



**Crescent  
Fibres**



**Annual Report  
2018**

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## COMPANY INFORMATION

<b>Board of Directors</b>	Khawar Maqbool	(Chairperson, Non-Executive Director)
	Imran Maqbool	(Chief Executive, Executive Director)
	Humayun Maqbool	(Executive Director)
	Jahanzeb Saeed Khan	(Independent, Non-Executive Director)
	Nadeem Maqbool	(Non-Executive Director)
	Naila Humayun Maqbool	(Non-Executive Director)
	Mansoor Riaz	(Non-Executive Director)

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<b>Chief Financial Officer</b>	Kamran Rasheed
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<b>Company Secretary</b>	Javaid Hussain
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<b>Audit Committee</b>	Jahanzeb Saeed Khan	(Chairman)
	Nadeem Maqbool	(Member)
	Naila Humayun Maqbool	(Member)

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<b>Human Resources &amp; Remuneration Committee</b>	Jahanzeb Saeed Khan	(Chairman)
	Nadeem Maqbool	(Member)
	Naila Humayun Maqbool	(Member)

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<b>Auditors</b>	BDO Ebrahim & Company Chartered Accountants
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<b>Legal Advisor</b>	Mohsin Tayebally & Sons
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<b>Share Registrar</b>	Vision Consulting Limited 1st Floor, 3-C, LDA Flats, Lawrence Road, Lahore.
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<b>Registered Office</b>	104 Shadman 1, Lahore - 54000 Tel : (042) 35960871-4 Lines Fax : (042) 35960004
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<b>E-mail:</b>	lo@crescentfibres.com
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<b>Website:</b>	www.crescentfibres.com
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## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 41<sup>st</sup> Annual General Meeting of the shareholders of Crescent Fibres Limited will be held on Saturday the 27<sup>th</sup> October, 2018 at 9.30 a.m. at Registered Office of the Company 104-Shadman-1, Lahore to transact the following business:

1. To receive, consider and adopt Audited Accounts of the Company for the year ended 30<sup>th</sup> June, 2018 together with Auditors and Directors reports thereon.
2. To appoint Auditors and fix their remuneration. The retiring auditors M/s. BDO Ebrahim & Company, Chartered Accountants offer themselves for re-appointment.

**October 04, 2018**  
**REGISTERED OFFICE**  
**104-Shadman-1, Lahore,**

**By Order of the Board**  
**JAVOID HUSSAIN**  
**Company Secretary**

### NOTES:

1. The Share Transfer Books of the Company will remain closed from 20<sup>th</sup> October, 2018 to 27<sup>th</sup> October, 2018 (both days inclusive).
2. A member eligible to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be valid must be received by the company duly completed not less than 48 hours before the Meeting.
3. CDC shareholders are requested to bring with them their National Identity Cards alongwith participants' ID number and their account numbers at the time of Annual General Meeting in order to facilitate identification. In case of corporate entity, a certified copy of the resolution passed by the Board of Directors/valid Power of Attorney with the specimen signature of the nominee be produced at the time of meeting.
4. Pursuant to SECP Notification S.R.O 787(I)/ 2014 dated September 8, 2014, members may inform the Company to receive the Audited Financial Statements and notices through e-mail by submitting request.

## MISSION STATEMENT

To achieve a leadership position in providing innovative and high-quality products in all sectors of operations.

To be recognized as an organization that delivers on its commitments with integrity and excellent value.

To foster an environment of growth, prosperity, and long term relationships, through dedication to the principles of openness, honesty, and professionalism.

To be an equal opportunity employer, and to motivate and empower every employee to strive for excellence in meeting the needs of our customers.

To be a responsible corporate citizen and contribute to our community by participating in social and environmental causes.



## CHAIRPERSON'S REVIEW

I am pleased to present my review for the year ended June 30, 2018. The last financial year was a difficult one for the textile industry.

While Pakistan's economy has the potential to achieve sustained GDP growth, this will not be possible without creating an enabling environment for the textile industry which remains the country's largest export earner and employer. I would encourage the Government to tackle the challenges facing this industry including developing a crop management policy to ensure that at the very least the cotton crop attains a level sufficient to support domestic consumption, providing competitively priced energy, addressing high cost of doing business in Pakistan, rationalizing domestic taxes and tariffs, allowing duty free import of raw materials, and clearing stuck-up refunds.

Despite the challenges, the Company was able to increase profitability from Rs. 25.0 million last year to Rs. 67.9 million for the year ended June 30, 2018. Earnings per share was Rs. 5.47 as compared to Rs. 2.02 last year. The Director's Report will elaborate on our financial results, operations and future outlook.

I would like to extend my appreciation to the Management for remaining profitable in a very difficult environment for the textile industry which is facing daunting external and internal challenges.

During the year, four meetings of the Board were held. The Board of Directors is responsible for overall governance and administration of the company. All Directors are aware of their duties and power. They review and approve the Company's financial Statements in addition to all significant plans and decisions. The Board has formed two sub-committees to review compliance and management of the business. The Audit Committee focuses on compliance with the best practices of corporate governance and relevant statutory requirements, changes in accounting policies and practices, compliance with applicable accounting standards and listing regulations. Other responsibilities include monitoring the internal and external audit functions, review of financial statements, and recommendation appointment of external auditors. During the year four meetings of the Audit Committee were held. The Human Resource and Remuneration Committee reviews human resource needs, compensation policies and plans, and executive compensation. During the year two meetings of the Human Resource and Remuneration Committee were held.

I would like to assure you that the Board continues to function effectively and is focussed on adopting the best practices of corporate governance to ensure future growth and profitability and to look after the interests of shareholders and all stakeholders.

Finally, on behalf of the Board I would like to extend our gratitude to all our employees, shareholders, bankers, suppliers and customers.

*Khawar Maqbool*

**Khawar Maqbool,**  
**Chairperson, Board of Directors**

**October 04, 2018**

## DIRECTORS' REPORT

The Company reported after tax profit of Rs 67.9 million for the year ended June 30, 2018 as compared to a profit of Rs. 25.0 million for the twelve months ended June 30, 2017. The earnings per share for the period under review was Rs. 5.47.

### OPERATING RESULTS

#### Crescent Fibres Limited

##### Summarized Financial Results

Rupees in millions	Year Ended 30-Jun-18		Year Ended 30-Jun-17	
	Rs.	% of Sales	Rs.	% of Sales
Sales	4,439.2	100.0%	3,887.4	100.0%
Cost of Sales	(4,155.5)	93.6%	(3,711.1)	95.5%
Gross Profit	283.7	6.4%	176.3	4.5%
Administrative Expenses	(108.0)	2.4%	(94.3)	2.4%
Distribution Cost	(17.8)	0.4%	(16.9)	0.4%
Other Operating Income	33.4	0.8%	63.5	1.6%
Other Operating Expenses	(17.3)	0.4%	(6.8)	0.2%
Profit from Operations	174.1	3.9%	121.9	3.1%
Financial Charges / Other	(81.2)	1.8%	(83.7)	2.2%
Profit before Taxation	92.8	2.1%	38.2	1.0%
Taxations	(24.9)	0.6%	(13.2)	0.3%
Profit/(Loss) After Taxes	67.9	1.5%	25.0	0.6%
Earnings per Share	5.47		2.02	

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 a global growth slow down, and a total lack of attention by policy makers to the challenges facing the industry including the high cost of doing business, lack of competitively priced energy, liquidity crunch due to non-issuance of refunds and non-existence of a cotton crop management policy.

Overall, sales increased by 14.2% as compared to the year ending June 2017 primarily due to higher end product prices leading to some improvement in margins. The gross margin for the year was 6.4% as compared to 4.5% in the previous year. Distribution and administrative expenses at 2.8% of sales showed no change in terms of percentage of sales though were higher in nominal terms due to increase in sales. The operating margin in the period under review was at 3.9% as compared to 3.1% for the year ended June 30, 2017. The financial charges were also lower at 1.8% as compared to 2.2% for the corresponding period and this is attributable to lower long-term debt owing to repayments made during the year. Overall, the net margin for the year was 1.5% as compared to 0.6% for the year ended June 30, 2017.

### DIVIDEND

In view of thin margins, low profitability and cash flows and expected future pressure on margins, the Board of Director's has decided to forgo payment of dividend this year. The Company had to take on leverage for capacity expansion and requires all cash flow to service this debt.

## **PATTERN OF SHAREHOLDING**

The Statement of Pattern of Shareholding along with categories of shareholders of the Company as at year end have been included in the Annual Report.

## **MEETINGS**

### **Board of Directors**

Four meeting of the Board were held during the financial year. Attendance by each Director is listed in parenthesis

Khawar Maqbool, Chairperson, Non-Executive Director (4) - Female  
Imran Maqbool, Chief Executive, Executive Director (4)  
Humayun Maqbool, Executive Director (4)  
Jahanzeb Saeed Khan, Independent, Non-Executive Director (4)  
Nadeem Maqbool, Non-Executive Director (4)  
Naila Humayun Maqbool, Non-Executive Director (4) - Female  
Mansoor Riaz, Non-Executive Director (4)

The Board of Directors in compliance with the Code of Corporate Governance (CCG) has established an Audit Committee with the following members (attendance by each member is listed in parenthesis):

### **Audit Committee**

Jahanzeb Saeed Khan, Chairman, Independent, Non-Executive (4)  
Nadeem Maqbool, Member, Non-Executive (4)  
Naila Humayun Maqbool, Member, Non-Executive (4)

The Board has also established a Human Resource and Remuneration Committee with the following members (attendance by each member is listed in parenthesis):

### **Human Resource and Remuneration Committee**

Jahanzeb Saeed Khan, Chairman, Independent, Non-Executive (2)  
Naila Humayun Maqbool, Member, Non-Executive (2)  
Nadeem Maqbool, Member, Non-Executive (2)

## **DIRECTORS REMUNERATION**

The remuneration of the Board Members is approved by the Board. However, in accordance with the Code of Corporate Governance, it is ensured that no Director takes part in deciding their own remuneration. The Company does not pay remuneration to Non-Executive Directors except fee for attending meetings. The Company's remuneration policies are structured in line with industry trends and business practices. For information on remuneration of Management, please refer to the notes to the Financial Statements.

## **DIRECTOR'S TRAINING PROGRAM**

Six Director's out of Seven have either completed the Director's Training Program or are exempt due to the requirement of the CCG. The remaining Director will undergo director's training within the time allowed.



## FUTURE OUTLOOK

According to the International Monetary Fund, growth prospects for the global economy continue to weaken and the risks to the outlook are mounting. The rate of expansion appears to have peaked in the major economies and growth prospects are becoming uneven among the emerging and developing economies. Amid rising oil prices, higher yields in the United States, escalating trade tensions and market pressures on the economies with weaker fundamentals, the global economic outlook is looking more and more uncertain. Avoiding protectionist measures and finding a cooperative solution that promotes continued growth in goods and services trade remain essential to preserve the global expansion. With downside risks mounting, many countries need to rebuild fiscal buffers to create policy space for the next downturn and strengthen financial resilience to an environment of higher market volatility.

The uncertain global economic situation is likely to ensure that the outlook for textile remains negative. Even though the sector is the country's largest export earner and employer, it is suffering from a lack of attention from policy makers and faces several challenges. These include continued shortfalls in cotton production due to non-existence of a crop management policy which leads to crop sizes being consistently short of the domestic requirements; high cost of doing business; unrealistically high energy pricing; high local taxes and surcharges; severe working capital shortfall due to non-issuance of income and sale tax refunds by the Government; and rising interest rates. The situation is further exacerbated by the strong government support being offered to our regional competitors in the form of subsidies and export incentives. The new Government has announced a commitment to support exporters by providing competitively priced energy, improving liquidity through issuance of stuck up refunds and allowing duty free imports of raw materials. If these policies materialize they will go a long way in improving prospects for revival of textiles in Pakistan.

The Management will continue to strive to minimize the impact of the uncertain economic environment and daunting challenges facing the industry through improved efficiency and productivity and sound, low risk decision-making. However, to ensure long term success these efforts must be supported by strong growth of global economies, availability of reliable and competitively priced energy, and improved government policies especially with respect to raw materials and liquidity.

## CORPORATE GOVERNANCE & FINANCIAL REPORTING FRAMEWORK

Under rules framed by the regulatory authorities, the Management is required to include the following statements relating to Corporate Governance and Financial Reporting Framework in the Director's Report:

- (a) The financial statements prepared by the Management presently fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- (b) Proper books of account have been maintained.
- (c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- (d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure thereon has been disclosed.
- (e) The system of internal control adopted by the Management is sound in design and every effort is made to ensure its effective implementation.



- (f) There are no significant doubts with regard to the Company's ability to continue as a going concern.
- (g) Key financial and operating data for the last six years has been included elsewhere in the annual report.
- (h) There has been no significant departure from the best practices of corporate governance, as detailed in the listing regulations.
- (i) All details regarding taxes and levies are disclosed in the financial statements and notes annexed to the audited accounts.
- (j) The value of investments of the provident fund based on audited accounts for the Year Ended June 30, 2018 was Rs. 120.633 million.
- (k) During the year, details of shares by Directors, CEO, CFO, Company Secretary and their spouses and minor children were as follows:
  1. Mansoor Riad, Non-Executive Director – 195,500 Shares
  2. Khawar Maqbool, Chairperson, Non-Executive Director – 1000 Shares

## AUDITORS

The present auditors, BDO Ebrahim & Co. retire, and being eligible have offered themselves for re-appointment.

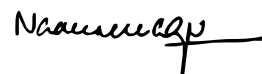
## APPRECIATION

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



**IMRAN MAQBOOL**  
Chief Executive Officer

October 04, 2018



**NADEEM MAQBOOL**  
Director

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کھیتی نے سال بخیر 30 جون 2018 میں بھو دادا گجی گیس سٹیشن 67.9 ملین روپے خرچ حاصل کیا ہے۔ جس کے مقابلے میں گزشتہ سال بخیر 30 جون 2017 کا خرچ 25.0 ملین روپے تھا۔ کھیتی کی آمدنی اس سال 5.47 روپے کی حصر ہوئی۔

سال مختصر	سال مختصر	سال مختصر	سال مختصر	روپے (ملین میں)
2017	2018	2019	2020	
100%	3887.4	100%	4,439.2	فردیت
95.5%	(3711.1)	93.6%	(4,155.5)	گمست فردیت
4.5%	176.3	6.4%	283.7	کل منافع
2.4%	(94.3)	2.4%	(108.0)	گمست منافع
0.4%	(16.9)	0.4%	(17.8)	انتظامی اخراجات
1.6%	63.5	0.8%	33.4	دیگر آمدنی
0.2%	(6.8)	0.4%	(17.3)	دیگر اخراجات
3.1%	121.9	3.9%	174.1	پچھتے ہوئے کام سے منافع
2.2%	(83.7)	1.8%	(81.2)	ماہانہ اخراجات دیگر
1.0%	38.2	2.1%	92.8	منافع قبل از ٹیکس
0.3%	(13.2)	0.6%	(24.9)	ٹیکس
0.6%	25.0	1.5%	67.9	منافع بعد از ٹیکس
	2.02		5.47	آمدنی فی حصہ

پاکستان میں گلیہائی کی صنعت طویل عرصے سے اپنی کارکردگی میں کمی کا شکار رہی ہے۔ جدید پیداوار و مراعات میں گلیہائی کی مصنوعات کی طلب میں کمی ہو رہی ہے۔ مصنوعات کی قیمت فروخت میں ارزانی، عالمی ترقی میں سستہ روپی صنعت کو گھٹا فوائد کے حصول میں رکاوٹ بن کر ابھری ہے۔ خراجات میں اضافہ، اس کے علاوہ عالمی کاروبار میں ترقی ہو رہی ہے۔

مجموعی طور پر، فروخت جون 2017 میں ختم ہونے والے سال کے مقابلے میں 14.2 فیصد اضافہ ہوا جو کہ تقریباً 10 فیصد اضافہ کی توقع میں اضافہ کرنے کے باعث واقعہ میں یکواہری آئی۔ سال کے لئے مجموعی داغ کو نو سال میں 6.4 فیصد کے مقابلے میں 4.5 فیصد اضافہ فروخت میں 2.8 فیصد پر تھیم کاروبار، انکمپلی فراہمات پر فروخت کی فیصد کے لحاظ سے کوئی تبدیلی نہیں آئی ہے۔ اگرچہ فروخت میں اضافہ کی وجہ سے باوجود فراہم کنندہ میں اضافہ 30- جون 2017 کو ختم ہونے والے سال کے آگے پر بینک داغ میں 3.1 فیصد کے مقابلے میں 3.9 فیصد تھا۔ باقی فراہمات میں بھی 1.8 فیصد کی کمی ہوئی جو کہ اس کی مدت کے مقابلے میں 2.2 فیصد تھی۔ اس سال کے دوران انکمپلی کی وجہ سے طویل المدتی قرض کم کرنے کے قابل ہونے۔ مجموعی طور پر، وہاں سال میں تاخیر سے 1.5 فیصد اضافہ 30 جون 2017 کو ختم ہونے والے سال میں 0.6 فیصد تھا۔

ہم جان کی وجہ سے مایوس نہیں ہوا اور مستقبل میں موقع مایوس ہوا کی وجہ سے کھلی کے انعامات اس سال تک قسمی اور اپنی ذکر نے کا فیصلہ کیا ہے۔ کھلی کو یہ اداریہ سلامیہ کی طرح کے لئے کو معاونہ کا نام اور قرطی اور اپنی کے لئے تمام بھلائی

سالانہ رپورٹ میں حصہ داران کی ترغیب کے ساتھ ساتھ کھیتی کے حصول و اداروں کی اقسام شامل کر دی گئی ہیں۔ کھیتی کے کاروبار میں گورنمنٹس کے ضابطہ کے مطابق پروڈا ف و اسٹریکچرز نے ملحدہ ریل راکیں کے ساتھ ایک آٹے کھیتی تشکیل دی ہے۔

مفتی محمد رفیع

پالی سال کے دوران پیدا کے چار اطفال متعلقہ ہوئے۔ ہر اکر یکٹری طرف سے عائلی لمبرنس پر دہن ہے۔

فائدہ مقبول، فیصد بریں، اور دیگر اہم ترین معیار (4)۔ طاقتوں

(4) عمران متقی، خطِ تحریر کیا گیا، خطِ تحریر کیا گیا (4)

[illegible]

جہاں سے یہ سب سامعین تھے، اور وہاں ان کے گھر تھے۔

۴) مؤلفان:

۴- چنانچه این پروتکل از سوی مرکز (۴)

تاریخ: ۱۳۸۵/۰۵/۰۴



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CRESCENT FIBRES LIMITED ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Crescent Fibres Limited for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

KARACHI

DATED: October 04, 2018

CHARTERED ACCOUNTANTS

Engagement Partner: Zulfikar Ali Causer

**BDO Ebrahim & Co. Chartered Accountants**

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

## STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

Name of Company : Crescent Fibres Limited

Year ended: June 30, 2018

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:
  - a. Male 5
  - b. Female 2
2. The Composition of Board is as follows:

Category	Names
Independent Director	Jahanzeb Saeed Khan
Executive Director	Imran Maqbool Humayun Maqbool
Non-Executive Director	Khawar Maqbool Nadeem Maqbool Naila Humayun Maqbool Mansoor Riaz

Election of Board of Directors were held on April 30, 2016, therefore the requirement regarding the number of independent directors, as notified in the Listed Companies (Code of Corporate Governance) Regulations 2017 which was promulgated on November 22, 2017 will be complied with upon reconstitution of Board of Directors.

3. The Directors have confirmed that none of them is serving as a Director on more than five listed companies, including this Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairperson and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Out of seven directors, three directors are exempt from training program as mentioned in regulation no. 20, sub-regulation 2 of the Regulations. Four directors attended the Directors' training course earlier.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant

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11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

Audit Committee

Mr. Jahanzeb Saeed Khan Chairman  
Mr. Nadeem Maqbool – Member  
Mrs Naila Humayun Maqbool – Member

HR and Remuneration Committee

Mr. Jahanzeb Saeed Khan - Chairman  
Mr. Nadeem Maqbool – Member  
Mrs Naila Humayun Maqbool - Member

The HR and Remuneration Committee has been reconstituted and effective February 26, 2018, Mr. Jahanzeb Saeed Khan, an independent director, has been appointed Chairman of the Committee replacing Mrs. Naila Humayun Maqbool.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the committee were as per following:

- |    |                               |                                |
|----|-------------------------------|--------------------------------|
| a) | Audit Committee               | Four meetings during the year. |
| b) | HR and Remuneration Committee | Two meetings during the year.  |

15. The board has set up an effective internal audit function which is headed by a cost and management accountant who is suitably qualified and experienced for the purpose and are well conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

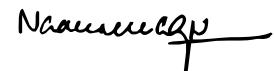
18. We confirm that all other requirements of the Regulations have been complied with.

Annual Report 2018



**IMRAN MAQBOOL**  
Chief Executive Officer

October 04, 2018



**NADEEM MAQBOOL**  
Director

## FINANCIAL SUMMARY

### OPERATING RESULTS:

	JUNE 2018	JUNE 2017	JUNE 2016	JUNE 2015	JUNE 2014	JUNE 2013
Net Sales	4,439,239,208	3,887,436,716	3,501,765,456	3,113,640,693	3,524,062,023	3,143,650,003
Cost of Sales	4,155,531,171	3,711,106,980	3,317,253,287	2,847,729,211	3,097,094,499	2,699,445,832
Distribution and admin. Expenses	125,788,730	111,142,947	112,580,214	99,231,780	88,119,585	81,921,483
Financial Charges	80,953,892	83,428,911	78,338,532	54,841,928	70,360,421	70,834,987
Other operating expenses	17,292,155	6,760,133	2,737,661	17,007,784	21,157,052	24,497,107
Other operating income - Net	33,427,705	63,501,918	38,857,822	30,669,059	22,370,359	18,032,470
Share of associate profit	(289,164)	(272,225)	(196,009)	181,934	(249,847)	39,904
Pre-Tax Profit/ (Loss)	92,811,801	38,227,438	29,517,575	125,680,983	269,450,978	285,022,968
Taxation	24,882,324	13,157,812	(661,680)	81,150,146	93,752,354	41,422,094
Extraordinary item						
Net Income	67,929,477	25,069,626	30,179,255	44,530,837	175,698,624	243,600,874

### PER SHARE RESULTS AND RETURN:

Share Price	30.90	30.90	39.90	43.50	29.80	31.05
Earning Per Share	5.47	2.02	2.43	3.59	14.15	19.62
Dividend Per Share	-	-	1.00	1.50	1.00	1.50
Net Income Sales Percent	1.53%	0.64%	0.86%	1.43%	4.99%	7.75%
Return on Average Assets Percent	1.80%	1.00%	1.34%	2.27%	10.44%	16.45%
Return on Average Equity Percent	3.30%	2.52%	3.25%	4.89%	21.44%	39.60%

### FINANCIAL POSITION:

Current Assets	1,712,461,451	1,423,212,999	1,079,631,770	959,473,694	878,468,092	833,093,406
Current Liabilities	1,415,648,999	1,096,423,305	838,581,419	643,117,877	532,481,773	517,174,728
Operating Fixed Assets	1,217,342,358	1,217,342,358	1,245,262,713	1,189,920,876	844,614,234	751,415,870
Total Assets	4,873,346,695	2,678,336,858	2,345,597,530	2,169,490,899	1,747,347,502	1,617,161,979
Long Term Debt	252,406,925	375,593,904	409,598,099	400,465,535	158,503,907	203,304,923
Shareholders Equity	3,068,059,569	1,055,124,219	935,209,375	924,453,912	897,399,846	741,779,245
Break-up Value Per Share	247.07	84.97	75.31	74.45	72.27	59.73

### FINANCIAL RATIOS:

P/E Ratio	5.65	15.31	16.42	12.13	2.11	1.58
Current Ratio	1.21	1.30	1.29	1.49	1.65	1.61
Total Debt to Total Assets Percent	37.04%	60.61%	60.13%	57.39%	48.64%	54.13%
Interest Charges Cover (Times)	2.146	1.458	1.377	3.292	4.830	5.024
Inventory Turnover (Times)	7.772	10.041	13.161	13.493	12.796	10.319
Fixed Assets Turnover (Times)	3.647	3.193	2.812	2.617	4.172	4.184
Total Assets Turnover (Times)	0.911	1.451	1.493	1.435	2.017	1.944

### OTHER DATA:

Depreciation and Amortization	115,650,909	117,930,489	123,123,436	91,154,188	80,563,100	66,898,499
Capital Expenditure	32,990,558	122,013,976	186,156,001	452,880,970	144,552,056	140,746,469



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRESCENT FIBRES LIMITED****Report on the Audit of the Financial Statements****Opinion**

We have audited the annexed financial statements of **CRESCENT FIBRES LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2018, and profit and loss account, statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, profit and loss account, statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit and other comprehensive income, its cash flows and the changes in equity for the year then ended.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Following are the Key audit matters:

S. No	Key audit matters	How the matter was addressed in our audit
1.	<p><b>Promulgation of Companies Act, 2017</b></p> <p>Companies Act, 2017 ("the Act") was promulgated on May 30, 2017 which introduced certain new requirements including certain changes in accounting and disclosures with respect to preparation of financial statements by companies. The third and fourth schedules to the Companies Act, 2017 became applicable to Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its third and fourth schedules) forms an integral part of the statutory financial reporting framework applicable to the Company.</p> <p>In view of the significant changes in accounting and disclosures, we consider it as a key audit matter.</p> <p>Refer to note 3.1 to the financial statements.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the requirements regarding preparation and filing of financial statements applicable to the Company and assessed the design and operation of its key controls over preparation and filing of financial statements.</li> <li>• We reviewed minutes of meetings of Board of Directors, Audit Committee and internal audit reports for any recorded instances of potential non-compliance and maintained a high level of vigilance when carrying out other audit procedures for indication of non-compliance.</li> <li>• We reviewed financial statements to ensure completeness and accuracy of disclosures in the financial statements to ensure compliance with reporting and disclosure requirements of Companies Act, 2017.</li> </ul>
2.	<p><b>Control environment relating to the financial reporting process and related IT systems</b></p> <p>The IT control environment relating to the financial reporting process and the application controls of individual IT systems have an impact on the selected audit approach.</p> <p>As the financial statements are based on extensive number of data flows from multiple IT systems, consequently the financial reporting control environment is determined as a key audit matter.</p>	<p>Our audit procedures included evaluation of the financial reporting process and related control environment, as well as testing of the effectiveness of controls including general IT controls. Our audit procedures focused on testing the reconciliation and approval controls as well as on evaluating the administration of access rights.</p> <p>Our audit procedures extensively consisted of several substantive procedures as well as data analysis relating to the most significant balances on the profit and loss account and statement of financial position.</p>

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3.	<b>Revaluation of property, plant and equipment</b>
	<p>As per International Accounting Standards (IAS) 16 "Property, Plant and Equipment", a company shall choose either the cost model or revaluation model as its accounting policy and shall apply that policy to entire class of property, plant and equipment. During the period, the Company has changed its accounting policy and has chosen revaluation model for freehold land which was previously carried at cost model as disclosed in note 7 to the financial statements.</p> <p>Consequently, this change in accounting policy resulted in significant impact on property, plant and equipment amounting to Rs. 1,993.826 million. Moreover, the revaluation process involves significant and complex judgment for the valuation of the freehold land such as ascertaining market values and forced sale values, therefore, we consider this as a key audit matter.</p> <p>Our audit procedures included the following:</p> <p>We obtained revaluation reports of independent valuer and evaluate the credibility of the reports and determine the reasonableness of the assumptions mentioned in their reports. We reviewed that the revalued amount disclosed in the aforesaid reports are properly recognized in the financial statement for the year ended June 30, 2018.</p> <p>We checked that the independent valuers are in list of approved valuers of Pakistan Banks' Associations (PBA).</p> <p>We reviewed the circular Board resolution dated July 08, 2017 for the approval to evaluate the completeness of management's consideration of change in accounting policy as per IAS-16 "Property, Plant and Equipment" from cost model to revaluation model.</p> <p>We reviewed the financial statements to ensure that change in accounting policy with respect to adoption of revaluation model for freehold land has been properly applied and accounted for and adequately disclosed in the financial statements.</p> <p>The adequacy of the disclosures presented in the financial statements regarding property, plant and equipment was also assessed, based on the applicable accounting standards and requirements of Companies Act, 2017.</p>
4.	<b>Provision for obsolescence in inventories</b>
	<p>As disclosed in note 13 and 14 to the financial statements, the Company has net inventories of Rs. 63.233 million and Rs. 563.099 million as at June 30, 2018 relating to stores, spares and loose tools and stock in trade, respectively.</p> <p>The total inventories represented significant portion of the Company's total assets.</p> <p>We performed the following procedures:</p> <ul style="list-style-type: none"> <li>• We evaluated the significant assumptions and methodologies applied by management to identify and provide for slow moving and obsolete inventory categories.</li> </ul>

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	<p>The Company estimates the provision for slow moving and obsolete inventory of stock in trade on the inventory ageing and sales performance of individual stock categories and make specific provisions by individual stock categories. The Company also writes down the value of such inventories based on the net realizable value of inventories.</p> <p>Further, the provision for all slow moving and obsolete inventories of stores, spares and loose tools are based on the inventory days and specific identification of inventories through verification by management.</p> <p>We focused on this area as the estimation for provisioning involve a high level of management judgement which could in turn result in measurement uncertainty and possibility for management bias.</p>	<ul style="list-style-type: none"> <li>• We compared the ageing and provisioning percentages used by management in the current year to those applied in prior years and checked the reasonableness of provisioning basis using our understanding of industry practices.</li> <li>• Further, we reviewed the year to year movement in provision for each category of inventory considering subsequent write offs, reversals on re-use and disposals. We also compared the cost of inventories as at June 30, 2018 to their net realisable value subsequent to year end.</li> <li>• We performed a recalculation of the inventory provision made to an individual inventory category based on the system generated inventory ageing report. Further, we checked for damaged and obsolete inventory that were physically identifiable during stock count observation.</li> </ul>
<b>5.</b>	<b>Trade debts</b>	
	<p>As disclosed in note 15 to the accompanying financial statements of the Company for the year ended June 30, 2018, the Company has a trade debt balance amounting to Rs. 686.411 million, which represents a significant element of statement of financial position.</p> <p>A discrepancy in the valuation or existence of trade debt could cause the assets to be materially misstated, which would impact the Company's reported financial position as the valuation of aforesaid head is one of the main driver of movements in the assets of the Company.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> <li>• We considered the appropriateness of impairment of trade receivables as per the Company policies and assessing compliance with applicable accounting standards;</li> <li>• We tested the design and effectiveness of internal controls implemented by the Company through the trade receivables cycle.</li> <li>• We critically considered management's assumptions used in determining impairment losses for both specific and collective loss components.</li> </ul>

## BDO Ebrahim & Co. Chartered Accountants

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<p>Management estimates the collectible amount of debt. For significant account balances, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time that the amount is past due.</p> <p>In view of the significance of trade debts in relation to the total assets of the company, we considered impairment of trade receivables as a key audit matter due to the significant management judgment involved in determining the provision for doubtful debts and that the existence and carrying value of trade receivables could be material to the performance of the Company.</p>	<ul style="list-style-type: none"> <li>• We identified those trade receivables with credit risk exposure and checking if they are properly included in management's impairment assessment.</li> <li>• We examined on a sample basis, evidence related to post year-end cash receipts.</li> <li>• We reviewed and re-calculated the provision against trade receivables based on credit risk exposure and days past due as per the Company's policies to ensure that the provision is appropriate at the statement of financial position date.</li> </ul>
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## Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

## BDO Ebrahim & Co. Chartered Accountants

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### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### BDO Ebrahim & Co. Chartered Accountants

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From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, profit and loss account, statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

**KARACHI**

**DATED:** October 04, 2018

**BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS**

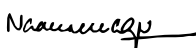
# STATEMENT OF FINANCIAL POSITION

## AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment			
Operating fixed assets	8	1,401,920,366	1,217,342,358
Capital work-in-progress	9	13,697,687	23,765,454
		<u>1,415,618,053</u>	<u>1,241,107,812</u>
Investment property	10	1,949,675,150	-
Long term investments	11	539,563	917,734
Long-term deposits	12	16,699,378	13,098,313
		<u>3,160,885,244</u>	<u>1,255,123,859</u>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	13	63,232,678	60,401,739
Stock-in-trade	14	563,098,872	382,608,424
Trade debts	15	686,410,603	551,087,852
Loans and advances	16	6,080,593	8,255,453
Trade deposits and short term prepayments	17	15,550,130	8,105,342
Other receivables	18	1,165,395	820,351
Short term investments	19	155,986,700	262,210,919
Tax refunds due from Government	20	116,460,589	72,780,382
Taxation - net	31	-	7,521,442
Cash and bank balances	21	104,475,891	69,421,095
		<u>1,712,461,451</u>	<u>1,423,212,999</u>
<b>TOTAL ASSETS</b>		<u><u>4,873,346,695</u></u>	<u><u>2,678,336,858</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital			
15,000,000 (2017: 15,000,000) ordinary shares of Rs. 10/- each		150,000,000	150,000,000
Issued, subscribed and paid up capital	22	124,178,760	124,178,760
Capital reserves			
Surplus on revaluation of property, plant and equipment	23	1,993,825,768	-
Unrealized gain on available for sale investment	23	81,069,736	129,864,631
		<u>2,074,895,504</u>	<u>129,864,631</u>
Revenue reserves			
Unappropriated profit	23	868,985,305	801,055,828
		<u>3,068,059,569</u>	<u>1,055,099,219</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	24	252,406,925	375,593,904
Liabilities against assets subject to finance leases	25	11,095,895	1,706,229
Deferred gain on sale and lease back		388,797	-
Deferred taxation	26	125,746,510	149,514,201
		<u>389,638,127</u>	<u>526,814,334</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	27	702,325,345	527,340,038
Unclaimed dividend	28	2,515,149	2,619,361
Interest and mark-up accrued	29	34,122,217	33,172,867
Short-term borrowings	30	544,092,662	407,234,304
Taxation - net	31	4,960,127	-
Current portion of long term liabilities	32	127,633,499	126,056,735
		<u>1,415,648,999</u>	<u>1,096,423,305</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	33		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>4,873,346,695</u></u>	<u><u>2,678,336,858</u></u>

The annexed notes from 1 to 56 form an integral part of these financial statements.

  
**IMRAN MAQBOOL**  
 Chief Executive

  
**NADEEM MAQBOOL**  
 Director


  
**KAMRAN RASHEED**  
 Chief Financial Officer




## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
Sales - net	34	4,439,239,208	3,887,436,716
Cost of sales	35	(4,155,531,171)	(3,711,106,980)
Gross profit		283,708,037	176,329,736
General and administrative expenses	36	(107,955,920)	(94,292,169)
Distribution cost	37	(17,832,810)	(16,850,778)
Other operating income	38	33,427,705	63,501,918
Other operating expenses	39	(17,292,155)	(6,760,133)
		(109,653,180)	(54,401,162)
Operating profit		174,054,857	121,928,574
Financial charges	40	(80,953,892)	(83,428,911)
Share of loss from associate	11.1	(289,164)	(272,225)
		(81,243,056)	(83,701,136)
Profit before taxation		92,811,801	38,227,438
Taxation	41	(24,882,324)	(13,157,812)
Profit for the year		67,929,477	25,069,626
Earnings per share - basic and diluted	42	5.47	2.02

The annexed notes from 1 to 56 form an integral part of these financial statements.

  
**IMRAN MAQBOOL**  
Chief Executive

  
**NADEEM MAQBOOL**  
Director

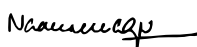
  
**KAMRAN RASHEED**  
Chief Financial Officer

# STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees	2017 Rupees
Profit for the year	67,929,477	25,069,626
Other comprehensive income		
Items that will be reclassified to profit and loss account subsequently		
Surplus on revaluation of property, plant and equipment	1,993,825,768	-
Unrealized (loss) / gain on revaluation of investments classified as available for sale	(48,794,895)	107,770,836
Transfer to profit and loss account on disposal of available for sale investments	-	(532,740)
	1,945,030,873	107,238,096
Total comprehensive income for the year	2,012,960,350	132,307,722

The annexed notes from 1 to 56 form an integral part of these financial statements.

  
**IMRAN MAQBOOL**  
Chief Executive

  
**NADEEM MAQBOOL**  
Director

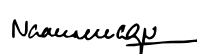
  
**KAMRAN RASHEED**  
Chief Financial Officer

## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	44	89,382,471	8,796,666
Finance cost paid		(80,004,542)	(86,764,322)
Taxes paid		(36,168,446)	(16,527,049)
Net cash used in operating activities		(26,790,517)	(94,494,705)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(32,990,558)	(122,013,976)
Long term deposits		(3,601,065)	5,617,185
Short term investments - net		65,372,875	(70,413,868)
Proceeds from disposal of operating fixed assets		25,541,667	6,335,162
Net cash generated from / (used in) investing activities		54,322,919	(180,475,497)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		-	87,354,000
Repayments of long term financing	45	(125,177,640)	(77,505,018)
Deferred gain on sale and lease back		388,797	-
Dividend paid		(104,212)	(12,106,693)
Payments of liabilities against assets subject to finance leases		(4,442,909)	(8,659,229)
Short term borrowings - net		136,858,358	171,319,282
Net cash generated from financing activities		7,522,394	160,402,342
Net increase / (decrease) in cash and cash equivalents		35,054,796	(114,567,860)
Cash and cash equivalent at the beginning of the year		69,421,095	183,988,955
Cash and cash equivalent at the end of the year		104,475,891	69,421,095

The annexed notes from 1 to 56 form an integral part of these financial statements.

  
**IMRAN MAQBOOL**  
Chief Executive

  
**NADEEM MAQBOOL**  
Director

  
**KAMRAN RASHEED**  
Chief Financial Officer

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2018

	Issued, subscribed and paid-up capital	Capital Reserve		Revenue Reserves	Total
		Unrealized gain / (loss) on available for sale investment	Surplus on revaluation of property, plant and equipment	Unappropriated profit	
Rupees					
Balance as at July 01, 2016	124,178,760	22,626,535	-	788,404,080	935,209,375
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	-	25,069,626	25,069,626
Other comprehensive income					
Unrealized (loss) / gain on revaluation of investments classified as available for sale	-	107,770,836	-	-	107,770,836
Transfer to profit and loss account on disposal of available for sale investments	-	(532,740)	-	-	(532,740)
	-	107,238,096	-	25,069,626	132,307,722
<b>Transactions with owners</b>					
Dividend paid	-	-	-	(12,417,876)	(12,417,876)
Balance as at June 30, 2017	124,178,760	129,864,631	-	801,055,828	1,055,099,219
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	-	67,929,477	67,929,477
Other comprehensive income					
Surplus on revaluation of property, plant and equipment	-	-	1,993,825,768	-	1,993,825,768
Unrealized (loss) / gain on revaluation of investments classified as available for sale	-	(48,794,895)	-	-	(48,794,895)
	-	(48,794,895)	1,993,825,768	67,929,477	2,012,960,350
Balance as at June 30, 2018	124,178,760	81,069,736	1,993,825,768	868,985,305	3,068,059,569

The annexed notes from 1 to 56 form an integral part of these financial statements.

Imran Maqbool  
**IMRAN MAQBOOL**  
Chief Executive

*Naadeem*  
**NADEEM MAQBOOL**  
Director

  
**KAMRAN RASHEED**  
Chief Financial Officer

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

## 1 STATUS AND NATURE OF BUSINESS

Crescent Fibres Limited ("the Company") was incorporated in Pakistan on August 06, 1977 under the Companies Act, 1913 (repealed by Companies Ordinance, 1984) as a public limited company. The Company's shares are listed on the Pakistan Stock Exchange. The principal business of the Company is manufacture and sale of yarn.

## 2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

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

## 3 BASIS OF PREPARATION

### 3.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards applicable in Pakistan comprise of :

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The third and fourth schedules to the Companies Act, 2017 became applicable to Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its third and fourth schedules) forms an integral part of the statutory financial reporting framework applicable to the Company. Specific additional disclosures and changes to the existing disclosures have been included in these financial statements.

### 3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain investments and certain items of property, plant and equipment which are carried at fair value.

These financial statements are prepared following accrual basis of accounting except for cash flow information.

The preparation of these financial statements in conformity with approved accounting standards requires the management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historic experience and other factors including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

### 3.3 Functional and presentation currency

These financial statements are presented in Pak rupee, which is the functional and presentation currency for the Company and rounded off to the nearest rupee.

## 4 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

### 4.1 Amendments that are effective in current year and are relevant to the Company

The Company has adopted the amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

		Effective date (annual periods beginning on or after)
IAS 7	Statement of Cash Flows - Amendments resulting from the disclosure initiative	January 01, 2017
IAS 12	Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses	January 01, 2017

Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective during the year:

Annual Improvements to IFRSs (2014 – 2016) Cycle:

IFRS 12	Disclosure of Interests in Other Entities	January 01, 2017
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### 4.2 Amendments not yet effective

The following amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

	Conceptual framework for Financial reporting 2018-Original Issue	March 2018
IFRS 2	Share-based Payment - Amendments to clarify the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 4	Insurance Contracts - Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2018
IFRS 7	Financial Instruments : Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	Applies when IFRS 9 is applied

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		<b>Effective date (annual periods beginning on or after)</b>
IFRS 9	Financial Instruments - Reissue to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the 'own credit' gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9	January 01, 2018
IFRS 9	Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition.	January 01, 2018
IFRS 9	Financial Instruments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
IFRS 10	Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
IAS 19	Employee benefits - Amendments regarding plan amendments, curtailments or settlements	January 01, 2019
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding long-term interests in associates and joint ventures	January 01, 2019
IAS 39	Financial Instruments: Recognition and Measurements-Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception	Applies when IFRS 9 is applied
IAS 40	Investment Property - Amendments to clarify transfers of property to, or from, investment property	January 01, 2018
The Annual Improvements to IFRSs that are effective from the dates mentioned below against respective standards:		
Annual Improvements to IFRSs (2014 – 2016) Cycle:		
IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2018
IAS 28	Investments in Associates and Joint Ventures	January 01, 2018

		Effective date (annual periods beginning on or after)
Annual Improvements to IFRSs (2015 – 2017) Cycle:		
IFRS 3	Business Combinations	January 01, 2019
IFRS 11	Joint Arrangements	January 01, 2019
IAS 12	Income Taxes	January 01, 2019
IAS 23	Borrowing Costs	January 01, 2019

#### 4.3 Standards or interpretations not yet effective

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:

IFRS 9	Financial Instruments	July 01, 2018
IFRS 15	Revenue from Contracts with Customers	July 01, 2018
IFRS 16	Leases	January 1, 2019

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 (SECP):

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

The effects of IFRS 15 - Revenues from Contracts with Customers 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.

## 5 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented except for freehold land as disclosed in note 7.

### 5.1 Property, plant and equipment

#### a) Owned

These are stated at cost less accumulated depreciation and impairment losses, if any, except freehold land which is stated at revalued amount.



**Effective date  
(annual periods  
beginning on or  
after)**

Depreciation is charged to profit and loss account applying the reducing balance method at the rates specified in the respective note and after taking into account residual value. Leasehold land is amortized over the term of lease.

Depreciation on additions during the year is charged on pro-rata basis when the assets are available for use. Similarly the depreciation on deletion is charged on pro-rata basis up to the period when the asset is derecognized.

The assets residual values and useful lives are reviewed, and adjusted if significant, at each statement of financial position date. Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized.

Gains and losses if any, on disposal of property, plant and equipment are included in profit and loss account currently.

**b) Investment property**

Property, comprising land or a building or part thereof, held to earn rentals or for capital appreciation or both are classified as investment property. These are not held for use in the production or supply of goods or services or for administrative purposes. The Company's business model i.e. the Company's intentions regarding the use of a property is the primary criterion for classification as an investment property.

Investment property is initially measured at cost (including the transaction costs). However, when an owner occupied property carried at fair value becomes an investment property because its use has changed, the transfer to the investment property is at fair value on the date of transfer and any balance of surplus on the revaluation of the related assets, on the date of such a transfer continues to be maintained in the surplus account on revaluation of property, plant and equipments. Upon disposal, any surplus previously recorded in the revaluation surplus account is directly transferred to retained earnings/accumulated losses and the transfer is not made through the profit and loss account. However, any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the profit and loss account.

The transfer to investment property is made when, and only when, there is a change in use, evidenced by the end of owner occupation. In case of a dual purpose properties, the same is classified as investment property, only if the portion could be sold or leased out separately under finance lease.

Subsequent to initial recognition, the Company measures the investment property at fair value at each reporting date and any subsequent changes in fair value is recognised in the profit and loss account (i.e. in cases where the owner occupied property carried at fair value becomes an investment property, the fair value gain to be recognised in the profit and loss account would be the difference between the fair value at the time of initial classification as investment property and fair value at the time of subsequent remeasurement). The revaluations of investment properties are carried out by independent professionally qualified valuers on the basis of active market price.

**c) Leased**

**Finance leases**

Assets held under finance leases are recognized as assets of the Company at their fair value at the date of acquisition or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Depreciation is charged at rates used for similar owned assets, so as to depreciate the assets over their estimated useful lives in view of certainty of ownership of the assets at the end of the lease term.

Income arising from sale and lease back transactions, if any, is deferred and amortized equally over the lease period.

**Operating leases**

Leases including Ijarah financing where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit and loss account on a straight-line basis over the lease /Ijarah term unless another systematic basis is representative of the time pattern of the Company's benefit.

**d) Capital work in progress**

Capital work-in-progress are stated at cost and consists of expenditure incurred, advances made and other costs directly attributable to operating fixed assets in the course of their construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant operating fixed assets category as and when assets are available for use intended by the management.

**5.2 Intangible assets**

An intangible asset is stated at cost less accumulated amortization and impairment loss, if any. Amortization is charged to income applying the straight line method over the useful life of the asset. Amortization is charged on additions during the year from the month in which the asset is acquired and in respect of disposals during the year upto the month in which the asset is disposed off.

Cost associated with maintaining intangible assets are recognized as an expense as and when incurred.

Gains and losses if any, on disposal of intangible assets are included in profit and loss account currently.

The carrying value of intangible asset is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the asset is written down to its recoverable amount.

### 5.3 Impairment losses

The carrying amount of the Company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indications exist, the assets recoverable amount is estimated in order to determine the extent of impairment loss, if any.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that is largely independent from other assets and group. Impairment losses are recognized as expense in profit and loss account.

The recoverable amount is the higher of an assets fair value less costs to sell and value in use.

### 5.4 Investments in associates - equity method

Entities in which the Company has significant influence but not control and which are neither its subsidiaries nor joint ventures are associates and are accounted for by using the equity method of accounting.

These investments are initially recognized at cost and thereafter, the carrying amount is increased or decreased to recognize the Company's share of profit and loss of associates. Share of post acquisition profit and loss of associates is accounted for in the Company's profit and loss account. Distribution received from investee reduces the carrying amount of investment.

The changes in the associate's equity which have not been recognized in the associates' profit and loss account, are recognised directly in the equity of the Company.

### 5.5 Stores, spares and loose tools

Stores and spares are stated at cost less provision for slow moving and obsolete items. Cost is determined using moving average method. Items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon. Adequate provision is made for slow moving and obsolete items.

### 5.6 Stock in trade

These are valued at the lower of cost and net realizable value applying the following basis:

- Raw material	At weighted average cost
- Work in progress	Average manufacturing cost
- Finished goods	Average manufacturing cost
- Waste	Net realizable value

Goods in transit are stated at invoice price plus other charges paid thereon up to the date of statement of financial position.

Cost of work in process and finished goods comprises of cost of direct material, labour and appropriate portion of manufacturing overheads. Adequate provision is made for slow moving and obsolete items.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale. Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made of the amount the inventories are expected to realize.

## **5.7 Trade debts and other receivables**

Trade debts and other receivables are carried at original invoice amount being the fair value of the consideration to be received in future. An estimated provision is made against debts considered doubtful of recovery, whereas debts considered irrecoverable are written off.

## **5.8 Taxation**

### **Current**

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years and tax credit, if any.

### **Deferred**

Deferred tax is accounted for using the statement of financial position liability method on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry-forward of unused tax losses and tax credits to the extent that it is probable that future taxable profits will be available against which deferred tax asset can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability that, at the time of transaction, affects neither the accounting nor taxable profits.

The carrying amount of deferred tax assets is reviewed at each date of statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the rates (and tax laws) that have been enacted or substantively enacted at the date of statement of financial position.

#### **5.9 Cash and bank balance**

Cash in hand and at bank are carried at nominal amounts.

#### **5.10 Surplus on revaluation of property, plant and equipment**

Any revaluation increase arising on the revaluation of freehold land is recognised in other comprehensive income and presented as a separate component of equity as "Surplus on revaluation of property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of freehold land is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation of property, plant and equipment relating to a previous revaluation of that asset.

The revaluation reserve is not available for distribution to the Company's shareholders. The surplus on revaluation to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit.

#### **5.11 Trade and other payables**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

#### **5.12 Provisions**

A provision is recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting future cash flows at appropriate discount rate where ever required. Provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate.

#### **5.13 Borrowings and their cost**

Borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

#### **5.14 Employee retirement benefits**

##### **a) Defined contribution plan**

The Company operates an approved provident fund scheme covering all its permanent employees. Equal monthly contributions are made both by the Company and the employees in accordance with the rules of the Scheme.

##### **b) Compensated absences**

The liability in respect of compensated absences of employees is accounted for in the period in which the absences accrue.

#### **5.15 Revenue recognition**

Revenue comprises of the fair value of the consideration received or receivable from the sale of goods and services in the ordinary course of the Company's activities. Revenue from sale of goods is shown net of sales tax and sales discounts, if any.

Revenue is recognized when it is probable that the economic benefits associated with the transactions will flow to the Company and the amount of revenue can be measured reliably. The revenue arising from different activities of the Company is recognized on the following basis:

- Sale of goods are recorded when the risks and rewards are transferred, that is, on dispatch of goods to customers. However, export goods are considered sold when shipped on board.
- Scrap sales are recognized on delivery to customers at realized amounts.
- Rental income is recognized on accrual basis.
- Profit on bank deposits, loans and advances is accrued on time proportion basis by reference to the principle outstanding and the applicable rate of return.
- Dividend income is recognized when the right to receive is established.

#### **5.16 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, cash in transit and balances with banks.

## 5.17 Financial instruments

### 5.17.1 Financial assets

All the financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to profit and loss account currently.

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### - Investments at fair value through profit or loss

A non-derivative financial asset is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Investments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognized in profit and loss when incurred.

Investments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

#### - Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than 12 months after the statement of financial position, which are classified as non-current assets. The Company's loans and receivables comprise 'trade debts', 'loans and deposits', 'other receivables' and 'cash and cash equivalents' in the statement of financial position.

Subsequent to initial recognition, these financial assets classified as loans and receivables are carried at amortised cost using the effective interest method.

#### - Held to maturity

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity with a positive intention to hold to maturity.

These investments are stated at amortised cost. Amortisation of premium / discount, if any, on the acquisition of investments is carried out using the effective yield method.



- **Available for sale**

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. These are included in non-current assets unless the investment matures or management intends to dispose of the financial assets within twelve months of the statement of financial position date.

Other investments not covered in any of the above categories including investments in associates in which the Company has no significant influence are classified as being available for sale and are stated at fair value, with any resultant gain or loss being recognized in equity through other comprehensive income. Gains or losses on available for sale investments are recognized in equity through other comprehensive income until the investments are sold or disposed off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in the equity is included in current year's profit and loss account.

All investments classified as available for sale are initially recognized at cost inclusive of transaction costs and subsequently quoted investments are marked to market using the last quoted rate at the close of the financial year. Fair value of unquoted investments is estimated based on appropriate valuation method if it is practicable to determine it.

Fair value of listed securities are the quoted prices on stock exchange at statement of financial position date.

The Company follows trade date accounting for regular way of purchase and sales of securities, except for sale and purchase of securities in futures market, which are accounted for at settlement date.

#### **5.17.2 Financial liabilities**

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respect of carrying amounts is recognized in the profit and loss account.

#### **5.18 Offsetting of financial assets and financial liabilities**

Financial asset and financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

#### **5.19 Foreign currency translation**

Transactions in foreign currencies are translated into Pak rupees at the exchange rates prevailing at the date of transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated into Pak rupees at the rates of exchange prevailing at the statement of financial position date. Foreign exchange differences are recognized in the profit and loss account.



**5.20 Related party transactions**

All transactions with related parties are carried out by the Company at an arms' length price method and the transfer price is determined in accordance with the comparable uncontrolled price method.

**5.21 Share capital**

Share capital is classified as equity and recognized at the face value. Incremental costs directly attributable to the issue of new shares are shown as a deduction in equity.

**5.22 Dividend and appropriation to reserves**

Dividend and appropriation to reserves are recognized in the financial statements in the year in which it is approved by the shareholders.

**5.23 Earnings per share**

The Company presents earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the period.

**5.24 Segment reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' results are reviewed regularly by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Company has only one reportable segment.

**5.25 Significant accounting judgements and critical accounting estimates / assumptions**

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The matters involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

**a) Property, plant and equipment**

Management has made estimates of residual values, useful lives and recoverable amounts of certain items of property, plant and equipment. Any change in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment loss.

**b) Stores, spares, loose tools and stock-in-trade**

The Company has made estimates for realizable amount of slow moving and obsolete stores, spares, loose tools and stock-in-trade to determine provision for slow moving and obsolete items. Any future change in estimated realizable amounts might affect carrying amount of stores, spares and stock-in-trade with corresponding affect on amounts recognized in profit and loss account as provision/reversal.

**c) Provision for taxation**

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the Income Tax Department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

**6 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE FINANCIAL POSITION AND PERFORMANCE**

- a) During the year ended June 30, 2018, total addition to property, plant and equipment amounted to Rs. 60.458 million.
- b) During the period, the Company has changed its accounting policy and has chosen revaluation model for freehold land which was previously carried at cost model as detailed in note 7 to these financial statements and recognised surplus on revaluation on freehold land amounting to Rs. 1,866.051 million.
- c) During the year, the Company has invested an amount of Rs. 31.673 million in short term investments.
- d) For discussion on the Company's performance, please refer to Director's report.

**7 CHANGE IN AN ACCOUNTING POLICY**

As per International Accounting Standards (IAS) 16 "Property, Plant and Equipment", a company shall choose either the cost model or revaluation model as its accounting policy and shall apply that policy to entire class of property, plant and equipment. Under cost model, after initial recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment loss. During the year, the Company has changed its accounting policy and has chosen revaluation model for freehold land which was previously carried at cost model. Under revaluation model, after recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. As per International Accounting Standard (IAS) 8 "Accounting Policies, Change in Accounting Estimates and Errors", the initial application of a policy to revalue assets in accordance with IAS 16 Property, Plant and Equipment is a change in accounting policy and is not accounted for retrospectively. Consequently, this change in accounting policy has been accounted for prospectively in accordance with the requirements of IAS 8. Had there been no change in accounting policy, the impacts would have been as follows:

As at June 30, 2018		
Rupees		
<b>Impact on statement of financial position</b>		
Property, plant and equipment	Lower	1,928,296,344
Surplus on revaluation of property, plant and equipment	Lower	1,928,296,344

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**Crescent  
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**8 PROPERTY, PLANT AND EQUIPMENT**

8.1 Reconciliation of the carrying amount of operating fixed assets:

Description	Note	Rupees											Leased		Total
		Freehold land note (8.1.1)	Leasehold Land note (8.1.2)	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Furniture and fixtures	Vehicles	Office equipment	Tools and equipment	Electric installation	Service equipment	Leased plant and machinery	Leased vehicles	
Net carrying value basis															
year ended June 30, 2018															
Opening net book value (NBV)		47,164,656	1,698,433	72,222,197	81,972,498	961,312,496	844,407	37,089,455	870,376	516,688	10,705,994	23,965	-	2,921,193	1,217,342,358
Additions (at cost)		-	-	2,689,312	-	29,850,511	-	10,518,500	-	-	-	-	-	17,400,000	60,458,323
Revaluation surplus	8.1.3	1,928,286,344	-	65,529,424	-	-	-	-	-	-	-	-	-	-	1,993,825,768
Transfer to investment property		(1,658,925,000)	-	(69,103,250)	-	-	-	-	-	-	-	-	-	-	(1,728,028,250)
Transfer from leased assets to own assets (NBV)		-	-	-	-	-	-	1,394,793	-	-	-	-	-	(1,394,793)	-
Disposals (NBV)		-	-	-	-	(9,110,490)	-	(16,916,434)	-	-	-	-	-	-	(26,026,924)
Depreciation charge		-	(17,156)	(3,644,726)	(4,098,624)	(97,822,185)	(84,441)	(5,602,360)	(174,076)	(51,669)	(1,070,599)	(4,793)	-	(3,980,280)	(115,650,909)
Closing net book value		316,536,000	1,681,277	67,692,957	77,873,874	884,230,332	759,966	26,483,954	686,300	465,019	9,635,395	19,172	-	15,846,120	1,401,920,366
Gross carrying value basis															
year ended June 30, 2018															
Cost		316,536,000	2,468,754	124,173,906	115,667,567	1,824,549,505	6,267,684	66,154,367	8,579,182	4,498,949	34,394,117	1,033,627	11,918,968	24,507,861	2,540,750,477
Accumulated depreciation / impairment		-	(787,477)	(56,480,949)	(37,793,693)	(940,319,173)	(5,507,718)	(39,670,413)	(7,882,882)	(4,033,930)	(24,758,722)	(1,014,455)	(11,918,968)	(8,667,731)	(1,138,850,111)
Net book value		316,536,000	1,681,277	67,692,957	77,873,874	884,230,332	759,966	26,483,954	686,300	465,019	9,635,395	19,172	-	15,846,120	1,401,920,366
Net carrying value basis															
year ended June 30, 2017															
Opening net book value (NBV)		47,164,656	1,725,049	76,023,366	86,286,840	976,017,682	938,230	18,691,678	1,087,971	574,098	10,794,612	29,956	18,818,664	7,109,911	1,245,262,713
Additions (at cost)		-	-	-	-	76,417,522	-	20,806,000	-	-	1,025,000	-	-	-	98,248,522
Transfer from leased assets to own assets (NBV)		-	-	-	-	18,818,664	-	3,458,416	-	-	-	-	(18,818,664)	(3,458,416)	-
Disposals (NBV)		-	-	-	-	(7,074,659)	-	(1,163,729)	-	-	-	-	-	-	(8,238,388)
Depreciation charge		-	(26,616)	(3,801,169)	(4,314,342)	(102,866,713)	(93,823)	(4,702,910)	(217,595)	(57,410)	(1,113,618)	(5,991)	-	(730,302)	(117,930,489)
Closing net book value		47,164,656	1,698,433	72,222,197	81,972,498	961,312,496	844,407	37,089,455	870,376	516,688	10,705,994	23,965	-	2,921,193	1,217,342,358
Gross carrying value basis															
year ended June 30, 2017															
Cost		47,164,656	2,468,754	149,243,668	115,667,567	1,803,809,484	6,267,684	71,157,508	8,579,182	4,498,949	34,394,117	1,033,627	11,918,968	8,502,644	2,264,706,811
Accumulated depreciation / impairment		-	(770,321)	(77,021,471)	(33,695,069)	(842,496,988)	(5,423,277)	(34,068,053)	(7,708,806)	(3,982,261)	(23,688,123)	(1,009,662)	(11,918,968)	(5,581,451)	(1,047,364,453)
Net book value		47,164,656	1,698,433	72,222,197	81,972,498	961,312,496	844,407	37,089,455	870,376	516,688	10,705,994	23,965	-	2,921,193	1,217,342,358
Depreciation rate (% per annum)		-	1%	5%	5%	10%	10%	20%	20%	10%	10%	20%	10%	20%	20%

8.1.1 This freehold land of 4 marla and 52.63 acre are located at Plot No. 57, Block-Q, Phase VII, Defence Housing Authority, Lahore and at 17-KM, Faisalabad Road, Bhkhi District Sheikhupura respectively.

8.1.2 This leasehold land of 14 acres is located at B-123, Road no. D-7, Noriabad SITE, District Jamshoro.

8.1.3 This represents revaluation surplus / (deficit) resulting from revaluation of freehold land and building on free holdland carried out by independent valuer Messrs. Evaluation Focused Consulting on September 27, 2017, Messrs. MYK Associates (Private) Limited on March 21, 2018 and Messrs. Sardar Enterprises on November 6, 2017. The valuation was determined with respect to the present market value of similar properties.

8.2 The following operating fixed assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Capital gain / (loss)	Mode of disposal	Particulars of buyer / insurer	Address				
									Rupees			
Vehicle												
Toyota Corola GLI	1,384,000	1,166,719	217,281	930,000	712,719	Negotiation	Mr. Muhammad Amir S/O Riaz Ahmed	House # 424, near Mahajreen Masjid, Brota Lane, Karachi				
Toyota Corola GLI	1,354,000	1,168,483	185,517	300,000	114,483	Negotiation	Mr. Sajid Munir S/O Muhammad Ayub	Flat # 52 F, Street 15, Army Housing Scheme, Askari 4, Karachi				
Honda Civic	1,825,000	1,434,296	390,704	600,000	209,296	Negotiation	Mr. Sajid Munir S/O Muhammad Ayub	Flat # 52 F, Street 15, Army Housing Scheme, Askari 4, Karachi				
Suzuki Mehran	408,300	370,305	37,995	100,000	62,005	Negotiation	Mr. Kaleem Khan, S/O Hashmatullah Khan	House # C-516, Lukhnow Society, Korangi Road, Karachi				
Audi	16,150,000	538,334	15,611,666	16,150,000	538,334	Sale & Lease Back	JS Bank Limited	JS Bank Limited, Karachi				
Suzuki Cultus	910,000	682,217	227,783	400,000	172,217	Negotiation	Mohd Umer Daraz S/O Anwar Hussain	House #5, Lane # 16, Main Street, Tauheed Park, Lahore				
Suzuki Cultus	930,000	684,513	245,487	400,000	154,513	Negotiation	S.M. Asif Nazir S/O S.M. Naziruddin	House # 81, Block P, Mohd Ali Johar, Town, Lahore				
Plant and machinery												
Trutzschler Card	18,378,505	9,574,557	8,803,948	6,790,000	(2,013,948)	Negotiation	Azguard Nine Limited	M. Ismail, Awan-e-Science Building, Ferozepur Road, Lahore				
Murata Autoconer	4,575,000	4,268,458	306,542	410,000	103,458	Negotiation	Shahzad Textile Mill Limited	19-A, Off Zafar Ali Road Gulberg V, Lahore				
Total - 2018	22,953,505	13,843,015	9,110,490	7,200,000	(1,910,490)							
	45,914,805	19,887,882	26,026,923	26,080,000	53,077							
Total - 2017	34,279,000	26,040,612	8,238,388	6,335,162	(1,903,226)							

Cost of sales	35	106,704,962	112,179,880
General and administrative expenses	36	<u>8,945,949</u>	<u>5,750,609</u>
		115,650,911	117,930,489

Freehold land	47,164,656	47,164,656
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Description	Cost			
	As at July 01, 2017	Additions during the year	Transferred to operating fixed assets	As at June 30, 2018
	Rupees			
Plant and machinery in transit	23,117,878	14,327,782	23,747,973	13,697,687
Building / improvements on freehold land	647,576	2,041,736	2,689,312	-
<b>Total - 2018</b>	<b>23,765,454</b>	<b>16,369,518</b>	<b>26,437,285</b>	<b>13,697,687</b>
<b>Total - 2017</b>	<b>-</b>	<b>23,765,454</b>	<b>-</b>	<b>23,765,454</b>

			2018 Rupees	2017 Rupees
<b>10</b>	<b>INVESTMENT PROPERTY</b>	<b>Note</b>		
	Opening balance		-	-
	Transferred from operating fixed assets - own use		1,728,028,250	-
	Fair value adjustment		-	-
			<u>1,728,028,250</u>	<u>-</u>
<b>10.1</b>	<b>Transferred from operating fixed assets - own use</b>			
	Freehold land	10.1.1	1,658,925,000	-
	Building on freehold land		69,103,250	-
			<u>1,728,028,250</u>	<u>-</u>
10.1.1	This freehold land of 368.65 kanal is located at New Lahore Road, Nishatabad, Faisalabad.			
10.2	The Company has rented out its factory unit and decided to classify its owner occupied property as investment property as of June 30, 2018 that will be carried at fair value model in accordance with IAS 40 "Investment Property".			
10.3	The carrying value of investment property is the fair value of the property as determined by approved independent valuer M/s. Evaluation Focused Consulting as on September 27, 2017 on the basis of market value. Fair value was determined having regard to recent market transactions for similar properties in the same location and condition as the Company's investment property.			
<b>10.4</b>	<b>Fair value measurement</b>			
	Fair value measurement of investment property is based on the valuations carried out by an independent valuer M/s. Evaluation Focused Consulting as on September 27, 2017 on the basis of market value.			
	Fair value measurement of revalued premises is based on assumptions considered to be level 2 inputs.			
<b>10.5</b>	<b>Valuation techniques used to derive level 2 fair values - Investment property</b>			
	Fair value of freehold land was derived using sale comparison approach, standard appraisal procedures and physical site inspection. Sale prices of comparable land in close proximity is adjusted for differences in key attributes such as location and size of the land. Moreover, value of land also depends upon the area and location. The most significant input in this valuation approach is price / rate per kanal / 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.			
<b>11</b>	<b>LONG TERM INVESTMENTS</b>			
	Investment in associated company	11.1	539,563	917,734
<b>11.1</b>	Investment in associated company			
	Premier Insurance Limited			
	69,621 shares of Rs. 10 each (2017 : 63,292 shares of Rs.10/- each)			
	Cost of investment		930	930
	Accumulated share of post acquisition profit - net of dividend received		916,804	1,986,619
	Accumulated impairment		(89,007)	(797,590)
	Share of loss for the year		(289,164)	(272,225)
			<u>538,633</u>	<u>916,804</u>
			<u>539,563</u>	<u>917,734</u>

Market value of investment in associate was Rs. 539,563 (2017: Rs. 917,734).

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Interim financial statements of associated company for the period ended June 30, 2018 (reviewed) have been used for the purpose of application of equity method.

The percentage of equity held in associate is 0.1377% (2017: 0.1377%).

Summarised financial information of Premier Insurance Limited as of June 30, 2018 is set out below:

	Note	2018 Rupees	2017 Rupees
Total assets		2,830,078,000	3,262,622,000
Total liabilities		1,854,665,000	2,016,801,000
Net assets		975,413,000	1,245,821,000
Underwriting results		(135,006,000)	(337,521,000)
Investment income		42,802,000	266,402,000
Loss after tax		(210,017,000)	(177,564,000)
Company's share of associate's net assets		1,343,007	1,715,324
<b>12 LONG-TERM DEPOSITS</b>			
Security deposits			
Leases		5,837,700	2,236,635
Electricity deposit		9,039,103	9,039,103
Others		1,822,575	1,822,575
	12.1	<u>16,699,378</u>	<u>13,098,313</u>
12.1	These deposits do not carry any interest or markup and are not recoverable within one year.		
<b>13 STORES, SPARES AND LOOSE TOOLS</b>			
Stores		43,409,960	28,447,992
Spares		24,175,877	36,297,022
Loose tools		43,702	53,586
		<u>67,629,539</u>	<u>64,798,600</u>
Less: Provision for slow moving items	13.2	<u>(4,396,861)</u>	<u>(4,396,861)</u>
		<u>63,232,678</u>	<u>60,401,739</u>
13.1	Stores and spares also include items which may result in capital expenditure but are not distinguishable at the time of purchase. However, the stores and spares consumption resulting in capital expenditure are capitalized in cost of respective assets.		
<b>13.2 Provision for slow moving items</b>			
Balance at the beginning of the year		4,396,861	3,456,650
Provision recognized during the year		-	940,211
Balance at the end of the year		<u>4,396,861</u>	<u>4,396,861</u>
<b>14 STOCK-IN-TRADE</b>			
Raw material in hand		430,336,832	251,627,713
Work-in-process		73,417,725	62,051,150
Finished goods		59,344,315	68,929,561
		<u>563,098,872</u>	<u>382,608,424</u>
14.1	The carrying amount of finished goods includes inventories amounting to Rs. 1.127 million (2017: Rs. 0.658 million) which were carried at net realizable value.		

	Note	2018 Rupees	2017 Rupees
<b>15 TRADE DEBTS</b>			
(Unsecured - considered good)	15.1	686,410,603	551,087,852
(Unsecured - considered doubtful)		12,927,455	5,173,903
		699,338,058	556,261,755
Less: Provision for doubtful debts	15.2	(12,927,455)	(5,173,903)
		686,410,603	551,087,852
15.1 This includes a balance amounting to Rs. 7.442 million (2017: Rs. 4.578 million) due from Suraj Cotton Mills Limited, an associated company.			
<b>15.2 Provision for doubtful debts</b>			
Opening balance		5,173,903	4,585,028
Provision for the year		7,753,552	588,875
Closing balance		12,927,455	5,173,903
15.3 The aging of related party balances at the balance sheet date is as follows:			
Not past due		7,442,256	4,578,472
15.4 The maximum amount due from related parties at the end of any month during the year was Rs. 13.299 million (2017: Rs. 16.010 million).			
<b>16 LOANS AND ADVANCES</b>			
Loans to staff			
Unsecured	16.2	630,200	1,020,525
Advances (unsecured)			
To suppliers / contractors	16.3	2,534,242	3,055,254
Against imports	16.4	2,916,151	4,179,674
		5,450,393	7,234,928
	16.1	6,080,593	8,255,453
16.1 Chief Executive Officer and Directors have not taken any loans and advances from the Company.			
16.2 These loans are granted to employees of the Company which do not carry mark-up in accordance with their terms of employment.			
16.3 This represents advances to suppliers / contractors in the normal course of business and does not carry any interest or mark-up.			
16.4 This represents advances against imports for stores and spares in the normal course of business and does not carry any interest or mark-up.			
<b>17 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Bank guarantee and LC margin	17.1	7,524,782	7,524,782
Short term prepaid insurance		8,025,348	580,560
		15,550,130	8,105,342
17.1 This represents short term bank guarantee and Letter of Credit (LC) margin in the normal course of business and does not carry any interest or mark-up.			
<b>18 OTHER RECEIVABLES</b>			
(Unsecured - considered good)			
Other receivables		1,165,395	820,351



19	SHORT TERM INVESTMENTS	Note	2018 Rupees	2017 Rupees
	Available for sale	19.1	111,950,000	155,490,056
	Held-for-trading	19.2	42,836,700	105,520,863
	Held to maturity	19.3	1,200,000	1,200,000
			<u>155,986,700</u>	<u>262,210,919</u>
19.1	Available for sale			
	At cost		43,529,179	38,274,340
	Cumulative fair value gain		81,069,736	129,864,631
	Impairment loss		(12,648,915)	(12,648,915)
			<u>68,420,821</u>	<u>117,215,716</u>
		19.1.1	<u>111,950,000</u>	<u>155,490,056</u>
19.1.1	Details of available for sale investments are as under:			
	Number of shares		Market value	
	2018	2017	2018 Rupees	2017 Rupees
	1,389,541	1,389,541		
	1,089	1,031		
	285,357	285,357		
	1,011,751	989,278		
	50,060	50,060		
	479,739	479,739		
	25,000	25,000		
	533,623	533,623		
		</		



			2018 Rupees	2017 Rupees
<b>19.3</b>	<b>Held to maturity</b>			
	Term deposit certificates	19.3.1	1,200,000	1,200,000
19.3.1	These term deposit certificates carry mark-up at rates ranging from 4.20% to 4.75% per annum (2017: 4.45% to 7.52% per annum).			
<b>20</b>	<b>TAX REFUNDS DUE FROM GOVERNMENT</b>			
	Sales tax refundable		78,299,651	45,342,032
	Income tax refundable		38,160,938	27,438,350
			<u>116,460,589</u>	<u>72,780,382</u>
<b>21</b>	<b>CASH AND BANK BALANCES</b>			
	Cash in hand		555,608	1,233,159
	Cash with banks			
	In current accounts		61,514,928	49,924,510
	In saving accounts	21.1	42,405,355	18,263,426
			<u>103,920,283</u>	<u>68,187,936</u>
			<u>104,475,891</u>	<u>69,421,095</u>
21.1	The balance in saving accounts carry markup at average rates ranging from 3.75% to 3.85% per annum (2017: 3% to 5% per annum).			
<b>22</b>	<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>			
	<b>Number of ordinary shares of Rs. 10/- each</b>			
	<b>2018</b>	<b>2017</b>		
	9,128,510	9,128,510	Fully paid in cash	91,285,100
	535,533	535,533	Fully paid issued to financial institution against conversion of loan	5,355,330
	<u>2,753,833</u>	<u>2,753,833</u>	Fully paid bonus shares	<u>27,538,330</u>
	<u>12,417,876</u>	<u>12,417,876</u>		<u>124,178,760</u>
			Shares held by associated undertakings	
	<u>27,825</u>	<u>27,825</u>		<u>278,250</u>
<b>23</b>	<b>RESERVES</b>			
	<b>Capital reserve</b>			
	Surplus on revaluation of property, plant and equipment		1,993,825,768	-
	Unrealized gain on available for sale investment		81,069,736	129,864,631
			<u>2,074,895,504</u>	<u>129,864,631</u>
	<b>Revenue reserves</b>			
	Unappropriated profit		868,985,305	801,055,828
			<u>2,943,880,809</u>	<u>930,920,459</u>
<b>24</b>	<b>LONG TERM FINANCING</b>			
	From banking companies - secured			
	Term finance 1	24.1	163,666,398	218,221,864
	Term finance 2	24.2	3,819,448	22,916,668
	Term finance 3	24.3	17,271,334	28,785,556
	Term finance 4	24.4	18,298,500	25,617,900

	Note	2018 Rupees	2017 Rupees
Term finance 5	24.5	39,572,668	52,763,556
Term finance 6	24.6	36,555,556	47,000,000
Term finance 7	24.7	9,056,000	18,112,000
Term finance 8	24.8	37,582,000	37,582,000
Term finance 9	24.9	30,016,000	30,016,000
Term finance 10	24.10	19,756,000	19,756,000
Less: Current portion shown under current liabilities	32	375,593,904	500,771,544
		123,186,979	125,177,640
		<u>252,406,925</u>	<u>375,593,904</u>

- 24.1 This facility has been obtained from United Bank Limited for extension of Textile Unit 1 located at Nooriabad. The rate of mark-up is 6 months KIBOR + 2.25% and is payable semi-annually over a period of 6 years after a grace period of 18 months with installments starting from May 2017. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 400 million. The sanctioned limit of the facility is Rs. 300 million (2017: Rs. 300 million).
- 24.2 This facility has been obtained from Bank Islami Limited to finance plant and machinery for BMR and capacity expansion in Textile Unit 1 located at Nooriabad under an arrangement permissible under Shariah. The rate of mark-up is 3 months KIBOR + 3.5% and is payable quarterly over a period of 4.5 years after a grace period of 6 months. The finance facility is secured against pari passu charge over fixed assets of the Company including land, building, plant and machinery with 30% margin and personal guarantee of Directors of the Company. The sanctioned limit of the facility is Rs. 50 million (2017: Rs. 50 million).
- 24.3 This facility has been obtained from MCB Bank Limited for expansion of Textile Unit 2 located at Bikhi. The rate of mark-up is 6 months KIBOR + 2.5% and is payable semi-annually over a period of 4.5 years after a grace period of 18 months. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 460 million. The sanctioned limit of the facility is Rs. 51.814 million (2017: Rs. 51.814 million).
- 24.4 This facility has been obtained from MCB Bank Limited for balancing modernization and replacement in Textile Unit 2 located at Bikhi. The rate of mark-up is 9.00% as per State Bank of Pakistan LTF scheme and is payable semi-annually over a period of 6 years after a grace period of 18 months with installments starting from July 2016. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 460 million. The limit of the facility is Rs. 32.937 million (2017: Rs. 32.937 million).
- 24.5 This facility has been obtained from MCB Bank Limited for balancing modernization and replacement in Textile Unit 2 located at Bikhi. The rate of mark-up is 6 months KIBOR + 2.5% and is payable semi-annually over a period of 6 years after a grace period of 18 months with installments starting from July 2017. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 460 million. The sanctioned limit of the facility is Rs. 59.359 million (2017: Rs. 59.359 million).
- 24.6 This facility has been obtained from United Bank Limited a long term facility to import of plant and machinery. The rate of mark-up is 4.50% as per State Bank of Pakistan LTF scheme and is payable semi-annually over a period of 4.5 years after a grace period of 18 months with installments starting from August 2017. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 400 million (2017: Rs. 400 million).

- 24.7 This facility has been obtained from Standard Chartered Bank Limited for generator to meet the power requirement of Textile Unit-1 expansion located at Nooriabad. The rate of mark-up is 6% as per State Bank of Pakistan LTF scheme and is payable in 15 quarterly installments starting from July 2015. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over plant and machinery of the Company aggregating to Rs. 62.50 million. The sanctioned limit of the facility is Rs. 50 million (2017: Rs. 50 million).
- 24.8 This facility has been obtained from MCB Bank Limited for balancing modernization and replacement in Textile Unit 2 located at Bikhi. The rate of mark-up is 3.25% as per State Bank of Pakistan LTF scheme and is payable semi-annually over a period of 10 years after a grace period of 18 months with installments starting from November 2018. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 460 million. The limit of the facility is Rs. 41 million (2017: Rs. 41 million).
- 24.9 This facility has been obtained from MCB Bank Limited for balancing modernization and replacement in Textile Unit 2 located at Bikhi. The rate of mark-up is 3.25% as per State Bank of Pakistan LTF scheme and is payable semi-annually over a period of 6 years after a grace period of 18 months with installments starting from October 2018. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 460 million. The limit of the facility is Rs. 32 million (2017: Rs. 32 million).
- 24.10 This facility has been obtained from MCB Bank Limited for balancing modernization and replacement in Textile Unit 2 located at Bikhi. The rate of mark-up is 3.25% as per State Bank of Pakistan LTF scheme and is payable semi-annually over a period of 6 years after a grace period of 18 months with installments starting from August 2017. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 460 million. The limit of the facility is Rs. 20 million (2017: Rs. 20 million).

	Note	2018 Rupees	2017 Rupees
<b>25 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES</b>			
Secured			
Balance as July 01		2,585,324	11,244,553
Additions during the year		17,400,000	-
		19,985,324	11,244,553
Payments / adjustments during the year		(4,442,909)	(8,659,229)
	25.1	15,542,415	2,585,324
Less: Payable within one year shown under current liabilities	32	(4,446,520)	(879,095)
		11,095,895	1,706,229

- 25.1 This represents finance leases entered into with financial institutions for vehicles. Financing rates ranging from 8.13% to 17% (2017: 14% to 17%) per annum have been used as a discounting factor. At the end of the lease period the ownership of assets shall be transferred to the Company on payment of residual values of the assets. These facilities are secured by security deposit and personal guarantees of directors and hypothecation charge on leased assets.

The future minimum lease payments to which the Company is committed under the lease agreements and the periods in which they will become due are as follows:

	2018			2017		
	Upto one year	One to five years	Total	Upto one year	One to five years	Total
	Rupees			Rupees		
Minimum lease payments outstanding	5,915,185	10,682,430	16,600,615	972,822	1,713,360	2,686,182
Financial charges not due	(682,718)	(375,482)	(1,058,200)	(93,727)	(7,131)	(100,858)
Present value of minimum lease payments	5,232,467	10,309,948	15,542,415	879,095	1,706,229	2,585,324
Payable within one year shown under current liabilities	(4,446,520)	-	(4,446,520)	(879,095)	-	(879,095)
	785,947	10,309,948	11,095,895	-	1,706,229	1,706,229

	Note	2018 Rupees	2017 Rupees
<b>26 DEFERRED TAXATION</b>			
Deferred taxation is composed of:			
Taxable temporary differences:			
Accelerated tax depreciation allowance		169,337,848	182,580,361
Deductible temporary differences:			
Lease rentals		(4,507,316)	(775,597)
Turnover tax	26.1	(34,059,970)	(29,419,334)
Provision for doubtful debts		(3,748,962)	(1,552,171)
Provision for slow moving items		(1,275,090)	(1,319,058)
		(43,591,338)	(33,066,160)
		125,746,510	149,514,201

- 26.1 Deferred tax asset arising due to timing difference calculated at applicable tax rates as at statement of financial position date. Deferred tax asset to the extent of minimum tax on turnover under section 113 of Income Tax Ordinance, 2001 amounting to Rs. 55.348 million has not been recognized in these financial statements in accordance with the Company future business projections.

## 27 TRADE AND OTHER PAYABLES

Creditors	27.1	159,982,581	127,904,709
Accrued liabilities	27.2	516,151,592	376,595,436
Advance from customer		9,481,413	11,716,009
Payable to provident fund		2,832,748	1,672,346
Workers' Profit Participation Fund	27.3	4,989,302	2,061,914
Due to Chief Executive and Directors		4,145,942	4,172,775
Withholding tax payable		611,271	253,152
Workers' Welfare Fund		2,679,464	783,528
Other liabilities		1,451,032	2,180,169
		702,325,345	527,340,038

- 27.1 This includes balance amounting to Rs. 15.384 million (2017: Rs. 16.065 million) due to an associated company.

- 27.2 This includes an amount of Rs. 214.741 million (2017: Rs. 146.490 million) payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. The Company has filed an appeal in Honorable High Court of Sindh. The High Court of Sindh declared the GIDC Act 2015 as null and void through its judgement dated October 26, 2016. Subsequently, based on appeal filed by the Government, the High Court of Sindh suspended the aforesaid judgement till the disposal of appeal. The matter is pending for hearing of appeal. However, the Company has recorded a provision in the financial statements against GIDC as liability.



			2018 Rupees	2017 Rupees
<b>27.3</b>	<b>Workers' Profit Participation Fund</b>	<b>Note</b>		
	Balance as at July 01,		2,061,914	1,585,262
	Add: Allocation for the year		4,989,302	2,061,914
	Interest on funds utilized in the Company's business		78,467	21,230
			<u>7,129,683</u>	<u>3,668,406</u>
	Less: Amount paid during the year		<u>(2,140,381)</u>	<u>(1,606,492)</u>
<b>28</b>	<b>UNCLAIMED DIVIDEND</b>		<u>4,989,302</u>	<u>2,061,914</u>
	Unclaimed dividend		<u>2,515,149</u>	<u>2,619,361</u>
<b>29</b>	<b>INTEREST AND MARK-UP ACCRUED</b>			
	Mark-up accrued on secured:			
	Long-term financing		5,009,420	6,144,542
	Short-term borrowings		29,112,797	27,028,325
<b>30</b>	<b>SHORT-TERM BORROWINGS</b>		<u>34,122,217</u>	<u>33,172,867</u>
	From banking companies - secured			
	Running / cash finance	26.1	532,092,662	395,234,304
	Bills discounting	26.2	12,000,000	12,000,000
			<u>544,092,662</u>	<u>407,234,304</u>
30.1	The Company has obtained short term finance facilities from various commercial banks. The aggregate facilities under mark-up arrangements amounted to Rs. 985 million (2017: Rs. 985 million). The rate of mark up on these finance facilities ranges between 1 month and 3 months KIBOR plus 1.25% to 2.50% per annum (2017: 1 month and 3 months KIBOR plus 1.25% to 2.50% per annum) and is payable quarterly.			
	The Company has a facility for opening letters of credit under mark-up arrangements amounting to Rs. 200 million (2017: Rs. 200 million) from a commercial bank. The unutilized balance at the end of the year was Rs. 188.85 million (2017: Rs. 189.50 million).			
	These financing facilities are secured by way of pledge and floating charge over the current assets and personal guarantee of Directors and lien on import documents.			
30.2	In prior years, the management of the Company had determined that the liabilities relating to short term borrowings and mark-up accrued thereon amounting to Rs. 12.000 million and Rs. 20.385 million up to June 30, 2012, respectively, were payable to a financial institution (now Samba Bank Limited). No provision for mark-up had been recorded on this balance since June 30, 2012. The Company had received a nil balance certificate from the Bank and no claim had 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. The facility was subject to discounting charges at the rate of 8.00% (2017: 8.00%) per annum and is secured against personal guarantee of Directors and demand promissory note.			
<b>31</b>	<b>TAXATION - NET</b>			
	Provision for taxation	41	52,505,438	36,279,535
	Advance income tax		<u>(47,545,311)</u>	<u>(43,800,977)</u>
			<u>4,960,127</u>	<u>(7,521,442)</u>
<b>32</b>	<b>CURRENT PORTION OF LONG TERM LIABILITIES</b>			
	Long term financing	24	123,186,979	125,177,640
	Liabilities against assets subject to finance leases	25	4,446,520	879,095
			<u>127,633,499</u>	<u>126,056,735</u>

### 33 CONTINGENCIES AND COMMITMENTS

#### 33.1 Contingencies

- a) Guarantees have been issued by banking companies in normal course of business amounting to Rs. 66.914 million (2017: Rs. 66.915 million).
- b) Crescent Cotton Mills Limited has filed a case against the 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, management is confident that the balance amount shall not be payable.
- c) 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.

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.

#### 33.2 Commitments

The Company was committed as at the balance sheet date as follows:

- a) Letters of credit against import of stores and spares and raw material amounting to Rs. 53.657 million (2017: Rs. 10.522 million).
- b) The amount of future Ijarah rentals for Ijarah financing and the period in which these payments will become due are as follows.

	2018 Rupees	2017 Rupees
Not later than one year	825,192	396,972
Later than one year and not later than five years.	563,148	496,215
	<u>1,388,340</u>	<u>893,187</u>

#### 34 SALES - NET

Local		
Yarn	4,263,844,285	3,843,759,017
Waste	41,184,652	28,894,999
	<u>4,305,028,937</u>	<u>3,872,654,016</u>
Trading - local	182,872,646	56,394,155
	<u>4,487,901,583</u>	<u>3,929,048,171</u>
Brokerage and commission	(48,662,375)	(41,611,455)
	<u>4,439,239,208</u>	<u>3,887,436,716</u>

		2018	2017	
		Rupees	Rupees	
35	<b>COST OF SALES</b>			
	Material consumed	35.1	2,785,686,348	2,537,215,873
	Salaries, wages and other benefits	35.2	370,715,420	354,091,418
	Power and fuel		538,845,273	507,376,270
	Depreciation	8.3	106,704,962	112,179,880
	Packing material consumed		59,560,738	67,321,755
	Stores, spares and loose tools consumed		79,172,019	81,109,138
	Insurance		10,707,889	11,510,694
	Repairs and maintenance		6,166,872	5,052,101
	Provision for slow moving items		-	940,211
	Other manufacturing overheads		24,424,074	21,228,323
	Manufacturing cost		3,981,983,595	3,698,025,663
	Opening work-in-process		62,051,150	48,983,183
	Closing work-in-process		(73,417,725)	(62,051,150)
			(11,366,575)	(13,067,967)
	Cost of goods manufactured		3,970,617,020	3,684,957,696
	Cost of goods purchased for trading		175,328,905	51,943,421
			4,145,945,925	3,736,901,117
	Opening stock of finished goods		68,929,561	43,135,424
	Closing stock of finished goods		(59,344,315)	(68,929,561)
			9,585,246	(25,794,137)
35.1	Material consumed		4,155,531,171	3,711,106,980
	Opening stock		251,627,713	147,082,605
	Purchases including related expenses		2,964,395,467	2,641,760,981
			3,216,023,180	2,788,843,586
	Closing stock		(430,336,832)	(251,627,713)
			2,785,686,348	2,537,215,873
35.2	Salaries, wages and other benefits include Rs. 10.531 million (2017: Rs. 10.422 million) in respect of staff retirement benefits.			
36	<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>			
	Staff salaries and other benefits	36.1	43,530,378	40,238,655
	Directors' remuneration		15,312,000	13,920,000
	Repairs and maintenance		3,406,548	2,373,601
	Vehicles running and maintenance		6,718,856	6,597,091
	Insurance		2,522,653	1,861,208
	Telephone and postage		1,582,306	1,261,254
	Traveling and conveyance		6,595,645	4,716,420
	Fee and subscription		3,456,281	2,829,981
	Legal and professional charges		671,270	1,794,205
	Depreciation	8.3	8,945,949	5,750,609
	Utilities		3,026,787	2,957,923
	Rent, rates and taxes		6,764,753	4,972,734
	Entertainment		2,310,226	2,135,147
	Printing and stationery		746,206	608,759
	Donation	36.2	120,000	120,000
	Others		2,246,062	2,154,582
			107,955,920	94,292,169

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36.1	Salaries and other benefits include Rs. 2.676 million (2017: Rs. 2.495 million) in respect of staff retirement benefits.			
36.2	This represents donation paid to Maqbool Trust, an associated undertaking in which Directors are interested.			
<b>37</b>	<b>DISTRIBUTION COST</b>	<b>Note</b>	<b>2018 Rupees</b>	<b>2017 Rupees</b>
	Local freight and insurance		16,334,846	15,700,018
	Ocean freight		-	20,650
	Other		1,497,964	1,130,110
			<u>17,832,810</u>	<u>16,850,778</u>
<b>38</b>	<b>OTHER OPERATING INCOME</b>			
	Gain on sale of investments - net	38.1	7,943,551	30,814,701
	Rental income		20,385,936	18,542,532
	Liabilities written back no longer payable		-	10,300,698
	Interest on bank deposits	38.2	1,799,825	1,961,081
	Dividend income	38.3	1,264,839	1,743,874
	Scrap sales - store items		1,884,017	-
	Gain on revaluation of short term investments		-	139,032
	Deferred gain on sale and lease back		149,537	-
			<u>33,427,705</u>	<u>63,501,918</u>
<b>38.1</b>	<b>Gain on sale of investments - net</b>			
	Shakarganj Mills Limited		5,327,644	24,112,740
	Pakistan Cash Management Fund		-	4,723,168
	MCB Cash Management Optimizer Fund		2,375,842	-
	MCB Pakistan Sovereign Fund		-	1,091,195
	MCB DCF Income Fund		240,065	885,770
	MCB Pakistan Income Enhancement Fund		-	1,828
			<u>7,943,551</u>	<u>30,814,701</u>
38.2	Interest on bank deposits earned under interest/mark up arrangements.			
38.3	Dividend income received on the shares of the Crescent Textile Mills Limited.			
<b>39</b>	<b>OTHER OPERATING EXPENSES</b>			
	Auditors' remuneration:			
	Statutory audit		550,000	475,000
	Half yearly review		150,000	150,000
			<u>700,000</u>	<u>625,000</u>
	Loss on disposal of property, plant and equipment		485,257	1,903,226
	Impairment on investment in associate		89,007	797,590
	Provision for doubtful debts		7,753,552	588,875
	Loss on revaluation of investments		1,358,539	-
	Workers' Profit Participation Fund		4,989,302	2,061,914
	Workers' Welfare Fund	39.1	1,895,936	783,528
	Other		20,562	-
			<u>17,292,155</u>	<u>6,760,133</u>

- 39.1 As a consequence of the 18th amendment to the Constitution, levy for the WWF was also introduced by the Government of Sindh through the Sindh Workers Welfare Fund (SWWF) Act 2014. SWWF Act 2014, enacted on May 21, 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs. 500,000 or more in any year of account commencing on or after the date of closing of account on or after December 31, 2013, to pay two percent of its total income declared.

	Note	2018 Rupees	2017 Rupees
<b>40 FINANCIAL CHARGES</b>			
Mark-up / interest on:			
Long-term financing		31,106,598	39,064,087
Short-term financing		35,698,353	31,737,492
Lease finances		784,521	430,236
Workers' Profit Participation Fund		78,467	21,230
		<u>67,667,939</u>	<u>71,253,045</u>
LC discounting charges		13,285,953	12,175,866
		<u>80,953,892</u>	<u>83,428,911</u>
<b>41 TAXATION</b>			
Current	41.1	52,505,438	36,279,535
Prior		(3,855,423)	(13,012,612)
		<u>48,650,015</u>	<u>23,266,923</u>
Deferred		(23,767,691)	(10,109,111)
	41.2	<u>24,882,324</u>	<u>13,157,812</u>

- 41.1 This include current year's total tax liability of the Company amounting to Rs. 55.490 million is fully covered under Section 113 "Minimum tax" of the Income Tax Ordinance, 2001. This has been partially adjusted against tax credit of Rs. 2.985 million under section 65B at the rate 10% on the cost of plant and machinery capitalised during the year.

- 41.2 The numerical reconciliation between average tax rate and the applicable tax rate has not been presented during the year in these financial statements as the total tax liability of the Company is covered under Section 113 "Minimum tax" of the Income Tax Ordinance, 2001.

- 41.3 Under section 5A of the Income Tax Ordinance, 2001 (the Ordinance), every public company is obliged to pay tax at the rate 5% on its accounting profit before tax if it derives profit for a tax year but does not distribute at least 20% of its after tax profits within six months of the end of the tax year through cash.

The Company has reported profit after tax for Tax Year 2018 and the requisite dividend has not been distributed by the year end, therefore, the Company shall be obligated to tax if the Company has not distributed requisite dividend within the prescribed time frame. However, if the Company doesn't distribute the cash dividend within the prescribed time and period, the Company will have to pay tax at the rate of seven and a half percent of its accounting profit before tax. Further, during the year the Company filed petition in the Honourable High Court of Sindh as detailed in note 33.1(c).

- 41.4 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 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 of advice of legal counsel.

	Note	2018 Rupees	2017 Rupees
<b>42 EARNINGS PER SHARE -</b>			
<b>BASIC AND DILUTED</b>			
Profit for the year		67,929,477	25,069,626
Weighted average number of ordinary shares outstanding		12,417,876	12,417,876
Earnings per share - basic and diluted		5.47	2.02
<b>43 DEFINED CONTRIBUTION PLAN</b>			
The Company has contributory provident fund scheme for benefit of all its permanent employees under the title of "Crescent Fibres Limited - Employees Provident Fund". The Fund is maintained by the Trustees and all decisions regarding investments and distribution of income etc. are made by the Trustees independent of the Company.			
43.1	The Trustees have intimated that the size of the Fund at year end was Rs. 120.633 million (2017: Rs. 114.207 million).		
43.2	As intimated by the Trustees, the cost of the investments made at year end was Rs. 83.251 million (2017: Rs. 66.751 million) which is equal of 69.01% (2017: 57.66%) of the total fund size. The fair value of the investments was Rs. 82.132 million (2017: Rs. 57.021 million) at that date which is equal of 68.08% of the total fund size. The category wise break up of investment as per section 218 of the Companies Act, 2017 and the rules made there under.		
		<b>2018</b>	
		<b>Rupees</b>	<b>Percentage</b>
Term deposit		74,900,000	62.09%
Defense Saving Certificates		7,200,000	5.97%
Listed securities (Mutual fund)		1,150,752	0.95%
		<u>83,250,752</u>	<u>69.01%</u>
		<b>2017</b>	
		<b>Rupees</b>	<b>Percentage</b>
Term deposit		58,400,000	50.45%
Defense Saving Certificates		7,200,000	6.22%
Listed securities (Mutual fund)		1,150,751	0.99%
		<u>66,750,751</u>	<u>57.66%</u>
43.3	According to the Trustees, investments out of provident fund have been made in accordance with the provisions as per section 218 of the Companies Act, 2017 and the rules made there under.		
<b>44 CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		92,811,801	38,227,438
Adjustment for non-cash charges and other items:			
Loss on disposal of operating fixed assets		485,257	1,903,226
Financial charges		80,953,892	83,428,911
Depreciation		115,650,911	117,930,489
Impairment on available for sale investment		89,007	797,590
Gain on sale of investments		(7,943,551)	(30,814,701)
Measurement gain on short term investments		-	(139,032)
Share of loss from associate		289,164	272,225
Provision for doubtful debts		7,753,552	588,875
Provision for slow moving items		-	940,211
		<u>197,278,232</u>	<u>174,907,794</u>
Profit before working capital changes		290,090,033	213,135,232
Working capital changes	39.1	(200,707,562)	(204,338,566)
		<u>89,382,471</u>	<u>8,796,666</u>

		2018 Rupees	2017 Rupees
<b>44.1 Working capital changes</b>	<b>Note</b>		
(Increase) / decrease in current assets:			
Stores, spares and loose tools		(2,830,939)	(4,370,820)
Stock in trade		(180,490,448)	(143,407,212)
Trade debts		(143,076,303)	(62,321,480)
Loans and advances		2,174,860	(2,731,641)
Trade deposits and short term prepayments		(7,444,788)	6,586,200
Other receivables		(345,044)	(193,032)
Tax refund due from the Government		(43,680,207)	(51,374,366)
		(375,692,869)	(257,812,351)
Increase in current liabilities			
Trade and other payables		174,985,307	53,473,785
		(200,707,562)	(204,338,566)

**45 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES**

	Liabilities	
	Long term loans	Total
Balance as at July 1, 2017	500,771,544	500,771,544
Repayment of long term loan	(125,177,640)	(125,177,640)
Balance as at June 30, 2018	375,593,904	375,593,904

**46 REMUNERATION OF CHIEF EXECUTIVE DIRECTORS AND EXECUTIVES**

The aggregate amounts charged in the financial statements for remuneration, including all benefits to Chief Executive, Directors and Executives of the Company were as follows:

	2018			2017		
	Chief Executive Officer	Executive Directors	Executives	Chief Executive Officer	Executive Directors	Executives
	Rupees			Rupees		
Managerial remuneration	5,280,000	5,280,000	6,849,749	4,800,000	4,800,000	6,119,131
House rent	2,376,000	2,376,000	2,707,499	2,160,000	2,160,000	2,601,676
Company's contribution to Provident Fund Trust	528,000	528,000	680,480	480,000	480,000	611,914
Reimbursable expenses	526,124	478,132	372,196	550,468	499,768	303,638
Total	8,710,124	8,662,132	10,609,924	7,990,468	7,939,768	9,636,359
Number of persons	1	1	4	1	1	4

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

- 46.1 The Chief Executive, a Director and some executives are also provided with free use of the Company's maintained cars.
- 46.2 Aggregate amount charged in these financial statements in respect of Directors fee is Rs. 0.160 million (2017: Rs. 0.200 million).
- 46.3 The current and corresponding year figures include remunerations of Company's Executives whose basic salary exceeds twelve hundred thousand rupees in a financial year.

**47 TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise of related group companies, local associated companies, staff retirement funds, Directors and key management personnel. Transactions with related parties and remuneration and benefits to key management personnel under the terms of their employment are as follows:

		2018 Rupees	2017 Rupees
	<b>Relationship with company</b>		
	Associated companies / undertakings		
	Sale of yarn / Cotton	86,362,450	80,331,550
	Insurance premium	23,256,453	8,712,122
	Insurance claim	8,597,488	-
	Rent received	532,416	-
	Donation paid	120,000	120,000
	Retirement benefit plans	13,354,332	12,917,472
	Directors	4,020,000	4,020,000
	Dividend paid	-	7,093,289
	Key management personnel		
	Remuneration and other benefits (note 46)	27,982,180	33,737,383
<b>47.1</b>	<b>Year end balances</b>		
	Associated companies		
	Trade debts	7,442,256	4,578,472
	Trade and other payables	15,384,612	16,064,524
	Retirement benefit plans	2,832,748	1,672,346
	Directors	4,145,942	4,172,775
<b>47.2</b>	<b>Names of related parties, nature and basis of relationship</b>		
<b>a)</b>	<b>Associated companies / undertakings</b>		
	Amil Exports (Private) Limited (Common Directorship)		
	Crescent Powertec Limited (Common Directorship)		
	Mohd Amin Mohd Bashir Inter (Private) Limited (Common Directorship)		
	Premier Financial Services(Pvt) Limited (Common Directorship)		
	Premier Insurance Limited (Common Directorship)		
	Suraj Cotton Mills Limited (Common Directorship)		
<b>b)</b>	<b>Board of Directors</b>		
	Ms. Khawar Maqbool (Chairperson)		
	Mr. Imran Maqbool (Chief Executive Officer)		
	Mr. Humayun Maqbool (Executive Director)		
	Mr. Nadeem Maqbool (Non-Executive Director)		
	Ms. Naila Humayun Maqbool (Non-Executive Director)		
	Mr. Mansoor Riaz (Non-Executive Director)		
	Mr. Jahanzeb Saeed Khan (Independent Director)		
<b>c)</b>	<b>Key Executives</b>		
	Mr. Sajid Muneer (General Manager Sales and Marketing)		
	Mr. Kamran Rasheed (Chief Financial Officer)		
	Mr. Mohammad Nasarullah (Technical Director)		
	Mr. Raheel Safdar Bhatti (Technical Director)		

47.3 All transactions with related parties have been carried out on commercial terms and conditions.

#### 48 CAPACITY AND PRODUCTION

Spinning units	2018			2017		
	Unit - I	Unit - II	Total	Unit - I	Unit - II	Total
Number of spindles installed	28,608	38,448	67,056	28,608	38,448	67,056
Number of spindles worked	28,608	38,448	67,056	28,608	38,448	67,056
Number of shifts per day	3	3	3	3	3	3
Installed capacity after conversion into 20/s count - Kgs	11,083,232	14,895,417	25,978,649	11,083,232	14,895,417	25,978,649
Actual production of yarn after conversion into 20/s count - Kgs	10,113,905	11,902,359	22,016,264	10,471,081	11,843,856	22,314,937

The Company could not achieve installed capacity of its conversion into 20/s count due to market conditions.

## 49 YIELD / MARK UP RATE RISK

Yield / mark-up rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market yield / mark-up rates. Sensitivity to yield / mark-up rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Company is exposed to yield / mark-up rate risk in respect of the following:

2018							
Effective yield / mark-up rate		Exposed to yield / mark-up rate risk				Sub- total	Not exposed to yield / mark-up rate risk
	Total	Maturity upto one year	Maturity over one year to five years	Maturity over five years			
%		Rupees					
<b>Financial assets</b>							
<b>Available for sale carried at fair value</b>							
Investments	111,950,000	-	-	-	-	111,950,000	
<b>Held-for-trading carried at fair value</b>							
Investments	42,836,700	-	-	-	-	42,836,700	
<b>Held to maturity carried at amortized cost</b>							
Investments 4.20% - 4.75%	1,200,000	1,200,000	-	-	1,200,000	-	
<b>Loans and receivables carried at amortized cost</b>							
Loans -	630,200	-	-	-	-	630,200	
Trade debts -	686,410,603	-	-	-	-	686,410,603	
Trade deposits -	24,224,160	-	-	-	-	24,224,160	
Other receivables -	1,165,395	-	-	-	-	1,165,395	
Cash and bank balances -	104,475,891	42,405,355	-	-	42,405,355	62,070,536	
	972,892,949	43,605,355	-	-	43,605,355	929,287,594	
<b>Financial liabilities</b>							
<b>Financial liabilities carried at amortized cost</b>							
Long-term financing 9% - 13.30%	375,593,904	123,186,979	252,406,925	-	375,593,904	-	
Liabilities against assets subject to finance leases 8.13% - 17%	15,542,415	4,446,520	11,095,895	-	15,542,415	-	
Trade and other payables	687,079,044	-	-	-	-	687,079,044	
Interest and markup accrued	34,122,217	-	-	-	-	34,122,217	
Short-term borrowings 7.51% - 8.25%	544,092,662	544,092,662	-	-	544,092,662	-	
	(1,656,430,242)	(671,726,161)	(263,502,820)	-	(935,228,981)	(721,201,261)	
	(683,537,293)	(628,120,806)	(263,502,820)	-	(891,623,626)	208,086,333	
<b>On balance sheet gap</b>							
<b>Off balance sheet items</b>							
Guarantees on behalf of the Company	66,915,000	-	-	-	-	66,915,000	
Letter of credit for stores and spares	42,503,757	-	-	-	-	42,503,757	
	109,418,757	-	-	-	-	109,418,757	
	(792,956,050)	(628,120,806)	(263,502,820)	-	(891,623,626)	98,667,576	
<b>Total gap</b>							
2017							
Effective yield / mark-up rate		Exposed to yield / mark-up rate risk				Sub- total	Not exposed to yield / mark-up rate risk
	Total	Maturity upto one year	Maturity over one year to five years	Maturity over five years			
%		Rupees					
<b>Financial assets</b>							
<b>Available for sale carried at fair value</b>							
Investments	155,490,056	-	-	-	-	155,490,056	
<b>Held-for-trading carried at fair value</b>							
Investments	105,520,863	-	-	-	-	105,520,863	
<b>Held to maturity carried at amortized cost</b>							
Investments 4.45% - 7.52%	1,200,000	1,200,000	-	-	1,200,000	-	
<b>Loans and receivables carried at amortized cost</b>							
Loans -	1,020,525	-	-	-	-	1,020,525	
Trade debts -	551,087,852	-	-	-	-	551,087,852	
Trade deposits -	20,623,095	-	-	-	-	20,623,095	
Other receivables -	820,351	-	-	-	-	820,351	
Cash and bank balances -	69,421,095	18,263,426	-	-	18,263,426	51,157,669	
	905,183,837	19,463,426	-	-	19,463,426	885,720,411	
<b>Financial liabilities</b>							
<b>Financial liabilities carried at amortized cost</b>							
Long-term financing 3.25% - 9.65%	500,771,544	125,177,640	347,973,681	27,620,223	500,771,544	-	
Liabilities against assets subject to finance leases 14% - 17%	2,585,324	879,095	1,706,229	-	2,585,324	-	
Trade and other payables	515,144,796	-	-	-	-	515,144,796	
Financial charges payable	33,172,867	-	-	-	-	33,172,867	
Short-term borrowings 7.49% - 8.5%	407,234,304	407,234,304	-	-	407,234,304	-	
	(1,458,908,835)	(533,291,039)	(349,679,910)	(27,620,223)	(910,591,172)	(548,317,663)	
	(553,724,998)	(513,827,613)	(349,679,910)	(27,620,223)	(891,127,745)	337,402,748	
<b>On balance sheet gap</b>							
<b>Off balance sheet items</b>							
Guarantee issued on behalf of the Company	66,915,000	-	-	-	-	66,915,000	
Letter of credit for import of raw material	-	-	-	-	-	-	
Letter of credit for capital expenditure	10,522,000	-	-	-	-	10,522,000	
	77,437,000	-	-	-	-	77,437,000	
	(631,161,998)	(513,827,613)	(349,679,910)	(27,620,223)	(891,127,745)	259,965,748	
<b>Total gap</b>							

## 50 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### 50.1 Risk management policies

The Company's operations expose it to financial risk mainly due to changes in foreign exchange rates. Risk management is carried out by the management under policies approved by Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas like foreign exchange risk, interest rate risk and investing excessive liquidity.

### 50.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted and arises principally from trade and other receivables. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulator requirements.

#### Exposure to credit risk

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	2018 Rupees	2017 Rupees
Deposits	24,224,160	20,623,095
Investments	155,986,700	262,210,919
Trade debts	686,410,603	551,087,852
Loans	630,200	1,020,525
Other receivables	1,165,395	820,351
Bank balances	103,920,283	68,187,936
	<u>972,337,341</u>	<u>903,950,678</u>
The aging of trade receivables at the reporting date is:		
Not past due	383,104,613	249,058,880
Past due 1-30 days	163,373,755	125,943,602
Past due 30-90 days	114,032,073	140,274,637
Past due 90 days	25,900,162	36,399,608
	<u>686,410,603</u>	<u>551,676,727</u>

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary sales made to certain customers are secured through letters of credit.

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis. Rating of banks ranges from A- to AAA.

#### Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

#### Impaired assets

During the year, no assets have been impaired (2017: nil).

### 50.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any:

	Carrying amount	Contractual Cash Flows	Six months or less	Six to Twelve months Rupees	One to two years	Two to five years	Over five years
<b>2018</b>							
Long term financing	375,593,904	427,132,493	78,849,431	69,859,191	122,221,800	139,722,273	16,479,798
Liabilities against assets subject to finance leases	15,542,415	17,118,419	2,914,734	3,658,950	5,121,568	5,423,167	-
Trade and other payables	687,079,044	685,743,040	685,743,040	-	-	-	-
Interest and markup accrued	34,122,217	34,122,217	34,122,217	-	-	-	-
Short-term borrowings	544,092,662	544,092,662	544,092,662	-	-	-	-
	<u>1,656,430,242</u>	<u>1,708,208,831</u>	<u>1,345,722,084</u>	<u>73,518,141</u>	<u>127,343,368</u>	<u>145,145,440</u>	<u>16,479,798</u>
	Carrying amount	Contractual Cash Flows	Six months or less	Six to Twelve months Rupees	One to two years	Two to five years	Over five years
<b>2017</b>							
Long term financing	500,771,544	588,911,845	80,128,827	73,536,270	152,906,585	252,939,753	29,400,410
Liabilities against assets subject to finance leases	2,585,324	3,705,979	831,162	1,575,702	955,072	344,043	-
Trade and other payables	515,144,796	515,144,796	515,144,796	-	-	-	-
Financial charges payable	33,172,867	33,172,867	33,172,867	-	-	-	-
Short-term financing	407,234,304	407,234,304	407,234,304	-	-	-	-
	<u>1,458,908,835</u>	<u>1,548,169,791</u>	<u>1,036,511,956</u>	<u>75,111,972</u>	<u>153,861,657</u>	<u>253,283,796</u>	<u>29,400,410</u>

#### 50.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holding of financial instruments.

##### a) Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company exposure to foreign currency risk as follows:

	2018 Rupees	2017 Rupees
Outstanding letter of credit	<u>42,503,757</u>	<u>10,522,000</u>

##### b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term loans and short term borrowings. At the balance sheet date the interest rate profile of the Company's interest - bearing financial instruments is as follows:

	2018 Effective rate (In percent)	2017 Effective rate (In percent)	2018 Carrying amount Rupees	2017 Carrying amount Rupees
<b>Financial liabilities</b>				
Fixed rate instrument				
Long term finance	3.25%-9%	3.25%-9%	<u>151,264,056</u>	<u>72,617,900</u>
Short term borrowings	8%	8%	<u>12,000,000</u>	<u>12,000,000</u>
Variable rate instruments				
Long term finance	8.40% - 9.65%	8.31%-9.65%	<u>224,329,848</u>	<u>322,687,644</u>
Short term borrowings	7.51% - 8.25%	7.49%-8.5%	<u>532,092,662</u>	<u>395,234,304</u>

#### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for prior year.



	Profit and loss	
	100 bp increase	100 bp decrease
<b>As at June 30, 2018</b>		
Cash flow sensitivity - Fixed rate financial liabilities	(1,632,641)	1,632,641
Cash flow sensitivity - Variable rate financial liabilities	(7,564,225)	7,564,225
<b>As at June 30, 2017</b>		
Cash flow sensitivity - Fixed rate financial liabilities	(846,179)	846,179
Cash flow sensitivity - Variable rate financial liabilities	(7,179,219)	7,179,219

The sensitivity analysis prepared is not necessarily indicative of the effects on (loss) / profit for the year and assets / liabilities of the Company.

**c) Market risk**

**Market price risk**

The risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

**Exposure**

The Company has exposure to market price risk in available for sale securities.

**Risk management**

The Company's policy is to manage price risk through diversification and selection of financial instruments within specified limits.

As at June 30, 2018, the fair value of equity securities exposed to price risk were as follows:

	2018 Rupees	2017 Rupees
Available for sale investment	154,786,700	261,010,919

The following analysis illustrates the sensitivity of the profit for the year and the share holders' equity to an increase or decrease of 5% in the fair values of the Company's equity securities. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Company's equity securities at each statement of assets and liabilities date, with all other variables held constant.

Price sensitivity	7,739,335	13,050,546
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**50.5 Financial instruments by category**

**Financial assets**

Available for sale carried at fair value		
Investments	111,950,000	155,490,056
Held-for-trading carried at fair value		
Investments	42,836,700	105,520,863
Held to maturity carried at amortized cost		
Investments	1,200,000	1,200,000
Loans and receivables carried at amortized cost		
Loans	630,200	1,020,525
Trade debts	686,410,603	551,087,852
Trade deposits	24,224,160	20,623,095
Other receivables	1,165,395	820,351
Bank balances	104,475,891	69,421,095
	<u>972,892,949</u>	<u>905,183,837</u>

**Financial liabilities**

Financial liabilities carried at amortized cost		
Long-term financing	375,593,904	500,771,544
Liabilities against assets subject to finance leases	15,542,415	2,585,324
Trade and other payables	687,079,044	515,169,796
Interest and markup accrued	34,122,217	33,172,867
Short-term borrowings	544,092,662	407,234,304
	<u>1,656,430,242</u>	<u>1,458,933,835</u>

## 51 FAIR VALUE OF FINANCIAL INSTRUMENTS

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. Consequently differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value as the items are short term in nature.

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

	Level 1	Level 2	Level 3	Total
	----- 'Rupees -----			
<b>Held-for-trading</b>				
Shares	42,836,700	-	-	42,836,700
<b>Available for sale</b>				
Shares	111,890,362	-	59,638	111,950,000

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

	Level 1	Level 2	Level 3	Total
	----- 'Rupees -----			
<b>Held-for-trading</b>				
Shares	105,520,863	-	-	105,520,863
<b>Available for sale</b>				
Shares	155,402,605	-	87,451	155,490,056

### Valuation techniques

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

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

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

### Transfers during the year

During the year to June 30, 2018:

- There were no transfers between Level 1 and Level 2 fair value measurements
- There were no transfers into or out of Level 3 fair value measurements

The following table presents the movement in level 3 instruments.

	2018 Rupees	2017 Rupees
Opening balance	87,451	124,750
Redemption / sales during the year	-	-
Unrealized loss during the year	(27,813)	(37,299)
Impairment during the year	-	-
Closing balance	59,638	87,451

## 52 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitor the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

## 53 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 04, 2018 by the Board of Directors of the Company.

## 54 NUMBER OF EMPLOYEES

	2018 No. of employees	2017 No. of employees
a) Number of employees as at June 30	1,028	1,021
Average number of employees	1,024	1,010
b) Number of factory employees as at June 30	970	963
Average number of factory employees during the year	967	957


## 55 CORRESPONDING FIGURES


Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison. Significant reclassifications for purposes of correct presentation, are as under:

Reclassification from components	Reclassification to components	in "Rupees"
Trade and other payables		2,619,361
	Unclaimed dividend	2,619,361

## 56 GENERAL

Figures have been rounded off to the nearest rupee unless other wise stated.

  
**IMRAN MAQBOOL**  
 Chief Executive

  
**NADEEM MAQBOOL**  
 Director

  
**KAMRAN RASHEED**  
 Chief Financial Officer

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**PATTERN OF SHAREHOLDING  
AS AT JUNE 30, 2018**

**FORM-34**

SHAREHOLDERS	FROM	TO	TOTAL SHARES	PERCENTAGE
684	1	100	21,777	0.18
434	101	500	97,290	0.78
95	501	1,000	65,861	0.53
130	1,001	5,000	263,768	2.12
33	5,001	10,000	237,383	1.91
12	10,001	15,000	155,289	1.25
12	15,001	20,000	199,655	1.61
8	20,001	25,000	177,061	1.43
8	25,001	30,000	231,033	1.86
6	30,001	35,000	192,340	1.55
3	35,001	40,000	111,929	0.90
4	40,001	45,000	170,626	1.37
1	45,001	50,000	45,229	0.36
1	50,001	55,000	51,173	0.41
1	55,001	60,000	58,233	0.47
1	60,001	65,000	65,000	0.52
2	65,001	70,000	136,106	1.10
2	70,001	75,000	145,420	1.17
3	75,001	80,000	235,218	1.89
1	125,001	130,000	126,161	1.02
1	145,001	150,000	147,217	1.19
1	150,001	155,000	153,580	1.24
1	205,001	210,000	208,600	1.68
1	350,001	355,000	351,657	2.83
1	380,001	385,000	383,058	3.08
1	630,001	635,000	633,015	5.10
1	850,001	855,000	852,681	6.87
1	1,075,001	1,080,000	1,078,917	8.69
1	1,305,001	1,310,000	1,306,831	10.52
1	1,330,001	1,335,000	1,330,400	10.71
1	1,345,001	1,350,000	1,347,875	10.85
1	1,835,001	1,840,000	1,837,493	14.80
<b>1,453</b>			<b>12,417,876</b>	<b>100.00</b>

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## Categories of Shareholder

### Directors, Chief Executive Officer, Their Spouse and Children

Chief Executive IMRAN MAQBOOL	1,347,875	10.85
Directors HUMAYUN MAQBOOL	1,330,400	10.71
KHAWAR MAQBOOL	1,837,493	14.80
NADEEM MAQBOOL	1,306,831	10.52
NAILA HUMAYUN MAQBOOL	500	0.00
MANSOOR RIAZ	1,078,917	8.69
JAHANZEB SAEED KHAN	500	0.00
ASMA IMRAN MAQBOOL W/O. IMRAN MAQBOOL	6,501	0.05
NAZIA MAQBOOL W/O. NADEEM MAQBOOL	3,399	0.03
SAMEER MANSOOR RIAZ S/O. MANSOOR RIAZ	6,463	0.05
	6,918,879	55.72

### Associated Companies, Undertakings & Related Parties

PREMIER INSURANCE LIMITED	30,000	0.24
CRESCENT POWER TEC LIMITED	27,825	0.22
	57,825	0.47

### NIT & ICP (Name Wise Detail)

INVESTMENT CORPORATION OF PAKISTAN	5,671	0.05
Banks, DFI's, NBFI's		
Banks, DFI's, NBFI's	130,408	1.05
Insurance Companies		
Insurance Companies	1,102	0.01
Modaraba and Mutual Funds		
Modaraba and Mutual Funds	948,302	7.64
Other Companies		
Other Companies	670,484	5.40
General Public		
Local	3,685,205	29.68

<b>TOTAL NUMBER OF SHARES</b>	<b>12,417,876</b>	<b>100</b>
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### Shareholders More Than 5%

KHAWAR MAQBOOL	1,837,493	14.80
IMRAN MAQBOOL	1,347,875	10.85
HUMAYUN MAQBOOL	1,330,400	10.71
NADEEM MAQBOOL	1,306,831	10.52
MANSOOR RIAZ	1,078,917	8.69
CDC-TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	852,681	6.87
BASHIR AHMAD	633,015	5.10

### Trade in Shares of the Company carried out by Directors, Executives, their Spouse(s) and Minor Children

Mrs. Khawar Maqbool, Director purchased 1,000 shares during the year.  
Mr. Mansoor Riaz, Director purchased 195,500 shares during the year.



**Crescent  
Fibres**

## FORM OF PROXY

CDC Participant ID #  Sub Account # / Folio #  CNIC No.  Share Holding

I/We \_\_\_\_\_  
of \_\_\_\_\_

being a member of **CRESCENT FIBRES LIMITED**, hereby appoint \_\_\_\_\_ or  
failing him \_\_\_\_\_ (being  
a member of the Company) as my/our proxy to attend, act and vote for me/us and on my/our  
behalf at the 41<sup>st</sup> Annual General Meeting of the Company to be held on Saturday the  
27<sup>th</sup> October, 2018 at 9.30 a.m. at Registered office of the Company 104 -Shadman-1, Lahore and  
at any adjournment thereof.

### Witnesses:

1. Signature: \_\_\_\_\_  
Name : \_\_\_\_\_  
C.N.I.C. : \_\_\_\_\_  
Address : \_\_\_\_\_

2. Signature: \_\_\_\_\_  
Name : \_\_\_\_\_  
C.N.I.C. : \_\_\_\_\_  
Address : \_\_\_\_\_

Please affix here  
Revenue  
Stamps of Rs. 5/-

\_\_\_\_\_  
**Members' Signature**

**Date:**

### Notes:

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy.
2. The instruments appointing a proxy, together with the power of attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited at the Registered Office, 104 -Shadman-1, Lahore, not less than 48 hours before the time of holding the Meeting.
3. CDC account holders will further have to follow the under mentioned guidelines as laid down in circular # 1 dated January 26, 2000 of the Securities & Exchange Commission of Pakistan for appointing Proxies:
  - i) In case of individuals, the account holder or sub account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
  - ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
  - iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
  - iv) The proxy shall produce his original CNIC or original passport at the time of the meeting.
  - v) In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures of the proxy holder shall be submitted (unless it has been provided earlier) alongwith proxy form to the company.

# کریسنٹ فائبرز لمیٹڈ

## پراکسی فارم (مختار نامہ)

سی ڈی سی شرکت آئی ڈی نمبر	سب اکاؤنٹ (ذیلی اکاؤنٹ) نمبر	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر	حصہ دار (شیئر ہولڈنگ)

میں، ام  
ساکن  
بہشت دکن کریسنٹ فائبرز لمیٹڈ، مختار نامہ  
کی غیر موجودگی میں  
کھلی کے دکن (کا پٹا) شمارے ایما، پر مورخہ 27 اکتوبر، 2018 بروز منگل صبح 9:30 بجے بمقام کھلی کے دکنز آفس 104 شادمان - 1، لاہور پر مشتمل ہونے والے کریسنٹ فائبرز لمیٹڈ کے 41 ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی ایوان کی صورت میں اپنا، ہمارا بطور حق دار (پراکسی) مقرر کرنا ہوں (اگر تے ہیں۔  
آج بروز \_\_\_\_\_ تاریخ \_\_\_\_\_ 2018 کو میرے ہمارے دخل سے گواہوں کی تصدیق سے جاری ہوا۔

### گواہان

1	دھلا:	
نام:		
پتہ:		
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:		
2	دھلا:	
نام:		
پتہ:		
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:		

510 روپے کا روپیہ کی گنت یہاں چسپاں کریں

دھلا دکن  
کھلی کے نمونہ دخل سے سرش ہونے چاہئیں۔

### نوٹ:

- 1۔ اجلاس عام میں شرکت اور رائے دی کا متفقہ دکن، پراکسی مقرر کر سکتا ہے۔
- 2۔ پراکسی اور مختار نامہ یا دیگر قانونی (اگر کوئی ہوں) تقرری کے آلات، جس کے تحت یہ دخل شدہ ہو یا اس مختار نامہ کی نورانی تصدیق کاپی، کھلی کے شیئرز دکنز آفس 104 شادمان - 1، لاہور میں اجلاس مشتمل ہونے سے کم از کم 48 (اتالیس) گھنٹے قبل جمع کرانے چاہئیں۔
- 3۔ سی ڈی سی اکاؤنٹ ہولڈر کو پراکسی تقرری کے لئے یکور شیئر ایڈاپٹیشن کمیشن پاکستان کے مورخہ 26 جنوری 2000 کو جاری کردہ سرٹیفکٹ 1 میں دی گئی محدود پابلی گائیڈ لائنز کی پیروی کرنا ہوگی۔
- (i) بصورت افراد کا اکاؤنٹ ہولڈر اور یا سب اکاؤنٹ ہولڈر جن کی یکور شیئر ایڈاپٹیشن کمیشن کے قواعد و ضوابط کے مطابق اپ لوڈ ہوں، انہیں درج بالا شرائط کے مطابق پراکسی فارم (مختار نامہ) جمع کرنا ہوگے۔
- (ii) پراکسی فارم پر بطور گواہان و افراد کے دخل ہونے چاہئیں اور ان کے نام، پتہ اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم پر درج ہوں۔
- (iii) مطلق اولز اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق منقول، پراکسی فارم (مختار نامہ) کے ساتھ جمع کرنا ہوگی۔
- (iv) پراکسی، اجلاس کے وقت اپنا مکمل کمپیوٹرائزڈ قومی شناختی کارڈ یا مکمل پاسپورٹ مہیا کرے گا/گی۔
- (v) بصورت کارپوریٹ، منجلی، دیوار کی قرارداد مختار نامہ سے پراکسی ہولڈر کے دخل (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامہ) کے سرآمد کمیشن میں جمع کرنا ہوگا۔