

1st Quarter
September 30, 2016



| The Crescent Textile Mills Limited



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COMPANY INFORMATION

Board of Directors		Bankers
Mr. Muhammad Rafi	Chairman	Al Baraka Bank (Pakistan) Limited
Mr. Muhammad Anwar	Chief Executive Officer	Allied Bank Limited
Mr. Ahmad Shafi	Director	Burj Bank Limited
Mr. Amjad Mehmood	Director	Habib Bank Limited
Mr. Anjum Muhammad Saleem	Director	MCB Bank Limited
Mr. Khalid Bashir	Director	National Bank of Pakistan
Mr. Khurram Mazhar Karim	Director	NIB Bank Limited
Mr. Muhammad Asif (Nominee NIT)	Director	Standard Chartered Bank (Pakistan) Limited
		The Bank of Punjab
		United Bank Limited
Audit Committee		Mills & Head Office
Mr. Khalid Bashir	Chairman	Sargodha Road,
Mr. Anjum Muhammad Saleem	Member	Faisalabad, Pakistan
Mr. Khurram Mazhar Karim	Member	T: + 92-41-111-105-105
		F: + 92-41-8786525
		E: crestex@ctm.com.pk
HR & R Committee		
Mr. Khalid Bashir	Chairman	
Mr. Ahmad Shafi	Member	
Mr. Anjum Muhammad Saleem	Member	
Chief Financial Officer		
Mr. Sadiq Saleem		
Corporate Secretary		Registered Office
Mr. Naseer Ahmad Chaudhary		45-A, Off: Zafar Ali Road, Gulberg-V, Lahore, Pakistan
		T: + 92-42-111-245-245
Head of Internal Audit		F: + 92-42-111-222-245
Mr. Kashif Saleem		E: mailho@creseentbahuman.com
Auditors		
Riaz Ahmed & Company		
Chartered Accountants		
Legal Advisor		Share Registrar
Syed Masroor Ahmad	Advocate	CorpTec Associates (Pvt) Ltd., 503 - E, Johar Town, Lahore, Pakistan
Stock Exchange Listing		
The Crescent Textile Mills Limited is a listed Company and its shares are traded on Pakistan Stock Exchange.		T: +92-42-35170336-37
		F: +92-42-35170338
		E: info@corptec.com.pk
The Company's shares are quoted in leading dailies under textile composite sector.		www.ctm.com.pk

DIRECTORS' REPORT TO THE SHAREHOLDERS

for the 1st Quarter Ended September 30, 2016

The Directors are pleased to present their review together with the un-audited financial statements of the company for the quarter ended September 30, 2016.

Industry overview and company's performance:

Textile exports continued to slide as demand-supply balance broadly remained unchanged due to the lingering supply overhang under weak global economic conditions prevailed during the period under review. Fragile market sentiments lead to high uncertainty and speculation in commodity prices which stifled selling prices and consequently put pressure on margins. Due lack of growth stimulus operations of the industry were leaner and stable feedstock prices curtailed both volumes and margins.

Increase in other input costs including RLNG prices, Minimum Wage Rate and higher oil prices during the period under review dragged margins across the board and businesses suffered operating losses.

Suppressed market conditions and along with declining selling prices resulted in 4.81% reduced turnover of the company compared to SPLY. Similarly cost of sales remained higher by 1.99% on firm raw materials prices and increase in salaries and wages, stores and other input costs. Consistent supply of RLNG provided some relief in fuel and power cost but this meager saving was offset by weak margins in selling prices and lower portion of other income compared to SPLY. Under adverse business conditions the gross margins were drastically down by 51.16% as compared to SPLY. Intensity of operational losses was so high that bottom line turned into negative and company suffered a net after tax loss of Rs.38.014 million as against net after tax profit of Rs.81.702 million compared to SPLY despite a significant saving in finance cost (reduced by 54.12%) and lesser tax incidence (reduced by 41.32%).

Summarized financial results of the company during 1st Qtr FY17 in comparison to SPLY are as below:

1st Qtr	FY 17		FY 16		Variance
	Million Rs.	%	Million Rs.	%	
Profit and loss					
Sales revenues	2,498.71	100.0	2,624.90	100.0	(4.8)
Gross profit	163.84	6.6	335.49	12.8	(51.2)
Operating costs	206.32	8.3	239.73	9.1	(13.9)
Finance cost	57.48	2.3	125.30	4.8	(54.1)
Other income	77.21	3.1	124.05	4.7	(37.8)
Operating (loss) / profit	(22.75)	(1.0)	94.52	3.6	(124.1)
Share of profit from associate	-	-	13.20	0.5	(100.0)
Taxation	15.26	0.6	26.01	1.0	(41.3)
Net (loss) / profit after taxation	(38.01)	(1.5)	81.70	3.1	(146.5)
(Loss) / earnings per share	(0.48)	-	1.31	-	(136.6)

Future outlook:

Global trade forecast for the year is depressing as warned by WTO and IMF and GBP has also depreciated heavily during recent past. The year 2016 has witnessed slowest pace of trade and output growth since 2009 and there are no bright prospectus for the immediate future either. Under such a grim business scenario expectations are that commodity prices will not sustain the current levels but local cotton prices are stable due expected shortfall of the crop size. Oil prices have also risen and will affect energy cost adversely.

All these factors will put pressure on margins to pose challenge on financial performance of the company going forward. In order to sustain under these challenges the company is focused on its plans to strengthen asset base for improving products quality, cost reduction initiatives and continuously improving customer base for growth in exports.

for and on behalf of the Board.



(Muhammad Anwar)

Chief Executive Officer

حصص یافتگان کیلئے ڈائریکٹرز رپورٹ

پہلی سہ ماہی 30 ستمبر 2016ء

ڈائریکٹرز 30 ستمبر 2016ء کو اختتام پانے پر یونانی سہ ماہی کیلئے اپنا جائزہ اور توجیہ آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے سمرٹ محسوس کر رہے ہیں۔

صنعت کا جائزہ اور کمپنی کی کارکردگی

یکمیل کی برآمدات میں کمی کا سلسلہ ایک مرحلہ سے جاری ہے اس کی وجہ طلب اور رسد کے توازن میں تبدیلی کا تہا ہے۔ گزشتہ سہ ماہی کے دوران عالی سطح پر غیر مستحکم اقتصادی حالات کے باعث رسد کے صورتحال میں ٹھوس تبدیلی واقع نہیں ہوئی۔ مارکیٹ کے حالات میں عدم استحکام کا نتیجہ منفی صورت میں فراخ رفت کی قیمتیں جامد ہو کر گر گئیں اور منافع پر دباؤ پڑا۔ علاوہ ازیں ترقی میں کمی کے باعث صنعت میں ترقی کی رفتار زیادہ مستحکم نہیں ہوئی اس سے منافع اور حجم ہو کر رہ گیا۔

کاروبار کے اخراجات میں اضافہ جس میں RLNG کی قیمتیں اور کم سے کم اجرتوں کی شرح اور ٹیکس کی زیادہ قیمتیں بھی شامل ہیںا کے باعث کاروبار کا نقصانات سے دو چار ہوا پڑا۔

مارکیٹ کے حالات میں منفی رجحانات اور فروخت کی قیمتوں میں کمی کے سبب کاربن اور 4.81 فیصد کم ہو گیا جبکہ فروخت کی لاگت 1.99 فیصد زیادہ رہی۔ یہاں سے امر بھی پیش نظر رہنا چاہیے کہ خام مال کی قیمتیں مستحکم رہیں اور کٹوتی آہوں اور اجرتوں میں اضافہ ہوا۔ جبکہ سٹورز اور دیگر اخراجات میں بھی اضافہ دیکھا گیا۔ RLNG کی چھاپی میں تسلسل نے ایندھن اور توانائی کی لاگت میں کچھ ریلیف مہیا کیا لیکن انتہائی کم بچت فروخت کی قیمتوں میں کمزور مارچن کے باعث زیادہ فائدہ مند نہیں ہوئی۔ کاروبار کے خراب حالات کے تحت مجموعی مارچن 51.16 فیصد کم ہو گیا۔ آپریشنل نقصانات میں اضافہ اس قدر تھا کہ چھاپی سطح یعنی درجے تک چھاپی اور کٹوتی کو 38,014 ٹین روپے کے ٹیکس خسارے کے بعد نقصان کا سامنا کرنا پڑا۔ مالیاتی لاگت میں منفی حثت کے باوجود اس صورتحال کا سامنا کرنا پڑا۔ مالیاتی لاگت 54.12 فیصد کم ہوئی اور ٹیکس میں بھی 41.32 فیصد کمی واقع ہوئی۔

درج ذیل بیجاگراف میں 2017ء کے مالیاتی سال کی پہلی سہ ماہی کے دوران کمپنی کے مالیاتی نتائج بہت ناچمکچلے سال کی پہلی سہ ماہی چٹیں کیے جا رہے ہیں۔

پہلی سہ ماہی	مالیاتی سال 2017ء		مالیاتی سال 2016ء		فرق
	ٹین روپے	فیصد	ٹین روپے	فیصد	
تعمیر اور نقصان	2,498.71	100.0	2,624.90	100.0	فیصد
بیلر نیو	163.84	6.6	335.49	12.8	(4.8)
حقیقی منافع	206.32	8.3	239.73	9.1	(51.2)
آپریٹنگ لاگت	57.48	2.3	125.30	4.8	(13.9)
فنانس لاگت	77.21	3.1	124.05	4.7	(54.1)
دیگر آمدنی	(22.75)	(1.0)	94.52	3.6	(37.8)
آپریٹنگ (نقصان) / منافع	-	-	13.20	0.5	(124.1)
ایڈیٹس سے منافع کا شیئر	15.26	0.6	36.01	1.0	(100.0)
ٹیکسیشن	(38.01)	(1.5)	81.70	3.1	(41.3)
(نقصان) / منافع بعد ٹیکسیشن	(0.48)	-	1.31	-	(146.5)
(نقصان) / آمدنی فی حصص					(136.6)

مستقبل کا منظر نامہ

عالمی سطح پر تجارتی قیمتوں سے بظاہر ہوتا ہے کہ صورتحال پریشان کن ہے کیونکہ ولڈ ٹریڈ آرگنائزیشن آئی ایم ایف نے بھی اس پیشینہ صورتحال سے خبردار کر دیا ہے۔ اس کے علاوہ حالیہ برسوں کے دوران برطانوی پانڈیکس بہت زیادہ اثر انداز ہوا ہے۔ سال 2016ء میں تجارتی چٹ رفت انتہائی سست رفتاری اور 2009ء سے لے کر اب تک پیداواری ترقی میں تاثر کن نہیں تھی اس لیے یہ کہا جاسکتا ہے کہ مستقبل قریب میں کسی قسم کے روشن امکانات نہیں پائے جاتے۔ اس قسم کے کمزور برزش منظر نامہ کے تحت اس امر کی توقعات موجود ہیں کہ قیمتوں کی سطح برقرار نہیں رہے گی لیکن متنازعہ سطح پر کان کی قیمتیں فصل میں متوقع کمی کے باعث مستحکم ہیں۔ علاوہ ازیں تیل کی قیمتیں بڑھتی ہیں جس سے انرٹی کی لاگت بری طرح متاثر ہوگی۔

یہ تمام عوامل مارچن پر دباؤ برہا ہیں جس کے باعث کمپنی کے آگے بڑھنے کے سلسلے میں مالیاتی کارکردگی کا پیچھے درچل ہو گئے۔ ان پیچھے کے تحت کمپنی نے اٹھانے بات کے ٹیکس کو مستحکم بنانے پر اپنی توجہ مرکوز کر رکھی ہے تاکہ پروڈکٹس کا بیجا رہا بہتر بنایا جاسکے۔ لاگت میں کمی کے لیے اقدامات اٹھائے جا رہے ہیں ان کے علاوہ برآمدات میں ترقی کے لیے سٹریٹجی بہتر بنانے کے لیے مسلسل کوششیں ہو رہی ہیں۔

ہارڈ کی جانب سے



(محمد انور)

چیف ایگزیکٹو آفیسر

CONDENSED INTERIM BALANCE SHEET

as at September 30, 2016

(Rupees in '000)	Note	Un-Audited September 30, 2016	Audited June 30, 2016
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
100 000 000 (June 30, 2016: 100 000 000)			
ordinary shares of Rupees 10 each		1,000,000	1,000,000
Issued, subscribed and paid up share capital		800,000	800,000
Reserves		3,910,378	3,751,934
TOTAL EQUITY		4,710,378	4,551,934
Surplus on revaluation of operating fixed assets- net of deferred tax		2,214,006	2,214,012
NON-CURRENT LIABILITIES			
Long term financing	5	510,845	445,371
Deferred income tax liability		46,830	58,026
		557,675	503,397
CURRENT LIABILITIES			
Trade and other payables		1,078,907	925,013
Accrued markup		43,848	59,941
Short term borrowings		4,858,276	5,484,784
Current portion of non-current liabilities		77,671	65,745
Provision for taxation		96,685	70,227
		6,155,387	6,605,710
TOTAL LIABILITIES		6,713,062	7,109,107
Contingencies and commitments	6		
TOTAL EQUITY AND LIABILITIES		13,637,446	13,875,053
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	4,547,363	4,494,639
Long term investments	8	3,640,675	3,449,038
Long term loans and advances		2,681	2,867
Long term deposits		5,466	5,288
		8,196,185	7,951,832
CURRENT ASSETS			
Stores, spares and loose tools		204,625	185,062
Stock-in-trade		1,549,113	1,635,911
Trade debts		2,114,894	2,365,485
Loans and advances		499,731	469,018
Short term deposits and prepayments		34,423	29,450
Accrued interest		4,186	4,109
Other receivables		929,994	1,130,440
Short term investments		99,264	94,449
Cash and bank balances		5,031	9,297
		5,441,261	5,923,221
TOTAL ASSETS		13,637,446	13,875,053

The annexed notes form an integral part of this condensed interim financial information.


(Muhammad Anwar)
Chief Executive Officer


(Khalid Bashir)
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

for the 1st Quarter Ended September 30, 2016

(Rupees in '000)	Note	September 30, 2016	September 30, 2015
Sales		2,498,711	2,624,901
Cost of sales	9	2,334,870	2,289,416
Gross profit		163,841	335,485
Distribution cost		124,410	160,478
Administrative expenses		77,164	67,719
Other expenses		4,747	11,529
		206,321	239,726
		(42,480)	95,759
Other income		77,211	124,054
Profit from operations		34,731	219,813
Finance cost		57,483	125,298
Share of profit of associate		-	13,196
(Loss) / profit before taxation		(22,752)	107,711
Taxation		15,262	26,009
(Loss) / profit after taxation		(38,014)	81,702
(Loss) / earnings per share-basic and diluted (Rupees) 2015 Restated		(0.48)	1.31

The annexed notes form an integral part of this condensed interim financial information.


(Muhammad Anwar)
Chief Executive Officer


(Khalid Bashir)
Director

1st Quarter
September 30, 2016

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

for the 1st Quarter Ended September 30, 2016

(Rupees in '000)	September 30, 2016	September 30, 2015
(Loss) / profit after taxation	(38,014)	81,702
Other comprehensive income		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss:		
Surplus arising on remeasurement of available for sale investments to fair value	196,452	225,668
Other comprehensive income for the period	196,452	225,668
Total comprehensive income for the period	158,438	307,370

The annexed notes form an integral part of this condensed interim financial information.


(Muhammad Anwar)
Chief Executive Officer


(Khalid Bashir)
Director

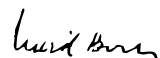
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

for the 1st Quarter Ended September 30, 2016

(Rupees in '000)	Note	September 30, 2016	September 30, 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	10	748,499	4,204
Finance cost paid		(73,576)	(158,350)
Income tax paid		(35,398)	(25,575)
Dividend paid		(16)	(9)
Workers' profit participation fund paid		(1,030)	(2,252)
Net decrease / (increase) in long term loans and advances		186	(82)
Increase in long term deposits		(178)	-
Net cash from / (used in) operating activities		638,487	(182,064)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(110,259)	(136,083)
Proceeds from sale of property, plant and equipment		3,807	146,042
Dividend received		12,807	-
Net cash (used in) / from investing activities		(93,645)	9,959
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		95,872	-
Repayment of long term financing		(14,145)	(33,793)
Repayment of lease liabilities		(4,327)	(8,790)
Short term borrowings - net		(626,508)	216,963
Net cash (used in) / from financing activities		(549,108)	174,380
Net (decrease) / increase in cash and cash equivalents		(4,266)	2,275
Cash and cash equivalents at the beginning of the period		9,297	5,195
Cash and cash equivalents at the end of the period		5,031	7,470

The annexed notes form an integral part of this condensed interim financial information.


(Muhammad Anwar)
Chief Executive Officer


(Khalid Bashir)
Director

1st Quarter
September 30, 2016

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

for the 1st Quarter Ended September 30, 2016

(Rupees in '000)	Share Capital	Reserves							Total Equity	
		Capital Reserves			Revenue Reserves					
		Premium on issue of right shares	Fair Value	Sub total	General	Dividend Equalization	Unappropriated profit	Sub total		Total
Balance as at July 01, 2015	615,124	61,512	462,030	523,542	1,773,643	30,000	505,959	2,309,602	2,833,144	3,448,268
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation	-	-	-	-	-	-	6	6	6	6
Surplus on revaluation of operating fixed assets realized on disposal of operating fixed asset	-	-	-	-	-	-	76,687	76,687	76,687	76,687
Total comprehensive income for the quarter	-	-	225,668	225,668	-	-	81,702	81,702	307,370	307,370
Balance as at September 30, 2015	615,124	61,512	687,698	749,210	1,773,643	30,000	664,354	2,467,997	3,217,207	3,832,331
Transaction with owners - Final dividend for the year ended June 30, 2015 at the rate of Rupees 1.45 per share	-	-	-	-	-	-	(89,193)	(89,193)	(89,193)	(89,193)
Transaction with owners - 30.0551% Right shares issued during the period at premium of Rupees 7.5 per share	184,876	138,657	-	138,657	-	-	-	-	138,657	323,533
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation	-	-	-	-	-	-	19	19	19	19
Total comprehensive income for the period	-	-	316,403	316,403	-	-	168,841	168,841	485,244	485,244
Balance as at July 01, 2016	800,000	200,169	1,004,101	1,204,270	1,773,643	30,000	744,021	2,547,664	3,751,934	4,551,934
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation	-	-	-	-	-	-	6	6	6	6
Total comprehensive income for the quarter	-	-	196,452	196,452	-	-	(38,014)	(38,014)	158,438	158,438
Balance as at September 30, 2016	800,000	200,169	1,200,553	1,400,722	1,773,643	30,000	706,013	2,509,656	3,910,378	4,710,378

The annexed notes form an integral part of this condensed interim financial information.


(Muhammad Anwar)
Chief Executive Officer


(Khalid Bashir)
Director

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

for the 1st Quarter Ended September 30, 2016

1. THE COMPANY AND ITS ACTIVITIES

The Crescent Textile Mills Limited (the Company) is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Ordinance, 1984). The registered office of the Company is situated at 45-A, Off: Zafar Ali Road, Gulberg-V, Lahore. Its shares are quoted on Pakistan Stock Exchange Limited. The Company is engaged in the business of textile manufacturing comprising of spinning, combing, weaving, dyeing, bleaching, printing, stitching, buying, selling and otherwise dealing in yarn, cloth and other goods and fabrics made from raw cotton and synthetic fiber(s) and to generate, accumulate, distribute, supply and sale of electricity. The Company also operates a cold storage unit.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited and is being submitted to shareholders, as required by section 245 of the Companies Ordinance, 1984. This condensed interim financial information of the Company for the 1st quarter ended September 30, 2016 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984 as applicable in Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information should be read in conjunction with the audited annual published financial statements for the year ended June 30, 2016.

3. ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and methods of computations adopted for the preparation of this condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended June 30, 2016.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended June 30, 2016.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

for the 1st Quarter Ended September 30, 2016

(Rupees in '000)	Un-Audited September 30, 2016	Audited June 30, 2016
5. LONG TERM FINANCING		
Financing from banking companies		
Opening balance	500,104	179,167
Add: Obtained during the period / year	95,872	400,110
Less: Repaid during the period / year	(14,145)	(79,173)
	581,831	500,104
Less: Current portion shown under current liabilities	(70,986)	(54,733)
	510,845	445,371

6. CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) Guarantees of Rupees 157.232 million (June 30, 2016: Rupees 157.232 million) are given by the banks of the Company to SNGPL and FESCO against gas and electricity connections.
- ii) Post dated cheques of Rupees 130.311 million (June 30, 2016: Rupees 166.641 million) are issued to custom authorities in respect of duties on imported material availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.
- iii) The Company has issued post dated cheques of Rupees 21.886 million (June 30, 2016: Nil) favoring NLC against claim of demurrage under court orders due to detention of imported cotton by Custom Authorities at Wagha Port. The petition is currently pending before the Honorable Lahore High Court. Management and the legal counsel of the company are confident that the ultimate outcome of this case will be in Company's favor.
- iv) The Company has filed appeal with Appellate Tribunal Inland Revenue for the revision of assessment order issued under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2008. In case of adverse decision, the Company may face tax liability of Rupees 40.691 million (June 30, 2016: Rupees 40.691 million). The Company's management is confident that appeal is likely to succeed.
- v) Commissioner Inland Revenue has filed appeals with Honorable Supreme Court of Pakistan for the recovery of sales tax liabilities on account of various provisions of Sales Tax Act, 1990. In case of adverse decision, the Company may face tax liability of Rupees 16.673 million (June 30, 2016: Rupees 16.673 million). The Company's management is confident that appeals are likely to be dismissed.

b) Commitments

- i) Contracts for capital expenditure amounting to Rupees 952.080 million (June 30, 2016: Rupees 920.181 million).

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

for the 1st Quarter Ended September 30, 2016

- ii) Letters of credit other than for capital expenditure amounting to Rupees 105.347 million (June 30, 2016: Rupees 84.016 million).
- iii) Ijarah (operating lease) commitments amounting to Rupees 0.344 million (June 30, 2016: Rupees 0.562 million).

(Rupees in '000)	Un-Audited September 30, 2016	Audited June 30, 2016
7. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 7.1)	4,343,399	4,319,844
Assets subject to finance lease (Note 7.2)	46,783	47,983
Capital work in progress (Note 7.3)	157,181	126,812
	4,547,363	4,494,639
7.1 Operating fixed assets		
Opening book value	4,319,844	3,926,969
Add: Additions during the period/year (Note 7.1.1)	79,890	553,066
Add: Assets transferred from leased assets to owned assets	-	55,750
	4,399,734	4,535,785
Less: Deletions during the period/year (Note 7.1.2)	1,472	12,388
Less: Depreciation charged for the period / year	54,863	203,553
Book value at the end of the period/year	4,343,399	4,319,844
7.1.1 Additions during the period / year		
Buildings on freehold land	-	59,482
Buildings on leasehold land	-	26,659
Plant and machinery	77,247	427,992
Factory tools and equipment	1,219	3,028
Gas and electric installations	60	27,342
Vehicles	693	4,803
Office equipment	671	3,760
	79,890	553,066
7.1.2 Book value of deletions during the period / year		
Buildings on freehold land	-	18
Plant and machinery	1,472	11,103
Vehicles	-	1,267
	1,472	12,388
7.2 Assets subject to finance lease		
Opening book value	47,983	114,027
Less: Assets transferred from leased assets to owned assets	-	55,750
Less: Depreciation charged for the period / year	1,200	10,294
Book value at the end of the period / year	46,783	47,983

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

for the 1st Quarter Ended September 30, 2016

(Rupees in '000)	Un-Audited September 30, 2016	Audited June 30, 2016
7.3 Capital work in progress		
Buildings on freehold land	332	141
Buildings on leasehold land	3,528	1,457
Plant and machinery	93,435	67,428
Advance against purchase of land	49,911	49,911
Advance against ERP implementation	9,975	7,875
	157,181	126,812
8. LONG TERM INVESTMENTS		
Available for sale		
Quoted - Related parties	58,010	58,010
Quoted - Others	198,168	198,168
Unquoted - Others	2,245,764	2,245,764
	2,501,942	2,501,942
Fair value adjustment	1,138,733	947,096
	3,640,675	3,449,038

(Rupees in '000)	Un-Audited Quarter ended September 30, 2016	September 30, 2015
9. COST OF SALES		
Raw materials consumed	892,895	765,590
Cloth and yarn purchased	383,800	313,825
Stores, spare parts and loose tools consumed	153,038	133,445
Packing material consumed	156,798	152,049
Processing and weaving charges	161,076	191,634
Salaries, wages and other benefits	249,775	238,672
Fuel and power	308,281	313,353
Repair and maintenance	14,644	14,407
Insurance	3,350	2,640
Depreciation	53,707	44,583
Other factory overheads	7,228	8,324
	2,384,592	2,178,522
Work-in-process:		
Opening stock	107,784	102,549
Closing stock	(123,818)	(87,290)
	(16,034)	15,259
Cost of goods manufactured	2,368,558	2,193,781

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

for the 1st Quarter Ended September 30, 2016

(Rupees in '000)	Un-Audited Quarter ended	
	September 30, 2016	September 30, 2015
Finished goods:		
Opening stock	943,426	1,035,897
Closing stock	(1,105,157)	(1,004,190)
	(161,731)	31,707
Cost of sales - purchased for resale	128,043	63,928
	2,334,870	2,289,416
10. CASH GENERATED FROM OPERATIONS		
(Loss) / profit before taxation	(22,752)	107,711
Adjustments for non-cash charges and other items:		
Depreciation	56,063	46,895
Gain on disposal of operating fixed assets	(2,335)	(60,492)
Dividend income	(41,777)	(24,700)
Provision for workers' profit participation fund	-	780
Impairment loss on investment	-	5,924
Share of profit of associate	-	(13,196)
Finance cost	57,483	125,298
Working capital changes (Note 10.1)	701,817	(184,016)
	748,499	4,204
10.1 Working capital changes		
Decrease / (increase) in current assets:		
Stores, spare parts and loose tools	(19,563)	(71,938)
Stock-in-trade	86,798	(42,111)
Trade debts	250,591	70,961
Loans and advances	4,685	9,254
Short term deposits and prepayments	(4,973)	(96)
Interest accrued	(77)	486
Other receivables	229,416	(18,092)
	546,877	(51,536)
Increase / (decrease) in trade and other payables	154,940	(132,480)
	701,817	(184,016)

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

for the 1st Quarter Ended September 30, 2016

11. SEGMENT INFORMATION

(Rupees in '000)	Spinning		Weaving	
	(Un-audited)		(Un-audited)	
	Quarter ended		Quarter ended	
	September 30,2016	September 30,2015	September 30,2016	September 30,2015
Sales				
External	844,848	873,064	49,030	144,687
Intersegment	445,471	384,440	842,739	960,500
	1,290,319	1,257,504	891,769	1,105,187
Cost of sales	1,288,219	1,234,324	866,774	1,083,910
Gross profit	2,100	23,180	24,995	21,277
Distribution cost	9,283	16,823	2,088	7,073
Administrative expenses	23,218	20,380	6,513	5,692
	32,501	37,203	8,601	12,765
Profit / (loss) before taxation and unallocated income and expenses	(30,401)	(14,023)	16,394	8,512
Unallocated income and expenses:				
Other expenses				
Other income				
Finance cost				
Share of profit of associate				
Provision for taxation				
(Loss) / profit after taxation				

11.1 Reconciliation of reportable segment assets and liabilities:

(Rupees in '000)	Spinning		Weaving	
	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)
	September 30,2016	June 30,2016	September 30,2016	June 30,2016
Total assets for reportable segments	2,163,296	2,300,510	1,073,573	1,017,400
Unallocated assets				
Total assets as per balance sheet				
All segment assets are allocated to reportable segments other than those directly relating to corporate and tax assets.				
Total liabilities for reportable segments	2,836,959	3,151,599	573,810	700,195
Unallocated liabilities				
Total liabilities as per balance sheet				

All segment liabilities are allocated to reportable segments other than major portion of trade and other payables,

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

for the 1st Quarter Ended September 30, 2016

Processing & Home Textile		Power Generation		Cold Storage		Elimination of Inter - Segment transactions		Total - Company	
(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)	
Quarter ended		Quarter ended		Quarter ended		Quarter ended		Quarter ended	
September 30,2016	September 30,2015	September 30,2016	September 30,2015	September 30,2016	September 30,2015	September 30,2016	September 30,2015	September 30,2016	September 30,2015
1,598,809	1,601,406	-	-	6,024	5,744	-	-	2,498,711	2,624,901
-	-	256,249	260,334	-	-	(1,544,459)	(1,605,274)	-	-
1,598,809	1,601,406	256,249	260,334	6,024	5,744	(1,544,459)	(1,605,274)	2,498,711	2,624,901
1,468,851	1,316,248	251,111	255,579	4,374	4,629	(1,544,459)	(1,605,274)	2,334,870	2,289,416
129,958	285,158	5,138	4,755	1,650	1,115	-	-	163,841	335,485
112,377	135,905	662	677	-	-	-	-	124,410	160,478
43,583	38,255	3,647	3,201	203	191	-	-	77,164	67,719
155,960	174,160	4,309	3,878	203	191	-	-	201,574	228,197
(26,002)	110,998	829	877	1,447	924	-	-	(37,733)	107,288
								(4,747)	(11,529)
								77,211	124,054
								(57,483)	(125,298)
								-	13,196
								(15,262)	(26,009)
								(38,014)	81,702

Processing & Home Textile		Power Generation		Cold Storage		Total - Company	
(Un-Audited)	(Audited)	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)
September 30,2016	June 30,2016	September 30,2016	June 30,2016	September 30,2016	June 30,2016	September 30,2016	June 30,2016
2,230,900	2,436,194	314,909	305,997	23,321	22,779	5,805,999	6,082,880
						7,831,447	7,792,173
						13,637,446	13,875,053
1,959,934	2,057,772	119,938	146,275	913	1,800	5,491,554	6,057,641
						1,221,508	1,051,466
						6,713,062	7,109,107

current and deferred tax liabilities.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

for the 1st Quarter Ended September 30, 2016

12. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, staff retirement fund and key management personnel. Detail of transactions with related parties are as under:

(Rupees in '000)	Nature of Transaction	Un-Audited Quarter ended	
		September 30, 2016	September 30, 2015
Associated Companies	Sales	24,727	103,947
	Insurance charges	4,746	5,235
	Interest income	-	14,051
	Dividend income	-	24,700
	Insurance claim received	4,525	300
Employees' Provident Fund Trust	Amount contributed	5,863	5,515
	Remuneration paid to chief executive, director and executives	54,740	47,505

13. NON ADJUSTING EVENT

The Board of Directors of the Company has proposed a cash dividend for the shareholders of the Company for the year ended June 30, 2016 amounting to Rupees 1.255 (2015: Rupees 1.45) per share at their meeting held on September 17, 2016. It is subject to approval by the members of the company in the AGM to be held on October 31, 2016. Therefore, this event has been considered as non-adjusting event under IAS 10 'Events after the Reporting Period' and has not been recognized in this condensed interim financial information.

14. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors and authorized for issue on October 27, 2016.

15. CORRESPONDING FIGURES

Comparative figures have been rearranged / reclassified, wherever necessary, for the purpose of comparison. However, no significant rearrangements / reclassifications have been made except for exchange gain amounting to Rupees 20.258 million reclassified from sales to other income.

16. GENERAL

Figures have been rounded off to the nearest thousand rupees.


(Muhammad Anwar)
Chief Executive Officer


(Khalid Bashir)
Director

If undelivered, please return to:

Mills & Head Office

Sargodha Road,
Faisalabad, Pakistan
T:+92-41-111-105-105
F:+92-41-8786525
E:crestex@ctm.com.pk

Registered Office

45-A, Off: Zafar Ali Road, Gulberg-V,
Lahore, Pakistan
T:+92-42-111-245-245
F:+92-42-111-222-245
E: mailho@cresecentbahuman.com

Share Registrar

CorpTec Associates (Pvt) Limited,
503-E, Johar Town,
Lahore, Pakistan
T:+92-42-35170336-7
F:+92-42-35170338
E: info@corptec.com.pk

www.ctm.com.pk