



**Crescent  
Fibres**



**Quarterly Report  
March 31, 2019**



## 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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**Chief Financial Officer** Kamran Rasheed

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**Company Secretary** 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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**Auditors** BDO Ebrahim & Company  
Chartered Accountants

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**Legal Advisor** Mohsin Tayebally & Sons

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

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

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**E-mail:** lo@crescentfibres.com

**Website:** www.crescentfibres.com

## DIRECTORS' REPORT

The Company reported after tax net profit of Rs.7.5 million in the third quarter of the fiscal year, which when combined with a profit of Rs.83.1 million for the first half of the year, resulted in a net profit of Rs. 90.6 million for the nine months ended March 31, 2019. The earnings per share for the period under review was Rs. 7.30 as compared to Rs. 2.16 for the period ended March 31, 2018.

The textile industry in Pakistan has been going through a prolonged recessionary period characterized by weak demand, low end-product prices and eroding margins. Factors contributing to this include high cost of doing business, increased financial and commodity market volatility and low domestic cotton yield and quality.

Sales for the period under review were 22.83% higher than the corresponding period, due to increase in end-product prices. In the period under review, the gross margin increased to 8.2 % as compared to 5.6% in the corresponding period. Owing to cost controls, selling, administrative and other costs remained more or less unchanged as a percentage of sales. The operating margin for the period under review increased to 5.9% as compared to 3.5% for the period ended March 31, 2018. Financial charges at Rs. 82.1 million were 2.1% of sales as compared to 1.8% in the corresponding period. This is attributable to higher short-term borrowing caused by higher raw material prices and the increase in interest rates due to tightening of monetary policy by the State Bank. Overall, the net margin was 2.35% as compared 0.85% in the previous period.

Due to a noticeable devaluation of the Pak rupee yarn prices have gone up but profitability remains under pressure due to high input costs and short cotton crop due to which we have to rely on imported cotton. To handle these, we hope the government will continue to support the textile industry to overcome these challenges and Pakistan is able to produce a good crop to meet the local requirements. In addition to this we hope the government will facilitate in the early release of our refunds to ease our cash flows.

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

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



**IMRAN MAQBOOL**  
Chief Executive

April 29, 2019



**NADEEM MAQBOOL**  
Director

Quarterly Report

## کمپنی نظامہ (ڈائریکٹران) کی رپورٹ:

کمپنی کو مالی سال کی تیسری سہ ماہی میں 7.5 ملین روپے کا منافع ہوا جو کہ پہلی ششماہی کے منافع 83.1 ملین روپے کے ساتھ شامل کرنے کے نتیجے میں 31 مارچ 2019ء کو 9 ماہ کے لئے 90.6 ملین روپے کا منافع ہوا۔ 31 مارچ 2018ء کی مدت کے لئے 2.16 روپے منافع کے مقابلے میں زبرجائزہ مدت کے لئے فی حصہ آمدنی 7.30 روپے تھی۔

پاکستان میں ٹیکسٹائل کی صنعت طویل عرصہ سے ابتری کا شکار رہی۔ چیدہ چیدہ محرکات میں ٹیکسٹائل مصنوعات کی طلب میں کمی ہونا، مصنوعات کی قیمت فروخت میں کمی، صنعت کو متعلقہ فوائد کے حصول میں رکاوٹ، کاروباری اخراجات میں اضافہ، اسکے علاوہ مالیاتی اور مصنوعات کی مارکیٹ میں عدم استحکام میں اضافہ اور کم کھلی کپاس کی پیداوار اور کواٹٹی وغیرہ ہے۔

زبرجائزہ مدت کے لئے مالیت فروخت میں اسی مدت کے مقابلے میں 22.83 فیصد زیادہ تھی، جس کی وجہ اختتامی مصنوعات کی قیمتوں میں بہتری تھی۔ زبرجائزہ مدت میں مجموعی منافع میں اسی مدت میں 5.6 فیصد کے مقابلے میں 8.2 فیصد اضافہ ہوا۔ لاگت کنٹرولز کی وجہ سے فروخت، انتظامی اور دیگر اخراجات میں کوئی خاص تبدیلی نہیں ہوئی۔ زبرجائزہ مدت کے لئے آپریٹنگ منافع میں 31 مارچ 2018ء کی مدت کے لئے 3.5 فیصد کے مقابلے میں 5.9 فیصد اضافہ ہوا۔ مالیاتی اخراجات 82.1 ملین روپے تھے جو اسی عرصے میں 1.8 فیصد کے مقابلے میں فروخت کا 2.1 فیصد تھے۔ اس کی وجہ مختصر مدت کے قرضوں میں زیادہ شرح سود، خام مال کی قیمتوں میں اضافہ اور ٹریڈ بینک کی طرف سے سخت مالیاتی پالیسی شامل ہیں۔ مجموعی طور پر پچھلے عرصے میں خالص منافع 0.85 فیصد کے مقابلے میں 2.35 فیصد تھا۔

پاکستانی روپے کی قدر میں کمی کی وجہ سے دہائے کی قیمتیں بڑھ گئیں لیکن منافع اعلیٰ درجے کے اخراجات اور کپاس کی فصل میں کمی کی وجہ سے دباؤ میں رہے گا۔ اور ہمیں درآمد کپاس پر بھروسہ کرنا پڑے گا۔ ان چیلنجز کو سنبھالنے کیلئے ہم حکومت سے امید رکھتے ہیں کہ ٹیکسٹائل انڈسٹری کی حمایت جاری رکھیں اور پاکستان کی مقامی ضرورت پوری کرنے کیلئے اچھی فصل پیدا کرنے کے قابل ہوگا۔ اس کے علاوہ ہم امید کرتے ہیں کہ حکومت ہمارے ریٹینڈ کی رقم کی واپسی جلد کرے گی تاکہ رقم کے بہاؤ میں بہتری ہو سکے۔

کمپنی انتظامیہ بہتر کارکردگی اور پیداواری بہتر کواٹٹی اور لاگت میں کمی کے ذریعے منافع حاصل کرنے کی کوشش جاری رکھے گی۔

کمپنی کی انتظامیہ عملے کی مسلسل محنت اور جذبے پر اچھے تعلقات کا اعتراف کرتی ہے اور کمپنی ڈائریکٹرز، بینکرز اور حصہ داران کا بھی مسلسل حمایت پر شکریہ ادا کرتی ہے۔

Naamunagp  
ندیم مقبول  
ڈائریکٹر

Imra Maqsood  
عمران مقبول  
چیف ایگزیکٹو  
تاریخ: 29 اپریل 2019ء

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2019 (UN-AUDITED)

	March 31, 2019 (Un-audited) Rupees	June 30, 2018 (Audited) Rupees
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment		
Operating fixed assets	6 1,361,685,319	1,401,920,366
Capital work-in-progress	-	13,697,687
	<u>1,361,685,319</u>	<u>1,415,618,053</u>
Investment property	1,728,028,250	1,728,028,250
Long term investments	467,063	539,563
Long term deposits	17,476,463	16,699,378
	<u>3,107,657,095</u>	<u>3,160,885,244</u>
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	72,815,971	63,232,678
Stock in trade	7 819,271,701	563,098,872
Trade debts	826,530,401	686,410,603
Loans and advances	87,466,442	6,080,593
Trade deposits and short term prepayments	15,196,441	15,550,130
Other receivables	1,722,826	1,165,395
Short term investments	131,573,450	155,986,700
Tax refunds due from Government	123,157,095	116,460,589
Cash and bank balances	179,233,758	104,475,891
	<u>2,256,968,085</u>	<u>1,712,461,451</u>
<b>TOTAL ASSETS</b>	<u>5,364,625,180</u>	<u>4,873,346,695</u>
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized share capital		
15,000,000 ordinary shares of Rs. 10/- each	150,000,000	150,000,000
Issued, subscribed and paid-up capital		
12,417,876 ordinary shares of Rs. 10/- each	124,178,760	124,178,760
Capital reserves		
Surplus on revaluation of property, plant and equipment	1,993,825,768	1,993,825,768
Unrealized gain on available for sale investment	67,594,378	81,069,736
	<u>2,061,420,146</u>	<u>2,074,895,504</u>
Revenue reserves		
Unappropriated profit	959,578,410	868,985,305
	<u>3,145,177,316</u>	<u>3,068,069,569</u>
<b>NON CURRENT LIABILITIES</b>		
Long term financing	8 198,466,808	252,406,925
Liabilities against assets subject to finance leases	7,032,818	11,095,895
Deferred gain on sale and leaseback	254,211	388,797
Deferred taxation	129,176,698	125,746,510
	<u>334,930,535</u>	<u>389,638,127</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	956,029,333	702,325,345
Unclaimed dividend	2,509,359	2,515,149
Interest and mark-up accrued	45,092,705	34,122,217
Short term borrowings	9 749,431,202	544,092,662
Taxation - net	12,037,218	4,960,127
Current portion of long term liabilities	119,417,512	127,633,499
	<u>1,884,517,329</u>	<u>1,415,648,999</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	10	
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>5,364,625,180</u>	<u>4,873,346,695</u>

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

  
**IMRAN MAQBOOL**  
Chief Executive

  
**NADEEM MAQBOOL**  
Director

  
**KAMRAN RASHEED**  
Chief Financial Officer

Quarterly Report

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED MARCH 31, 2019 (UN-AUDITED)**

	Note	Nine months ended		Quarter ended	
		March 31, 2019 Rupees	March 31, 2018 Rupees	March 31, 2019 Rupees	March 31, 2018 Rupees
Sales - net		3,863,060,470	3,145,031,164	1,312,947,711	1,070,958,943
Cost of sales	11	(3,545,530,909)	(2,968,144,658)	(1,227,010,849)	(1,009,395,908)
Gross profit		317,529,561	176,886,506	85,936,862	61,563,035
Selling and distribution expenses		(13,682,555)	(13,301,730)	(4,681,558)	(4,349,906)
Administrative and general expenses		(87,498,664)	(77,158,200)	(28,949,209)	(24,532,693)
Other operating expenses		(13,220,982)	(3,329,030)	99,335	(690,012)
Other operating income		25,511,506	27,905,407	9,910,773	12,709,167
Operating profit		228,638,866	111,002,953	62,316,203	44,699,591
Finance cost		(82,130,893)	(57,091,288)	(36,706,380)	(22,051,758)
Share of loss from associate		(72,500)	(165,198)	(7,800)	(55,066)
Profit before taxation		146,435,473	53,746,467	25,602,023	22,592,767
Taxation	12	(55,842,368)	(26,977,625)	(18,077,257)	(10,578,340)
Profit for the period		90,593,105	26,768,842	7,524,766	12,014,427
Earnings per share - basic and diluted (Rupees)	13	7.30	2.16	0.61	0.97

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

**CONDENSED INTERIM STATEMENT CASH FLOWS (UN-AUDITED)  
FOR PERIOD ENDED MARCH 31, 2019**

	March 31, 2019 Rupees	March 31, 2018 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	146,435,473	53,746,467
Adjustment for non cash charges and other items:		
Depreciation	80,341,304	86,178,393
Gain on disposal of operating fixed assets	(3,530,440)	-
Gain on sale and leaseback	(134,585)	(104,676)
Capital gain on sale of investments	(250,051)	(5,664,656)
Unrealized gain on remeasurement of investments at fair value through profit or loss - held for trading	-	(3,876,388)
Share of loss from associate	1,843,084	-
Finance cost	72,500	165,198
	82,130,893	57,091,288
	160,472,705	133,789,159
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	(9,583,293)	6,982,917
Stock in trade	(256,172,829)	(327,446,282)
Trade debts	(140,119,798)	(96,770,123)
Loans and advances	(81,385,849)	(36,613,971)
Trade deposits and short term prepayments	353,689	(4,028,731)
Other receivables	(557,431)	(10,896,498)
Tax refund due from Government	(6,696,506)	(22,109,094)
	(494,162,017)	(490,881,782)
<b>Increase in current liabilities</b>		
Trade and other payables	253,703,988	247,255,753
Cash (used in) / generated from operations	66,450,149	(56,090,403)
Income tax paid	(45,335,089)	(24,743,668)
Finance cost paid	(71,160,405)	(52,637,596)
Net cash used in operating activities	(50,045,345)	(133,471,667)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(31,017,131)	(4,658,832)
Proceeds from disposal of operating fixed assets	8,139,000	16,150,000
Short term investments	9,344,859	36,870,776
Long term deposits	(777,085)	(4,801,065)
Net cash generated from investing activities	(14,310,357)	43,560,879
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing - net	(62,164,832)	(86,059,352)
Repayment of liabilities against assets subject to finance leases	(4,054,349)	(3,615,659)
Unclaimed dividend	(5,790)	-
Short term borrowings	205,338,540	218,163,467
Net cash generated from financing activities	139,113,569	128,488,456
Net increase / (decrease) in cash and cash equivalents	74,757,867	38,577,668
Cash and cash equivalents at the beginning of the period	104,475,891	69,421,095
Cash and cash equivalents at the end of the period	179,233,758	107,998,763

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

  
**IMRAN MAQBOOL**  
Chief Executive

  
**NAAMEEQ**  
Director

  
**KAMRAN RASHEED**  
Chief Financial Officer

Quarterly Report

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE PERIOD ENDED MARCH 31, 2019**

	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	
Balance as at July 1, 2017	124,178,760	129,864,631	-	801,055,828	1,055,099,219
<b>Total comprehensive income for the period</b>					
Profit for the period ended March 31, 2018	-	-	-	26,768,842	26,768,842
Other comprehensive profit / loss	-	(40,999,679)	1,866,050,556	-	1,825,050,877
	-	(40,999,679)	1,866,050,556	26,768,842	1,851,819,719
Balance as at March 31, 2018	124,178,760	88,864,952	1,866,050,556	827,824,670	2,906,918,938
Balance as at July 1, 2018	124,178,760	81,069,736	1,993,825,768	868,985,305	3,068,059,569
<b>Total comprehensive income for the year</b>					
Profit for the period ended March 31, 2019	-	-	-	90,593,105	90,593,105
Other comprehensive loss	-	(13,475,358)	-	-	(13,475,358)
	-	(13,475,358)	-	90,593,105	77,117,747
Balance as at March 31, 2019	124,178,760	67,594,378	1,993,825,768	959,578,410	3,145,177,316

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED MARCH 31, 2019 (UN-AUDITED)**

	Nine months ended		Quarter ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	Rupees	Rupees	Rupees	Rupees
Profit for the period	90,593,105	26,768,842	7,524,766	12,014,427
Other comprehensive income				
Items that will be reclassified to profit and loss account subsequently				
Unrealized loss on remeasurement of available-for-sale investments	(13,475,358)	(34,420,865)	(17,247,366)	(2,332,930)
Transfer to profit and loss account on disposal of available-for-sale investments	-	(6,578,814)	-	-
Surplus on revaluation of fixed assets	-	1,866,050,556	-	-
	(13,475,358)	1,825,050,877	(17,247,366)	(2,332,930)
Total comprehensive income / loss for the period	77,117,747	1,851,819,719	(9,722,600)	9,681,497

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

Quarterly Report

  
**IMRAN MAQBOOL**  
Chief Executive

  
**NADEEM MAQBOOL**  
Director

  
**KAMRAN RASHEED**  
Chief Financial Officer

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED MARCH 31, 2019 (UN-AUDITED)

### 1 THE COMPANY AND ITS OPERATIONS

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

This condensed interim financial information is unaudited and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

These condensed interim financial information of the Company for the nine months period ended March 31, 2019 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of :

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

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

This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2018 which have been prepared in accordance with approved accounting standards as applicable in Pakistan.

The comparative statement of financial position presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2018, whereas the comparative condensed interim profit and loss accounts, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the period ended March 31, 2018.

#### 3.2 Basis of measurement

This condensed interim financial information has 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 .

This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

#### 3.3 Functional and presentation currency

This condensed interim financial information has been presented in Pak Rupees, which is the functional and presentation currency of the Company.

### 4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information is the same as those applied in the preparation of the financial statements for the year ended June 30, 2018, except for the adoption of IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial Instruments". The revised accounting policy adopted by the management are as follows:

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE PERIOD ENDED MARCH 31, 2019 (UN-AUDITED)**

**4.1 IFRS 15 - Revenue from Contracts with Customers**

IFRS 15 'Revenue from Contracts with Customers' supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company has assessed that significant performance obligation in contracts with customers are closely related and, therefore, are discharged over the period of the relationship with relevant customers. Hence, the Company has concluded that it is in compliance with the requirements of the new accounting standard.

**4.2 Applicability of IFRS 9 - Financial Instruments**

On July 24, 2017, the International Accounting Standards Board (IASB) published IFRS9' Financial Instruments'. This standard was adopted locally by the Securities and Exchange Commission of Pakistan (SECP) through its S.R.O. 1007 (I)/2017 dated October 04, 2017 and became effective for accounting periods beginning on or after July 01, 2018. Subsequent to the balance sheet date, SECP through its S.R.O. 229(I)/2019 deferred the adoption of this standard and modified the effective date for applicability of this standard as reporting period / year ending on or after June 30, 2019. IFRS9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard will replace IAS39 Financial Instruments: Recognition and Measurement.

**5 ESTIMATES**

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2018.

**6 OPERATING FIXED ASSETS**

Note	March 31, 2019 (Un-audited) Rupees	June 30, 2018 (Audited) Rupees
Opening net book value (NBV)	1,401,920,366	1,217,342,358
Surplus on revaluation of fixed assets	6.1 -	1,993,825,768
Additions (at cost) during the period / year	6.2 44,714,818	60,458,323
	<u>1,446,635,184</u>	<u>3,271,626,449</u>
Disposals (at NBV) during the period / year	6.3 4,608,561	26,026,924
Transfer to investment property	-	1,728,028,250
Depreciation charged during the period / year	80,341,304	115,650,909
	<u>84,949,865</u>	<u>1,869,706,083</u>
Closing net book value (NBV)	<u>1,361,685,319</u>	<u>1,401,920,366</u>

**6.1** This represents surplus resulting from revaluation of freehold land carried out by independent valuer Messrs. Evaluation Focused Consulting on September 27, 2017 and Messrs. Sardar Enterprises on November 6, 2017. The valuation was determined with respect to the present market value of similar properties.

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

Owned		
Buildings on leasehold land	-	2,689,312
Plant and machinery	27,221,118	29,850,511
Vehicles	17,493,700	10,518,500
Leased		
Vehicles	-	17,400,000
	<u>44,714,818</u>	<u>60,458,323</u>

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	March 31, 2019 (Un-audited) Rupees	June 30, 2018 (Audited) Rupees
<b>6.3</b> Details of disposals (at NBV) during the period / year are as follows:		-
Owned		
Plant and machinery	-	9,110,490
Vehicles	4,608,561	16,916,434
	<u>4,608,561</u>	<u>26,026,924</u>
<b>7</b> STOCK IN TRADE		
Raw material:		
In hand	644,526,756	430,336,832
Work-in-process	87,692,954	73,417,725
Finished goods	87,051,991	59,344,315
	<u>819,271,701</u>	<u>563,098,872</u>
<b>8</b> LONG TERM FINANCING		
From banking companies - secured		
Balance as at July 01	375,593,904	500,771,544
Obtained during the period / year	<u>18,078,000</u>	<u>500,771,544</u>
	393,671,904	500,771,544
Repayments made during the period / year	<u>(80,242,832)</u>	<u>(125,177,640)</u>
	313,429,072	375,593,904
Less: Current portion shown under current liabilities	<u>(114,962,264)</u>	<u>(123,186,979)</u>
	<u>198,466,808</u>	<u>252,406,925</u>
<b>9</b> SHORT TERM BORROWINGS		
From banking companies - secured		
Running / cash finance	738,029,268	532,092,662
Bill discounting	9.1 12,000,000	12,000,000
Temporary Overdraft	<u>(598,066)</u>	<u>12,000,000</u>
	<u>749,431,202</u>	<u>556,092,662</u>

**9.1** The balance represents short term borrowings and markup accrued thereon payable to a financial institution. No provision for markup has been recorded on this balance since June 30, 2012. The company has received a nil balance certificate from the Bank and no claim has been received in respect of the amount outstanding from this financial institution or third party. Management considers it necessary to retain the balance outstanding in the books as no settlement has taken place.

**10 CONTINGENCIES AND COMMITMENTS**

**10.1 Contingencies**

- There is a contingent liability in respect of bank guarantees issued by the Company's bankers in the ordinary course of business aggregating to Rs. 66.914 million (June 30, 2018 : Rs. 66.914 million).
- Crescent Cotton Mills Limited has filed a case against Company for an amount of Rs. 53.850 million on the basis of case documents filed. The Company has a recorded liability of Rs. 17.542 million as the best estimate of amounts owed. No provision for the difference amount has been made as management is of the view that the basis is frivolous and in view of counter claims available with the Company is confident that the balance amount shall not be payable.
- Finance Act, 2017 introduced a new section 5A to the Income Tax Ordinance, 2001 on the subject of tax on undistributed profit, according to which for tax year 2017 and onward, a tax shall be imposed at the rate of 7.5% of its accounting profit before tax on every public company, other than a scheduled bank or a modaraba, that derives 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 derives 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.

**10.2 Commitments**

The Company is committed as at balance sheet date as follows:

- The Company is committed as at the balance sheet date in respect of letters of credit against import of store and spares amounting to Rs. 54.100 million (June 30, 2018: Rs. 53.657 million) and raw material amounting Rs. 242.951 million (June 30, 2018: Rs. 0.00 million)

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
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- b) The amount of future Ijarah rentals for Ijarah financing and the period in which these payments will become due are as follows:

	March 31, 2019 (Un-audited) Rupees	June 30, 2018 (Audited) Rupees
Not later than one year	626,706	825,192
Later than one year and not later than five years.	142,740	563,148
	<u>769,446</u>	<u>1,388,340</u>

**11 COST OF SALES**

	Nine months ended		Quarter ended	
	March 31, 2019	March 31, 2018	March 31, 2019 (Un-audited)	March 31, 2018
Rupees				
Materials consumed	2,593,322,205	2,010,427,343	872,256,261	688,234,107
Stores, spares and loose tools consumed	63,585,258	61,207,208	26,536,486	20,019,648
Packing material consumed	47,905,726	43,916,832	15,801,365	14,489,251
Salaries, wages and other benefits	298,715,298	275,974,992	106,354,297	92,381,273
Fuel and power	408,228,154	403,498,116	135,417,103	143,229,478
Insurance	8,109,708	7,628,243	2,500,000	2,355,000
Repairs and maintenance	3,657,146	4,244,714	1,612,290	1,120,313
Depreciation	72,999,983	79,929,598	24,635,785	26,643,199
Other manufacturing overheads	18,090,432	18,192,296	5,727,613	6,479,894
	<u>3,514,613,910</u>	<u>2,905,019,342</u>	<u>1,190,841,200</u>	<u>994,952,163</u>
Opening work in process	73,417,725	62,051,150	93,949,473	71,230,473
Closing work in process	(87,692,954)	(77,515,967)	(87,692,954)	(77,515,967)
	<u>(14,275,229)</u>	<u>(15,464,817)</u>	<u>6,256,519</u>	<u>(6,285,494)</u>
Cost of goods manufactured	3,500,338,681	2,889,554,525	1,197,097,719	988,666,669
Cost of goods purchased for trading	72,899,904	62,305,145	13,812,893	6,806,012
Opening stock of finished goods	59,344,315	68,929,561	103,152,228	66,567,800
Closing stock of finished goods	(87,051,991)	(52,644,573)	(87,051,991)	(52,644,573)
	<u>(27,707,676)</u>	<u>16,284,988</u>	<u>16,100,237</u>	<u>13,923,227</u>
	<u>3,545,530,909</u>	<u>2,968,144,658</u>	<u>1,227,010,849</u>	<u>1,009,395,908</u>

**12 TAXATION**

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

**13 EARNINGS PER SHARE-BASIC AND DILUTED**

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

	Nine months ended		Quarter ended	
	March 31, 2019	March 31, 2018	March 31, 2019 (Un-audited)	March 31, 2018
Rupees				
Profit for the period (Rupees)	90,593,105	26,768,842	7,524,766	12,014,427
Weighted average number of ordinary shares	12,417,876	12,417,876	12,417,876	12,417,876
Earnings per share - basic and diluted (Rupees)	7.30	2.16	0.61	0.97

**14 TRANSACTIONS WITH RELATED PARTIES**

The related parties and associated undertakings comprise of group companies, other associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings are as under:

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
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Relation with the Company	Nature of transaction	Nine months ended		Quarter ended	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
		(Un-audited)			
		----- Rupees -----			
Associated companies	Sales of goods and services	90,138,450	62,194,600	34,343,700	25,452,150
	Insurance premium	9,887,568	14,985,506	242,651	330,710
	Donation paid	90,000	90,000	30,000	30,000
	Rent received	439,137	399,312	146,379	133,104
	Rent paid	3,015,000	3,015,000	1,005,000	1,005,000
Retirement benefit plans	Contribution to staff retirement benefit plans	10,825,743	9,841,656	3,662,141	3,404,674
Key management personnel	Remuneration and benefits	23,315,501	27,208,760	7,921,492	9,069,586
				<b>March 31, 2019</b>	<b>June 30, 2018</b>
				(Un-audited)	(Audited)
				Rupees	Rupees

**14.1 Period / Year end balances**

Receivable from associated company	11,314,275	7,442,256
Payable to associated company	12,150,315	15,384,612
Payable to provident fund	6,334,304	2,832,748
Due to Chief Executive and Directors	4,172,775	4,145,942

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

**14.3** The above transactions with related parties are based at arm's length at normal commercial rates.

**15 FAIR VALUE MEASUREMENT - FINANCIAL INSTRUMENTS**

The carrying values of all financial assets and liabilities reflected in the condensed interim financial information approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transaction.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at March 31, 2019, the Company held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Held-for-trading	31,898,808	-	-	31,898,808
Available for sale	98,414,892	-	59,750	98,474,642

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
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As at June 30, 2018, the Company held the following financial instruments measured at fair value:

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

**Valuation techniques**

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

**16 FAIR VALUE MEASUREMENT - NON FINANCIAL ASSET**

Fair value is the price that would be received to sell an assets or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

Fair value is based on the assumption considered to be level 2 in the fair value hierarchy due to significant observable inputs used in the valuation.

**Valuation techniques used to determine level 2 fair values**

Fair value of freehold land has been derived using a sales comparison approach. The most significant input in this valuation approach is price / rate per acre in particular locality. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.

**17 NUMBER OF EMPLOYEES**

	March 31, 2019 (Un-audited)	June 30, 2018 (Audited)
a) Number of employees	1034	1,028
Average number of employees	1030	1,024
b) Number of factory employees	976	970
Average number of factory employees	974	967

**18 DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was authorized for issue on April 29, 2019 by the Board of Directors of the Company.

**19 GENERAL**

Amounts have been rounded off to the nearest of rupees unless otherwise stated.

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