% in the previous period. The operating margin in the period under review was at negative 0.1 % as compared to 3.0% for the six months ended December 31, 2022. The financial charges were same as compared to sales due to the increase in interest rates and lower cash flows and negative margins. Overall, the net margin for the period was negative 2.7% as compared to 0.2% for the previous period.

Textile demand started to decline in the fourth quarter of the last fiscal year. This trend had worsened as a weakening global economy, rising interest rates and inflation and overall commodity and financial market volatility has led to severe demand destruction. In light of domestic and global challenges, we expect this downward trend to continue.

Imprudent economic policies combined with recent global events have made Pakistan's economy particularly fragile, characterized by high balance of payment and fiscal deficits, a weakening and volatile currency, rising inflation and interest rates, high external indebtedness and uncompetitive energy pricing. Without meaningful reforms that boost economic competitiveness, direct investment toward productive sectors that promote exports and a sustained effort to end the regulatory quagmire, Pakistan's economic recovery will continue to falter.

Other than global and domestic economic issues, the textile industry faces other challenges including high cost of doing business, increased financial, exchange rate and commodity market volatility, low domestic cotton yield and quality and supply chain. The Government has promised supply of energy at regionally competitive rates, and this must be ensured to maintain viability. In addition, the Government must adopt a prudent monetary policy, and improve liquidity by releasing long delayed income tax and other rebates.

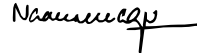
We expect the next year to be a very difficult one for the textile industry. In order to best utilize its resources, the Board of Directors had requested Management to explore options for investment property at Faisalabad including outright sale. The Management has received some interest from potential buyers and the Board of Directors has authorized calling of Extra Ordinary General Meeting to seek approval of shareholders to authorize Management to proceed with negotiations and conclude if it feels the price is fair.

In light of the negative outlook, the Management will continue to rely on sound, low risk decision making to protect the interests of the shareholders.

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



NADEEM MAQBOOL
Director

February 28, 2024

کمپنی نظر (ڈائریکٹران) کی رپورٹ

کمپنی کو 31 دسمبر 2023 کو ختم ہونے والے چھ ماہ کے دوران ٹیکس ادا کی گئی کے بعد 107.2 ملین روپے کا خسارہ ہوا جس کے مقابلے میں 31 دسمبر 2022 کو ختم ہونے والے چھ ماہ کے دوران اسے 6.9 ملین روپے کا منافع ہوا تھا۔ زیر جائزہ مدت کے لئے فیصد آمدنی منفی 8.63 روپے رہی جو کہ کچھلی مدت میں 0.55 روپے تھی۔

مجموعی طور پر، 31 دسمبر 2022 کو ختم ہونے والے چھ ماہ کے مقابلے میں فروخت میں 12 فیصد اضافہ ہوا۔ مصنوعات کی مانگ مسلسل کمزور ہوتی رہی اور کمپنی کو پیداوار میں کمی کا سہارا لینا پڑا جس سے لاگت کے دباؤ میں مزید اضافہ ہوا۔ اس مدت کے لئے مجموعی منافع گزشتہ مدت کے 5.9 فیصد کے مقابلے میں 1.5 فیصد تھا۔ تقسیم اور انتظامی اخراجات گزشتہ مدت کے 3.3 فیصد کے مقابلے میں 2.8 فیصد کم تھے۔ زیر جائزہ مدت میں آپریٹنگ منافع 31 دسمبر 2022 کو ختم ہونے والے چھ ماہ کے 3.0 فیصد کے مقابلے میں منفی 0.1 فیصد تھا۔ شرح سود میں اضافے اور کم نقد بہاؤ اور منفی منافع ہونے کی وجہ سے مالیاتی اخراجات فروخت کے مقابلے میں ایک جیسے تھے۔ مجموعی طور پر، اس مدت کے لئے خالص منافع منفی 2.7 فیصد تھا جو کچھلی مدت کے لئے 0.2 فیصد تھا۔

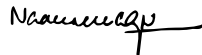
گزشتہ مالی سال کی چوتھی سہ ماہی میں ٹیکسٹائل کی طلب میں کمی آنا شروع ہوئی۔ یہ درختان کمزور عالمی معیشت، بڑھتی ہوئی شرح سود اور افراط زر اور مجموعی طور پر اجناس اور مالیاتی منڈی کے اتار چڑھاؤ کی وجہ سے مانگ میں شدید تباہی کا باعث بنا ہے۔ ملکی اور عالمی پینلٹیوں کی روشنی میں ہمیں اندیشہ ہے کہ پیش منی رجحان جاری رہے گا۔

حالیہ عالمی واقعات کے ساتھ مل کر غلط معاشی پالیسیوں نے پاکستان کی معیشت کو خاص طور پر کمزور بنا دیا ہے، جس کی بنیادی وجہ ادا کی گئیوں کے بلند توازن اور مالیاتی خسارے، گرتی ہوئی کرنسی، بڑھتی ہوئی افراط زر، شرح سود میں اضافہ، بلند بیرونی قرضہ اور توانائی کی قلت ہے۔ معاشی مسابقت کو فروغ دینے والی باہمی اصلاحات کے بغیر، برآمدات کو فروغ دینے والے پیداواری شعبوں میں براہ راست سرمایہ کاری اور ریگولیٹری دلدل کو ختم کرنے کے لئے مسلسل کوششوں کے بغیر پاکستان کی اقتصادی بحالی ناکام ہوتی رہے گی۔

عالمی اور ملکی معاشی مسائل کے علاوہ ٹیکسٹائل انڈسٹری کو دیگر چیلنجوں کا سامنا ہے جن میں کاروبار کرنے کی زیادہ لاگت، مالیاتی اضافہ، شرح مبادلہ اور اجناس کی منڈی میں اتار چڑھاؤ، ملکی کپاس کی پیداوار میں کمی اور معیار اور فراہمی کے سلسلے میں رکاوٹیں شامل ہیں۔ حکومت نے علاقائی سطح پر مسابقتی نرغوں پر توانائی کی فراہمی کا وعدہ کیا ہے، اور اس عمل کو یقینی بنایا جائے، اس کے علاوہ حکومت کو ایک دانشمندانہ مالیاتی پالیسی اپنانی چاہیے۔ سٹیل ٹیکس کے نظام کو حکومت کو فوری طور پر معطل کرنا چاہیے اور طویل عرصہ سے تاخیر کا شکار ٹیکس اور دیگر رعایتیں جاری کر کے لیکویڈیٹی کو بہتر بنانا چاہیے۔

ہم توقع کرتے ہیں کہ اگلا سال ٹیکسٹائل انڈسٹری کے لئے بہت مشکل ہوگا۔ اپنے وسائل کو بہترین طریقے سے بروئے کار لانے کے لئے بورڈ آف ڈائریکٹرز نے انتظامیہ سے درخواست کی تھی کہ وہ فیصل آباد میں جائیداد کی براہ راست فروخت سمیت سرمایہ کاری کے مواقع تلاش کرے۔ انتظامیہ کو ممکنہ خریداروں کی جانب سے کچھ دلچسپی ملی ہے اور بورڈ آف ڈائریکٹرز نے حصص یافتگان کی منظوری کے لیے غیر معمولی اجلاس عام طلب کیا ہوا ہے تاکہ انتظامیہ کو مذاکرات کے ساتھ آگے بڑھنے کا اختیار دیا جاسکے اور اگر اسے لگتا ہے کہ قیمت مناسب ہے تو نتیجہ اخذ کیا جاسکے۔

منفی نقطہ نظر کی روشنی میں، انتظامیہ شیئر ہولڈرز کے مفادات کے تحفظ کے لئے درست، کم خطرے والے فیصلے پر اصرار کرتی رہے گی۔ کمپنی کی انتظامیہ عملے کی مسلسل محنت اور جذبے پر اچھے تعلقات کا اعتراف کرتی ہے اور کمپنی ڈائریکٹرز، مینجمنٹ اور حصہ داران کا بھی مسلسل حمایت پر شکر ادا کرتی ہے۔



ندیم مقبول
ڈائریکٹر



عمران مقبول
چیف ایگزیکٹو آفیسر

کراچی: تاریخ 28 فروری 2024ء



Tel: +92 21 3568 3030
Fax: +92 21 3568 4239
www.bdo.com.pk

2nd Floor, Block-C
Lakson Square, Building No.1
Sarwar Shaheed Road
Karachi-74200
Pakistan

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of CRESCENT FIBRES LIMITED ("the Company") as at December 31, 2023 and the related condensed interim statement of profit or loss, the condensed interim statement of comprehensive income, the condensed interim statement of changes in equity, the condensed interim statement of cash flows and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred as the "interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements 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 statements 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 condensed interim financial statements as at and for the six-month period ended December 31, 2023 are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the quarters ended December 31, 2023 and December 31, 2022 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and accordingly we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditors' report is Tariq Feroz Khan.

KARACHI

DATED: 28 FEB 2024

UDIN: RR202310166TBPMDVWu5

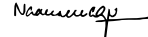

BDO EBRAHIM & Co
CHARTERED ACCOUNTANTS

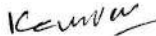
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023**

		December 31, 2023 (Un-audited) Rupees	June 30, 2023 (Audited) Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	6	1,886,509,203	1,191,009,114
Capital work-in-progress	7	4,882,454	720,366,422
		1,891,391,657	1,911,375,536
Intangible asset	8	7,339,776	8,430,500
Investment property	9	-	-
Investment in equity accounted associate	10	-	-
Long term deposits		32,096,505	27,056,805
		1,930,827,938	1,946,862,841
CURRENT ASSETS			
Stores, spares and loose tools	11	122,389,059	110,512,114
Stock in trade	12	934,224,197	687,933,993
Trade debts	13	1,897,780,538	1,945,149,699
Loans and advances		52,160,311	25,886,548
Trade deposits and short term prepayments		24,579,781	9,882,962
Other receivables		2,196,130	3,253,340
Short term investments	14	118,505,574	69,426,885
Tax refunds due from Government		116,488,811	105,638,469
Taxation - net		38,401,004	40,355,400
Cash and bank balances	15	124,569,633	204,350,417
		3,431,295,038	3,202,389,827
Assets classified as held for sale	16	2,538,897,200	2,538,897,200
TOTAL ASSETS		7,901,020,176	7,688,149,868
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
15,000,000 (June 30, 2023: 15,000,000) ordinary shares of Rs. 10/- each		150,000,000	150,000,000
Issued, subscribed and paid-up capital 12,417,876 (June 30, 2023: 12,417,876) ordinary shares of Rs. 10/- each		124,178,760	124,178,760
Capital reserves			
Surplus on revaluation of property, plant and equipment		1,996,280,568	1,996,280,568
Unrealised gain on investments at fair value through other comprehensive income		56,988,955	32,688,266
		2,053,269,523	2,028,968,834
Revenue reserves			
Unappropriated profit		2,449,973,350	2,557,189,191
		4,627,421,633	4,710,336,785
NON CURRENT LIABILITIES			
Long term financing	17	267,070,299	286,442,241
Lease liabilities	18	155,554,778	135,463,672
Deferred capital grant	19	115,010,259	121,804,419
GIDC payable		-	2,843,217
Deferred taxation		2,158,211	86,452,523
		539,793,547	633,006,072
CURRENT LIABILITIES			
Trade and other payables	20	1,884,758,734	1,597,496,291
Unclaimed dividend		3,038,460	3,038,460
Interest and mark-up accrued		47,747,129	50,289,757
Short term borrowings	21	722,339,398	628,106,241
Current portion of long term liabilities	17	47,215,886	39,298,664
Current portion of lease liabilities	18	12,893,658	11,092,700
Current portion of deferred government grant	19	15,811,731	15,484,898
		2,733,804,996	2,344,807,011
TOTAL EQUITY AND LIABILITIES		7,901,020,176	7,688,149,868
CONTINGENCIES AND COMMITMENTS	22		

The annexed notes from 1 to 31 form an integral part of these condensed interim financial statements.


IMRAN MAQBOOL
Chief Executive Officer


NADEEM MAQBOOL
Director


KAMRAN RASHEED
Chief Financial Officer

Half Yearly Report

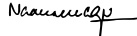
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023**

Note	Half year ended		Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	Rupees	Rupees	Rupees	Rupees
Sales - net	3,986,952,005	3,556,061,730	2,011,545,536	1,514,363,501
Cost of sales	23 (3,928,395,293)	(3,347,981,598)	(2,010,096,765)	(1,434,847,041)
Gross profit	58,556,712	208,080,132	1,448,771	79,516,460
General and administrative expenses	(111,332,287)	(116,578,574)	(66,984,138)	(66,395,117)
Distribution cost	(11,595,461)	(10,228,003)	(6,045,620)	(4,428,789)
Other operating income	61,957,032	26,160,996	23,469,299	14,518,904
Other operating expenses	(650,000)	(504,375)	(325,000)	2,325,289
	(61,620,716)	(101,149,956)	(49,885,459)	(53,979,713)
Operating (loss) / profit	(3,064,004)	106,930,176	(48,436,688)	25,536,747
Financial charges	(139,135,046)	(131,570,199)	(71,417,894)	(78,111,194)
Loss before taxation	(142,199,050)	(24,640,023)	(119,854,582)	(52,574,447)
Taxation	24 34,983,209	31,494,570	43,746,410	59,121,637
(Loss) / profit for the period	(107,215,841)	6,854,547	(76,108,172)	6,547,190
(Loss) / Earnings per share - basic and diluted	25 (8.63)	0.55	(6.12)	0.53

The annexed notes from 1 to 31 form an integral part of these condensed interim financial statements.

Half Yearly Report


IMRAN MAQBOOL
Chief Executive Officer


NADEEM MAQBOOL
Director

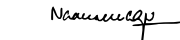

KAMRAN RASHEED
Chief Financial Officer


**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023**

		December 31, 2023	December 31, 2022
	Note	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	26	49,655,563	(374,775,448)
Financial charges paid		(133,861,839)	(111,252,878)
Taxes paid		<u>(47,356,708)</u>	<u>(68,284,588)</u>
Net cash used in operating activities		<u>(131,562,984)</u>	<u>(554,312,914)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition in capital expenditure		(15,254,766)	(212,194,784)
Disposal of intangible		-	(1,667,071)
Proceeds from disposal of operating fixed assets		43,099,999	9,827,799
Short term investments		(24,778,000)	-
Long term deposits		<u>(5,039,700)</u>	<u>15,944,724</u>
Net cash used in investing activities		<u>(1,972,467)</u>	<u>(188,089,332)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of long term financing		(19,270,555)	(46,989,701)
Proceeds from long term financing		-	181,221,756
Principal paid on lease liabilities		(21,207,936)	(9,626,071)
Dividend paid		-	(1,916)
Short term borrowings - net		<u>94,233,158</u>	<u>583,190,182</u>
Net cash generated from financing activities		<u>53,754,667</u>	<u>707,794,250</u>
Net (decrease) / increase in cash and cash equivalents		<u>(79,780,784)</u>	<u>(34,607,996)</u>
Cash and cash equivalents at the beginning of the period		<u>204,350,417</u>	<u>247,809,755</u>
Cash and cash equivalents at the end of the period		<u>124,569,633</u>	<u>213,201,759</u>

The annexed notes from 1 to 31 form an integral part of these condensed interim financial statements.


IMRAN MAQBOOL
Chief Executive Officer


NADEEM MAQBOOL
Director


KAMRAN RASHEED
Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023**

	Issued, subscribed and paid-up capital	Capital Reserves		Revenue Reserves	Total
		Unrealised gain on investments at fair value through other comprehensive income	Surplus on revaluation of property, plant and equipment	Unappropriated profit	
Balance as at July 1, 2022 (audited)	124,178,760	37,512,961	1,996,280,568	2,181,283,944	4,339,256,233
Total comprehensive income for the period					
Profit for the period	-	-	-	6,854,547	6,854,547
Other comprehensive income					
Unrealised loss on revaluation of investments classified as 'fair value through other comprehensive income'	-	(9,236,550)	-	-	(9,236,550)
	-	(9,236,550)	-	6,854,547	(2,382,003)
Balance as at December 31, 2022 (unaudited)	124,178,760	28,276,411	1,996,280,568	2,188,138,491	4,336,874,230
Balance as at July 1, 2023 (audited)	124,178,760	32,688,266	1,996,280,568	2,557,189,191	4,710,336,785
Total comprehensive income for the period					
Loss for the period	-	-	-	(107,215,841)	(107,215,841)
Other comprehensive income					
Unrealised gain on revaluation of investments classified as 'fair value through other comprehensive income'	-	24,300,689	-	-	24,300,689
	-	24,300,689	-	(107,215,841)	(82,915,152)
Balance as at December 31, 2023 (unaudited)	124,178,760	56,988,955	1,996,280,568	2,449,973,350	4,627,421,633

The annexed notes from 1 to 31 form an integral part of these condensed interim financial statements.

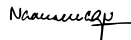
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023**

	Half year ended		Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	Rupees	Rupees	Rupees	Rupees
(Loss) / profit for the period	(107,215,841)	6,854,547	(76,108,172)	6,547,190
Other comprehensive income / (loss)				
Items that will not be reclassified to statement of profit or loss subsequently				
Unrealised gain/ (loss) on revaluation of investments classified as 'fair value through other comprehensive income'	24,300,689	(9,236,550)	5,274,821	(11,118,792)
Total comprehensive loss for the period	(82,915,152)	(2,382,003)	(70,833,351)	(4,571,602)

The annexed notes from 1 to 31 form an integral part of these condensed interim financial statements.

Half Yearly Report


IMRAN MAQBOOL
Chief Executive Officer


NADEEM MAQBOOL
Director


KAMRAN RASHEED
Chief Financial Officer

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2023**

1 STATUS AND NATURE OF BUSINESS

Crescent Fibers Limited ("the Company") was incorporated in Pakistan on August 06, 1977 under the Companies Act, 1913 (now the Companies Act, 2017) as a public limited company. The Company's shares are listed on the Pakistan Stock Exchange. The principal business of the Company is manufacture and sale of yarn.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is situated at 104 Shadman 1, Lahore. The Company's manufacturing facilities are located at Plot No. B/123, Road No. D-7, Industrial Area Nooriabad, District Dadu, in the Province of Sindh and at 17-KM, Faisalabad Road, Bhikhi, District Sheikhpura in the Province of Punjab. The other office of the Company is located at the 7th Floor, Lakson Square Building No.3 Karachi, Pakistan.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These condensed interim financial statements are unaudited but subject to the limited scope review by auditors and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

These condensed interim financial statements of the Company for the period ended December 31, 2023 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017; and

- Islamic Financial Accounting Standard - 2 Ijarah (IFAS-2) issued by The Institute of Chartered Accountants of Pakistan.

Where the provisions of and directives issued under the Companies Act, 2017 and IFAS-2 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 and IFAS-2 have been followed.

3.2 These condensed interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual audited financial statements of the Company as at and for the year ended June 30, 2023, which have been prepared in accordance with accounting and reporting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

The comparative statement of financial position 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, 2023, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the un-audited condensed interim financial statements for the half year ended December 31, 2022.

3.3 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention unless stated otherwise.

3.4 Functional and presentation currency

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

4 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are same as those for the preceding annual financial statements for the year ended June 30, 2023.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2023**

4.1 Initial application of standards, amendments or an interpretation to existing standards

a) Standards, amendments and interpretations to accounting standards that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 01, 2023, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2024, but are considered not to be relevant or expected to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

5 ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial statements requires management to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, 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, 2023.

	Note	December 31, 2023 (Un-audited) Rupees	June 30, 2023 (Audited) Rupees
6 OPERATING FIXED ASSETS			
Operating fixed assets	6.1 & 6.1.3	1,707,020,808	1,125,468,794
Right-of-use assets	6.2	179,488,395	65,540,320
		<u>1,886,509,203</u>	<u>1,191,009,114</u>
6.1 Fixed assets			
Opening net book value (NBV)		1,125,468,794	1,191,448,927
Transfer from right of use asset (NBV)		57,345,947	1,851,946
Transfer from Capital Work in progress		591,292,007	-
Additions (at cost) during the period / year	6.1.1	5,756,000	33,648,154
		<u>1,779,862,748</u>	<u>1,226,949,027</u>
Disposals (at NBV) during the period / year	6.1.2	(15,751,847)	(9,793,207)
Depreciation charged during the period / year		(57,090,093)	(91,687,026)
		<u>(72,841,940)</u>	<u>(101,480,233)</u>
Closing net book value (NBV)		<u>1,707,020,808</u>	<u>1,125,468,794</u>

6.1.1 Details of additions (at cost) during the period / year are as follows:

Owned		
Plant and machinery	-	11,391,934
Vehicles	5,756,000	19,413,620
Electric installation	-	2,842,600
	<u>5,756,000</u>	<u>33,648,154</u>

6.1.2 Details of deletion (NBV) during the period / year are as follows:

Owned		
Vehicles	15,751,847	9,793,207

6.1.3 Fair value of freehold land is considered to be based on level 2 in the fair value hierarchy due to significant observable input used in the valuation.

6.2 Right-of-use assets

Opening net book value (NBV)	65,540,320	76,183,019
Additions (at cost) during the period / year	176,790,727	-
Transfer from leased assets to own assets (NBV)	(57,345,947)	(1,851,946)
Depreciation charged during the period / year	(5,496,705)	(8,790,753)
	<u>179,488,395</u>	<u>65,540,320</u>

7 CAPITAL WORK-IN-PROGRESS

Description	Cost			As at December 31, 2023
	As at July 01, 2023	Additions during the period	Transferred to operating fixed assets	
Enhancement in Unit 2	720,366,422	9,498,766	724,982,734	4,882,454
Total - June 30, 2023	103,987,733	616,378,689	-	720,366,422

7.1 This represents enhancement of Yarn winding facility and installation of autocone machine at Unit 2.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2023**

		December 31, 2023 (Un-audited) Rupees	June 30, 2023 (Audited) Rupees
8 INTANGIBLE ASSETS			
Computer software		7,339,776	8,430,500
Movement in intangible assets			
Opening net book value		8,430,500	8,778,168
Additions (at cost)		-	1,667,074
Amortisation charged		(1,090,724)	(2,014,742)
Closing net book value		7,339,776	8,430,500
9 INVESTMENT PROPERTY			
Opening balance		-	1,756,577,720
Fair value adjustment		-	782,319,480
		-	2,538,897,200
Assets classified as held for sale	16	-	(2,538,897,200)
		-	-
10 INVESTMENT IN EQUITY ACCOUNTED ASSOCIATE			
Investment in equity accounted associate	10.1	-	-
10.1 Investment in equity accounted associate			
Premier Insurance Limited			
69,621 shares of Rs. 10 each (June 30, 2023 : 69,621 shares of Rs.10/- each)			
Cost of investment		930	930
Accumulated share of post acquisition profit - net of dividend received		88,077	284,140
Accumulated impairment		(89,007)	(89,007)
Share of loss for the period / year		-	(196,063)
		(930)	(930)
		-	-
Market value of investment in equity accounted associate was Rs. 0.491 million (June 30, 2023: Rs. 0.348 million).			
11 STORES, SPARES AND LOOSE TOOLS			
Stores		133,633,357	121,756,412
Less: provision for slow moving items		(11,244,298)	(11,244,298)
		122,389,059	110,512,114
12 STOCK IN TRADE			
Raw material in hand		635,829,410	458,254,047
Work-in-process		118,262,198	129,395,154
Finished goods		180,132,589	100,284,792
		934,224,197	687,933,993
13 TRADE DEBTS			
Unsecured - considered good			
Due from associated companies	13.1	7,874,298	27,891,583
Others		1,889,906,240	1,917,258,116
		1,897,780,538	1,945,149,699
Considered doubtful		116,762,432	98,588,659
		2,014,542,970	2,043,738,358
Less: Allowance for expected credit loss	13.2	(116,762,432)	(98,588,659)
		1,897,780,538	1,945,149,699
13.1 This represents due from Suraj Cotton Mills Limited, an associated company.			
13.2 Allowance for expected credit loss			
Opening balance		98,588,659	63,414,906
Written-off during the period / year		-	-
Allowance recognized during the period / year		18,173,773	35,173,753
Closing balance		116,762,432	98,588,659

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2023**

		December 31, 2023 (Un-audited) Rupees	June 30, 2023 (Audited) Rupees
	Note		
14 SHORT TERM INVESTMENTS			
At fair value through other comprehensive income	14.1	92,527,574	68,226,885
At amortised cost	14.2	<u>25,978,000</u>	<u>1,200,000</u>
		<u>118,505,574</u>	<u>69,426,885</u>
14.1 Fair value through other comprehensive income			
Listed Equity Securities			
Cost		48,187,534	48,187,534
Unrealized gain on revaluation of investments		56,988,955	32,688,266
Impairment loss		<u>(12,648,915)</u>	<u>(12,648,915)</u>
		<u>92,527,574</u>	<u>68,226,885</u>
14.2 Amortised cost			
Term deposit certificates	14.2.1	<u>25,978,000</u>	<u>1,200,000</u>
14.2.1 These term deposit certificates carry mark-up at rates ranging from 11.00% to 19.50% per annum (June 30, 2023: 9.0% to 19.50% per annum).			
15 CASH AND BANK BALANCES			
Cash in hand		2,158,703	1,196,401
Cash with banks			
Current accounts		24,389,344	89,857,320
PLS saving accounts	15.1	<u>97,222,019</u>	<u>112,913,759</u>
		121,611,363	202,771,079
Islamic current accounts		<u>799,567</u>	<u>382,937</u>
		<u>124,569,633</u>	<u>204,350,417</u>
15.1 The balance in savings accounts carry mark-up at the rates ranging from 14.50% to 20.50% per annum (June 30, 2023: 12.25% to 14.50% per annum).			
16 ASSETS CLASSIFIED AS HELD FOR SALE			
Investment property classified as held for sale	16.1	<u>2,538,897,200</u>	<u>2,538,897,200</u>
16.1 The management has an active plan to sell the investment property located at Nishatabad, Faisalabad in view of the available market opportunities. The board of directors have approved the management plan and authorized the CEO to assess the available opportunities and fulfill all corporate formalities in this regard. The management is in the process of evaluating different bids received.			
17 LONG TERM FINANCING			
Secured			
Conventional mode		314,286,185	325,740,905
Less: Current portion shown under current liabilities		<u>(47,215,886)</u>	<u>(39,298,664)</u>
		<u>267,070,299</u>	<u>286,442,241</u>
18 LEASE LIABILITIES			
Lease liabilities		168,448,436	146,556,372
Less: current portion		<u>(12,893,658)</u>	<u>(11,092,700)</u>
		<u>155,554,778</u>	<u>135,463,672</u>
Maturity analysis-contractual discounted cash flow:			
Less than one year		12,893,658	11,092,700
One to five years		<u>155,554,778</u>	<u>135,463,672</u>
Total discounted lease liability		<u>168,448,436</u>	<u>146,556,372</u>
18.1 When measuring the lease liabilities, the Company discounted the lease payments using financing rates ranging from 21.61% to 28.27% (June 30, 2023: 14.43% to 23.26%) per annum.			
19 DEFERRED CAPITAL GRANT			
Deferred government grant against Temporary Economic Refinance Facility	19.1 & 19.2	130,821,990	137,289,317
Less: Current portion of government grant		<u>(15,811,731)</u>	<u>(15,484,898)</u>
		<u>115,010,259</u>	<u>121,804,419</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2023**

		December 31, 2023 (Un-audited) Rupees	June 30, 2023 (Audited) Rupees
19.1	Following is the movement in capital grant during the period / year:		
	Opening balance	137,289,317	1,034,420
	Addition during the period	-	140,084,247
	Amortised during the period	<u>(6,467,327)</u>	<u>(3,829,350)</u>
	Closing balance	<u>130,821,990</u>	<u>137,289,317</u>

19.2 This represents government grant recognized on long term financing facilities obtained under Temporary Economic Refinance (TERF) schemes of State Bank of Pakistan.

20 TRADE AND OTHER PAYABLES

Creditors	20.1	964,579,114	760,770,164
Accrued liabilities	20.2	741,502,414	731,275,941
Advance from customers		27,775,660	16,536,429
Payable to Provident Fund		4,608,546	4,145,816
Due to related party	20.3	86,707,889	23,696,548
Withholding tax payable		3,494,387	3,655,554
Workers' Welfare Fund		46,079,959	46,079,959
Other liabilities		<u>10,010,765</u>	<u>11,335,880</u>
		<u>1,884,758,734</u>	<u>1,597,496,291</u>

20.1 This includes balance amounting to Rs. 20.922 million (June 30, 2023: Rs. 3.328 million) due to an associated company.

20.2 This includes the amount payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. In November 2020, the Supreme Court dismissed the review petition seeking review of its order issued in favor of recovery for GIDC arrears. Accordingly, the Company is paying GIDC installments as per monthly billing by Sui Northern Gas Pipeline Limited (SNGPL), however, the matter with respect to GIDC billing by Sui Southern Gas Company (SSGC) is under litigation in High Court of Sindh. The liability is recognized as per the guidelines issued by Institute of Chartered Accountants of Pakistan dated January 21, 2021.

20.3 This includes due to Chief Executive Officer, Directors and other related party amounting to Rs. 68.498 million (June 30, 2023: Rs.5.170 million) , Rs. 1.210 million (June 30, 2023: Rs. 1.210), Rs. 16.999 million (June 30, 2023: Rs.18.877 million) and respectively. These balances do not carry any interest and are repayable on demand.

21 SHORT TERM BORROWINGS

From banking companies - secured

Running / cash finance

Islamic mode	21.1	145,940,307	47,770,723
Conventional mode	21.1	<u>576,399,091</u>	<u>580,335,518</u>
		<u>722,339,398</u>	<u>628,106,241</u>

21.1 The Company has obtained short term finance facilities from various commercial banks. The aggregate facilities under mark-up arrangements amounted to Rs.1,605 million (June 30, 2023: Rs. 2,105 million). The rate of mark up on these finance facilities ranges between 1 month to 6 months KIBOR plus 1.25% to 2.5% per annum (June 30, 2023: 1 month to 6 months KIBOR plus 1.25% to 2.5% per annum) and is payable quarterly.

The Company has a facility for opening letters of credit under mark-up arrangements amounting to Rs.300 million (June 30, 2023: Rs. 300 million) from a commercial bank. The unutilized balance at the end of the year was Rs. Nil (June 30, 2023: Rs. Nil).

These financing facilities are secured by way of pledge and floating charge over the current assets and personal guarantee of Directors and lien on import documents.

22 CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

The contingencies are same as disclosed in preceding annual financial statements for the year ended June 30, 2023.

22.2 Commitments

The Company is committed as at the reporting date as follows:

- Guarantees have been issued by banking companies in normal course of business amounting to Rs. 106.96 million (June 30, 2023 : Rs. 106.96 million).
- Letters of credit against import of raw cotton and spare parts amounting to Rs. 57.864 million (June 30, 2023: Rs. 190.473 million) and Rs. 3.920 million (June 30, 2023: Rs. 19.066 million) respectively.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2023**

23 COST OF SALES

	Half year ended		Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	(Un-audited)			
	----- Rupees -----			
Materials consumed	2,856,226,356	2,553,497,658	1,447,447,861	951,992,145
Stores, spares and loose tools consumed	62,862,687	60,083,699	29,297,620	29,824,325
Packing material consumed	52,948,010	41,572,907	27,704,223	16,572,606
Salaries, wages and other benefits	276,045,571	260,474,140	145,785,959	114,824,495
Fuel and power	653,109,013	360,805,800	349,019,740	133,558,942
Insurance	12,488,954	11,433,694	6,090,235	5,744,730
Repairs and maintenance	7,243,025	10,085,557	2,671,564	5,371,817
Depreciation	55,970,408	43,353,376	36,352,365	20,872,240
Other manufacturing overheads	20,216,110	15,805,672	9,979,113	5,851,712
	<u>3,997,110,134</u>	<u>3,357,112,503</u>	<u>2,054,348,680</u>	<u>1,284,613,012</u>
Opening work in process	129,395,154	120,809,946	118,317,011	153,639,223
Closing work in process	(118,262,198)	(142,952,342)	(118,262,198)	(142,952,342)
	<u>11,132,956</u>	<u>(22,142,396)</u>	<u>54,813</u>	<u>10,686,881</u>
Cost of goods manufactured	4,008,243,090	3,334,970,107	2,054,403,493	1,295,299,893
Opening stock of finished goods	100,284,792	203,275,105	135,825,861	329,810,762
Closing stock of finished goods	(180,132,589)	(190,263,614)	(180,132,589)	(190,263,614)
	<u>(79,847,797)</u>	<u>13,011,491</u>	<u>(44,306,728)</u>	<u>139,547,148</u>
	<u>3,928,395,293</u>	<u>3,347,981,598</u>	<u>2,010,096,765</u>	<u>1,434,847,041</u>

December 31, 2023
(Un-audited)
Rupees

December 31, 2022
(Un-audited)
Rupees

24 TAXATION

Current	50,467,200	25,870,567
Prior	(1,156,096)	-
	49,311,104	25,870,567
Deferred	(84,294,313)	1,756,500
	<u>(34,983,209)</u>	<u>27,627,067</u>

25 (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

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

	Half year ended		Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	(Un-audited)			
	----- Rupees -----			
Profit for the period (Rupees)	<u>(107,215,841)</u>	<u>6,854,547</u>	<u>(76,108,172)</u>	<u>6,547,190</u>
Weighted average number of ordinary shares	<u>12,417,876</u>	<u>12,417,876</u>	<u>12,417,876</u>	<u>12,417,876</u>
Earnings per share - basic and diluted (Rupees)	<u>(8.63)</u>	<u>0.55</u>	<u>(6.12)</u>	<u>0.53</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2023**

	December 31, 2023 (Un-audited) Rupees	December 31, 2022 (Un-audited) Rupees
26 CASH GENERATED FROM OPERATIONS		
Loss before taxation	(142,199,050)	(24,640,023)
Adjustment for non-cash charges and other items:		
Depreciation	62,586,798	(41,539,074)
Amortization	1,090,724	924,016
Gain on disposal of operating fixed assets	(27,348,152)	(2,286,490)
Grant income	(6,467,327)	(1,034,420)
Financial charges	139,135,046	131,570,199
Allowance for expected credit loss	18,173,773	23,824,093
	<u>187,170,862</u>	<u>111,458,324</u>
Profit before working capital changes	44,971,812	86,818,301
Working capital changes	26.1 4,683,751	(461,593,749)
	<u>49,655,563</u>	<u>(374,775,448)</u>
26.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(11,876,945)	(13,469,041)
Stock in trade	(246,290,204)	(274,672,161)
Trade debts	29,195,388	145,025,425
Loans and advances	(26,273,763)	(179,925,947)
Trade deposits and short term prepayments	(14,696,819)	(15,142,266)
Other receivables	1,057,210	(3,122,578)
Tax refunds due from the Government	(10,850,342)	(88,335,942)
	<u>(279,735,475)</u>	<u>(429,642,510)</u>
(Decrease) / increase in current liabilities		
Trade and other payables	284,419,226	(31,951,239)
	<u>4,683,751</u>	<u>(461,593,749)</u>

27 TRANSACTIONS WITH RELATED PARTIES

Related parties of the company comprise the companies with common directorship, retirement funds, directors and key management personnel. All the transactions with related parties are entered into at agreed terms in the normal course of business as approved by the Board of directors of the company. Detail of transactions with related parties during the year, other than disclosed elsewhere in the unconsolidated financial statements, are as follows:

Relation with the company	Nature of transaction	Name of the related party	Half year ended		Quarter ended	
			December 31,	December 31,	December 31,	December 31,
			2023	2022	2023	2022
			(Un-audited)			
			Rupees -----			
Associated companies	Sales of goods and services	Suraj Cotton Mills Limited	87,614,410	107,541,720	55,634,050	23,433,930
	Insurance premium	Premier Insurance Limited	27,927,725	31,011,785	(9,319,187)	481,619
	Rent received	Amil Exports (Private) Limited	471,174	428,340	235,587	214,170
Retirement benefit plans	Contribution to staff retirement benefit plans	Provident Fund	10,000,999	10,592,590	5,000,489	5,150,707
Director	Rent paid	Mr. Imran Maqbool	450,000	450,000	225,000	225,000
	Rent paid	Mr. Humayun Maqbool	450,000	450,000	225,000	225,000
Others	Rent paid	Ms. Khawar Maqbool	1,290,000	1,290,000	645,000	645,000
Chief Executive	Remuneration and benefits	Mr. Imran Maqbool	6,728,055	6,794,535	3,370,887	3,405,496
Director	Remuneration and benefits	Mr. Humayun Maqbool	7,060,171	6,855,336	3,530,085	3,437,278
Key management personnel	Remuneration and benefits	Key management personnel	16,182,028	14,418,177	8,091,014	7,209,091

	December 31, 2023 (Un-audited) Rupees	June 30, 2023 (Audited) Rupees
27.1 Period / year end balances		
Receivable from associated company - Suraj Cotton Mills Limited	7,874,298	9,963,174
Payable to associated company - Premier Insurance Limited	20,922,483	3,273,442
Payable to provident fund	4,608,546	5,054,015
Due to Chief Executive, Directors and close relative	86,707,889	23,262,445

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2023**

28 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the annual audited unconsolidated financial statements for the year ended June 30, 2023.

29 FAIR VALUE MEASUREMENT - FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in this condensed interim financial information approximate their fair values. Fair value is the price that would be received to sell an assets or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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, 2023, the Company held the following financial instruments measured at fair value:

Level 1	Level 2	Level 3	Total
(Un-audited)			
----- Rupees -----			

At fair value through other comprehensive income

Short term investments	92,527,574	-	-	92,527,574
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As at June 30, 2023, the Company held the following financial instruments measured at fair value:

Level 1	Level 2	Level 3	Total
(Audited)			
----- Rupees -----			

At fair value through other comprehensive income

Short term investments	68,226,885	-	-	68,226,885
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Valuation techniques

For Level 3 fair value through other comprehensive income investments, the Company values the investment at lower of carrying value and breakup value.

Transfers between the levels of fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

Transfers during the period

During the period ended December 31, 2023, there were no transfers between level 1 and level 2 fair value measurement and into or out of Level 3 fair value measurements.

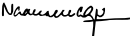
30 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation.

31 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on February 28, 2024 by the Board of Directors of the Company.


IMRAN MAQBOOL
Chief Executive Officer


NADEEM MAQBOOL
Director


KAMRAN RASHEED
Chief Financial Officer



CRESCENT FIBRES LIMITED

104 Shadman 1, Lahore 54000
Tel: +92 (42) 35960871 - 4 Lines
Fax: +92 (42) 35960004
Email: lo@crescentfibres.com
Website: www.crescentfibres.com