



HALF YEAR
DECEMBER 31,
2017



| The Crescent Textile Mills Limited



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COMPANY INFORMATION

Board of Directors		Bankers
Mr. Shaukat Shafi	Chairman	Al Baraka Bank (Pakistan) Limited
Mr. Muhammad Anwar	Chief Executive Officer	Allied Bank Limited
Mr. Ahmad Shafi	Director	Habib Bank Limited
Mr. Amjad Mehmood	Director	MCB Bank Limited
Mr. Anjum Muhammad Saleem	Director	National Bank of Pakistan
Mr. Khalid Bashir	Director	Standard Chartered Bank (Pakistan) Limited
Mr. Khurram Mazhar Karim	Director	The Bank of Punjab
Mr. Muhammad Asif (Nominee NIT)	Director	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
HR & R Committee		E: crestex@ctm.com.pk
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. Muhammad Waqar Iqbal		E: crestex@ctm.com.pk
Auditors		
Riaz Ahmed & Company		
Chartered Accountants		
Legal Advisor		Share Registrar
Syed Masroor Ahmad		CorpTec Associates (Pvt) Ltd.,
		503 - E, Johar Town,
Stock Exchange Listing		Lahore, Pakistan
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 Half Year Ended December 31, 2017

Your directors are pleased to present their review along with the interim review of the financial statements of company by auditors for the 1st Half Year ended on December 31, 2017.

Industry review and company's performance

In 1H FY18 textile exports recorded broad based recovery by registering an increase of 8.07% at US\$6.642 billion against US\$6.146 billion during Same Period of Last Year (SPLY) mainly on higher off take of value added segments. But industry lacked growth as margins remained weak due to higher cost of doing business and slower demand in 1st Qtr FY18 though selling prices moved higher Year on Year (YoY) basis. Over the years un-competitiveness of the industry has been restraining its growth as depicted from the lowest exports to GDP ratio of the country in the region. Recent recovery in textile exports was largely due to incentive package announced by the GoP in January 2017 and its extension with some conditions till June 30, 2018.

Local currency fell sharply in early December, 2017 and provided some respite in margins and volumes. On the other hand rise in input costs particularly of energy prices, lack of sales tax refund on packaging materials used in exports, continued liquidity crunch due to blockage of Tax Refunds and increase in minimum wage rate had a negative impact on growth of the industry in general.

Despite an increase in cotton production its prices moved tightly in concurrence with higher international prices along with increase in polyester prices following the rise in oil prices. Local cotton prices witnessed sharp up stick towards the end of year 2017 when quality concerns emerged due to smog. Higher raw materials prices gave spike to yarn prices; which resulted into better gross margins for spinning segment YoY basis.

During this period company's plant operated to capacity but slower off take in exports due to slower international demand affected performance of the value added segments where production levels remained lower YoY basis. Prices of our products comparatively remained higher in line with the increase in raw materials prices thus resulting improved gross margins against SPLY. Despite a slight decline in export sales the overall sales revenues of company remained in positive as higher local sales and DTL Claims under PM Package on exports contributed positively YoY basis. Cost of sales of the company was down as compared SPLY due to curtailed inputs required for exports and also despite of higher materials prices, increase in minimum wage rate and rise in power cost. Operating costs of the company remained in check but increase in finance cost due to exchange loss on foreign currency loans, the bottom line depicted positivity as against net after tax loss during the SPLY.

Summary of financial results of the company for 1H FY 18 verses same period of last year is as below:

1st Half Year	2018		2017		Var.	
	Million Rs.	%	Million Rs.	%	Million Rs.	%
Sales revenue	5,316	100.0	5,222	100.0	94	1.8
Gross profit	520	9.8	311	6.0	209	67.2
Operating costs	417	7.8	427	8.2	(10)	(2.3)
Other income	151	2.8	129	2.5	22	17.1
Finance cost	247	4.6	124	2.4	123	99.2
Profit/ (loss) before tax	7	0.1	(111)	(2.1)	118	(106.3)
Taxation	(15)	(0.3)	(30)	(0.6)	15	(50.0)
Net profit/ (loss) after taxation	22	0.4	(81)	(1.6)	103	(127.2)

Future outlook:

Continuation of incentive package on exports is likely to stoke up export momentum but growth of industry was largely depended on ease of doing business and enhancing its competitiveness in the region. Early release of Tax Refunds, with-drawal of GST on packaging materials used in exports and reduction in RLNG prices and energy tariff were major factors for improving growth of the industry and leading exports higher going forward.

Likewise in line with our tradition we remain focused on improving overall performance of company through an ongoing process of BMR of our existing plant by utilization of SBP LTFE. Similarly shifting of our value added segments to FIEDMC remain on track except some minor delays. With these initiatives and unabated cost reduction steps we are positive to exhibit an improved performance of company during the future periods ahead.

for and on behalf of the Board.



Muhammad Anwar
Chief Executive Officer



Khalid Bashir
Director

HALF YEAR
DECEMBER 31,
2017

حصص یافتگان کے لیے ڈائریکٹرز رپورٹ

برائے ششماہی ختم شدہ 31 دسمبر 2017ء

آپ کے ڈائریکٹرز پچھلے نصف سال ختم شدہ 31 دسمبر 2017ء کے لیے کمپنی کے مالیاتی بیانات کے آڈیٹرز کے عبوری جائزے کے ہمراہ اپنا جائزہ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

صنعتی جائزہ اور کمپنی کی کارکردگی:

مالی سال 2018 کے پہلے نصف سال میں پچھلے سال کی اسی مدت کے دوران 6.146 بلین امریکی ڈالر کے مقابلے میں 6.642 بلین امریکی ڈالر کے حساب سے 8.07 فیصد کے اضافے کے مطابق ٹیکسٹائل کی برآمدات میں خصوصاً ویلیو ایڈڈ شعبہ میں اضافہ کی بناء پر پونج بنیاد پر بحالی ریکارڈ کی گئی۔ لیکن سالانہ بنیاد پر قیمت فروخت زیادہ رہنے کے باوجود زیادہ رو باہری لاگت اور مالی سال 2018ء کی پمپلی سرمایہ میں سست طلب کی وجہ سے منافع جات کمزور رہے۔ جس سے صنعت میں باہرنگی کا فقدان رہا۔ ساہا سال سے انڈسٹری کی غیر مسابقتی صورت حال اس کی ترقی میں رکاوٹ بنی ہوئی ہے جیسا کہ خطے میں ملک کی ڈی پی او برآمدات کی شرح میں کمی سے ظاہر ہوتا ہے۔ ٹیکسٹائل برآمدات میں حالیہ بحالی کی بنیاد پر حکومت پاکستان کی جانب سے جنوری 2017ء میں اعلان کردہ ترقیاتی پیکج اور کچھ شرائط کے ساتھ 30 جون 2018ء تک اس کی توجیح تھی۔

مقامی کرنسی ڈالر کے آگے تازہ تیزی سے گری اور اس نے بھی منافع جات اور حجم میں کچھ مدد دی۔ دوسری طرف ان پٹ لاگت میں اضافہ خصوصاً کٹوانی کی قیمت، برآمدات میں استعمال ہونے والے پیٹنگ میٹریلز پر ٹیلر ٹیکس کی ختمی کا خاتمہ، ٹیکس ری فنڈز اور وکے کی وجہ سے مسلسل بہاؤ میں کمی اور کم از کم شرح اجرت میں اضافے نے صنعتی ترقی پر انتہائی منفی اثرات مرتب کیے۔

کپاس کی پیداوار میں اضافے کے باوجود اس کی قیمت تیل کی قیمتوں میں اضافے کے بعد پمپٹری قیمتوں میں اضافے کے ساتھ ساتھ بلند بین الاقوامی قیمتوں کے ساتھ ہم آہنگ رہی۔ مقامی کٹان پر افسوس میں سال 2017ء کے آخر میں تیزی کا رجحان دیکھنے میں آیا جب شوگ کی وجہ سے معیار کے خدشات سامنے آئے۔ خام مال کی بلند قیمتوں نے پاران کی قیمتوں میں اضافہ کیا جس کے نتیجے میں سالانہ بنیادوں پر پیٹنگ کے شعبہ میں خام منافع جات بہتر رہے۔

اس مدت کے دوران کمپنی کے پائمنٹ سے ملاصرت کے مطابق کام کیا لیکن سست بین الاقوامی طلب کی وجہ سے برآمدات کے سست نکاس نے ویلیو ایڈڈ شعبہ جات کی کارکردگی کو متاثر کیا اور پیداوار میں درجات سالانہ بنیاد پر کم رہے۔ ہماری مصنوعات کی قیمتیں خام مال کی قیمت میں اضافے کے مطابق تھپتاڑ زیادہ رہیں اس طرح گزشتہ سال کی اسی مدت کے مقابلے میں خام منافع جات بھی ترقی پزیر رہے۔ برآمدات کی فروخت میں کمی کی وجہ سے باوجود کمپنی کی مجموعی فروخت کی آمدنی مثبت رہی کیونکہ مقامی بلند فروخت اور زریر اعظم کے پیکج برائے برآمدات کے تحت DTLT گلچر نے سالانہ بنیاد پر مثبت اثرات کی۔ کمپنی کی فروخت کی لاگت خام مال کی بلند قیمتوں، کم از کم شرح اجرت میں اضافہ اور بلنگی کی قیمتوں میں چڑھاؤ کے باوجود بھی برآمدات کے لیے ضروری ان پٹس میں کمی کی وجہ سے گزشتہ سال کی اسی مدت کے مقابلے میں کم رہی۔ کمپنی کے عملی اخراجات کا بیس رہے لیکن فی ریکل کرنسی کے قرضوں پر چاہا لے کے نقصان کی وجہ سے، مالیاتی اخراجات میں اضافے کی وجہ سے خط زریں گزشتہ سال کی اسی مدت کے دوران بعد ازاں خصوصاً اسات خاص نقصان کے مقابلے میں مثبت بن کر کوکھارتی رہے۔

گزشتہ سال کی اسی مدت کے مقابلے میں کمپنی کے مالیاتی نتائج کا خلاصہ برائے پہلی ششماہی مالیاتی سال 2018ء درج ذیل ہے:

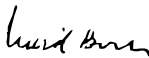
پہلا نصف سال	2018	2017	فرق
ملین روپے	فیصد	ملین روپے	فیصد
فروخت کی آمدنی	5,316	5,222	94
خام منافع	520	311	209
عملی اخراجات	417	427	(10)
دیگر اخراجات	151	129	22
مالیاتی اخراجات	247	124	123
نفع / (نقصان) عملی از محصولات	7	(111)	118
محصولات	(15)	(30)	15
خاص نفع / (نقصان) بعد از محصولات	22	(81)	103

مستقبل کا اٹھنا عمل:

برآمدات پر ترقیاتی پیکج کے جاری رہنے سے برآمدات کی رفتار میں بہتر ادا کا امکان ہے لیکن صنعتی ترقی کا انحصار کاروباری حوالہ کو بہل کرنے اور خطے میں اس کا مسابقتی عمل برحالیہ پر تھا۔ ٹیکس ری فنڈز کا جلد اجرا، برآمدات میں استعمال ہونے والے پیٹنگ میٹریلز سے جزل ٹیلر ٹیکس کی چھوٹ، RNGL کی قیمتوں اور ازربتی ٹریف میں کمی انڈسٹری کی ترقی میں بہتری اور برآمدات کا تدارک دار ادا کرنے میں مرکزی حوالہ تھے۔

اسی طرح اپنی روایت کے مطابق ہم نے سٹیٹ بینک آف پاکستان کی طویل مدتی فنانسنگ سہولت کے استعمال کے تحت ہمارے موجودہ پلانٹ کے BMR کے جاری عمل کے ذریعے کمپنی کی مجموعی کارکردگی کو بہتر بنانے پر توجہ مرکوز رکھی۔ اسی طرح چند معمولی تو انجیر کے علاوہ ہمارے ویلیو ایڈڈ شعبہ جات کی فیڈ بک میں منتقلی بھی جاری رہی۔ ان ترغیبات اور لاگت میں کمی کے پرزور اقدامات کی وجہ سے ہم پر امید ہیں کہ آنے والے عرصے میں کمپنی بہتر کارکردگی کا مظاہرہ کرے گی۔

مخائبہ: پورڈ آف ڈائریکٹرز



خالد بنیر
ڈائریکٹر



محمد اور
چیف ایگزیکٹو آفیسر

AUDITORS' REPORT TO THE MEMBERS

on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of THE CRESCENT TEXTILE MILLS LIMITED as at 31 December 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2017 and 31 December 2016 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2017.

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 condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended 31 December 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Riaz Ahmad & Company
Chartered Accountants



Name of engagement partner:
Mubashar Mehmood

26 February 2018
Faisalabad

CONDENSED INTERIM BALANCE SHEET

as at December 31, 2017

(Rupees in '000)	Note	Un-Audited December 31, 2017	Audited June 30, 2017
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
100 000 000 (June 30, 2017: 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		4,339,042	5,480,186
TOTAL EQUITY		5,139,042	6,280,186
Surplus on revaluation of operating fixed assets- net of deferred income tax		3,575,077	3,575,108
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	3	974,090	1,063,253
Deferred income tax liability		-	261
		974,090	1,063,514
CURRENT LIABILITIES			
Trade and other payables		1,338,932	1,118,304
Accrued markup		67,848	65,388
Short term borrowings		5,865,312	5,790,390
Current portion of long term financing		254,716	190,376
Provision for taxation		73,047	31,291
		7,599,855	7,195,749
TOTAL LIABILITIES		8,573,945	8,259,263
Contingencies and commitments	4		
TOTAL EQUITY AND LIABILITIES		17,288,064	18,114,557
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	6,442,900	6,478,358
Intangible asset		15,306	18,472
Long term investments	6	4,075,852	5,166,546
Long term loans and advances		447	1,924
Long term deposits		5,148	5,148
Deferred income tax asset		77,314	-
		10,616,967	11,670,448
CURRENT ASSETS			
Stores, spare parts and loose tools		231,699	191,530
Stock-in-trade		2,080,433	2,029,134
Trade debts		2,315,803	2,236,170
Loans and advances		623,871	576,628
Short term deposits and prepayments		79,250	62,086
Accrued interest		3,899	3,861
Other receivables		1,245,307	1,252,529
Short term investments		85,930	88,276
Cash and bank balances		4,905	3,895
		6,671,097	6,444,109
TOTAL ASSETS		17,288,064	18,114,557

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


Muhammad Anwar
Chief Executive Officer


Khalid Bashir
Director


Sadiq Saleem
Chief Financial Officer

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

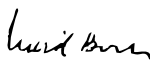
for the Half Year Ended December 31, 2017

(Rupees in '000)	Note	Half year ended		Quarter ended	
		December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Revenue		5,315,507	5,221,359	2,905,530	2,722,648
Cost of sales	7	(4,796,000)	(4,910,327)	(2,577,967)	(2,575,457)
Gross profit		519,507	311,032	327,563	147,191
Distribution cost		(267,834)	(268,511)	(145,581)	(144,101)
Administrative expenses		(141,554)	(152,832)	(72,501)	(75,668)
Other expenses		(7,070)	(5,972)	(1,950)	(1,225)
		(416,458)	(427,315)	(220,032)	(220,994)
		103,049	(116,283)	107,531	(73,803)
Other income		151,261	129,052	89,695	51,841
Profit / (loss) from operations		254,310	12,769	197,226	(21,962)
Finance cost		(247,416)	(123,511)	(158,311)	(66,028)
Profit / (loss) before taxation		6,894	(110,742)	38,915	(87,990)
Taxation		15,336	29,684	27,641	44,946
Profit / (loss) after taxation		22,230	(81,058)	66,556	(43,044)
Earnings / (loss) per share - basic and diluted (Rupees)		0.28	(1.01)	0.83	(0.54)

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



Muhammad Anwar
Chief Executive Officer



Khalid Bashir
Director



Sadiq Saleem
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

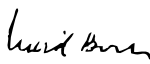
for the Half Year Ended December 31, 2017

(Rupees in '000)	Half year ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Profit / (loss) after taxation	22,230	(81,058)	66,556	(43,044)
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss:				
(Deficit) / surplus arising on remeasurement of available for sale investments to fair value	(1,163,394)	504,240	(431,545)	307,788
Other comprehensive (loss) / income for the period	(1,163,394)	504,240	(431,545)	307,788
Total comprehensive (loss) / income for the period	(1,141,164)	423,182	(364,989)	264,744

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



Muhammad Anwar
Chief Executive Officer



Khalid Bashir
Director



Sadiq Saleem
Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

for the Half Year Ended December 31, 2017

(Rupees in '000)	Note	Half year ended	
		December 31, 2017	December 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	8	4 13,680	70,018
Finance cost paid		(244,956)	(115,132)
Income tax paid		(68,087)	(98,132)
Dividend paid		(66)	(98,978)
Workers' profit participation fund paid		(941)	(1,076)
Net decrease in long term loans and advances		1,477	467
Net decrease in long term deposits		-	139
Net cash generated from / (utilized in) operating activities		101,107	(242,694)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(121,296)	(839,262)
Proceeds from sale of property, plant and equipment		9,435	5,622
Investment made		(70,354)	-
Dividend received		32,019	30,235
Net cash used in investing activities		(150,196)	(803,405)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		39,856	776,631
Repayment of long term financing		(64,679)	(24,993)
Repayment of liabilities against assets subject to finance lease		-	(8,193)
Short term borrowings - net		74,922	298,130
Net cash from financing activities		50,099	1,041,575
Net increase / (decrease) in cash and cash equivalents		1,010	(4,524)
Cash and cash equivalents at the beginning of the period		3,895	9,297
Cash and cash equivalents at the end of the period		4,905	4,773

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


Muhammad Anwar
Chief Executive Officer


Khalid Bashir
Director


Sadiq Saleem
Chief Financial Officer

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

for the Half Year Ended December 31, 2017

(Rupees in '000)	Share Capital	Reserves							Total	Total Equity
		Capital Reserves			Revenue Reserves					
		Premium on issue of right shares	Fair Value	Sub total	General	Dividend Equalization	Unappropriated profit	Sub total		
Balance as at June 30, 2016 - (Audited)	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
Transaction with owners - Final dividend for the year ended June 30, 2016 at the rate of Rupees 1.255 per share	-	-	-	-	-	-	(100,400)	(100,400)	(100,400)	(100,400)
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred income tax	-	-	-	-	-	-	12	12	12	12
Loss for the half year ended December 31, 2016	-	-	-	-	-	-	(81,058)	(81,058)	(81,058)	(81,058)
Other comprehensive income for the half year ended December 31, 2016	-	-	504,240	504,240	-	-	-	-	504,240	504,240
Total comprehensive income / (loss) for the half year ended December 31, 2016	-	-	504,240	504,240	-	-	(81,058)	(81,058)	423,182	423,182
Balance as at December 31, 2016 - (Un-audited)	800,000	200,169	1,508,341	1,708,510	1,773,643	30,000	562,575	2,366,218	4,074,728	4,874,728
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred income tax	-	-	-	-	-	-	13	13	13	13
Profit for the half year ended June 30, 2017	-	-	-	-	-	-	194,397	194,397	194,397	194,397
Other comprehensive income for the half year ended June 30, 2017	-	-	1,211,048	1,211,048	-	-	-	-	1,211,048	1,211,048
Total comprehensive income for the half year ended June 30, 2017	-	-	1,211,048	1,211,048	-	-	194,397	194,397	1,405,445	1,405,445
Balance as at June 30, 2017 - (Audited)	800,000	200,169	2,719,389	2,919,538	1,773,643	30,000	756,985	2,560,628	5,480,186	6,280,186
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred income tax	-	-	-	-	-	-	20	20	20	20
Profit for the half year ended December 31, 2017	-	-	-	-	-	-	22,230	22,230	22,230	22,230
Other comprehensive loss for the half year ended December 31, 2017	-	-	(1,163,394)	(1,163,394)	-	-	-	-	(1,163,394)	(1,163,394)
Total comprehensive (loss) / income for the half year ended December 31, 2017	-	-	(1,163,394)	(1,163,394)	-	-	22,230	22,230	(1,141,164)	(1,141,164)
Balance as at December 31, 2017 - (Un-audited)	800,000	200,169	1,555,995	1,756,164	1,773,643	30,000	779,235	2,582,878	4,339,042	5,139,042

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


Muhammad Anwar
Chief Executive Officer


Khalid Bashir
Director


Sadiq Saleem
Chief Financial Officer

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

for the Half Year Ended December 31, 2017

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 Act, 2017). 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the audited annual financial statements of the Company for the year ended June 30, 2017.

2.1 Basis of preparation

2.1.1 Statement of compliance

- a) As per the requirements of Circular No. 23 of 2017 dated October 04, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP) and clarification issued by the Institute of Chartered Accountants of Pakistan via Circular No. 17 of 2017, companies whose financial year, including quarterly and other interim periods, closes on or before December 31, 2017, shall prepare their financial statements, including interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, this condensed interim financial information 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 repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed.
- b) This condensed interim financial information does not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2017.
- c) The figures included in the condensed interim profit and loss account for the quarters ended December 31, 2017 and December 31, 2016 along with the notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended December 31, 2017 and December 31, 2016.

2.1.2 Accounting estimates, judgments and financial risk management

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that effect the application of accounting policies and the reported amounts. Actual results may differ from these judgments, estimates and assumptions.

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

for the Half Year Ended December 31, 2017

However, the management believes that the change in outcome of judgments, estimates and assumptions would not have a material impact on the amounts disclosed in this condensed interim financial information.

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those applied in Company's annual audited financial statements for the year ended June 30, 2017.

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual audited financial statements for the year ended June 30, 2017.

(Rupees in '000)	Un-Audited December 31, 2017	Audited June 30, 2017
3. LONG TERM FINANCING		
Financing from banking companies - secured		
Opening balance	1,253,629	500,104
Add: Obtained during the period / year	39,856	808,258
Less: Repaid during the period / year	64,679	54,733
	1,228,806	1,253,629
Less: Current portion shown under current liabilities	254,716	190,376
	974,090	1,063,253

4. CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) Guarantees of Rupees 199.764 million (June 30, 2017: Rupees 199.764 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections and to Faisalabad Electric Supply Company Limited against electricity connections.
- ii) Post dated cheques of Rupees 260.093 million (June 30, 2017: Rupees 195.266 million) are issued to custom authorities in respect of duties on imported items 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, 2017: 21.886 million) favoring National Logistics Cell (NLC) against claim of demurrage under court orders due to detention of imported cotton by Custom Authorities at Wagha. The petition is currently pending before the Honorable Lahore High Court, Lahore. Management of the Company is confident that the ultimate outcome of this case will be in Company's favor.
- iv) 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, 2017:

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

for the Half Year Ended December 31, 2017

Rupees 16.673 million). The Company's management is confident that appeals are likely to be dismissed.

- v) The Honorable Sindh High Court in the case of 'Kasim Textile' in its order of May 07, 2013 has held that benefit of carry forward of minimum tax under section 113 of the Income Tax Ordinance, 2001 is only available if tax payable in a tax year is less than minimum tax paid. If in a tax year, a Company has assessed losses on which no tax is payable, the Company forgoes the right to carry forward minimum tax paid in that year. In the light of this order, the Company is not entitled to carry forward minimum tax paid in previous years of Rupees 40.601 million as a result of assessed tax losses in those years. However, the management is of the view that the verdict has been challenged in the Honorable Supreme Court of Pakistan and that they are waiting for the final outcome.
- b) Commitments
- i) Contracts for capital expenditure are of Rupees 295.319 million (June 30, 2017: Rupees 377.285 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 527.635 million (June 30, 2017: Rupees 54.201 million).
- iii) The amount of future Ijarah financing is of Rupees Nil (June 30, 2017: Rupees 0.060 million).

(Rupees in '000)	Un-Audited December 31, 2017	Audited June 30, 2017
5. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets		
-Owned (Note 5.1)	6,364,226	6,396,065
Capital work-in-progress (Note 5.2)	78,674	82,293
	6,442,900	6,478,358
5.1 Operating fixed assets - Owned		
Opening book value	6,396,065	4,319,844
Add:		
Effect of surplus on revaluation	-	1,361,245
Cost of additions during the period / year (Note 5.1.1)	124,915	964,746
Book value of assets transferred from leased assets to owned assets during the period / year	-	44,785
	6,520,980	6,690,620
Less: Book value of deletions during the period / year (Note 5.1.2)	11,813	32,141
	6,509,167	6,658,479
Less: Depreciation charged during the period / year	144,941	262,414
	6,364,226	6,396,065

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

for the Half Year Ended December 31, 2017

(Rupees in '000)	Un-Audited December 31, 2017	Audited June 30, 2017
5.1.1 Cost of additions during the period / year		
Buildings on leasehold land	18,747	7,005
Plant and machinery	93,871	942,318
Factory tools and equipment	4,164	2,142
Gas and electric installations	180	1,081
Vehicles	7,720	7,775
Furniture and fixture	-	1,102
Office equipment	233	3,323
	124,915	964,746
5.1.2 Book value of deletions during the period / year		
Buildings on freehold land	-	43
Plant and machinery	11,813	29,890
Vehicles	-	2,208
	11,813	32,141
5.2 Capital work-in-progress		
Buildings on freehold land	14,954	5,715
Buildings on leasehold land	-	11,930
Plant and machinery	8,167	10,361
Advance against purchase of land	49,911	49,911
Advance against purchase of vehicles	5,642	4,275
Advance against office equipment	-	101
	78,674	82,293
6. LONG TERM INVESTMENTS		
Available for sale		
Quoted - Related parties	124,411	54,057
Quoted - Others	198,168	198,168
Unquoted - Others	2,245,764	2,245,764
	2,568,343	2,497,989
Fair value adjustment	1,507,509	2,668,557
	4,075,852	5,166,546

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

for the Half Year Ended December 31, 2017

(Rupees in '000)	Un-Audited			
	Half year ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
7. COST OF SALES				
Raw materials consumed	1,894,263	1,773,693	977,954	880,798
Cloth and yarn purchased	518,644	836,035	314,046	452,235
Stores, spare parts and loose tools consumed	270,978	316,721	147,026	163,683
Packing materials consumed	269,824	332,310	147,541	175,512
Processing, sewing and weaving charges	214,646	349,481	115,907	188,405
Salaries, wages and other benefits	480,877	481,270	242,873	231,495
Fuel and power	609,219	592,217	319,535	283,936
Repair and maintenance	13,857	33,691	7,520	19,047
Insurance	6,287	7,494	2,979	4,144
Depreciation	139,933	113,505	70,493	59,798
Other factory overheads	19,046	17,721	10,860	10,493
	4,437,574	4,854,138	2,356,734	2,469,546
Work-in-process				
Opening stock	131,695	107,784	136,013	123,818
Closing stock	(140,567)	(130,868)	(140,567)	(130,868)
	(8,872)	(23,084)	(4,554)	(7,050)
Cost of goods manufactured	4,428,702	4,831,054	2,352,180	2,462,496
Finished goods				
Opening stock	1,417,844	943,426	1,276,333	1,105,157
Closing stock	(1,050,546)	(1,145,656)	(1,050,546)	(1,145,656)
	367,298	(202,230)	225,787	(40,499)
	4,796,000	4,628,824	2,577,967	2,421,997
Cost of sales - purchased for resale	-	281,503	-	153,460
	4,796,000	4,910,327	2,577,967	2,575,457

(Rupees in '000)	Un-Audited	
	Half year ended	
	December 31, 2017	December 31, 2016
8. CASH UTILIZED IN OPERATIONS		
Profit / (loss) before taxation	6,894	(110,742)
Adjustments for non-cash charges and other items:		
Depreciation	144,941	118,386
Amortization	3,166	-
Gain / (loss) on sale of property, plant and equipment	2,378	(3,928)
Dividend income	(81,419)	(66,828)
Finance cost	247,416	123,511
Working capital changes (Note 8.1)	90,304	9,619
	413,680	70,018

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

for the Half Year Ended December 31, 2017

(Rupees in '000)	Un-Audited Half year ended	
	December 31, 2017	December 31, 2016
8.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(40,169)	(2,103)
Stock-in-trade	(51,299)	(557,887)
Trade debts	(79,633)	90,995
Loans and advances	350	10,030
Short term deposits and prepayments	(17,164)	(12,427)
Accrued interest	(38)	74
Other receivables	56,622	185,549
	(131,331)	(285,769)
Increase in trade and other payables	221,635	295,388
	90,304	9,619

9. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, other related parties and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions and balances with related parties are as follows:

(Rupees in '000)	Un-Audited			
	Half year ended December 31, 2017	Half year ended December 31, 2016	Quarter ended December 31, 2017	Quarter ended December 31, 2016
i) Transactions				
Associated companies				
Purchase of goods	6,394	-	-	-
Sale of goods and services	13,657	58,691	1,623	33,964
Insurance premium charged	9,473	10,283	1,322	5,537
Insurance claim received	677	5,240	638	715
Dividend paid	-	2,472	-	2,472
Right shares subscribed (Number of shares)	1 082 362	-	-	-
Bonus shares received (Number of shares)	12 870	-	12 870	-
Other related parties				
Company's contribution to Employees' Provident Fund Trust	11,413	11,714	5,625	5,851
Remuneration paid to Chief Executive Officer, Director and Executives	101,463	108,991	50,939	54,251
Dividend paid	-	19,977	-	19,977

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

for the Half Year Ended December 31, 2017

(Rupees in '000)	Un-Audited December 31, 2017	Audited June 30, 2017
ii) Period end balances		
Associated companies and other related parties		
Trade and other payables	17,578	5,778
Trade debts	1,509	93
Other receivables	120	77

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

for the Half Year Ended December 31, 2017

10. SEGMENT INFORMATION

10.1 (Rupees in '000)	Spinning		Weaving	
	(Un-audited)		(Un-audited)	
	Half year ended		Half year ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Revenue				
External	2,489,465	1,854,924	146,478	107,553
Intersegment	492,050	809,451	1,853,654	1,862,093
	2,981,515	2,664,375	2,000,132	1,969,646
Cost of sales	(2,874,573)	(2,695,652)	(1,976,240)	(1,923,502)
Gross profit / (loss)	106,942	(31,277)	23,892	46,144
Distribution cost	(20,390)	(20,778)	(7,543)	(5,072)
Administrative expenses	(40,929)	(44,501)	(12,769)	(13,912)
	(61,319)	(65,279)	(20,312)	(18,984)
Profit / (loss) before taxation and unallocated income and expenses				
	45,623	(96,556)	3,580	27,160
Unallocated income and expenses:				
Other expenses				
Other income				
Finance cost				
Taxation				
Profit / (loss) after taxation				

10.2 Reconciliation of reportable segment assets and liabilities:

(Rupees in '000)	Spinning		Weaving	
	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)
	December 31, 2017	June 30, 2017	December 31, 2017	June 30, 2017
Total assets for reportable segments	3,079,517	2,754,165	1,375,251	1,598,009
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	3,744,989	3,635,370	1,145,407	905,557
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 Half Year Ended December 31, 2017

Processing & Home Textile		Power Generation		Cold Storage		Elimination of Inter - Segment transactions		Total - Company	
(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)	
Half year ended		Half year ended		Half year ended		Half year ended		Half year ended	
December 31,2017	December 31,2016	December 31,2017	December 31,2016	December 31,2017	December 31,2016	December 31,2017	December 31,2016	December 31,2017	December 31,2016
2,673,116	3,252,158	-	-	6,448	6,724	-	-	5,315,507	5,221,359
-	-	501,012	522,503	-	-	(2,846,716)	(3,194,047)	-	-
2,673,116	3,252,158	501,012	522,503	6,448	6,724	(2,846,716)	(3,194,047)	5,315,507	5,221,359
(2,295,844)	(2,969,042)	(491,524)	(511,381)	(4,535)	(4,797)	2,846,716	3,194,047	(4,796,000)	(4,910,327)
377,272	283,116	9,488	11,122	1,913	1,927	-	-	519,507	311,032
(238,533)	(241,048)	(1,368)	(1,613)	-	-	-	-	(267,834)	(268,511)
(80,248)	(86,198)	(7,191)	(7,818)	(417)	(403)	-	-	(141,554)	(152,832)
(318,781)	(327,246)	(8,559)	(9,431)	(417)	(403)	-	-	(409,388)	(421,343)
58,491	(44,130)	929	1,691	1,496	1,524	-	-	110,119	(110,311)
								(7,070)	(5,972)
								151,261	129,052
								(247,416)	(123,511)
								15,336	29,684
								22,230	(81,058)

Processing & Home Textile		Power Generation		Cold Storage		Total - Company	
(Un-Audited)	(Audited)	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)
December 31,2017	June 30,2017	December 31,2017	June 30,2017	December 31,2017	June 30,2017	December 31,2017	June 30,2017
2,349,831	2,326,793	281,862	287,142	21,024	20,216	7,107,485	6,986,325
						10,180,579	11,128,232
						17,288,064	18,114,557
2,195,223	2,445,231	76,347	123,249	140	812	7,162,106	7,110,219
						1,411,839	1,149,044
						8,573,945	8,259,263

current and deferred tax liabilities.

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

for the Half Year Ended December 31, 2017

11. FINANCIAL INSTRUMENTS

11.1 Fair value of financial instruments

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in this condensed interim financial information. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into following three levels.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

11.2 Financial instruments by category

The table given in Note 11.3 does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non current receivables, the fair values are also not significantly different to their carrying values.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

11.2.1 Valuation techniques used to determine fair values

Specific valuation techniques used to value financial statements include the use of quoted market prices.

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

for the Half Year Ended December 31, 2017

11.3 (Rupees in '000)	Carrying Amount				Fair Value			
	Loans and receivables	Available for sale	Amortized cost	Total	Level 1	Level 2	Level 3	Total
December 31, 2017 (Un-audited)								
Financial assets								
Investments at fair value	-	1,916,018	-	1,916,018	1,916,018	-	-	1,916,018
Investments at cost	-	2,245,764	-	2,245,764	-	-	-	-
Loans and advances	3,938	-	-	3,938	-	-	-	-
Deposits	83,798	-	-	83,798	-	-	-	-
Trade debts	2,315,803	-	-	2,315,803	-	-	-	-
Accrued interest	3,899	-	-	3,899	-	-	-	-
Other receivables	718,343	-	-	718,343	-	-	-	-
Cash and bank balances	4,905	-	-	4,905	-	-	-	-
	3,130,686	4,161,782	-	7,292,468	1,916,018	-	-	1,916,018
Financial liabilities								
Long term financing	-	-	1,228,806	1,228,806	-	-	-	-
Trade and other payables	-	-	1,312,940	1,312,940	-	-	-	-
Accrued mark-up	-	-	67,848	67,848	-	-	-	-
Short term borrowings	-	-	5,865,312	5,865,312	-	-	-	-
	-	-	8,474,906	8,474,906	-	-	-	-
June 30, 2017 (Audited)								
Financial assets								
Investments at fair value	-	3,009,058	-	3,009,058	3,009,058	-	-	3,009,058
Investments at cost	-	2,245,764	-	2,245,764	-	-	-	-
Loans and advances	5,025	-	-	5,025	-	-	-	-
Deposits	66,988	-	-	66,988	-	-	-	-
Trade debts	2,236,170	-	-	2,236,170	-	-	-	-
Accrued interest	3,861	-	-	3,861	-	-	-	-
Other receivables	842,206	-	-	842,206	-	-	-	-
Cash and bank balances	3,895	-	-	3,895	-	-	-	-
	3,158,145	5,254,822	-	8,412,967	3,009,058	-	-	3,009,058
Financial liabilities								
Long term financing	-	-	1,253,629	1,253,629	-	-	-	-
Trade and other payables	-	-	1,097,990	1,097,990	-	-	-	-
Accrued mark-up	-	-	65,388	65,388	-	-	-	-
Short term borrowings	-	-	5,790,390	5,790,390	-	-	-	-
	-	-	8,207,397	8,207,397	-	-	-	-

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

for the Half Year Ended December 31, 2017

12. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors of the Company and authorized for issue on February 26, 2018.

13. CORRESPONDING FIGURES

In order to comply with the requirements of IAS 34, the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

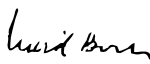
Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made.

14. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.



Muhammad Anwar
Chief Executive Officer



Khalid Bashir
Director



Sadiq Saleem
Chief Financial Officer

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