



**Crescent
Fibres**



**Quarterly Report
September 30, 2018**



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)

Chief Financial Officer Kamran Rasheed

Company Secretary Javaid Hussain

Audit Committee

Jahanzeb Saeed Khan	(Chairman)
Nadeem Maqbool	(Member)
Naila Humayun Maqbool	(Member)

Human Resources & Remuneration Committee

Jahanzeb Saeed Khan	(Chairman)
Nadeem Maqbool	(Member)
Naila Humayun Maqbool	(Member)

Auditors BDO Ebrahim & Company
Chartered Accountants

Legal Advisor Mohsin Tayebally & Sons

Share Registrar Vision Consulting Limited
1st Floor, 3-C, LDA Flats,
Lawrence Road, Lahore.

Registered Office 104 Shadman 1,
Lahore - 54000
Tel : (042) 35960871-4 Lines
Fax : (042) 35960004

E-mail: lo@crescentfibres.com

Website: www.crescentfibres.com

DIRECTORS' REPORT

The Company reported a net profit of Rs. 49.92million for the quarter ended September 30, 2018 as compared to a profit of Rs. 4.83 million for the quarter ended September 30, 2017. The earnings per share for the period under review was Rs.4.02.

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, overvaluation of the rupee and a significant economic slowdown in China.

Sales for the period under review were 25% 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, 2018 was 9.7% as compared to 5.0% for the quarter ended September 30, 2017. Administrative, general and other expenses, as a percentage of sales, were slightly higher at 3.1% as compared to 3.0% in the corresponding period. The operating margin for the period under review was 7.1% as compared to 3.0% for the quarter ended September 30, 2017. Financial charges, as a percentage of sales, were maintained at 1.6%. Overall, the net margin improved to 3.9% as compared to 0.5% in the previous period.

Growth prospects for the global economy continue to weaken, and this is leading to weakening demand and extreme financial market volatility. Pakistan too faces several challenges especially on the external financing front and this has caused the rupee to weaken significantly and the interest rate to increase.

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 end prices low. Apart from market dynamics, the Pakistani textile industry faces several other challenges. These include continued shortfalls in cotton production, high cost of doing business, high local taxes and surcharges and liquidity shortage due to non-payment of refunds. The new government has promised to provide competitively priced energy to the textile industry and this together with the recent devaluation should help the industry gain some market share. However, with rising interest rates and the strong government support being offered to our regional competitors in the form of subsidies and export incentives we expect margin to remain under pressure for the balance of the financial year.

The Management will continue to strive to maintain profitability through improved efficiency and productivity and sound, low risk decision-making.

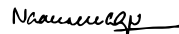
The Management wishes to place on record its appreciation for the hard work and devotion of its workers and the invaluable advice and support of the Company's Directors, shareholders and bankers.

Quarterly Report



IMRAN MAQBOOL
Chief Executive

October 30, 2018



NADEEM MAQBOOL
Director

کمپنی نظماً (ڈائریکٹران) کی رپورٹ:

کمپنی نے 30 ستمبر 2018 کو ختم ہونے والے سہ ماہی کے لئے 49.92 ملین روپے خالص منافع حاصل کیا جس کے مقابلے میں 30 ستمبر 2017 کو ختم ہونے والے سہ ماہی کا منافع 4.83 ملین روپے تھا۔ کمپنی کی آمدنی اس مدت میں 4.02 روپے فی حصہ رہی۔

پاکستان میں ٹیکسٹائل کی صنعت طویل عرصے سے ابتری کا شکار رہی۔ چیدہ چیدہ محرکات 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 مائیت فروخت میں گزشتہ سال کی اسی مدت کے مقابلے میں 25 فیصد اضافہ رہا جس کی بنیادی وجہ مالی سال کی سہ ماہی میں مصنوعات کی قیمتوں کے آخر میں بہتری کا باعث رہا۔ 30 ستمبر 2018 کو ختم ہونے والے سہ ماہی کا کل منافع گزشتہ سال 30 ستمبر 2017 کو ختم ہونے والے سہ ماہی کے مقابلے میں 5.0 فیصد سے بڑھ کر 9.7 فیصد رہا۔ انتظامی جزل اور دیگر اخراجات فروخت میں اضافے کی وجہ سے گزشتہ سال کے مقابلے میں 3.0 فیصد سے زیادہ ہو کر 3.1 فیصد رہے۔ آپریٹنگ مارجن گزشتہ سہ ماہی کے مقابلے میں 3.0 فیصد سے 7.1 فیصد رہا۔ مالیاتی اخراجات فروخت کے لحاظ سے 1.6 فیصد پر برقرار رکھے گئے۔ مجموعی طور پر اس مدت میں خالص منافع گزشتہ سہ ماہی کے مقابلے میں 0.5 فیصد سے بہتر ہو کر 3.9 فیصد ہو گیا۔

عالمی معیشت کے لئے ترقی کے امکانات کمزور ہیں اور یہ طلب کو کمزور کرنے اور مالیاتی مارکیٹ کے عدم استحکام کے لئے جاری ہے۔ خاص طور سے مالیاتی ادائیگی کے سامنے پاکستان نے بہت سے چیلنجوں کا سامنا بھی کیا ہے جس میں روپیہ کو نمایاں طور پر کمزور کرنے اور سود کی شرح بڑھانے کی وجہ شامل ہے۔

ٹیکسٹائل کے لئے مسلسل ترقی میں رجحان منفی رہنے کا امکان ہے۔ غیر یقینی عالمی اقتصادی صورت حال کی وجہ سے مصنوعات اور قیمتوں میں کمی کا امکان ہے۔ مارکیٹ کے ڈھانچے کے علاوہ پاکستانی ٹیکسٹائل صنعت کو کئی دوسرے چیلنجوں کا سامنا ہوتا ہے۔ ان میں کپاس کی پیداوار، کاروباری لاگت، زیادہ مقامی ٹیکس، اور اضافی چارجز اور ریفرنڈ کی غیر ادائیگی کے باعث منافع میں مسلسل کمی شامل ہے۔ نئی حکومت نے ٹیکسٹائل صنعت کو رعایتی قیمت پر توانائی فراہم کرنے کا وعدہ کیا ہے اور اس حال پر کرنسی کی ویلیو میں کمی سے صنعت کو کچھ عالمی مارکیٹ میں حصہ ملے گا۔ تاہم بڑھتی ہوئی سود کی شرح اور سبسڈی و برآمدی حوصلہ افزائی کے لئے ہمارے علاقائی حریفوں کو کافی حکومتی معاونت کی پیشکش کی جا رہی ہے۔ ہم مالی سال کے توازن کے لئے دباؤ کے تحت منافع کی توقع رکھتے ہیں۔

کمپنی انتظامیہ (مینجمنٹ) پوری تندرستی، محنت، ہنرمندی اور تعمیری وژن 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 عملی مسلسل محنت اور جذبے پر اچھے تعلقات کا اعتراف کرتی ہے اور کمپنی ڈائریکٹرز، بینکرز اور حصہ داران کا بھی مسلسل حمایت پر شکر یاد کرتی ہے۔

Naamunagap
ندیم مقبول
ڈائریکٹر

Imran Majeed
عمران مقبول
چیف ایگزیکٹو
30 اکتوبر 2018ء

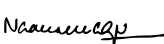
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**CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2018 (UN-AUDITED)**

		September 30, 2018 (Un-audited) Rupees	June 30, 2018 (Audited) Rupees
ASSETS			
NON CURRENT ASSETS			
	Property, plant and equipment		
	Operating fixed assets	5 1,375,566,990	1,401,920,366
	Capital work-in-progress	13,697,687	13,697,687
		<u>1,389,264,677</u>	<u>1,415,618,053</u>
	Investment property	6 1,728,028,250	1,728,028,250
	Long term investment	493,313	539,563
	Long term deposits	16,699,378	16,699,378
		<u>3,134,485,618</u>	<u>3,160,885,244</u>
CURRENT ASSETS			
	Stores, spares and loose tools	66,011,453	63,232,678
	Stock in trade	7 449,779,545	563,098,872
	Trade debts	768,275,233	686,410,603
	Loans and advances	6,409,434	6,080,593
	Trade deposits and short term prepayments	20,900,390	15,550,130
	Other receivables	454,149	1,165,395
	Short term investments	141,770,588	155,986,700
	Tax refunds due from Government	125,786,493	116,460,589
	Cash and bank balances	114,664,780	104,475,891
		<u>1,694,052,066</u>	<u>1,712,461,451</u>
		<u>4,828,537,684</u>	<u>4,873,346,695</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
	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		
	Surplus on revaluation of property, plant & equipment	1,993,825,768	1,993,825,768
	Unrealized gain / (loss) on available for sale investment	67,239,637	81,069,736
	Revenue	918,904,809	868,985,305
		<u>2,979,970,214</u>	<u>2,943,880,809</u>
		<u>3,104,148,974</u>	<u>3,068,059,569</u>
NON CURRENT LIABILITIES			
	Long term financing	8 236,929,563	252,406,925
	Liabilities against assets subject to finance leases	9,980,299	11,095,895
	Deferred gain on sale and lease back	343,936	388,797
	Deferred taxation	125,746,510	125,746,510
		<u>373,000,308</u>	<u>389,638,127</u>
CURRENT LIABILITIES			
	Trade and other payables	872,669,912	702,325,345
	Unclaimed Dividend	2,515,149	2,515,149
	Financial charges payable	34,969,532	34,122,217
	Short term borrowings	9 299,614,764	544,092,662
	Taxation - net	16,297,308	4,960,127
	Current portion of long term liabilities	125,321,738	127,633,499
		<u>1,351,388,402</u>	<u>1,415,648,999</u>
CONTINGENCIES AND COMMITMENTS			
		10 4,828,537,684	4,873,346,695
TOTAL EQUITY AND LIABILITIES			

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.


IMRAN MAQBOOL
Chief Executive


NADEEM MAQBOOL
Director

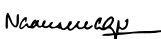

KAMRAN RASHEED
Chief Financial Officer

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018**

	September 30, 2018	September 30, 2017
Note	Rupees	Rupees
Sales - net	1,278,889,869	1,023,138,657
Cost of sales	11 <u>(1,154,583,066)</u>	<u>(972,084,558)</u>
Gross profit	124,306,803	51,054,099
Selling and distribution expenses	(4,443,829)	(4,184,284)
Administrative and general expenses	(29,338,819)	(26,203,004)
Other operating expenses	(6,007,456)	(312,500)
Other operating income	<u>6,337,714</u>	<u>10,679,383</u>
Operating profit	90,854,412	31,033,693
Finance cost	(20,480,111)	(16,138,645)
Share of (loss) / profit from associate	<u>(46,250)</u>	<u>(37,500)</u>
Profit before taxation	70,328,052	14,857,548
Taxation	12 <u>(20,408,548)</u>	<u>(10,031,133)</u>
Profit for the period	<u>49,919,504</u>	<u>4,826,415</u>
Earnings per share - basic and diluted (Rupees)	13 <u>4.02</u>	<u>0.39</u>

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.


IMRAN MAQBOOL
Chief Executive


NADEEM MAQBOOL
Director


KAMRAN RASHEED
Chief Financial Officer

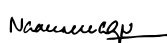
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**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018**

	September 30, 2018	September 30, 2017
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	70,328,052	14,857,548
Adjustment for non cash charges and other items:		
Depreciation	26,353,376	28,655,959
(Gain) /Loss on disposal of operating fixed assets	-	(538,334)
Share of loss / (profit) from associate	46,250	37,500
Finance cost	20,480,111	16,138,645
	46,879,737	44,293,770
(Increase) / decrease in current assets		
Stores, spares and loose tools	(2,778,775)	(1,329,436)
Stock in trade	113,319,327	80,721,077
Trade debts	(81,864,630)	(9,852,035)
Loans and advances	(328,841)	5,657,702
Trade deposits and short term prepayments	(5,350,260)	(11,037,929)
Other receivables	711,246	-
Tax refund due from Government	(9,325,904)	(11,123,256)
	14,382,162	53,036,122
Increase in current liabilities		
Trade and other payables	170,344,567	84,622,679
Cash generated from operations	301,934,518	196,810,119
Income tax paid	(8,730,214)	(11,800,831)
Finance cost paid	(19,632,795)	(15,455,187)
Net cash generated from operating activities	273,571,508	169,554,101
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of operating fixed assets	-	16,150,000
Short term investment	-	9,550,000
Long term deposits	-	(4,001,815)
Net cash used in investing activities	-	21,698,185
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - net	(17,741,366)	(25,380,254)
Repayment of liabilities against asset subject to finance leases	(1,163,354)	(575,715)
Short term borrowings	(244,477,898)	(149,039,840)
Net cash generated from / (used in) financing activities	(263,382,619)	(174,995,809)
Net increase in cash and cash equivalents	10,188,889	16,256,477
Cash and cash equivalents at the beginning of the period	104,475,891	69,421,095
Cash and cash equivalents at the end of the period	114,664,780	85,677,572

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.


IMRAN MAQBOOL
Chief Executive


NADEEM MAQBOOL
Director


KAMRAN RASHEED
Chief Financial Officer

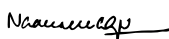
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018**

	Issued, subscribed and paid-up capital	Reserves			Total
		Unrealized gain / (loss) on available for sale investment	Surplus on revaluation of property, plant & equipment	Unappropriated profit	
Balance as at July 1, 2017	124,178,760	129,864,631	-	801,055,828	1,055,099,219
Total comprehensive income for the year					
Profit for the three months ended September 30, 2017	-	-	-	4,826,415	4,826,415
Other comprehensive loss	-	(7,134,968)	-	-	(7,134,968)
Income / (loss) for the three months ended September 30, 2017	-	(7,134,968)	-	4,826,415	(2,308,553)
Balance as at September 30, 2017	124,178,760	122,729,663	-	805,882,243	1,052,790,666
Balance as at July 1, 2018	124,178,760	81,069,736	1,993,825,768	868,985,305	3,068,059,569
Total comprehensive income for the year					
Profit for the three months ended September 30, 2018	-	-	-	49,919,504	49,919,504
Other comprehensive income	-	(13,830,099)	-	-	(13,830,099)
Other comprehensive income / (Loss)	-	(13,830,099)	-	-	(13,830,099)
Income / (loss) for the three months ended September 30, 2018	-	(13,830,099)	-	49,919,504	36,089,405
Balance as at September 30, 2018	124,178,760	67,239,637	1,993,825,768	918,904,809	3,104,148,974

The annexed notes from 1 to 18 form an integral part of these financial statements.



IMRAN MAQBOOL
Chief Executive



NADEEM MAQBOOL
Director



KAMRAN RASHEED
Chief Financial Officer

Quarterly Report

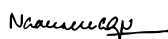
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018 (UN-AUDITED)**

	Three months ended	
	September 30, 2018 Rupees	September 30, 2017 Rupees
Profit for the period	49,919,504	4,826,415
Unrealized (loss) / gain on remeasurement of available for sale investments	(13,830,099)	(7,134,968)
	(13,830,099)	(7,134,968)
Total comprehensive income / (loss) for the period	<u>36,089,405</u>	<u>(2,308,553)</u>

The annexed notes from 1 to 18 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 THREE MONTHS ENDED SEPTEMBER 30, 2018 (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 Act, 2017) 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 Bhikki, 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 237 of the Companies Act, 2017.

This condensed interim financial information of the Company for the three months period ended September 30, 2018 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 Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 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, 2018.

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, 2018, 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 three month ended September 30, 2018.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except for freehold land that is carried at revalued amount and investments classified as fair value through profit and loss - held for trading and available-for-sale which are carried at fair value.

This condensed interim financial information has 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, 2018 except for the change in accounting policy as disclosed in note 4 of this condensed interim financial information.

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 July 1, 2018. The adoption of these new and amended standards did not have material impact on the Company's condensed interim financial information.

The following new standards have been issued by the International Accounting Standards Board (IASB), which have been adopted locally by the Securities and Exchange Commission of Pakistan effective from the dates mentioned below against the respective standard:

		Effective date (annual periods beginning on or after)
IFRS 9	Financial Instruments	July 01, 2018
IFRS 15	Revenue from Contracts with Customers	July 01, 2018

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 14	Regulatory Deferral Accounts
IFRS 16	Leases
IFRS 17	Insurance Contracts

The effects of IFRS 15 - Revenues from Contracts with Customers, IFRS 16 - Leases and IFRS 9 - Financial Instruments are still being assessed, as these new standards may have a significant effect on the Company's future financial statements.

The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

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, 2018.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018 (UN-AUDITED)**

	September 30, 2018 (Un-audited) Rupees	June 30, 2018 (Audited) Rupees
5. OPERATING FIXED ASSETS		
Opening net book value (NBV)	1,401,920,366	1,217,342,358
Surplus on revaluation of fixed assets	5.1 -	1,993,825,768
Transfer to investment property		(1,728,028,250)
Additions (at cost) during the period / year	5.2 -	60,458,323
	<u>1,401,920,366</u>	<u>1,543,598,199</u>
Disposals (at NBV) during the period / year	5.3 -	26,026,924
Depreciation charged during the period / year	<u>26,353,376</u>	<u>115,650,909</u>
	<u>26,353,376</u>	<u>141,677,833</u>
Closing net book value (NBV)	<u>1,375,566,990</u>	<u>1,401,920,366</u>
5.1 This represents surplus resulting from revaluation of freehold land carried out by independent valuer Messrs. Evaluation Focused Consulting on September 27, 2017, Messrs. Sardar Enterprises on November 6, 2017 and MYK Associates (Private) Limited on March 21, 2018. 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		
Buildings on freehold land	-	2,689,312
Plant and machinery	-	29,850,511
Vehicles	-	10,518,500
Leased		
Vehicles	-	17,400,000
	<u>-</u>	<u>60,458,323</u>
5.3 Details of disposals (at NBV) during the period / year are as follows:		
Owned		
Plant and machinery	-	9,110,490
Vehicles	-	16,916,434
	<u>-</u>	<u>26,026,924</u>
6. INVESTMENT PROPERTY		
The carrying value of investment property is the fair value of property as determined by the approved independent valuer M/s Evaluation Focused Consulting as on September 27, 2017.		
7. STOCK IN TRADE		
Raw material		
in hand	265,082,848	430,336,832
Work-in-process	84,468,899	73,417,725
Finished goods	100,227,798	59,344,315
	<u>449,779,545</u>	<u>563,098,872</u>
8. LONG TERM FINANCING		
From banking companies - secured		
Balance as at July 01	375,593,904	500,771,544
Obtained during the period	-	-
	<u>375,593,904</u>	<u>500,771,544</u>
Repayments made during the period / year	<u>(17,741,366)</u>	<u>(125,177,640)</u>
	<u>357,852,538</u>	<u>375,593,904</u>
Less: Current portion shown under current liabilities	<u>(120,922,975)</u>	<u>(123,186,979)</u>
	<u>236,929,563</u>	<u>252,406,925</u>
9. SHORT-TERM FINANCING		
From banking companies - secured		
Running / cash finance	287,614,764	532,092,662
Bill discounting	9.1 12,000,000	12,000,000
	<u>299,614,764</u>	<u>544,092,662</u>

9.1 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.

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

- 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. 66.914 million (June 30, 2018 : Rs. 66.914 million).
- 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.
- Finance Act, 2017 introduced a new section 5A to the Income Tax Ordinance, 2001 on the subject of tax on undistributed profit, according to which for tax year 2017 and onward, a tax shall be imposed at the rate of 7.5% of its accounting profit before tax on every public company, other than a scheduled bank or a modaraba, that drives profit for a tax year but does not distribute at least 40% of its after tax profits within six months of the end of the tax year through cash or bonus shares.

Further, during the year, Finance Act, 2018 amend section 5A to the Income Tax Ordinance, 2001 on the subject of tax on undistributed profit, according to which for tax year 2018 and onward, a tax shall be imposed at the rate of 5% of its accounting profit before tax on every public company, other than a scheduled bank or a modaraba, that drives profit for a tax year but does not distribute at 20% of its after tax profits within six months of the end of the tax year through cash.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018 (UN-AUDITED)

The Company reported profit after tax for Tax Year 2017 and Tax Year 2018 where the requisite dividend has not been distributed by the period end. However, during the year, the Company has filed a Constitutional Petition No. D-8409 against Finance Act, 2017 Section 5A with Honourable High Court of Sindh. On September 05, 2017, the Honourable High Court of Sindh granted stay to all petitioners including the Company in respect of this matter by virtue of which Tax Authorities have been restrained from taking any coercive actions against the Company in respect of section 5A of the Income Tax Ordinance, 2001. Accordingly, the Company has not recorded any provision against the said tax.

- d) The Additional Commissioner Inland Revenue (ACIR) amended the assessment u/s 122(5A) of the Income Tax Ordinance, 2001 for the Tax year 2012 and 2013 and created a net demand of Rs. 1.9 million after making various additions to the income of the Company and by disallowing benefit of minimum tax u/s113(2)(c) of the Income Tax Ordinance 2001 in the light of Sindh High Court Order. The aforesaid amount has been deposited by the Company under protest. As a consequence, refund amounting to Rs. 49.275 million has been deleted by the tax authorities. The Company has filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] based on advice of legal counsel.

10.2 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 store and spares amounting to Rs. 10.250 million (June 30, 2018: Rs.53.657 million).
- b) The amount of future Ijarah rentals for Ijarah financing and the period in which these payments will become due are as follows:

	September 30, 2018 (Un-audited) Rupees	June 30, 2018 (Audited) Rupees
Not later than one year	825,192	825,192
Later than one year and not later than five years.	356,850	769,446
	<u>1,182,042</u>	<u>1,594,638</u>

11. COST OF SALES

	September 30, 2018 (Un-audited) Rupees	September 30, 2017 (Un-audited) Rupees
Materials consumed	859,959,197	652,951,299
Stores, spares and loose tools consumed	16,939,217	22,054,363
Packing material consumed	16,431,361	14,433,836
Salaries, wages and other benefits	100,193,949	88,743,183
Fuel and power	131,887,238	128,321,164
Insurance	2,800,000	2,908,788
Repairs and maintenance	727,282	1,646,786
Depreciation	24,182,099	26,589,600
Other manufacturing overheads	7,632,808	5,796,225
	<u>1,160,753,150</u>	<u>943,445,243</u>
Opening work in process	73,417,725	62,051,150
Closing work in process	(84,468,899)	(74,262,194)
	<u>(11,051,174)</u>	<u>(12,211,044)</u>
Cost of goods manufactured	1,149,701,976	931,234,199
Cost of goods purchased for trading	45,764,573	31,183,837
Opening stock of finished goods	59,344,315	68,929,561
Closing stock of finished goods	(100,227,798)	(59,263,040)
	<u>(40,883,483)</u>	<u>9,666,521</u>
	<u>1,154,583,066</u>	<u>972,084,558</u>

12. TAXATION

The provision for taxation for the three months quarter ended September 30, 2018 has been made using the estimated effective tax rate applicable to expected total annual earnings.

13. EARNINGS PER SHARE -BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company.

Profit for the period (Rupees)	49,919,504	4,826,415
Weighted average number of ordinary shares	12,417,876	12,417,876
Earnings per share - basic and diluted (Rupees)	4.02	0.39

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018 (UN-AUDITED)

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	September 30,	September 30,
		2018 (Un-audited) Rupees	2017
Associated companies	Sales of goods and services	30,870,400	21,388,450
	Insurance premium	9,608,617	18,746
	Donation paid	30,000	30,000
	Rent received	146,379	121,068
	Rent paid	1,005,000	1,005,000
Retirement benefit Plans	Contribution to staff retirement benefit plans	4,022,132	3,632,298
	Key management	Remuneration and other benefits	7,129,598

14.1 Period / Year end balances	September 30, 2018 (Un-audited) Rupees	June 30, 2018 (Audited) Rupees
Receivable from associated company	20,235,180	7,442,256
Payable to associated company	21,059,288	15,384,612
Payable to provident fund	4,082,631	2,832,748
Due to Chief Executive and Directors	4,172,775	4,145,942

- 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.

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 September 30, 2018, the Company held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
	Rupees			
Available for sale	98,060,263	-	59,638	98,119,901
Held for trading	42,450,687	-	-	42,450,687

As at June 30, 2018, the Company held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
	Rupees			
Available for sale	111,890,362	-	59,638	111,950,000
Held for trading	42,836,700	-	-	42,836,700

Valuation techniques

For Level 3 available-for-sale investments, the Company values the investment at lower of carrying value and breakup value.

16. FAIR VALUE MEASUREMENT - NON FINANCIAL ASSET

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.

Fair value of freehold land is based on the valuations carried out by an independent valuer M/s Evaluation Focused Consulting, Messrs. Sardar Enterprises and MYK Associates (Private) Limited 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 determine 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.

17. DATE OF AUTHORIZATION FOR ISSUE

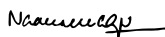
This condensed interim financial information were authorized for issue on October 30, 2018 by the Board of Directors of the Company.

18. 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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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