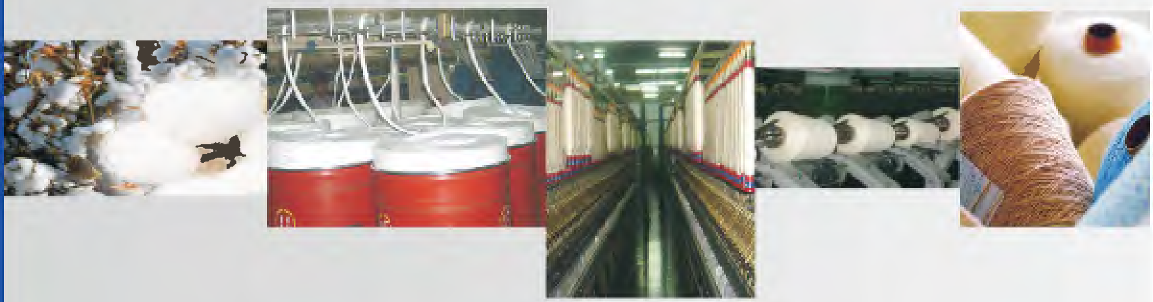
Crescent Fibres



Annual Report 2019

CONTENTS

COMPANY INFORMATION

Board of Directors	Nadeem Maqbool	(Chairman, Non-Executive Director)
	Imran Maqbool	(Chief Executive, Executive Director)
	Humayun Maqbool	(Executive Director)
	Naila Humayun Maqbool	(Non-Executive Director)
	Mansoor Riaz	(Non-Executive Director)
	Jahanzeb Saeed Khan	(Independent, Non-Executive Director)
	S.M. Ali Asif	(Independent, Non-Executive Director)
Chief Financial Officer	Kamran Rasheed	
Company Secretary	Javaid Hussain	
Audit Committee	Jahanzeb Saeed Khan	(Chairman)
	Nadeem Maqbool	(Member)
	Naila Humayun Maqbool	(Member)
Human Resources & Remuneration Committee	S.M. Ali Asif	(Chairman)
	Nadeem Maqbool	(Member)
	Naila Humayun Maqbool	(Member)
Auditors	BDO Ebrahim & Company Chartered Accountants	
Legal Advisor	Mohsin Tayebally & Sons	
Share Registrar	Vision Consulting Limited 1st Floor, 3-C, LDA Flats, Lawrence Road, Lahore.	
Registered Office	104 Shadman 1, Lahore - 54000 Tel : (042) 35960871-4 Lines Fax : (042) 35960004	
E-mail:	lo@crescentfibres.com	
Website:	www.crescentfibres.com	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 42nd Annual General Meeting of the shareholders of Crescent Fibres Limited will be held on Monday the 28th October, 2019 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 30th June, 2019 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 03, 2019	**By Order of the Board**
REGISTERED OFFICE	**JAVAID HUSSAIN**
104-Shadman-1, Lahore,	**Company Secretary**

NOTES:

1. The Share Transfer Books of the Company will remain closed from 20th October, 2019 to 28th October, 2019 (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.

CHAIRMAN'S REVIEW

I am pleased to present my review for the year ended June 30, 2019.The textile industry in Pakistan continues to face challenges including uncertainty related to global trade issues, the sharp contraction in the Pakistan economy and contractionary monetary policy adopted by the Govemment.

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 eamer 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. 67.9milion last year to Rs. 113.2 million for the year ended June 30, 2019. Earnings per share was Rs. 9.12 as compared to 5.47 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 focusses 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 one meeting of the Human Resource and Remuneration Committee was held.

I would like to assure you that the Board continues to function effectively and is focussed on adopting the best practices of corporate govemance 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.

Nadeem Maqbool,
Chairman, Board of Directors

October 03, 2019

DIRECTORS' REPORT

The Company reported after tax profit of Rs 113.2 million for the year ended June 30, 2019 as compared to a profit of Rs. 67.9 million for the twelve months ended June 30, 2018. The earnings per share for the period under review was Rs. 9.12.

OPERATING RESULTS

Crescent Fibres Limited

Summarized Financial Results

Rupees in millions	Year Ended 30-Jun-19 Rs.	Year Ended 30-Jun-19 % of Sales	Year Ended 30-Jun-18 Rs.	Year Ended 30-Jun-18 % of Sales
Sales	5,289.4	100.0%	4,439.2	100.0%
Cost of Sales	(4,879.0)	92.2%	(4,155.5)	93.6%
Gross Profit	410.4	7.8%	283.7	6.4%
Administrative Expenses	(120.3)	2.3%	(108.0)	2.4%
Distribution Cost	(18.6)	0.4%	(17.8)	0.4%
Other Operating Income	37.8	0.7%	33.4	0.8%
Other Operating Expenses	(22.1)	0.4%	(17.3)	0.4%
Profit from Operations	287.3	5.4%	174.1	3.9%
Financial Charges / Other	(124.7)	2.4%	(81.2)	1.8%
Profit before Taxation	162.6	3.1%	92.8	2.1%
Taxations	(49.4)	0.9%	(24.9)	0.6%
Profit After Taxes	113.2	2.1%	67.9	1.5%
Earnings per Share	9.12		5.47	

The textile industry in Pakistan faces significant challenges due to weak global demand and high cost of doing business. Factors contributing to this include a global growth slow down, the US-China trade war and a total lack of attention by policy makers to the challenges facing the industry including the high cost of doing business, lack of clarity on energy pricing, liquidity crunch due imposition of sales tax and non-issuance of refunds and non-existence of a cotton crop management policy. The depreciation of the currency has helped to improve the current account deficit but has also led to a sharp increase in manufacturing costs.

Overall, sales increased by 19.2% as compared to the year ending June 2018 primarily due to higher end product prices leading to some improvement in margins. The gross margin for the year was 7.8% as compared to 6.4% in the previous year. Distribution and administrative expenses at 2.3% of sales showed almost 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 5.4% as compared to 3.9% for the year ended June 30, 2018. The financial charges were also higher at 2.4% as compared to 2.1 for the corresponding period and this is attributable to the sharp increase in interest rates. Overall, the net margin for the year was 2.1% as compared to 1.5% for the year ended June 30, 2018.

DIVIDEND

In view of sharp slowdown in Pakistan's economy, high interest rates, uncertainly related to global trade issues and upcoming debt repayments, the Board of Director's has decided to forgo payment of dividend this year. The Company is also planning to take on some additional debt to finance replacement of blow room and carding machinery at its Bhikki unit and needs to preserve cash flow to repay the additional debt.

PATTERN OF SHAREHOLDING

The pattern of shareholding and additional information as on June 30, 2019 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 – term expired April 30, 2019
Imran Maqbool, Chief Executive, Executive Director (4)
Humayun Maqbool, Executive Director (3)
Jahanzeb Saeed Khan, Independent, Non-Executive Director (4)
Nadeem Maqbool, Non-Executive Director (4)
Naila Humayun Maqbool, Non-Executive Director (3) - Female
Mansoor Riaz, Non-Executive Director (4)
S.M. Ali Asif - Independent, Non-Executive Director (0)

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 (3)

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 (1) – term expired April 30, 2019
Naila Humayun Maqbool, Member, Non-Executive (1)
Nadeem Maqbool, Member, Non-Executive (1)
S.M. Ali Asif, Independent, (Chairman, Non-Executive (0) – elected May 1, 2019

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

All Directors have either completed the Director's Training Program or are exempt due to the requirements listed in the CCG.

FUTURE OUTLOOK

According to the International Monetary Fund, global growth remains subdued and as a result global trade remains sluggish. Trade tensions have increased uncertainty and slowed investment with growth prospects becoming uneven among the emerging and developing economies. Escalating trade tensions and market pressures on the economies with weaker fundamentals make the global economic outlook look 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 and the contraction in Pakistan's economy. are 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; uncertainty with regard to energy pricing; high local taxes and surcharges; severe working capital shortfall due to imposition of sales tax and non-issuance of income and sale tax refunds by the Government; and sharp increase in 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 incumbent Government had 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. Unfortunately, so far these policies have not materialized.

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, 2019 was Rs. 119.62 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 Riaz, Non-Executive Director – 16,000 Shares Purchased

AUDITORS

The present auditors, BDO Ebrahim & Co. retire, and being eligible have offered themselves for re-appointment. The Audit Committee has recommended the reappointment of BDO Ebrahim & Co Chartered Accountants as auditors for next year.

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

NADEEM MAQBOOL
Director

October 03,2019

کمپنی نظماء(ڈائریکٹران) کی رپورٹ:

کمپنی نے سال مختتمہ 30 جون 2019ء میں بعد ادائیگی ٹیکس مبلغ 113.2 ملین روپے منافع حاصل کیا ہے۔ جس کے مقابلے میں گذشتہ سال مختتمہ 30 جون 2018ء کا منافع 67.9 ملین روپے تھا۔ کمپنی کی آمدنی اس سال 9.12 روپے فی حصہ پر رہی۔

کریسنٹ فائبرز لمیٹڈ

خلاصہ مالیاتی نتائج:

روپے (ملین میں)	سال مختتمہ 30 جون 2019		سال مختتمہ 30 جون 2018	
	روپے	فیصد	روپے	فیصد
فروخت	5,289.4	100%	4,439.2	100%
لاگت فروخت	(4,879.0)	92.2%	(4,155.5)	93.6%
کل منافع	410.4	7.8%	283.7	6.4%
انتظامی اخراجات	(120.3)	2.3%	(108.0)	2.4%
لاگت تقسیمی	(18.6)	0.4%	(17.8)	0.4%
دیگر آمدنی	37.8	0.7%	33.4	0.8%
دیگر اخراجات	(22.1)	0.4%	(17.3)	0.4%
چلتے ہوئے کام سے منافع	287.3	5.4%	174.1	3.9%
مالیاتی اخراجات/دیگر	(124.7)	2.4%	(81.2)	1.8%
منافع قبل از ٹیکس	162.6	3.1%	92.8	2.1%
ٹیکس	(49.4)	0.9%	(24.9)	0.6%
منافع بعد از ٹیکس	113.2	2.1%	67.9	1.5%
آمدنی فی حصہ	9.12		5.47	

پاکستان میں ٹیکسٹائل کی صنعت کو کمزور عالمی طلب اور کاروبار کرنے میں زیادہ لاگت کی وجہ سے نمایاں چیلنجز کا سامنا ہے۔ اس میں اہم کردار ادا کرنے والے عوامل میں عالمی ترقی میں سست روی، امریکہ چین تجارتی جنگ اور پالیسی سازوں کی جانب سے صنعت کو درپیش چیلنجوں کی طرف توجہ دینے کی مکمل کمی جس میں کاروبار کرنے کی اعلیٰ قیمت، توانائی کی قیمتوں کے بارے میں وضاحت کا فقدان، لیکویڈیٹی بحران کی وجہ سے سیلز ٹیکس کا نفاذ اور رقوم کی واپسی کا اجراء اور روئی کے انتظام کی پالیسی میں عدم موجودگی شامل ہیں۔ کرنسی کی قدر میں کمی نے کرنٹ اکاؤنٹ خسارے کو بہتر بنانے میں مدد کی ہے لیکن اس کے نتیجے میں پیداواری لاگت میں بھی تیزی سے اضافہ ہوا ہے۔

مجموعی طور پر، جون 2018 کو ختم ہونے والے سال کے مقابلے میں فروخت میں 19.2 فیصد کا اضافہ ہوا ہے۔ جس کی بنیادی وجہ مصنوعات کی اعلیٰ قیمتوں کے باعث منافع میں کچھ بہتری آئی ہے۔ اس سال کے لئے مجموعی منافع 7.8 فیصد کے مقابلے میں پچھلے سال 6.4 فیصد تھا۔ فروخت کی 2.3 فیصد پر تقسیم کار اور انتظامی اخراجات پر فروخت کی فیصد کے لحاظ سے کوئی تبدیلی نہیں آئی۔ زیر جائزہ مدت میں آپریٹنگ منافع 5.4 فیصد تھا۔ جبکہ 30 جون 2018ء کو ختم ہونے والے سال کے دوران یہ 3.9 فیصد تھا۔ مالیاتی اخراجات بھی اسی عرصہ کیلئے 2.1 فیصد کے مقابلے میں 2.4 فیصد زیادہ تھے اور یہ سود کی شرحوں میں تیزی سے اضافے کے سبب ہے۔ مجموعی طور پر، 30 جون 2018 کو ختم ہونے والے سال کے 1.5 فیصد کے مقابلے میں اس سال کیلئے خالص منافع کی شرح 2.1 فیصد تھی۔

منافع منقسمہ:

پاکستان کے معیشت میں تیزی سے سست روی، اعلیٰ شرح سود، غیر یقینی طور پر عالمی تجارتی اُمور اور آنیوالے قرضوں کی ادائیگی سے متعلق کے پیش نظر، بورڈ آف ڈائریکٹرز نے رواں سال منافع کی ادائیگی نہ کرنے کا فیصلہ کیا ہے۔ کمپنی اپنے بھکھی یونٹ میں روئی وھنے اور کارڈنگ مشینری کی تبدیلی کیلئے کچھ اضافی قرض لینے کا منصوبہ بنا رہی ہے۔ اور اضافی قرض کی ادائیگی کیلئے نقد بہاؤ کو بہتر رکھنے کی ضرورت ہے۔

حصص داران کی ترتیب:

حصص داران کی ترتیب اور 30 جون 2019 تک اضافی معلومات کو سالانہ رپورٹ میں شامل کیا گیا ہے۔

اجلاس:

بورڈ آف ڈائریکٹرز:

مالی سال کے دوران بورڈ کے چار اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی طرف سے حاضری فہرست پر درج ہے۔

خاور مقبول، چیئرپرسن، نان ایگزیکٹو ڈائریکٹر (4) - (مدت 30 اپریل 2019 کو ختم ہوگئی ہے۔)

عمران مقبول، چیف ایگزیکٹو، ایگزیکٹو ڈائریکٹر (4)

ہمایوں مقبول، ایگزیکٹو ڈائریکٹر (3)

جہانزیب سعید خان، آزاد، نان ایگزیکٹو دائریکٹر (4)

ندیم مقبول، نان ایگزیکٹو ڈائریکٹر (4)

نائلہ ہمایوں مقبول، نان ایگزیکٹو ڈائریکٹر (3)۔ خاتون

منصور ریاض، نان ایگزیکٹو ڈائریکٹر (4)

ایس ایم علی آصف۔ آزاد، نان ایگزیکٹو ڈائریکٹر (0)

کوڈ آف کارپوریٹ گورنینس (سی سی جی) کی تعمیل میں بورڈ آف ڈائریکٹرز نے مندرجہ ذیل اراکین کے ساتھ آڈٹ کمیٹی تشکیل دی ہے۔ (ہر رکن کی طرف سے حاضری فہرست میں درج ہے)

آڈٹ کمیٹی:

جہانزیب سعید خان، چیئرمین، آزاد، نان ایگزیکٹو	(4)
ندیم مقبول، رکن، نان ایگزیکٹو	(4)
نائلہ ہمایوں مقبول، رکن، نان ایگزیکٹو	(3)

بورڈ نے درج ذیل اراکین کے ساتھ انسانی وسائل اور معاوضہ کمیٹی بھی تشکیل دی ہے۔ (ہر رکن کی طرف سے حاضری فہرست میں درج ہے۔)

انسانی وسائل اور معاوضہ (R & HR) کمیٹی:

جہانزیب سعید خان، چیئرمین، آزاد، نان ایگزیکٹو	(1)	مدت 30 اپریل 2019 کو ختم ہوگئی ہے۔
ندیم مقبول، رکن، نان ایگزیکٹو	(1)	
نائلہ ہمایوں مقبول، رکن، نان ایگزیکٹو	(1)	
ایس ایم علی آصف، آزاد، (چیئرمین، نان ایگزیکٹو)	(0)	یکم مئی 2019 کو منتخب ہوا۔

ڈائریکٹرز کا معاوضہ:

بورڈ اراکین کے معاوضے کی منظوری بورڈ نے دی ہے، تاہم کارپوریٹ گورنینس کے کوڈ کے مطابق اس بات کو یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے معاوضے کا فیصلہ کرنے میں حصہ نہ لے۔ کمپنی اجلاسوں میں شرکت کیلئے اجلاس فیس کے علاوہ نان ایگزیکٹو ڈائریکٹرز کو معاوضہ ادا نہیں کرتی ہے۔ کمپنی کے معاوضے کی پالیسیاں صنعت کے رجحانات اور کاروباری طریقوں کے مطابق ہیں۔ انتظامیہ کے معاوضوں کی معلومات کیلئے مالی رپورٹ کے نوٹ کو ملاحظہ فرمائیں۔

ڈائریکٹرز تربیتی پروگرام:

تمام ڈائریکٹرز نے یا تو ڈائریکٹرز کا تربیتی پروگرام مکمل کرلیا ہے یا سی سی جی میں درج تقاضوں کی وجہ سے مستثنیٰ ہیں۔

مستقبل کا منظرنامہ:

بین الاقوامی مالیاتی فنڈ کے مطابق، عالمی معیشت کا کم ہونا اور اس کے نتیجے میں عالمی تجارت سست روی کا شکار ہے۔ تجارتی تناؤ نے غیر یقینی صورتحال میں اضافہ کیا ہے اور ابھرتی اور ترقی پذیر معیشتوں میں ترقی کے امکانات غیر مساوی ہونے کے ساتھ سرمایہ کاری میں سست روی پیدا ہوئی ہے۔ کمزور بنیادی اصولوں سے معیشتوں پر بڑھتے ہوئے تجارت تناؤ اور مارکیٹ کے دباؤ سے عالمی معاشی نقطہ نظر غیر یقینی نظر آتا ہے۔ تحفظ پسندانہ اقدامات سے گریز کرنا اور تعاون پر مبنی حل تلاش کرنا جو اشیاء کی تجارت اور خدمات میں مسلسل اضافے کو فروغ دیتا ہے عالمی ترقی کو برقرار رکھنے کیلئے ضروری ہے۔ منفی خطرہ بڑھتے ہوئے، بہت سارے ممالک کو مالی معیشت کو دوبارہ تعمیر کرنے کی ضرورت ہے تاکہ اگلی بدحالی کیلئے پالیسی کی جگہ پیدا کی جاسکے اور مارکیٹ میں اعلیٰ اتار چڑھاؤ کے ماحول میں مالی لچک کو تقویت ملے۔

غیر یقینی عالمی معاشی صورتحال اور پاکستان کی معیشت میں کمی قوی امکان ہے کہ ٹیکسٹائل کیلئے مستقبل منفی رہے گا۔ اگرچہ یہ شعبہ ملک کا سب سے بڑا برآمد کرنے والا اور آجر ہے۔ لیکن یہ پالیسی سازوں کی توجہ کے فقدان کا شکار ہے اور اسے کئی چیلنجوں کا سامنا ہے۔ ان میں فصلوں کے انتظام کی پالیسی کے عدم موجودگی کی وجہ سے روئی کی پیداوار میں مسلسل کمی شامل ہے جس کی وجہ سے فصلوں کی پیداوار ملکی ضروریات سے مستقل طور پر کم رہتے ہیں۔ کاروبار کرنے کی اعلیٰ قیمت، توانائی کی قیمتوں سے متعلق غیر یقینی صورتحال؛ اعلیٰ مقامی ٹیکس اور سرچارجز۔ حکومت کی جانب سے سیلز ٹیکس کے نفاذ اور انکم اور سیلز ٹیکس رقوم کی واپسی کا اجرا نہ کرنے کی وجہ سے کام کرنے والے سرمائے کی شدید قلت اور شرح سود میں تیزی سے اضافہ ہمارے علاقائی حریفوں کو سبسڈی اور برآمدی مراعات کی شکل میں پیش کی جانے والی مضبوط حکومت کی حمایت سے صورتحال مزید تشویشناک ہے۔ موجودہ حکومت نے مسابقتی قیمت والی توانائی مہیا کرکے پھنسے ہوئے رقوم کی واپسی کے اجراء کے ذریعے لیکویڈیٹی میں بہتری لانے اور خام مال کی ڈیوٹی فری درآمد کی اجازت دے کر برآمد کنندگان کی حمایت کرنے کے عہد کا اعلان کیا تھا۔ بدقسمتی سے اب تک یہ پالیسیاں عمل میں نہیں آئیں۔

غیر موافق حالات کے باوجود کمپنی انتظامیہ پوری تندہی، محنت، ہنرمندی اور تعمیری وژن سے ناساز حالات کا سامنا کرکے پیداوار کی بہتر کوالٹی اور لاگت میں کمی کے لئے ٹھوس اقدام، جدید منظم اور محفوظ طریقوں پر کاربند ہے اور بہتر مستقبل کے لئے پُر امید ہے۔ تاہم ان مقاصد کی تکمیل کے لئے ضروری ہے کہ عالمی اقتصادی حالات بہتر ہونے کے علاوہ حکومت بجلی کی باقاعدہ اور معقول نرخوں پر سپلائی اور صنعت اور عوام کے لئے مفید دوررس پالیسی پر عمل پیرا ہو۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک:

تنظیمی اداروں کے بنائے گئے قوانین کے تحت کارپوریٹ گورنینس اور مالیاتی رپورٹنگ فریم ورک سے متعلق مینجمنٹ میں مندرجہ ذیل بیانات کو ڈائریکٹرز رپورٹ میں شامل کرنے کی ضرورت ہے۔

a۔ کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکوئٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔

b۔ کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔

c۔ مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔

d۔ مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے، اور کسی بھی انحراف کا موزوں انکشاف کیا گیا ہے۔

e۔ اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

f۔ کمپنی کے گوئنگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک وشبہات نہیں ہیں۔

g- گزشتہ چھ سال کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔

h- وہاں کارپوریٹ گورنینس کے بہترین طریقوں میں سے کوئی بھی قابل ذکر روانگی لسٹنگ کے ضابطے میں تفصیلی طور پر کیا گیا ہے۔

i- ٹیکس، لیویز سے متعلقہ تمام تفصیل کو مالی حسابات اور ملحقہ نوٹس آڈٹ اکاؤنٹس میں ظاہر کر دیئے گئے ہیں۔

j- آڈٹ اکاؤنٹس کی بنیاد پر 30 جون 2019 کے سال مختتمہ کے لئے پروویڈنٹ فنڈ کی سرمایہ کاری کی قدر 119.62 ملین تھی۔

k- حصص میں کمپنی کے ڈائریکٹرز، سی ای او، سی ایف او اور کمپنی سیکرٹری اور ان کے زوج اور نابالغ بچوں کی طرف سے اس سال درج ذیل خرید و فروخت کی گئی۔

i- منصور ریاض، نان ایگزیکٹو ڈائریکٹر۔ 16,000 شیئرز خریدے

محاسب کی تقرری:

موجودہ آڈیٹرز "میسرز بی ڈی او ابراہیم اینڈ کمپنی" کی خدمات کا عرصہ مکمل ہو چکا ہے اور دوبارہ تعیناتی کے لئے اپنی خدمات پیش کی ہیں۔ آڈٹ کمیٹی نے اگلے سال کیلئے بی ڈی او ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹینٹ کو بطور آڈیٹر تقرری کی سفارش کی ہے۔

اعتراف:

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۔

Naeem Maqbool

ندیم مقبول
ڈائریکٹر

Imran Maqbool

عمران مقبول
چیف ایگزیکٹو

کراچی: تاریخ 03 اکتوبر 2019

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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, 2019 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, 2019.

KARACHI

CHARTERED ACCOUNTANTS

DATED: October 03, 2019

Engagement Partner: Zulfikar Ali Causer

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

Name of Company : Crescent Fibres Limited

Year ended: : June 30, 2019

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 Six
   b. Female One
2. The Composition of Board is as follows:

Category	Names
Independent Director	Jahanzeb Saeed Khan S.M. Ali Asif
Non-Executive Director	Nadeem Maqbool, Naila Humayun Maqbool Mansoor Riaz
Executive Director	Imran Maqbool Humayun Maqbool

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 her 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, two 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 and one director has attended the Directors' training course during the year.

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 requirements of the Regulations.

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	Jahnazeb Saeed Khan - Chairman Nadeem Maqbool - Member Naila Humayun Maqbool - Member
HR and Remuneration Committee	S.M Ali Asif - Chairman Nadeem Maqbool - Member Naila Humayun Maqbool - Member

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	One meeting 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 is 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.

Imran Maqbool

IMRAN MAQBOOL
Chief Executive Officer

October 03, 2019

Nadeem Maqbool

NADEEM MAQBOOL
Director

FINANCIAL SUMMARY

OPERATING RESULTS:	JUNE 2019	JUNE 2018	JUNE 2017	JUNE 2016	JUNE 2015	JUNE 2014
Net Sales	5,289,441,070	4,439,239,208	3,887,436,716	3,501,765,456	3,113,640,693	3,524,062,023
Cost of Sales	4,878,999,857	4,155,531,171	3,711,106,980	3,317,253,287	2,847,729,211	3,097,094,499
Distribution and admin. Expenses	138,922,268	125,788,730	111,142,947	112,580,214	99,231,780	88,119,585
Financial Charges	124,520,265	80,953,892	83,428,911	78,338,532	54,841,928	70,360,421
Other operating expenses	22,056,497	17,292,155	6,760,133	2,737,661	17,007,784	21,157,052
Other operating income - Net	37,788,978	33,427,705	63,501,918	38,857,822	30,669,059	22,370,359
Share of associate profit	(163,269)	(289,164)	(272,225)	(196,009)	181,934	(249,847)
Pre-Tax Profit/ (Loss)	162,567,892	92,811,801	38,227,438	29,517,575	125,680,983	269,450,978
Taxation	49,373,469	24,882,324	13,157,812	(661,680)	81,150,146	93,752,354
Extraordinary item						
Net Income	113,194,423	67,929,477	25,069,626	30,179,255	44,530,837	175,698,624
PER SHARE RESULTS AND RETURN:						
Share Price	37.95	25.51	30.90	39.90	43.50	29.80
Earning Per Share	9.12	5.47	2.02	2.43	3.59	14.15
Dividend Per Share	-	-	-	1.00	1.50	1.00
Net Income Sales Percent	2.14%	1.53%	0.64%	0.86%	1.43%	4.99%
Return on Average Assets Percent	2.26%	1.80%	1.00%	1.34%	2.27%	10.44%
Return on Average Equity Percent	3.64%	3.30%	2.52%	3.25%	4.89%	21.44%
FINANCIAL POSITION:						
Current Assets	2,006,090,259	1,712,461,451	1,423,212,999	1,079,631,770	959,473,694	878,468,092
Current Liabilities	1,662,218,227	1,415,648,999	1,096,423,305	838,581,419	643,117,877	532,481,773
Operating Fixed Assets	1,392,445,602	1,401,920,366	1,217,342,358	1,245,262,713	1,189,920,876	844,614,234
Total Assets	5,150,476,597	4,873,346,695	2,678,336,858	2,345,597,530	2,169,490,899	1,747,347,502
Long Term Debt	226,628,927	252,406,925	375,593,904	409,598,099	400,465,535	158,503,907
Shareholders Equity	3,150,480,471	3,068,059,569	1,055,124,219	935,209,375	924,453,912	897,399,846
Break-up Value Per Share	253.71	247.87	84.97	75.31	74.45	72.27
FINANCIAL RATIOS:						
P/E Ratio	4.16	4.66	15.31	16.42	12.13	2.11
Current Ratio	1.21	1.21	1.38	1.29	1.49	1.65
Total Debt to Total Assets Percent	38.83%	37.04%	60.61%	60.13%	57.39%	48.64%
Interest Charges Cover (Times)	2.306	2.146	1.458	1.377	3.292	4.830
Inventory Turnover (Times)	7.790	7.772	10.041	13.161	13.493	12.796
Fixed Assets Turnover (Times)	3.799	3.167	3.193	2.812	2.617	4.172
Total Assets Turnover (Times)	1.027	0.911	1.451	1.493	1.435	2.017
OTHER DATA:						
Depreciation and Amortization	108,046,640	115,650,909	117,930,489	123,123,436	91,154,188	80,563,100
Capital Expenditure	89,787,113	32,990,558	122,013,976	186,156,001	452,880,970	144,552,056

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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, 2019, and statement of profit and loss, 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, statement of profit and loss, 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, 2019 and of the profit and other comprehensive loss, 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.

BDO

Following are the Key audit matters:

S. No	Key audit matters	How the matter was addressed in our audit
1.	**Control environment relating to the financial reporting process and related IT systems**	
	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. 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.	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. 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.
2.	**Provision for obsolescence in inventories**	
	As disclosed in note 11 and 12 to the financial statements, the Company has net inventories of Rs. 68.999 million and Rs. 651.679 million as at June 30, 2019 relating to stores, spares and loose tools and stock in trade, respectively. The total inventories represented significant portion of the Company's total assets. 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.	We performed the following procedures: • We evaluated the significant assumptions and methodologies applied by management to identify and provide for slow moving and obsolete inventory categories. • 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.

S. No	Key audit matters	How the matter was addressed in our audit
	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. 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.	• 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, 2019 to their net realisable value subsequent to year end. • 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.
3.	**Trade debts**	
	As disclosed in note 13 to the accompanying financial statements of the Company for the year ended June 30, 2019, the Company has a trade debt balance amounting to Rs. 878.576 million, which represents a significant element of statement of financial position. 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 drivers of movements in the assets of the Company. Management estimates the collectible amount of debts. An estimated provision is made against trade debts on the basis of lifetime expected credit loss model as explained in note 5.1.1 whereas debts considered irrecoverable are written off.	We performed the following procedures: • We considered the appropriateness of impairment of trade receivables as per the Company policies and assessing compliance with applicable accounting standards; • We tested the design and effectiveness of internal controls implemented by the Company through the trade receivables cycle. • We critically considered management's assumptions used in determining impairment losses for both specific and collective loss components. • We identified those trade receivables with credit risk exposure and checking if they are properly included in management's impairment assessment.

S. No	Key audit matters	How the matter was addressed in our audit
	We have considered the first time application of IFRS 9 requirements as a key audit matter due to significance of the change in accounting methodology and involvement of estimates and judgments in this regard.	• We examined on a sample basis, evidence related to post year-end cash receipts. • We review of the methodology developed and applied by the Company to estimate the ECL in relation to trade debts. We also considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates.

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.

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.

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 03, 2019

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	6	1,392,445,602	1,401,920,366
Capital work-in-progress	7	-	13,697,687
		1,392,445,602	1,415,618,053
Investment property	8	1,733,087,677	1,728,028,250
Long term investments	9	376,294	539,563
Long-term deposits	10	18,476,765	16,699,378
		3,144,386,338	3,160,885,244
CURRENT ASSETS			
Stores, spares and loose tools	11	68,999,382	63,232,678
Stock-in-trade	12	651,679,222	563,098,872
Trade debts	13	878,576,549	686,410,603
Loans and advances	14	11,744,451	6,080,593
Trade deposits and short term prepayments	15	15,224,278	15,550,130
Other receivables		2,916,597	1,165,395
Short term investments	16	110,601,113	155,986,700
Tax refunds due from Government	17	133,586,217	116,460,589
Cash and bank balances	18	132,762,450	104,475,891
		2,006,090,259	1,712,461,451
TOTAL ASSETS		5,150,476,597	4,873,346,695
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
15,000,000 (2018: 15,000,000) ordinary shares of Rs. 10/- each		150,000,000	150,000,000
Issued, subscribed and paid up capital	19	124,178,760	124,178,760
Capital reserves			
Surplus on revaluation of property, plant and equipment	20	1,993,825,768	1,993,825,768
Unrealized gain on available for sale investment	20	50,296,215	81,069,736
		2,044,121,983	2,074,895,504
Revenue reserves			
Unappropriated profit	20	982,179,728	868,985,305
		3,150,480,471	3,068,059,569
NON-CURRENT LIABILITIES			
Long term financing	21	226,628,927	252,406,925
Liabilities against assets subject to finance leases	22	5,876,586	11,095,895
Deferred gain on sale and lease back		209,349	388,797
Deferred taxation	23	105,063,037	125,746,510
		337,777,899	389,638,127
CURRENT LIABILITIES			
Trade and other payables	24	949,901,943	702,325,345
Unclaimed dividend	25	2,509,359	2,515,149
Mark-up accrued	26	41,632,158	34,122,217
Short-term borrowings	27	543,072,421	544,092,662
Taxation - net	28	12,119,583	4,960,127
Current portion of long term liabilities	29	112,982,763	127,633,499
		1,662,218,227	1,415,648,999
CONTINGENCIES AND COMMITMENTS	30		
TOTAL EQUITY AND LIABILITIES		5,150,476,597	4,873,346,695

The annexed notes from 1 to 52 form an integral part of these financial statements.

IMRAN MAQBOOL	**NADEEM MAQBOOL**	**KAMRAN RASHEED**
Chief Executive	Director	Chief Financial Officer

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
Sales - net	31	5,289,441,070	4,439,239,208
Cost of sales	32	(4,878,999,857)	(4,155,531,171)
Gross profit		410,441,213	283,708,037
General and administrative expenses	33	(120,275,187)	(107,955,920)
Distribution cost	34	(18,647,081)	(17,832,810)
Other operating income	35	37,788,978	33,427,705
Other operating expenses	36	(22,056,497)	(17,292,155)
		(123,189,787)	(109,653,180)
Operating profit		287,251,426	174,054,857
Financial charges	37	(124,520,265)	(80,953,892)
Share of loss from associate	9.1	(163,269)	(289,164)
		(124,683,534)	(81,243,056)
Profit before taxation		162,567,892	92,811,801
Taxation	38	(49,373,469)	(24,882,324)
Profit for the year		113,194,423	67,929,477
Earnings per share - basic and diluted	39	9.12	5.47

The annexed notes from 1 to 52 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, 2019

	2019 Rupees	2018 Rupees
Profit for the year	113,194,423	67,929,477
Other comprehensive income		
Items that will not be reclassified to statement of profit and loss subsequently		
Surplus on revaluation of property, plant and equipment	-	1,993,825,768
Unrealized loss on revaluation of investments classified as fair value through other comprehensive income	(30,773,521)	(48,794,895)
	(30,773,521)	1,945,030,873
Total comprehensive income for the year	82,420,902	2,012,960,350

The annexed notes from 1 to 52 form an integral part of these financial statements.

IMRAN MAQBOOL	NADEEM MAQBOOL	KAMRAN RASHEED
Chief Executive	Director	Chief Financial Officer

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	41	328,885,434	89,382,471
Finance cost paid		(117,010,324)	(80,004,542)
Taxes paid		(62,897,486)	(36,168,446)
Net cash generated from / (used in) operating activities		148,977,624	(26,790,517)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(89,787,113)	(32,990,558)
Long term deposits		(1,777,387)	(3,601,065)
Short term investments - net		9,237,954	65,372,875
Proceeds from disposal of operating fixed assets		8,489,003	25,541,667
Net cash (used in) / generated from investing activities		(73,837,543)	54,322,919
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing	42	82,957,400	-
Repayments of long term financing	42	(123,510,774)	(125,177,640)
Deferred gain on sale and lease back		(179,448)	388,797
Dividend paid		(5,790)	(104,212)
Payments of liabilities against assets subject to finance leases		(5,094,669)	(4,442,909)
Short term borrowings - net		(1,020,241)	136,858,358
Net cash (used in) / generated from financing activities		(46,853,522)	7,522,394
Net increase in cash and cash equivalents		28,286,559	35,054,796
Cash and cash equivalent at the beginning of the year		104,475,891	69,421,095
Cash and cash equivalent at the end of the year		132,762,450	104,475,891

The annexed notes from 1 to 52 form an integral part of these financial statements.

IMRAN MAQBOOL	**NADEEM MAQBOOL**	**KAMRAN RASHEED**
Chief Executive	Director	Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	Issued, subscribed and paid-up capital	Capital reserve		Revenue reserves	Total
		Unrealized gain on investment classified as OCI	Surplus on revaluation of property, plant and equipment	Unappropriated profit	
	Rupees				
Balance as at July 01, 2017	124,178,760	129,864,631	-	801,055,828	1,055,099,219
Total comprehensive income for the year					
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 on revaluation of investments	-	(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
Total comprehensive income for the year					
Profit for the year	-	-	-	113,194,423	113,194,423
Other comprehensive income					
Unrealized loss on reveluation of investments	-	(30,773,521)	-	-	(30,773,521)
	-	(30,773,521)	-	113,194,423	82,420,902
Balance as at June 30, 2019	124,178,760	50,296,215	1,993,825,768	982,179,728	3,150,480,471

The annexed notes from 1 to 52 form an integral part of these financial statements.

IMRAN MAQBOOL
Chief Executive

NADEEM MAQBOOL
Director

KAMRAN RASHEED
Chief Financial Officer

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 Act, 2017) 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 Noooriabad, District Dadu, in the Province of Sindh and at 17-KM, Faisalabad Road, Bhikhi, District Sheikhupura in the Province of Punjab.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The 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;
- Provisions of and directives issued under the Companies Act, 2017; and
- Islamic Financial Accounting Standard - 2 Ijarah (IFAS-2) issued by the Institute of Chartered Accountants of Pakistan; and

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.

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain investments, investment property 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 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 Standard / amendments that are effective in current year and relevant to the Company

The Company has adopted the standard / amendments to the following accounting and reporting 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)
Conceptual Framework for Financial Reporting 2018 - Original Issue		March 01, 2018
IFRS 9	Financial Instruments - finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition	July 01, 2018
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	July 01, 2018
IAS 28	Investments in Associates and Joint Ventures	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	July 01, 2018
IAS 39	Financial Instruments: Recognition and Measurements-amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS39 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	July 01, 2018
IFRS 15	Original issue	July 01, 2018
IFRS 15	Clarifications to IFRS 15	July 01, 2018
IAS 40	Investment Property - amendments to clarify transfers of property to, or from, investment property	January 01, 2018

4.2 Amendments that are effective in current year and not 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 which are not relevant to the Company:

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 5	Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	July 01, 2018
IFRS 8	Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2018

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

		Effective date (annual periods beginning on or after)
Annual Improvements to IFRSs (2014 – 2016) Cycle:		
IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2018

4.3 Amendments not yet effective

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

Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38,IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.		January 01, 2020
IFRS 3	Business Combinations - amendments to clarify the definition of a business	January 01, 2020
IFRS 8	Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
IFRS 9	Financial Instruments - amendments regarding prepayment features with negative compensation and modifications of financial liabilities negative compensation and modifications of financial liabilities	January 01, 2019
IAS 1	Presentation of Financial Statements - amendments regarding the definition of materiality	January 01, 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - amendments regarding the definition of materiality	January 01, 2020
IAS 19	Employee benefits - amendments regarding plan amendments, curtailments or settlements	January 01, 2019
IAS 17	Amendments regarding plan amendments, curtailments or settlements	January 01, 2019
IAS 28	Investments in Associates and Joint Ventures - amendments regarding long-term interests in associates and joint ventures	January 01, 2019

The annual improvements to IFRSs that are effective from the dates mentioned below against respective standards:

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

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 against the respective standard:

IFRS 16	Leases	January 01, 2019

The effects of IFRS 16 -Leases are still being assessed, as these new standards may have a significant effect on the Company's future financial statements.

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 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 preparation of these financial statements are set out below. These accounting policies have been consistently applied unless otherwise stated.

5.1 Financial Instruments

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for reporting period / year ending on or after June 30, 2019.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

5.1.1 Financial assets

I. Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at July 1, 2018.

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
				------------- (Rupees)	-------------
Financial assets					
Trade debts	(a)	Loans and receivables	Amortised cost	686,410,603	686,410,603
Loans and advances	(a)	Loans and receivables	Amortised cost	6,080,593	6,080,593
Other receivables	(a)	Loans and receivables	Amortised cost	1,165,395	1,165,395
Short term investments	(b)	Available for Sale	FVOCI	111,950,000	111,950,000
Short term investments	(c)	Held-for-trading	FVTPL	42,836,700	42,836,700
Short term investments	(d)	Held to maturity	Amortised cost	1,200,000	1,200,000
Cash and bank balances	(a)	Loans and receivables	Amortised cost	104,475,891	104,475,891

(a) These financial assets classified as 'loans and receivables' have been classified as amortised cost.

(b) These financial assets classified as 'available for sale' have been classified as fair value through other comprehensive income.

(c) These financial assets classified as 'held for trading' have been classified as fair value through profit and loss.

(d) These financial assets classified as 'held to maturity' have been classified as amortised cost.

ii. Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

The guiding principle of the expected credit loss (ECL) model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement bases:

- 12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality.
- Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

The Company's financial assets include mainly trade debts, deposits, short term investments, advances, other receivables and bank balances.

The Company's trade receivables do not contain a significant financing component (as determined in terms of the requirements of IFRS 15 "Revenue from Contracts with Customers"), therefore, the Company is using simplified approach, that does not require the Company to track the changes in credit risk, but, instead, requires to recognise a loss allowance based on lifetime ECLs at each reporting date.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging.

The expected loss rates are based on the Company's historical credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers. The Company has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors.

iii. Transition

The Company has used the exemption not to restate comparative periods and any adjustments on adoption of IFRS 9 are to be recognized in statement of changes in equity as on July 1, 2018. However, the adoption of IFRS 9 did not have any impact on opening retained earnings as on July 1, 2018. Accordingly, the comparative information is presented as per the requirements of IAS 39.

iv. Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

5.1.2 IFRS 15 'Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers' is effective for accounting period beginning on or after July 1, 2018. This standard has replaced IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers.

The IFRS 15 establish a five-steps mode 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 the entities to exercise judgment, taking in to consideration all of the relevant facts and circumstances when applying each step of the model to contracts with the customers. Hence, the Company has concluded that the impact of adoption of revenue recognition model as laid down in IFRS 15 is not material.

There is no material impact of transition to IFRS 15 on the financial position of the Company and there is no effect on the accounting policies of the Company in respect of revenue from contracts with Customers.

5.2 Property, plant and equipment

a) Owned

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

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.

Any surplus arising on revaluation of property, plant and equipment is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amounts of assets do not differ materially from the fair value of such assets.

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 statement of profit and loss.

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.

5.3 Impairment of non-financial assets

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 statement of profit and loss.

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 trade debts on the basis of lifetime expected credit loss model as explained in note 5.1.1 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 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.

5.11 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.

5.12 Borrowings 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.

5.13 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.

5.14 Revenue recognition

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

Revenue from the sale of goods is recognized when control of the goods passes to customers and the customers can direct the use of and substantially obtain all the benefits from the goods.

Revenue is recognized when specific criteria have been met for each of the Company's activities as described below.

Revenue from contracts with customers

Sale of goods

Sale of goods is recognized when the Company has transferred control of the products to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Others

- 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.

5.15 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.

5.16 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.

5.17 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.

5.18 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.

5.19 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.

5.20 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.

5.21 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.

5.22 Significant accounting judgements and critical accounting estimates / assumptions

The preparation of these financial statements in conformity with accounting and reporting 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 doubtful debts

The Company reviews its doubtful trade debts at each reporting date to assess whether provision should be recorded in the statement of profit and loss. In particular, judgment by management is required in the estimation of the amount on the basis of lifetime expected credit loss model as explained in note 5.1.1.

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 PROPERTY, PLANT AND EQUIPMENT

6.1 Reconciliation of the carrying amount of operating fixed assets:

Description	Note	Owned											Leased	Total
		Freehold land note (6.1.1)	Leasehold Land note (6.1.2)	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 vehicles	
		Rupees												
Net carrying value basis year ended June 30, 2019														
Opening net book value (NBV)		318,538,000	1,681,277	87,892,957	77,873,874	884,230,332	759,966	26,483,954	898,300	485,019	9,835,395	19,172	15,848,120	1,401,920,365
Additions (at cost)		-	-	-	-	55,390,582	-	20,873,100	-	-	-	-	-	76,263,682
Transfer from leased assets to own assets (NBV)		-	-	-	-	-	-	1,221,120	-	-	-	-	(1,221,120)	-
Transfer from capital work-in-progress to own assets (at cost)		-	-	-	-	27,221,118	-	-	-	-	-	-	-	27,221,118
Disposals (NBV)		-	-	-	-	-	-	(4,912,924)	-	-	-	-	-	(4,912,924)
Depreciation charge		-	(18,981)	(3,384,648)	(3,893,893)	(89,557,246)	(75,997)	(7,039,939)	(139,261)	(46,502)	(963,539)	(3,834)	(2,925,000)	(108,048,840)
Closing net book value		318,538,000	1,664,298	84,308,309	73,980,181	877,284,788	683,969	36,625,311	557,039	418,517	8,871,858	15,338	11,700,000	1,392,445,601
Gross carrying value basis year ended June 30, 2019														
Cost		316,536,000	2,468,754	99,988,658	115,667,567	1,930,999,141	6,267,684	83,335,663	8,579,182	4,498,949	34,394,117	1,033,627	23,286,731	2,627,056,073
Accumulated depreciation / impairment		-	(804,458)	(35,680,349)	(41,687,386)	(1,053,714,355)	(5,583,715)	(46,710,352)	(8,022,143)	(4,080,432)	(25,722,261)	(1,018,289)	(11,586,731)	(1,234,610,471)
Net book value		316,536,000	1,664,296	64,308,309	73,980,181	877,284,786	683,969	36,625,311	557,039	418,517	8,671,856	15,338	11,700,000	1,392,445,602
Net carrying value basis year ended June 30, 2018														
Opening net book value (NBV)		47,164,858	1,698,433	72,222,197	81,972,498	981,312,498	844,407	37,089,455	870,376	518,688	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		1,928,296,344	-	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		-	(17,158)	(3,844,728)	(4,098,824)	(97,822,185)	(84,441)	(5,802,380)	(174,076)	(51,889)	(1,070,599)	(4,793)	(3,080,280)	(115,650,909)
Closing net book value		318,538,000	1,681,277	87,892,957	77,873,874	884,230,332	759,966	26,483,954	898,300	485,019	9,835,395	19,172	15,848,120	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	1,836,468,473	6,267,684	66,154,367	8,579,182	4,498,949	34,394,117	1,033,627	24,507,851	2,540,750,477
Accumulated depreciation / impairment		-	(787,477)	(56,480,949)	(37,793,693)	(952,238,141)	(5,507,718)	(39,670,413)	(7,882,882)	(4,033,930)	(24,758,722)	(1,014,455)	(8,661,731)	(1,138,830,111)
Net book value		316,536,000	1,681,277	67,692,957	77,873,874	884,230,332	759,966	26,483,954	696,300	465,019	9,635,395	19,172	15,846,120	1,401,920,366
Depreciation rate (% per annum)		-	1%	5%	5%	10%	10%	20%	20%	10%	10%	20%	20%	

6.1.1 This include freehold land of 4 marla, 52.63 acre and 46.64 kanal are located at Plot No. 57, Block-Q, Phase VII, Defence Housing Authority, Lahore and at 17-KM, Faisalabad Road, Bhikhi, District Sheikhpura and New Lahore Road, Nishatabad, Faisalabad respectively.

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

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

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Capital gain	Mode of disposal	Particulars of buyer / Insurer	Address
	Rupees							
Vehicle								
Toyota Corolla	2,379,000	39,650	2,339,350	2,429,000	89,650	Sale and lease back under Musharaka	Orix Modaraba	Office # 601, 6th Floor, Syedna Tahir Saifuddin Foundation Building, Beaumont Road, Civil Lines, Karachi.
Toyota Altis	1,970,500	1,007,144	963,356	1,850,000	886,644	Negotiation	Feroze Ahmed	66 Muslim Town No 1, Faisalabad
Total - 2019	**4,349,500**	**1,046,794**	**3,302,706**	**4,279,000**	**976,294**			
Total - 2018	**45,914,805**	**19,887,882**	**26,026,923**	**26,080,000**	**53,077**			

	Note	2019 Rupees	2018 Rupees

6.3 The depreciation charge for the year has been allocated as follows:

	Note	2019 Rupees	2018 Rupees
Cost of sales	32	97,862,610	106,704,962
General and administrative expenses	33	10,184,030	8,945,949
		108,046,640	115,650,911

6.4 Had there been no revaluation, the net book value of freehold land would have been as follows:

	2019 Rupees	2018 Rupees
Freehold land	47,164,656	47,164,656

6.5 Fair value measurement

6.5.1 Fair value of freehold land was based on the valuation carried out by independent valuers Messrs. Evaluation Focused Consulting, Messrs. MYK Associates (Private) Limited and Messrs. Sardar Enterprises on the basis of market value of similar properties.

6.5.2 Fair value of freehold land is considered to be based on level 2 in the fair value hierarchy due to significant observable input used in the valuation.

Valuation techniques used to derive level 2 fair values

Fair value of freehold 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.

6.5.3 There were no transfers between levels 2 and 3 for recurring fair value measurements during the year.

7 CAPITAL WORK-IN-PROGRESS

Description	Cost			
	As at July 01	Additions during the year	Transferred to operating fixed assets	As at June 30
	Rupees			
Plant and machinery in transit	13,697,687	13,523,431	27,221,118	-
Total - 2019	13,697,687	13,523,431	27,221,118	-
Total - 2018	23,765,454	16,369,518	26,437,285	13,697,687

8 INVESTMENT PROPERTY

	Note	2019 Rupees	2018 Rupees
Opening balance		1,728,028,250	-
Transferred from operating fixed assets - own use		-	1,728,028,250
Fair value adjustment-net		5,059,427	-
		1,733,087,677	1,728,028,250

	Note	2019 Rupees	2018 Rupees

8.1 Transferred from operating fixed assets - own use

Freehold land		-	1,658,925,000
Building on freehold land		-	69,103,250
		-	1,728,028,250

8.2 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".

8.3 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 June 30, 2019 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.

8.4 Fair value measurement

Fair value measurement of investment property is based on the valuations carried out by an independent valuer M/s. Evaluation Focused Consulting as on June 30, 2019 on the basis of market value. Fair value measurement of revalued premises is based on assumptions considered to be level 2 inputs.

8.5 Valuation techniques used to derive level 2 fair values - Investment property

Fair value of investment 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.

8.6 Forced sales value - Investment property

Forced sales value of investment property as at June 30, 2019 amounted to Rs. 1,473.124 million.

8.7 Location and area - Investment property

Investment property of 368.65 kanal is located at New Lahore Road, Nishatabad, Faisalabad.

9 LONG TERM INVESTMENTS

Investment in associated company	9.1	376,294	539,563

	Note	2019 Rupees	2018 Rupees
9.1 Investment in associated company			
Premier Insurance Limited			
69,621 shares of Rs. 10 each (2018 : 69,621 shares of Rs.10/- each)			
Cost of investment		930	930
Accumulated share of post acquisition profit - net of dividend received		627,640	916,804
Accumulated impairment		(89,007)	(89,007)
Share of loss for the year		(163,269)	(289,164)
		375,364	538,633
		376,294	539,563

Market value of investment in associate was Rs. 419,815 (2018: Rs. 539,563).

Interim financial statements of associated company for the period ended June 30, 2019 (reviewed) have been used for the purpose of application of equity method.

The percentage of equity held in associate is 0.1377% (2018: 0.1377%).

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

	2019	2018
Total assets	3,041,685,000	2,830,078,000
Total liabilities	2,124,460,000	1,854,665,000
Net assets	917,225,000	975,413,000
Underwriting results	(80,600,000)	(135,006,000)
Investment (loss) / income	(102,182,000)	42,802,000
Loss after tax	(118,581,000)	(210,017,000)
Company's share of associate's net assets	1,262,891	1,343,007

10 LONG-TERM DEPOSITS

	Note	2019	2018
Security deposits			
Leases		7,534,087	5,837,700
Electricity deposit		9,039,103	9,039,103
Others		1,903,575	1,822,575
	10.1	18,476,765	16,699,378

10.1 These deposits do not carry any interest or markup and are not recoverable within one year.

11 STORES, SPARES AND LOOSE TOOLS

	Note	2019	2018
Stores		50,964,686	43,409,960
Spares		24,175,877	24,175,877
Loose tools		43,702	43,702
		75,184,265	67,629,539
Less: Provision for slow moving items	11.2	(6,184,883)	(4,396,861)
		68,999,382	63,232,678

		Note	2019 Rupees	2018 Rupees
11.1	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.			
11.2	**Provision for slow moving items**			
	Balance at the beginning of the year		4,396,861	4,396,861
	Provision recognized during the year		1,788,022	-
	Balance at the end of the year		6,184,883	4,396,861
12	**STOCK-IN-TRADE**			
	Raw material in hand		537,034,562	430,336,832
	Work-in-process		83,313,557	73,417,725
	Finished goods		31,331,103	59,344,315
			651,679,222	563,098,872
12.1	During the period no inventories of finished goods were carried at net realizable value (2018: Rs. 1.127 million).			
13	**TRADE DEBTS**			
	(Unsecured - considered good)	13.1	878,576,549	686,410,603
	(Unsecured - considered doubtful)		16,600,009	12,927,455
			895,176,558	699,338,058
	Less: Provision for doubtful debts	13.2	(16,600,009)	(12,927,455)
			878,576,549	686,410,603
13.1	This includesa balance amounting to Rs. 0.0515million (2018:Rs. 7.442million) due from Suraj Cotton Mills Limited, an associated company.			
13.2	**Provision for doubtful debts**			
	Opening balance		12,927,455	5,173,903
	Provision for the year		3,672,554	7,753,552
	Closing balance		16,600,009	12,927,455
13.3	The aging of related party balances at the balance sheet date is as follows:			
	Not past due		51,531	7,442,256
13.4	The maximum amount due from related parties at the end of any month during the year was Rs. 23.227 million (2018: Rs. 13.299 million).			
14	**LOANS AND ADVANCES**			
	Loans to staff			
	Unsecured	14.2	565,655	630,200
	Advances (unsecured)			
	To suppliers / contractors	14.3	4,707,893	2,534,242
	Against imports	14.4	6,470,903	2,916,151
			11,178,796	5,450,393
		15.4	11,744,451	6,080,593

14.1 Chief Executive Officer and Directors have not taken any loans and advances from the Company.

14.2 These loans are granted to employees of the Company which do not carry mark-up in accordance with their terms of employment.

14.3 This represents advances to suppliers / contractors in the normal course of business and does not carry any interest or mark-up.

14.4 This represents advances against imports for stores and spares in the normal course of business and does not carry any interest or mark-up.

	Note	2019 Rupees	2018 Rupees
15 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Bank guarantee and LC margin	15.1	8,825,239	7,524,782
Short term prepaid insurance		6,399,039	8,025,348
		15,224,278	15,550,130

15.1 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.

	Note	2019 Rupees	2018 Rupees
16 SHORT TERM INVESTMENTS			
At fair value through other comprehensive income (June 30, 2018: available for sale)	16.1	81,176,479	111,950,000
At fair value through other profit and loss (June 30, 2018: held for trading)	16.2	28,224,634	42,836,700
At amortised cost (June 30, 2018: held to maturity)	16.3	1,200,000	1,200,000
		110,601,113	155,986,700
16.1 Fair value through other comprehensive income			
At cost		43,529,179	43,529,179
Revaluation surplus			
As at July 01		81,069,736	129,864,631
Deficit for the year		(30,773,521)	(48,794,895)
As at June 30		50,296,215	81,069,736
Impairment loss		(12,648,915)	(12,648,915)
	16.1.1	81,176,479	111,950,000

16.1.1 Details of fair value through other comprehensive income investment are as under:

Number of shares 2019	Number of shares 2018		Market value 2019 Rupees	Market value 2018 Rupees
		Quoted - At fair value		
1,389,541	1,389,541	The Crescent Textile Mills Limited	30,236,412	35,016,433
1,089	1,089	Crescent Cotton Mills Limited	30,906	27,377
285,357	285,357	Jubilee Spinning and Weaving Mills Limited	644,907	1,677,899
1,011,751	1,011,751	Shakarganj Mills Limited	47,400,534	71,328,446
50,060	50,060	Crescent Jute Products Limited	170,204	170,204
479,739	479,739	Samba Bank Limited	2,633,767	3,670,003
		Unquoted - At breakup value		
25,000	25,000	Crescent Modaraba Management Company	59,750	59,638
533,623	533,623	Crescent Bahuman Limited	-	-
			81,176,480	111,950,000

		Note	2019 Rupees	2018 Rupees
16.2	**Fair value through other profit and loss**			
	At cost		33,741,891	43,730,057
	Loss on revaluation of investments		(5,517,257)	(893,357)
		16.2.1	28,224,634	42,836,700

		Note	Market value 2019 Rupees	Market value 2018 Rupees

16.2.1 Details of Investment in listed companies - at fair value through other profit and loss are as under:

Number of shares 2019	Number of shares 2018	Quoted - At fair value	2019	2018
355,883	355,883	MCB Pakistan Stock Market Fund	28,224,634	33,741,891
-	85,853	MCB Cash Management - Optimizer Growth Fund	-	9,094,809
			28,224,634	42,836,700

		Note	2019 Rupees	2018 Rupees
16.3	**Amortised cost**			
	Term deposit certificates	16.3.1	1,200,000	1,200,000

16.3.1 These term deposit certificates carry mark-up at rates ranging from 4.75% to 7.05% per annum (2018: 4.20% to 4.75% per annum).

		Note	2019 Rupees	2018 Rupees
17	**TAX REFUNDS DUE FROM GOVERNMENT**			
	Sales tax refundable		110,475,721	78,299,651
	Income tax refundable		23,110,496	38,160,938
			133,586,217	116,460,589
18	**CASH AND BANK BALANCES**			
	Cash in hand		210,205	555,608
	Cash with banks			
	In current accounts		44,530,673	17,254,828
	In saving accounts	18.1	88,021,572	86,665,455
			132,552,245	103,920,283
			132,762,450	104,475,891

18.1 The balance in saving accounts carry markup at average rates ranging from 4.5% to 10.25% per annum (2018: 3.75% to 3.85% per annum).

19 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Number of ordinary shares of Rs. 10/- each 2019	Number of ordinary shares of Rs. 10/- each 2018		2019	2018
9,128,510	9,128,510	Fully paid in cash	91,285,100	91,285,100
535,533	535,533	Fully paid issuedto financial institution against conversion of loan	5,355,330	5,355,330
2,753,833	2,753,833	Fully paid bonus shares	27,538,330	27,538,330
12,417,876	12,417,876		124,178,760	124,178,760
27,825	27,825	Shares held by associated undertakings	278,250	278,250

19.1 The Company has more one class of ordinary shares which carry no rights to fixed income. The holders of shares are entitled to receive dividends declared from time to time and are entitled to one vote per share at the meeting of the Company. All shares rank equally with regard to the Company's residual assets.

		Note	2019 Rupees	2018 Rupees
20	**RESERVES**			
	Capital reserve			
	Surplus on revaluation of property, plant and equipment		1,993,825,768	1,993,825,768
	Unrealized gain on fair value through other comprehensive income		50,296,215	81,069,736
			2,044,121,983	2,074,895,504
	Revenue reserves			
	Unappropriated profit		982,179,728	868,985,305
			3,026,301,711	2,943,880,809

20.1 Movement of reserves have been reflected in the statement of changes in equity.

		Note	2019 Rupees	2018 Rupees
21	**LONG TERM FINANCING**			
	From banking companies - secured			
	Term finance 1	21.1	109,110,932	163,666,398
	Term finance 2	21.2	-	3,819,448
	Term finance 3	21.3	5,757,111	17,271,334
	Term finance 4	21.4	10,979,100	18,298,500
	Term finance 5	21.5	26,381,780	39,572,668
	Term finance 6	21.6	26,111,112	36,555,556
	Term finance 7	21.7	-	9,056,000
	Term finance 8	21.8	33,160,000	37,582,000
	Term finance 9	21.9	23,346,000	30,016,000
	Term finance 10	21.10	17,560,889	19,756,000
	Term finance 11	24.11	48,000,000	-
	Term finance 12	24.12	27,000,000	-
			327,406,924	375,593,904
	From musharka companies			
	Term finance 13	24.13	2,429,000	-
	Term finance 14	24.14	1,957,378	-
	Term finance 15	24.15	3,247,228	-
			7,633,606	-
			335,040,530	375,593,904
	Less: Current portion shown under current liabilities	29	108,411,603	123,186,979
			226,628,927	252,406,925

21.1 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 (2018: Rs. 300 million).

21.2 This facility was 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 was Rs. 50 million as at June 30, 2018.

21.3 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 (2018: Rs. 51.814 million).

21.4 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 sanctioned limit of the facility is Rs. 32.937 million (2018: Rs. 32.937 million).

21.5 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 (2018: Rs. 59.359 million).

21.6 This facility has been obtained from United Bank Limited 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 (2018: Rs. 400 million).

21.7 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 as June 30, 2018.

21.8 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 (2018: Rs. 41 million).

21.9 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 (2018: Rs. 32 million).

21.10 This facility has been obtained from MCB Bank Limited for balancing modemization 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 (2018: Rs. 20 million).

21.11 This facility has been obtained from MCB Bank Limited for balancing modemization and replacement in Textile Unit 1 located at Nooriabad. The rate of mark-up is 6 months KIBOR + 1.25% and is payable semi-annually over a period of 6 years inclusive of 18 months grace period. 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. 48 million (2018: Nil).

21.12 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 + 1.25% and is payable semi-annually over a period of 6 years inclusive of 18 months grace period. 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. 27 million (2018: Nil).

21.13 This facility has been obtained from Orix Modaraba for purchases of vehicle for uses of employees of Crescent Fibres Limited. The rate of mark-up is 6 months KIBOR + 2.5% variable rate and is payable monthly over a period of 2 years after a grace period of 12 months with installments starting from January 2019. The finance facility is secured against personal guarantees of directors upto 15 million .The sanctioned limit of the facility is Rs. 2.429 million (2018: Nil).

21.14 This facility has been obtained from Orix Modaraba for purchases of vehicle for uses of employees of Crescent Fibres Limited. The rate of mark-up is 6 months KIBOR + 2.5% variable rate and is payable monthly over a period of 2.5 years after a grace period of 6 months with installments starting from January 2019. The finance facility is secured against personal guarantees of directors upto 15 million .The sanctioned limit of the facility is Rs. 2.149 million (2018: Nil).

21.15 This facility has been obtained from Orix Modaraba for purchases of vehicle for uses of employees of crescent Fibres Limited. The rate of mark-up is 6 months KIBOR + 2.5% variable rate and is payable monthly over a period of 3 years starting from May 2019. The finance facility is secured against personal guarantees of directors upto 15 million .The sanctioned limit of the facility is Rs. 3.379 million (2018: Nil).

	Note	2019 Rupees	2018 Rupees
22 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES			
Secured			
Balance as July 01		15,542,415	2,585,324
Additions during the year		-	17,400,000
		15,542,415	19,985,324
Payments / adjustments during the year		(5,094,669)	(4,442,909)
	22.1	10,447,746	15,542,415
Less: Payable within one year shown under current liabilities	29	(4,571,160)	(4,446,520)
		5,876,586	11,095,895

22.1 This represents finance leases entered into with financial institutions for vehicles. Financing rates ranging from 8.93% to 15% (2018: 8.13% 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:

	2019			2018		
	Upto one year	One to five years	Total	Upto one year	One to five years	Total
	Rupees			Rupees		
Minimum lease payments outstanding	5,178,775	5,924,085	11,102,860	5,915,185	10,685,430	16,600,615
Financial charges not due	(607,615)	(47,499)	(655,114)	(682,718)	(375,462)	(1,058,200)
Present value of minimum lease payments	4,571,160	5,876,566	10,447,746	5,232,467	10,309,946	15,542,415
Payable within one year shown under current liabilities	(4,571,160)	-	(4,571,160)	(4,446,520)	-	(4,446,520)
	-	5,876,566	5,676,586	785,947	10,309,946	11,095,895

	Note	2019 Rupees	2018 Rupees
23 DEFERRED TAXATION			
Deferred taxation is composed of:			
Taxable temporary differences:			
Accelerated tax depreciation allowance		171,636,066	169,337,848
Deductible temporary differences:			
Lease rentals		(3,029,846)	(4,507,316)
Turnover tax		(56,935,564)	(34,059,970)
Provision for doubtful debts		(4,814,003)	(3,748,962)
Provision for slow moving items		(1,793,616)	(1,275,090)
		(66,573,029)	(43,591,338)
		105,063,037	125,746,510
24 TRADE AND OTHER PAYABLES			
Creditors	24.1	264,298,511	159,982,581
Accrued liabilities	24.2	646,431,497	516,151,592
Advance from customer		9,471,921	9,481,413
Payable to provident fund		2,086,902	2,832,748
Workers' Profit Participation Fund	24.3	8,736,729	4,989,302
Due to Chief Executive and Directors		10,932,882	4,145,942
Withholding tax payable		192,341	611,271
Workers' Welfare Fund		5,999,420	2,679,464
Other liabilities		1,751,740	1,451,032
		949,901,943	702,325,345

24.1 This includes balance amounting to Rs. 12.888 million (2018: Rs. 15.384 million) due to an associated company.

24.2 This includes an amount of Rs. 276.664 million (2018: Rs. 214.741 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.

		Note	2019 Rupees	2018 Rupees
24.3	**Workers' Profit Participation Fund**			
	Balance as at July 01,		4,989,302	2,061,914
	Add: Allocation for the year		8,736,729	4,989,302
	Interest on funds utilized in the Company's business		292,610	78,467
			14,018,641	7,129,683
	Less: Amount paid during the year		(5,281,912)	(2,140,381)
			8,736,729	4,989,302
25	**UNCLAIMED DIVIDEND**			
	Unclaimed dividend		2,509,359	2,515,149
26	**MARK-UP ACCRUED**			
	Mark-up accrued on secured:			
	Long-term financing		5,235,154	5,009,420
	Short-term borrowings		36,397,004	29,112,797
			41,632,158	34,122,217
27	**SHORT-TERM BORROWINGS**			
	From banking companies - secured			
	Running / cash finance	27.1	531,072,421	532,092,662
	Bills discounting	27.2	12,000,000	12,000,000
			543,072,421	544,092,662

27.1 The Company has obtained short term finance facilities from various commercial banks. The aggregate facilities under mark-up arrangements amounted to Rs. 1,030 million (2018: 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 (2018: 1month 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 (2018: Rs. 200 million) from a commercial bank. The unutilized balance at the end of the year was Rs. 151.653 million (2018: Rs. 188.85 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.

27.2 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 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% (2018: 8.00%) per annum and is secured against personal guarantee of Directors and demand promissory note.

		Note	2019 Rupees	2018 Rupees
28	**TAXATION - NET**			
	Provision for taxation	38	62,716,187	52,505,438
	Advance income tax		(50,596,604)	(47,545,311)
			12,119,583	4,960,127
29	**CURRENT PORTION OF LONG TERM LIABILITIES**			
	Long term financing	21	108,411,603	123,186,979
	Liabilities against assets subject to finance leases	22	4,571,160	4,446,520
			112,982,763	127,633,499

30 CONTINGENCIES AND COMMITMENTS

30.1 Contingencies

a) Guarantees have been issued by banking companies in normal course of business amounting to Rs. 78.381 million (2018: Rs. 66.914 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, 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.

30.2 Commitments

The Company was committed as at the reporting date as follows:

a) Letters of credit against import of stores and spares and raw material amounting to Rs. 48.347 (2018: Rs. 53.657 million).

b) The amount of future Ijarah rentals for Ijarah financing and the period in which these payments will become due are as follows.

	2019 Rupees	2018 Rupees
Not later than one year	545,379	825,192
Later than one year and not later than five years.	37,178	563,148
	582,557	1,388,340

		Note	2019 Rupees	2018 Rupees
31	**SALES - NET**			
	Local			
	Yarn		5,223,569,824	4,263,844,285
	Waste		40,308,863	41,184,652
			5,263,878,687	4,305,028,937
	Trading - local		83,863,077	182,872,646
			5,347,741,764	4,487,901,583
	Brokerage and commission		(58,300,694)	(48,662,375)
			5,289,441,070	4,439,239,208
32	**COST OF SALES**			
	Material consumed	32.1	3,533,517,345	2,785,686,348
	Salaries, wages and other benefits	32.2	416,458,166	370,715,420
	Power and fuel		550,304,288	538,845,273
	Depreciation	6.3	97,862,610	106,704,962
	Packing material consumed		64,440,188	59,560,738
	Stores, spares and loose tools consumed		83,029,449	79,172,019
	Insurance		11,457,631	10,707,889
	Repairs and maintenance		5,228,122	6,166,872
	Provision for slow moving stores, spares		1,788,022	-
	Other manufacturing overheads		23,056,918	24,424,074
	Manufacturing cost		4,787,142,739	3,981,983,595
	Opening work-in-process		73,417,725	62,051,150
	Closing work-in-process		(83,313,557)	(73,417,725)
			(9,895,832)	(11,366,575)
	Cost of goods manufactured		4,777,246,907	3,970,617,020
	Cost of goods purchased for trading		73,739,738	175,328,905
			4,850,986,645	4,145,945,925
	Opening stock of finished goods		59,344,315	68,929,561
	Closing stock of finished goods		(31,331,103)	(59,344,315)
			28,013,212	9,585,246
			4,878,999,857	4,155,531,171
32.1	**Material consumed**			
	Opening stock		430,336,832	251,627,713
	Purchases including related expenses		3,640,215,075	2,964,395,467
			4,070,551,907	3,216,023,180
	Closing stock		(537,034,562)	(430,336,832)
			3,533,517,345	2,785,686,348

32.2 Salaries, wages and other benefits include Rs. 11.498 million (2018: Rs. 10.531 million) in respect of staff retirement benefits.

		Note	2019 Rupees	2018 Rupees
33	**GENERAL AND ADMINISTRATIVE EXPENSES**			
	Staff salaries and other benefits	33.1	49,573,631	43,530,378
	Directors' remuneration		15,567,200	15,312,000
	Repairs and maintenance		4,322,043	3,406,548
	Vehicles running and maintenance		7,325,433	6,718,856
	Insurance		2,458,524	2,522,653
	Telephone and postage		1,407,440	1,582,306
	Traveling and conveyance		7,104,675	6,595,645
	Fee and subscription		5,770,303	3,456,281
	Legal and professional charges		877,200	671,270
	Depreciation	6.3	10,184,030	8,945,949
	Utilities		3,257,558	3,026,787
	Rent, rates and taxes		5,893,238	6,764,753
	Entertainment		2,817,381	2,310,226
	Printing and stationery		870,664	746,206
	Donation	33.2	120,000	120,000
	Others		2,725,867	2,246,062
			120,275,187	107,955,920

33.1 Salaries and other benefits include Rs. 2.868 million (2018: Rs. 2.676 million) in respect of staff retirement benefits.

33.2 This represents donation paid to Maqbool Trust, an associated undertaking in which Directors are interested.

		Note	2019 Rupees	2018 Rupees
34	**DISTRIBUTION COST**			
	Local freight and insurance		16,334,890	16,334,846
	Ocean freight		44,040	-
	Other		2,268,151	1,497,964
			18,647,081	17,832,810
35	**OTHER OPERATING INCOME**			
	Gain on sale of investments - net	35.1	143,145	7,943,551
	Rental income		22,419,128	20,385,936
	Gain on valuation of investment property	8	5,059,427	-
	Interest on bank deposits	35.2	4,544,610	1,799,825
	Dividend income	35.3	-	1,264,839
	Scrap sales - store items		1,867,141	1,884,017
	Gain on sale of fixed assets		3,576,079	-
	Deferred gain on sale and lease back		179,448	149,537
			37,788,978	33,427,705

	Note	2019 Rupees	2018 Rupees

35.1 Gain on sale of investments - net

	2019 Rupees	2018 Rupees
Shakarganj Mills Limited	-	5,327,644
MCB Cash Management Optimizer Fund	143,145	2,375,842
MCB DCF Income Fund	-	240,065
	143,145	7,943,551

35.2 Interest on bank deposits earned under interest/mark up arrangements.

35.3 Dividend income received on the shares of the Crescent Textile Mills Limited.

36 OTHER OPERATING EXPENSES

	2019 Rupees	2018 Rupees
Auditors' remuneration:		
Statutory audit	660,000	550,000
Half yearly review	150,000	150,000
	810,000	700,000
Loss on disposal of property, plant and equipment	-	485,257
Impairment on investment in associate	-	89,007
Provision for doubtful debts	3,672,554	7,753,552
Loss on revaluation of investments	5,517,257	1,358,539
Workers' Profit Participation Fund	8,736,729	4,989,302
Workers' Welfare Fund	3,319,957	1,895,936
Other	-	20,562
	22,056,497	17,292,155

37 FINANCIAL CHARGES

	2019 Rupees	2018 Rupees
Mark-up / interest on:		
Long-term financing	29,108,245	31,106,598
Short-term financing	66,380,844	35,698,353
Lease finances	938,309	784,521
Workers' Profit Participation Fund	292,610	78,467
	96,720,008	67,667,939
LC discounting charges	27,800,257	13,285,953
	124,520,265	80,953,892

38 TAXATION

	Note	2019 Rupees	2018 Rupees
Current	38.1	62,716,187	52,505,438
Prior	38.2	7,340,755	(3,855,423)
		70,056,942	48,650,015
Deferred		(20,683,473)	(23,767,691)
	38.2	49,373,469	24,882,324

38.1 This include current year's total tax liability of the Company amounting to Rs. 66.846 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. 4.130 million under section 65B at the rate 5% on the cost of plant and machinery capitalised during the year.

38.2 The prior year tax included the tax charge of Rs. 5.727 million relating to certain disallowances made by the Commissioner of Inland Revenue in his order for the tax year 2016.

38.3 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.

38.4 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).

38.5 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.

39 EARNINGS PER SHARE - BASIC AND DILUTED

	2019 Rupees	2018 Rupees
Profit for the year	113,194,423	67,929,477
Weighted average number of ordinary shares outstanding	12,417,876	12,417,876
Earnings per share - basic and diluted	9.12	5.47

40 DEFINED CONTRIBUTION PLAN

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, distribution of income and related decisions are made by the Trustees independent of the Company.

40.1 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.

	Note	2019 Rupees	2018 Rupees
41 CASH GENERATED FROM OPERATIONS			
Profit before taxation		162,567,892	92,811,801
Adjustment for non-cash charges and other items:			
(Gain) / loss on disposal of operating fixed assets		(3,576,079)	485,257
Financial charges		124,520,265	80,953,892
Depreciation		108,046,640	115,650,911
Impairment on available for sale investment		-	89,007
Gain on sale of investments		(143,145)	(7,943,551)
Measurement loss on short term investments		5,517,257	-
(Gain)/Loss on revaluation of investment property		(5,059,427)	289,164
Share of loss from associate		163,269	7,753,552
Provision for doubtful debts		3,672,554	-
Provision for slow moving items		1,788,022	-
		234,929,356	197,278,232
Profit before working capital changes		397,497,248	290,090,033
Working capital changes	39.1	(68,611,814)	(200,707,562)
		328,885,434	89,382,471

41.1 Working capital changes

	2019 Rupees	2018 Rupees
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(7,554,726)	(2,830,939)
Stock in trade	(88,580,350)	(180,490,448)
Trade debts	(195,838,500)	(143,076,303)
Loans and advances	(5,663,858)	2,174,860
Trade deposits and short term prepayments	325,852	(7,444,788)
Other receivables	(1,751,202)	(345,044)
Tax refund due from the Government	(17,125,628)	(43,680,207)
	(316,188,412)	(375,692,869)
Increase in current liabilities		
Trade and other payables	247,576,598	174,985,307
	(68,611,814)	(200,707,562)

42 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities Long term loans	Total
Balance as at July 1, 2018	375,593,904	375,593,904
Addition in long term loan	82,957,400	82,957,400
Repayment of long term loan	(123,510,774)	(123,510,774)
Balance as at June 30, 2019	335,040,530	335,040,530

43 **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:

	2019			2018		
	Chief Executive Officer	Executive Directors	Executives	Chief Executive Officer	Executive Directors	Executives
	Rupees			Rupees		
Managerial remuneration	5,366,000	5,368,000	9,275,621	5,280,000	5,280,000	6,849,749
House rent	2,415,600	2,415,600	3,375,490	2,376,000	2,376,000	2,707,499
Company's contribution to Provident Fund Trust	536,800	536,800	927,564	528,000	528,000	372,196
Reimbursable expenses	661,623	568,741	435,697	526,124	478,132	680,480
Total	8,982,023	8,889,141	14,014,372	8,710,124	8,662,132	10,609,924
Number of persons	1	1	4	1	1	4

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

43.1 The Chief Executive, a Director and some executives are also provided with free use of the Company's maintained cars.

43.2 Aggregate amount charged in these financial statements in respect of Directors fee is Rs. 0.160 million (2018: Rs. 0.160 million).

43.3 The current and corresponding year figures include remunerations of Company's Executives whose basic salary exceeds twelve hundred thousand rupees in a financial year.

44 **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:

Relationship with company	Nature of transaction	2019 Rupees	2018 Rupees
Associated companies / undertakings	Sale of yarn / Cotton	92,394,450	86,362,450
	Insurance premium	16,677,237	23,256,453
	Insurance claim	-	8,597,488
	Rent received	585,516	532,416
	Donation paid	120,000	120,000
Retirement benefit plans	Contribution to provident fund	14,528,403	13,354,332
Directors	Rent paid	4,020,000	4,020,000
Key management personnel	Remuneration and other benefits (note 43)	31,885,536	27,982,180

44.1 **Year end balances**

Associated companies	Trade debts	51,531	7,442,256
	Trade and other payables	12,888,879	15,384,612
Retirement benefit plans	Trade and other payables	2,086,902	2,832,748
Directors	Trade and other payables	10,932,882	4,145,942

44.2 **Names of related parties, nature and basis of relationship**

a) **Associated companies / undertakings**

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) **Board of Directors**

Mr. Nadeem Maqbool (Chairman)
Mr. Imran Maqbool (Chief Executive Officer)
Mr. Humayun Maqbool (Executive Director)
Ms. Naila Humayun Maqbool (Non-Executive Director)
Mr. Mansoor Riaz (Non-Executive Director)
Mr. Jahanzeb Saeed Khan (Non-Executive Director)
Mr. S.M Ali Asif (Non-Executive Director)

c) **Key Executives**

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)

44.3 All transactions with related parties have been carried out on commercial terms and conditions,

45 CAPACITY AND PRODUCTION

Spinning units	2019			2010		
	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	38,446	67,056	26,608	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	10,097,360	12,002,563	22,099,923	10,113,905	11,902,359	22,016,264

46 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

46.1 Risk management policies

The Company's objective in managing risks is the creation and protection of share holder' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

46.2 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:

	2019 Rupees	2018 Rupees
Deposits	27,302,004	24,224,160
Investments	110,601,113	155,986,700
Trade debts	878,576,549	686,410,603
Loans	565,655	630,200
Other receivables	2,916,597	1,165,395
Bank balances	132,552,245	103,920,283
	1,152,514,163	972,337,341
The aging of trade receivables at the reporting date is:		
Not past due	452,574,915	383,104,613
Past due 1-30 days	242,520,482	163,373,755
Past due 30-90 days	140,765,253	114,032,073
Past due 90 days	42,715,899	25,900,162
	878,576,549	686,410,603

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 (2018: nil).

46.3 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	Cantractual Cash Flows	Six months ar less	Six to Twelve months Rupees	One to two years	Two to five years	Over five years
2019							
Long term financing	335,040,530	394,515,495	68,148,108	60,178,916	122,574,082	113,564,950	30,049,438
Liabilities against assets subject to finance leases	10,447,746	11,102,859	2,589,387	2,589,388	5,924,085		-
Trade and other payables	928,010,891	685,743,040	685,743,040	-	-	-	-
Interest and markup accrued	41,632,158	34,122,217	34,122,217	-	-	-	-
Short-term borrowings	543,072,421	544,092,862	544,092,882	-	-	-	-
	1,858,203,746	1,669,576,273	1,334,695,414	62,768,304	128,498,167	113,564,950	30,049,438

	Carrying amount	Cantractual Cash Flows	Six months ar less	Six to Twelve months Rupees	One to two years	Two ta five years	Over five years
2018							
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	-	-	-	-
Financial charges payable	34,122,217	34,122,217	34,122,217	-	-	-	-
Short-term financing	544,092,662	544,092,662	544,092,662	-	-	-	-
	1,656,430,242	1,708,208,831	1,345,722,084	73,518,141	127,343,368	145,145,440	16,479,798

46.4 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:

	2019						
	Effective yield / mark-up rate	Total	Exposed to yield / mark-up rate risk: Maturity upto one year	Maturity over one year to five years	Maturity over five years	Sub- total	Not exposed to yield / mark-up rate risk
	%	Rupees					
Financial assets							
Long term investment		376,294	-	-	-	-	376,294
At fair value through other comprehensive income							
Investments		81,176,479	-	-	-	-	81,176,479
At fair value through other profit and loss							
Investments		28,224,834	-	-	-	-	28,224,834
Amortized cost							
Investments	4.75% - 7.05%	1,200,000	1,200,000	-	-	1,200,000	-
Trade debts	-	678,576,549	-	-	-	-	878,576,549
Trade deposits	-	27,302,004	-	-	-	-	27,302,004
Other receivables	-	2,916,597	-	-	-	-	2,916,597
Cash and bank balances	-	132,762,450	88,021,572	-	-	88,021,572	44,740,678
		1,152,535,007	89,221,572	-	-	89,221,572	1,063,313,435
Financial liabilities							
Financial liabilities carried at amortized cost							
Long-term financing	3.25% - 15.62%	335,040,530	108,411,603	198,912,260	27,716,667	335,040,530	-
Liabilities against assets subject to finance leases	8.93% - 15%	10,447,746	4,571,160	5,876,586	-	10,447,746	-
Trade and other payables		928,010,891	-	-	-	-	928,010,891
Interest and markup accrued		41,632,158	-	-	-	-	41,632,158
Short-term borrowings	8.15 - 14.30%	543,072,421	543,072,421	-	-	543,072,421	-
		1,858,203,746	(656,055,184)	(204,788,846)	(27,716,867)	(888,560,697)	(969,643,049)
On balance sheet gap		(705,666,739)	(568,833,812)	(204,786,848)	(27,716,667)	(799,339,125)	93,870,386
Off balance sheet items							
Guarantees on behalf of the Company		78,381,000	-	-	-	-	78,381,000
Letter of credit for stores and spares		48,347,000	-	-	-	-	48,347,000
		126,728,000	-	-	-	-	126,728,000
Total gap		(832,398,739)	(568,833,812)	(204,786,848)	(27,716,667)	(799,339,125)	(33,057,814)

	2016						
	Effective yield / mark-up rate	Total	Exposed to yield / mark-up rate risk: Maturity upto one year	Maturity over one year to five years	Maturity over five years	Sub- total	Not exposed to yield / mark-up rate risk
	%	Rupees					
Financial assets							
Long term investment		539,583	-	-	-	-	539,583
At fair value through other comprehensive income							
Investments		111,950,000	-	-	-	-	111,950,000
At fair value through other profit and loss							
Investments		42,836,700	-	-	-	-	42,836,700
Amortized cost							
Investments	4.20% - 4.75%	1,200,000	1,200,000	-	-	1,200,000	-
Trade debts	-	866,410,603	-	-	-	-	866,410,803
Trade deposits	-	24,224,160	-	-	-	-	24,224,160
Other receivables	-	1,185,395	-	-	-	-	1,185,395
Cash and bank balances	-	104,475,891	86,665,455	-	-	86,665,455	17,810,436
		972,602,312	87,685,455	-	-	87,685,455	684,936,857
Financial liabilities							
Financial liabilities carried at amortized cost							
Long-term financing	9% - 13.30%	375,593,904	123,186,979	224,786,702	27,620,223	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		667,079,044	-	-	-	-	667,079,044
Financial charges payable		34,122,217	-	-	-	-	34,122,217
Short-term borrowings	7.51% - 6.25%	544,092,662	544,092,662	-	-	544,092,862	-
		1,856,430,242	(671,728,161)	(235,882,597)	(27,620,223)	(935,226,981)	(721,201,261)
On balanse sheet gap		(683,627,930)	(583,860,706)	(235,682,597)	(27,620,223)	(647,363,525)	163,735,596
Off balance sheet items							
Guarentee Issued on behalf of Company		66,915,000	-	-	-	-	66,915,000
Letter of credit for capital expenditure		42,503,757	-	-	-	-	42,503,757
		109,418,757	-	-	-	-	109,418,757
Total gap		(793,046,687)	(583,860,706)	(235,682,597)	(27,620,223)	(647,363,525)	54,316,839

46.5 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:

	2019 Rupees	2018 Rupees
Outstanding letter of credit	48,347,000	42,503,757

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:

	2019	2018	2019	2018
	Effective rate (In percent)	Effective rate (In percent)	Carrying amount Rupees	
Financial liabilities				
Fixed rate instrument				
Long term finance	3.25%-9%	3.25%-9%	120,596,212	151,264,056
Short term borrowings	8%	8%	12,000,000	12,000,000
Variable rate instruments				
Long term finance	9.06% - 15.62%	8.40% - 9.65%	148,883,429	224,329,848
Short term borrowings	7.51% - 8.25%	7.51% - 8.25%	531,072,421	532,092,662
assets subject to finance leases	8.93% -15%	8.13% to 17%	10,447,746	15,542,415

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
As at June 30, 2019		
Cash flow sensitivity - Variable rate financial liabilities	(6,904,036)	6,904,036
As at June 30, 2018		
Cash flow sensitivity - Variable rate financial liabilities	(7,719,649)	7,719,649

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 fair value through other comprehensive income securities.

Risk management

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

	2019 Rupees	2018 Rupees
As at June 30, 2019, the fair value of equity securities exposed to price risk were as follows:		
At fair value through other comprehensive income	109,401,113	154,786,700

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	5,470,056	7,739,335

46.6 Financial instruments by category

Financial assets		
Long term investments	376,294	539,563
At fair value through other comprehensive income		
Investments	81,176,479	111,950,000
At fair value through other profit and loss		
Investments	28,224,634	42,836,700
Amortized cost		
Investments	1,200,000	1,200,000
Trade debts	878,576,549	686,410,603
Trade deposits	27,302,004	24,224,160
Other receivables	2,916,597	1,165,395
Bank balances	132,762,450	104,475,891
	1,152,158,713	972,262,749
Financial liabilities		
Financial liabilities carried at amortized cost		
Long-term financing	335,040,530	375,593,904
Liabilities against assets subject to finance leases	10,447,746	15,542,415
Trade and other payables	928,010,891	687,079,044
Interest and markup accrued	41,632,158	34,122,217
Short-term borrowings	543,072,421	544,092,662
	1,858,203,746	1,656,430,242

47 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, 2019, the Company held the following financial instruments measured at fair value.

	Level 1	Level 2	Level 3	Total
	'Rupees			
At fair value through other profit and loss				
Short term investment	28,224,634	-	-	28,224,634
At fair value through other comprehensive income				
Short term investment	81,116,730	-	59,750	81,176,480

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

	Level 1	Level 2	Level 3	Total
	'Rupees			
At fair value through other profit and loss				
Short term investment	42,836,700	-	-	42,836,700
At fair value through other comprehensive income				
Short term investment	111,890,362	-	59,638	111,950,000

Valuation techniques

For Level 3 fair value throughother comprehensiveincome investmentsthe Company values the investment at lower of carrying value and breakup value.

Transfer between levels of the fair value hierarchyare 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, 2019:

- 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.

	2019 Rupees	2018 Rupees
Opening balance	59,638	87,451
Redemption / sales during the year	-	-
Unrealized loss during the year	112	(27,813)
Impairment during the year	-	-
Closing balance	59,750	59,638

48 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 externallyimposed capital requirements.

49 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 03, 2019 by the Board of Directors of the Company.

50 NUMBER OF EMPLOYEES

	2019	2018
	No. of employees	
a) Number of employees as at June 30	1047	1,028
Average number of employees	1037	1,024
b) Number of factory employees as at June 30	978	970
Average number of factory employees during the year	975	967

51 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherevernecessary for the purpose of comparison.

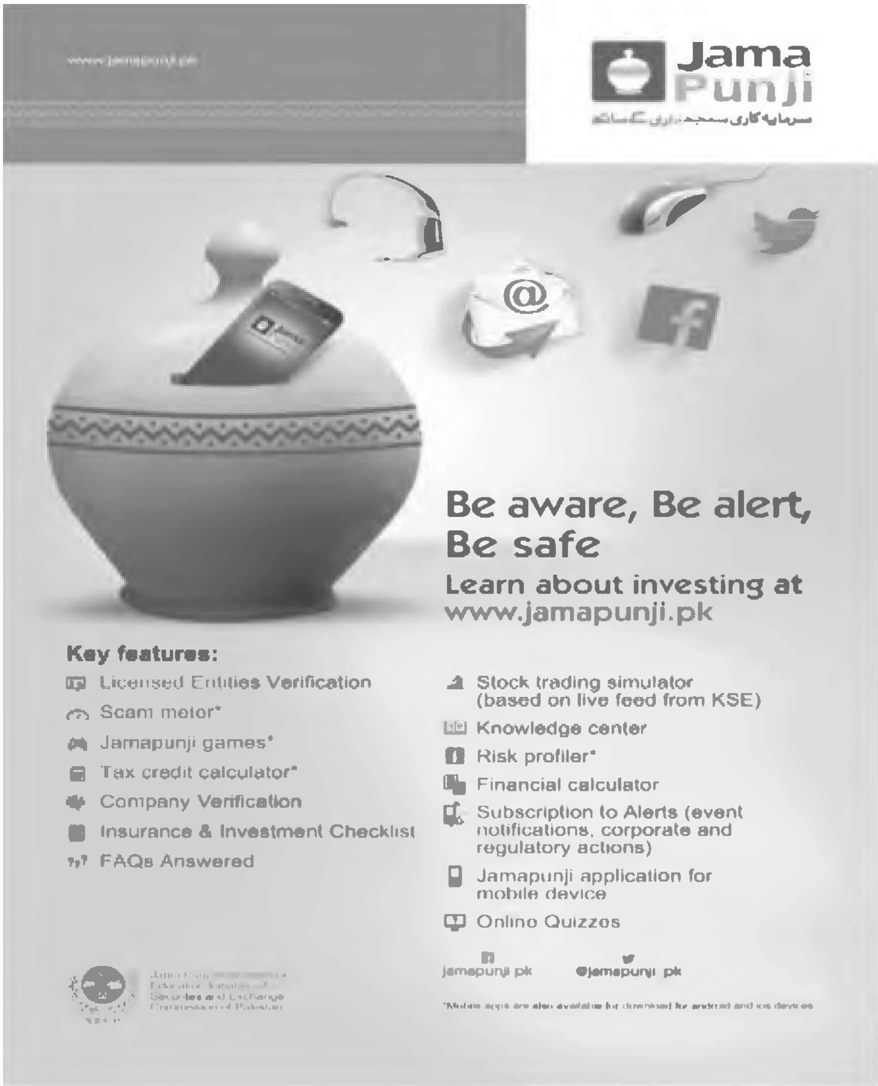
52 GENERAL

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, 2019

FORM-34

SHAREHOLDERS	FROM	TO	TOTAL SHARES	PERCENTAGE
684	1	100	21,815	0.18
430	101	500	95,815	0.77
99	501	1,000	69,941	0.56
126	1,001	5,000	249,463	2.01
29	5,001	10,000	206,530	1.66
12	10,001	15,000	155,289	1.25
13	15,001	20,000	219,170	1.76
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	390,001	395,000	390,058	3.14
1	630,001	635,000	633,015	5.10
1	850,001	855,000	852,681	6.87
1	1,090,001	1,095,000	1,094,917	8.82
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
1,446			**12,417,876**	**100.00**

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
NADEEM MAQBOOL	1,306,831	10.52
NAILA HUMAYUN MAQBOOL	500	0.00
MANSOOR RIAZ	1,094,917	8.82
JAHANZEB SAEED KHAN	500	0.00
S.M. ALI ASIF	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
	5,097,886	**41.05**
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	669,699	5.39
General Public		
Local	5,506,983	44.35
TOTAL NUMBER OF SHARES	**12,417,876**	**100**

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	1,094,917	8.82
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

Mr. Mansoor Riaz, Director purchased 16,000 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 42nd Annual General Meeting of the Company to be held on Monday the 28th October, 2019 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 کھاتہ) نمبر	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر	حصہ دار (شیئرز ہولڈنگ)

میں/ہم ____________________

ساکن ____________________

بحیثیت رکن کریسنٹ فائبرز لمیٹڈ محترم/محترمہ ____________________ یا اس

کی غیر موجودگی میں ____________________ (بحیثیت

کمپنی کے رکن) کو اپنے/ہمارے ایماء پر مورخہ 28 اکتوبر، 2019 بروز پیر صبح 9:30 بجے بمقام کمپنی کے رجسٹرڈ آفس 104 شادمان-1، لاہور پر منعقد ہونے والے کریسنٹ فائبرز لمیٹڈ کے 42 ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا/ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

آج بروز ________ بتاریخ ______ 2019ء کو میرے/ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

گواہان

:1

دستخط: ____________________

نام: ____________________

پتہ: ____________________

____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ____________________

-/5 روپے کا رسیدی ٹکٹ یہاں چسپاں کریں

:2

دستخط: ____________________

نام: ____________________

پتہ: ____________________

____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ____________________

دستخط رکن

کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں۔

نوٹ:

:1 اجلاس عام میں شرکت اور رائے دہی کا مستحق رکن، پراکسی مقرر کرسکتا ہے۔

:2 پراکسی اور مختار نامہ یا دیگر اتھارٹی (اگر کوئی ہوں) تقرری کے آلات، جس کے تحت یہ دستخط شدہ ہو یا اس مختار نامہ کی نوٹریلی مصدقہ کاپی، کمپنی کے شیئر رجسٹرڈ دفتر 104 شادمان-1، لاہور میں اجلاس منعقد ہونے سے کم از کم 48 (اڑتالیس) گھنٹے قبل جمع کروائے جانے چاہئیں۔

:3 سی ڈی سی اکاؤنٹ ہولڈرز کو پراکسیز تقرری کے لئے سیکورٹیز اینڈ ایکسچینج کمیشن پاکستان کے مورخہ 26 جنوری 2000 کو جاری کردہ سرکلر نمبر 1 میں دی گئی مندرجہ ذیل گائیڈ لائنز کی پیروی کرنا ہوگی۔

(i) بصورت افراد، اکاؤنٹ ہولڈر اور/یا سب اکاؤنٹ ہولڈر جن کی سیکورٹیز اینڈ رجسٹریشن تفصیلات قواعد وضوابط کے مطابق اپ لوڈ ہوں، انہیں درج بالا شرائط کے مطابق پراکسی فارم (مختار نامہ) جمع کرانا ہونگے۔

(ii) پراکسی فارم پر بطور گواہان دو افراد کے دستخط ہونے چاہئیں اور ان کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبرز فارم پر درج ہوں۔

(iii) بینیفشل اونرز اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول، پراکسی فارم (مختار نامہ) کے ہمراہ جمع کرانا ہونگی۔

(iv) پراکسی، اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ مہیا کرے گا/گی۔

(v) بصورت کارپوریٹ اینٹٹی، بورڈ کی قرارداد/مختار نامہ معہ پراکسی ہولڈر کے دستخط (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامہ) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔