



**Crescent
Fibres**



**Half Yearly Report
December 31, 2019**



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 Corplink (Pvt) Limited
Wings Arcade, 1-K, Commercial,
Model Town, 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

DIRECTORS' REPORT

The Company made a profit of Rs. 51.1 million in the second quarter of the fiscal year, which when combined with a profit of Rs.36.3 million in the first quarter, resulted in a net profit of Rs. 87.5 million for the six months ended December 31, 2019. The earnings per share for the period under review was Rs. 7.04 as compared Rs. 6.69 for the period ended December 31, 2018.

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

Sales for the period under review were 15% higher than the corresponding period, due to improvement in end-product prices. In the period under review, the gross margin increased to 9.5 % as compared to 9.1% in the corresponding period. Owing to cost controls, selling, administrative and other costs remained more or less unchanged as a percentage of sales. The operating margin for the period under review increased to 6.7% as compared to 6.5% for the period ended December 31, 2018. Financial charges at Rs. 67.2 million were 2.3% of sales as compared to 1.8% in the corresponding period. This is attributable to higher short-term borrowing caused by higher raw material prices and the increase in interest rates due to tightening of monetary policy by the State Bank. Overall, the net margin was 3.0% as compared 3.3% in the previous period.

Though yarn prices have shown some improvement in the recent past, we expect the profitability of the textile industry to remain under pressure. The uncertain global economic situation, particularly the slowdown in China, is likely to keep demand for end products weak. Apart from market dynamics, the Pakistani textile industry faces several other challenges. These include continued shortfalls in cotton production, high cost of doing business, and high local taxes and surcharges. The situation is further exacerbated by the strong government support being offered to our regional competitors in the form of subsidies and export incentives. Recently, the Government has announced support to the textile industry in the form of competitively priced energy and this combined with the recent adjustment to the exchange rate to bring it to realistic levels will make the textile industry more competitive. However, the Government must take immediate steps to improve cotton yields and production and also release long delayed income tax, sales tax and other rebates to improve liquidity to enable the industry to modernize and compete on the global stage.

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

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



IMRAN MAQBOOL
Chief Executive

February 27, 2020



NADEEM MAQBOOL
Director

کمپنی نضمام (ڈائریکٹران) کی رپورٹ:

کمپنی کو مالی سال کی دوسری سہ ماہی میں 51.1 ملین روپے کا منافع ہوا جو کہ پہلی سہ ماہی کے منافع 36.3 ملین روپے کے ساتھ شامل کرنے کے نتیجے میں 31 دسمبر 2019 کو چھ ماہ کے لئے 87.5 ملین روپے کا منافع ہوا۔ 31 دسمبر 2018ء کی مدت کے لئے 6.69 روپے منافع کے مقابلے میں زیر جائزہ مدت کے لئے فی حصہ آمدنی 7.04 روپے تھی۔


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


زیر جائزہ مدت کے لئے مایلت فروخت میں اسی مدت کے مقابلے میں 15 فیصد زیادہ تھی، جس کی وجہ انتظامی مصنوعات کی قیمتوں میں بہتری تھی۔ زیر جائزہ مدت میں مجموعی منافع میں اسی مدت میں 9.1 فیصد کے مقابلے میں 9.5 فیصد اضافہ ہوا۔ لاگت کنٹرولز کی وجہ سے فروخت، انتظامی اور دیگر اخراجات میں کوئی خاص تبدیلی نہیں ہوئی۔ زیر جائزہ مدت کے لئے آپریٹنگ منافع میں 31 دسمبر 2018ء کی مدت کے لئے 6.5 فیصد کے مقابلے میں 6.7 فیصد اضافہ ہوا۔ مالیاتی اخراجات 67.2 ملین روپے تھے جو اسی عرصے میں 1.8 فیصد کے مقابلے میں فروخت کا 2.3 فیصد تھے۔ اس کی وجہ مختصر مدت کے قرضوں میں زیادہ شرح سود، خام مال کی قیمتوں میں اضافہ اور سٹیٹ بینک کی طرف سے سخت مالیاتی پالیسی شامل ہیں۔ مجموعی طور پر پچھلے عرصے میں خالص منافع 3.3 فیصد کے مقابلے میں 3.0 فیصد تھا۔

اگرچہ دھماکے کی قیمتوں میں ماضی قریب میں کچھ بہتری دکھائی دی ہے۔ ہمیں ٹیکسٹائل کی صنعت کے منافع کو دباؤ میں رہنے کی توقع ہے۔ اس وقت عالمی غیر یقینی اقتصادی حالات کے بعد قابل ذکر عوامل مثلاً چین کی کرنسی کا گرتا ہوا سیل پر مبنی اثر ڈالے گا۔ اس کے علاوہ پاکستانی ٹیکسٹائل صنعت کو کئی دیگر چیلنج درپیش ہیں جس میں کمپاس کی پیداوار میں آفسوں ناک حد تک کمی، کاروباری معاملات کے اخراجات میں اضافے کا رُخ، تان اور غیر مناسب ٹیکسوں اور سرچارج کا بوجھ۔ اس پر ہم یہ کہہ سکتے ہیں کہ حکومت ٹیکسٹائل سے متعلقہ کرنے والی صنعتوں کو رعایت اور ایکسپورٹ سہولیات فراہم کر رہی ہے۔ حال ہی میں حکومت نے ٹیکسٹائل انڈسٹری کو رعایتی قیمت پر توانائی کی فراہمی کا اعلان کیا ہے اور حقیقت میں یہ فیصلہ روپے کی شرح تبادلہ میں تبدیلی کی وجہ سے تاکہ ٹیکسٹائل انڈسٹری زیادہ مقابلہ کر سکے۔ تاہم حکومت کمپاس کی پیداوار کے ساتھ کوالٹی کو بہتر بنانے کے فوری اقدامات لازمی کرے اور عالمی سطح پر جدید مقابلہ کرنے اور صنعت کو چالو رکھنے کیلئے آگے نکلے اور سٹریٹجکس اور سٹریٹجکس ریفائنڈ میں طویل تاخیر ختم کرے اور دیگر رعایت کو بھی جاری رکھے۔

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

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


ندیم مقبول
ڈائریکٹر


عمران مقبول
چیف ایگزیکٹو
تاریخ: 27 فروری 2020ء

Half Yearly Report



Tel: +92 21 3568 3030
Fax: +92 21 3568 4239
www.bdo.com.pk

2nd Floor, Block-C
Lakson Square, Building No.1
Sarwar Shaheed Road
Karachi-74200
Pakistan

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS OF CRESCENT FIBRES LIMITED

Introduction

We have reviewed the accompanying condensed interim statement of financial position of CRESCENT FIBRES LIMITED ("the Company") as at December 31, 2019 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six-month period then ended (here-in-after referred as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at and for the six months period ended December 31, 2019 is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures for the quarters ended December 31, 2019 and December 31, 2018 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

KARACHI

DATED: 27 FEB 2020


CHARTERED ACCOUNTANTS

Engagement Partner: Zulfikar Ali Causer

BDO Ebrahim & Co. Chartered Accountants


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

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

	Note	December 31, 2019 (Un-audited) Rupees	June 30, 2019 (Audited) Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	6	1,426,169,071	1,392,445,602
Capital work-in-progress	7	33,101,800	-
		<u>1,459,270,871</u>	<u>1,392,445,602</u>
Investment property		1,733,087,677	1,733,087,677
Long term investments		211,060	376,294
Long term deposits		<u>22,558,778</u>	<u>15,991,378</u>
		<u>3,215,128,386</u>	<u>3,141,900,951</u>
CURRENT ASSETS			
Stores, spares and loose tools	8	77,974,816	68,999,382
Stock in trade	9	622,397,024	651,679,222
Trade debts		1,159,108,880	878,576,549
Loans and advances		31,803,559	11,744,451
Trade deposits and short term prepayments		19,259,030	15,224,278
Other receivables		1,443,131	2,916,597
Short term investments	10	103,661,042	110,601,113
Tax refunds due from Government	11	58,527,715	133,586,217
Cash and bank balances	12	<u>224,509,642</u>	<u>132,762,450</u>
		<u>2,298,684,839</u>	<u>2,006,090,259</u>
TOTAL ASSETS		<u>5,513,813,225</u>	<u>5,147,991,210</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
15,000,000 (June 30, 2019: 15,000,000) ordinary shares of Rs. 10/- each		<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed and paid-up capital			
12,417,876 (June 30, 2019: 12,417,876) ordinary shares of Rs. 10/- each		<u>124,178,760</u>	<u>124,178,760</u>
Capital reserves			
Surplus on revaluation of property, plant and equipment		<u>1,993,825,768</u>	<u>1,993,825,768</u>
Unrealised gain on investments at fair value through other comprehensive income		<u>38,926,430</u>	<u>50,296,215</u>
Revenue reserves		<u>2,032,752,198</u>	<u>2,044,121,983</u>
Unappropriated profit		<u>1,069,631,819</u>	<u>982,179,728</u>
		<u>3,226,562,777</u>	<u>3,150,480,471</u>
NON CURRENT LIABILITIES			
Long term financing	13	<u>172,573,392</u>	<u>224,143,540</u>
Lease liabilities	14	<u>58,581,152</u>	<u>5,876,586</u>
Deferred gain on sale and lease back		<u>119,627</u>	<u>209,349</u>
Deferred taxation		<u>99,969,260</u>	<u>105,063,037</u>
		<u>331,243,431</u>	<u>335,292,512</u>
CURRENT LIABILITIES			
Trade and other payables	15	<u>1,223,690,061</u>	<u>949,901,943</u>
Unclaimed dividend		<u>2,423,578</u>	<u>2,509,359</u>
Mark-up accrued		<u>41,936,870</u>	<u>41,632,158</u>
Short term borrowings	16	<u>550,197,358</u>	<u>543,072,421</u>
Taxation - net		<u>18,770,388</u>	<u>12,119,583</u>
Current portion of long term liabilities		<u>118,988,762</u>	<u>112,982,763</u>
		<u>1,956,007,017</u>	<u>1,662,218,227</u>
TOTAL EQUITY AND LIABILITIES		<u>5,513,813,225</u>	<u>5,147,991,210</u>
CONTINGENCIES AND COMMITMENTS			
	17		

The annexed notes from 1 to 28 form an integral part of this condensed interim financial information.


IMRAN MAQBOOL
Chief Executive


NADEEM MAQBOOL
Director


KAMRAN RASHEED
Chief Financial Officer


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

	Half year ended		Quarter ended	
	December 31,	December 31,	December 31,	December 31,
	2019	2018	2019	2018
Note	Rupees	Rupees	Rupees	Rupees
Sales - net	2,927,005,986	2,550,112,759	1,555,397,328	1,271,222,891
Cost of sales	¹⁸ (2,648,540,099)	(2,318,520,060)	(1,403,843,995)	(1,163,936,993)
Gross profit	278,465,887	231,592,699	151,553,333	107,285,898
General and administrative expenses	(68,035,307)	(58,549,455)	(32,626,196)	(29,210,636)
Distribution cost	(9,589,622)	(9,000,997)	(5,124,697)	(4,557,168)
Other operating income	22,585,738	15,600,733	14,902,507	9,263,019
Other operating expenses	(28,540,359)	(13,320,317)	(23,092,566)	(7,312,861)
	(83,579,550)	(65,270,036)	(45,940,952)	(31,817,646)
Operating profit	194,886,337	166,322,663	105,612,381	75,468,252
Financial charges	(67,075,669)	(45,424,513)	(35,846,256)	(24,944,402)
Share of loss from associate	(165,234)	(64,700)	(130,134)	(18,450)
	(67,240,903)	(45,489,213)	(35,976,390)	(24,962,852)
Profit before taxation	127,645,434	120,833,450	69,635,991	50,505,400
Taxation	¹⁹ (40,193,343)	(37,765,111)	(18,510,979)	(17,356,563)
Profit for the period	87,452,091	83,068,339	51,125,012	33,148,837
Earnings per share - basic and diluted	²⁰ 7.04	6.69	4.11	2.67

The annexed notes from 1 to 28 form an integral part of this condensed interim financial information.


IMRAN MAQBOOL
Chief Executive


NADEEM MAQBOOL
Director


KAMRAN RASHEED
Chief Financial Officer

**CONDENSED INTERIM STATEMENT CASH FLOW (UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2019**

		December 31, 2019	December 31, 2018
	Note	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	21	311,267,391	(483,356)
Financial charges paid		(66,770,957)	(42,116,890)
Taxes paid		(38,636,316)	(36,114,654)
Net cash generated from / (used in) operating activities		205,860,118	(78,714,900)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(53,788,600)	(13,601,700)
Proceeds from disposal of operating fixed assets		63,500	5,779,000
Short term investments		-	9,344,861
Long term deposits		(6,567,400)	222,200
Net cash (used in) / generated from investing activities		(60,292,500)	1,744,361
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		-	2,429,000
Repayments of long term financing		(56,841,459)	(62,405,655)
Principal paid on lease liabilities		(4,018,124)	(3,024,762)
Dividend paid		(85,780)	(775)
Short term borrowings - net		7,124,937	182,658,390
Net cash (used in) / generated from financing activities		(53,820,426)	119,656,198
Net increase in cash and cash equivalents		91,747,192	42,685,659
Cash and cash equivalents at the beginning of the period		132,762,450	104,475,891
Cash and cash equivalents at the end of the period		224,509,642	147,161,550

The annexed notes from 1 to 28 form an integral part of this condensed interim financial information.



IMRAN MAQBOOL
Chief Executive



NADEEM MAQBOOL
Director



KAMRAN RASHEED
Chief Financial Officer

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

	Capital Reserves		Revenue Reserves	Total	
	Issued, subscribed and paid-up capital	Unrealised gain on investments at fair value through other comprehensive income	Surplus on revaluation of property, plant and equipment		Unappropriated profit
Balance as at July 1, 2018	124,178,760	81,069,736	1,993,825,768	868,985,305	3,068,059,569
Total comprehensive income for the period					
Profit for the period	-	-	-	83,068,339	83,068,339
Other comprehensive income					
Unrealised gain on revaluation of investments classified as 'fair value through other comprehensive income'	-	3,772,008	-	-	3,772,008
	-	3,772,008	-	83,068,339	86,840,347
Balance as at December 31, 2018	124,178,760	84,841,744	1,993,825,768	952,053,644	3,154,899,916
Balance as at July 1, 2019	124,178,760	50,296,215	1,993,825,768	982,179,728	3,150,480,471
Total comprehensive income for the period					
Profit for the period	-	-	-	87,452,091	87,452,091
Other comprehensive loss					
Unrealised loss on revaluation of investments classified as 'fair value through other comprehensive income'	-	(11,369,785)	-	-	(11,369,785)
	-	(11,369,785)	-	87,452,091	76,082,306
Balance as at December 31, 2019	124,178,760	38,926,430	1,993,825,768	1,069,631,819	3,226,562,777

The annexed notes from 1 to 28 form an integral part of this condensed interim financial information.

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

	Half yearly ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	Rupees	Rupees	Rupees	Rupees
Profit for the period	87,452,091	83,068,339	51,125,012	33,148,837
Other comprehensive income				
Items that will be reclassified to statement of profit or loss subsequently				
Unrealised (loss) / gain on revaluation of investments classified as 'fair value through other comprehensive income'	(11,369,785)	3,772,008	(393,125)	17,602,107
Total comprehensive income for the period	76,082,306	86,840,347	50,731,887	50,750,944

The annexed notes from 1 to 28 form an integral part of this condensed interim financial information.

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Imran Maqbool

IMRAN MAQBOOL
Chief Executive

Naadeem Maqbool

NADEEM MAQBOOL
Director

Kamran Rasheed

KAMRAN RASHEED
Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2019 (UN-AUDITED)

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, Noonabad, District Dadu, in the Province of Sindh and at 17-KM, Faisalabad Road, Bhikhi, District Sheikhpura in the Province of Punjab.

3 BASIS OF PREPARATION

3.1 Statement of compliance

This condensed interim financial information is unaudited but subject to the limited scope review by auditors and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

This condensed interim financial information of the Company for the half year ended December 31, 2019 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

- Islamic Financial Accounting Standard - 2 Ijarah (IFAS-2) issued by Institute of Chartered Accountants of Pakistan; and

Where the provisions of and directives issued under the Companies Act, 2017 and IFAS-2 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 and IFAS-2 have been followed.

This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual audited financial statements of the Company as at and for the year ended June 30, 2019, which have been prepared in accordance with accounting and reporting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

The comparative statement of financial position presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2019, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the un-audited condensed interim financial information for the half year ended December 31, 2018.

3.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for certain investments, certain items of property, plant and equipment and investment property, which are carried at fair value.

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

3.3 Functional and presentation currency

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

4 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES THEREIN

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended June 30, 2019, except as disclosed in note 4.1 to this condensed financial information.

The Company has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on July 1, 2019. The adoption of these new and amended standards did not have material impact on the Company's condensed interim financial information, except as disclosed in note 4.1.

4.1 IFRS 16 'Leases' was issued on January 01, 2016. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after January 1, 2019. IFRS 16 replaced IAS 17 'Leases' and IFRIC 4 'Determining whether an Arrangement contains a Lease'. The Company applied IFRS 16 with a date of initial application of July 01, 2019.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2019 (UN-AUDITED)

leases, together with options to exclude leases where the lease term is twelve months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Company does not have significant impact of IFRS 16 due to short term lease contracts. However, the previously classified leased assets are now classified as right-of-use assets as per IFRS 16 in these condensed interim financial information.

5 ESTIMATES

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2019.

	Note	December 31, 2019 (Un-audited) Rupees	June 30, 2019 (Audited) Rupees
6 OPERATING FIXED ASSETS			
Fixed assets	6.1	1,332,723,121	1,380,745,602
Right-of-use assets	6.2	93,445,950	11,700,000
		<u>1,426,169,071</u>	<u>1,392,445,602</u>
6.1 Fixed assets			
Opening net book value (NBV)		1,380,745,602	1,386,074,246
Transfer (at cost) from capital work in progress during the period / year		-	27,221,118
Transfer (at NBV) from right-of-use assets during the period / year		-	1,221,120
Additions (at cost) during the period / year	6.1.1	3,644,800	76,263,682
		<u>1,384,390,402</u>	<u>1,490,780,166</u>
Disposals (at NBV) during the period / year	6.1.2	32,286	4,912,924
Depreciation charged during the period / year		51,634,995	105,121,640
		<u>51,667,281</u>	<u>110,034,564</u>
Closing net book value (NBV)		<u>1,332,723,121</u>	<u>1,380,745,602</u>
6.1.1 Details of additions (at cost) during the period / year are as follows:			
Owned			
Plant and machinery		3,400,000	55,390,582
Vehicles		244,800	20,873,100
		<u>3,644,800</u>	<u>76,263,682</u>
6.1.2 Details of disposals (at NBV) during the period / year are as follows:			
Owned			
Vehicles		32,286	4,912,924
		<u>32,286</u>	<u>4,912,924</u>
6.2 Right-of-use assets			
Opening net book value (NBV)		11,700,000	15,846,120
Transfer (at NBV) to fixed assets during the period / year		-	(1,221,120)
Additions (at cost) during the period / year		85,042,000	-
Depreciation charged during the period / year		(3,296,050)	(2,925,000)
		<u>93,445,950</u>	<u>11,700,000</u>
7 CAPITAL WORK-IN-PROGRESS			
Building		<u>33,101,800</u>	-
7.1 Movement of carrying amount is as follows:			
Opening balance		-	13,697,687
Additions (at cost) during the period / year		33,101,800	13,523,431
		<u>33,101,800</u>	<u>27,221,118</u>
Transfer to operating fixed assets during the period / year		-	(27,221,118)
Closing balance		<u>33,101,800</u>	-

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

		December 31, 2019 (Un-audited) Rupees	June 30, 2019 (Audited) Rupees
8	STORES, SPARES AND LOOSE TOOLS		
	Stores	76,752,100	50,964,686
	Spares	8,284,655	24,175,877
	Loose tools	66,133	43,702
		<u>85,102,888</u>	<u>75,184,265</u>
	Less: Provision for slow moving items	8.1 (7,128,072)	(6,184,883)
		<u>77,974,816</u>	<u>68,999,382</u>
8.1	Provision for slow moving items		
	Balance at the beginning of the period / year	6,184,883	4,396,861
	Provision recognised during period / year	943,189	1,788,022
	Balance at the end of the period / year	<u>7,128,072</u>	<u>6,184,883</u>
9	STOCK IN TRADE		
	Raw material in hand	455,787,991	537,034,562
	Work-in-process	96,757,723	83,313,557
	Finished goods	69,851,310	31,331,103
		<u>622,397,024</u>	<u>651,679,222</u>
10	SHORT TERM INVESTMENTS		
	At fair value through profit or loss	10.1 32,654,348	28,224,634
	At fair value through other comprehensive income	10.2 69,806,694	81,176,479
	At amortised cost	10.3 1,200,000	1,200,000
		<u>103,661,042</u>	<u>110,601,113</u>
10.1	Fair value through profit or loss - units of mutual fund		
	Cost	28,224,634	33,741,891
	Gain / (loss) on revaluation of investments	4,429,714	(5,517,257)
		<u>32,654,348</u>	<u>28,224,634</u>
10.2	Fair value through other comprehensive income		
	Cost	43,529,179	43,529,179
	Revaluation surplus		
	Opening balance	50,296,215	81,069,736
	Deficit for the period / year	(11,369,785)	(30,773,521)
	Closing balance	38,926,430	50,296,215
	Impairment loss	(12,648,915)	(12,648,915)
		<u>69,806,694</u>	<u>81,176,479</u>
10.3	Amortised cost		
	Term deposit certificates	10.3.1 1,200,000	1,200,000
10.3.1	These term deposit certificates carry mark-up at rates ranging from 4.75% to 7.05% per annum (June 30, 2019: 4.75% to 7.05% per annum).		
11	TAX REFUNDS DUE FROM GOVERNMENT		
	Sales tax refundable	35,417,219	110,475,721
	Income tax refundable	23,110,496	23,110,496
		<u>58,527,715</u>	<u>133,586,217</u>
12	CASH AND BANK BALANCES		
	Cash in hand	1,165,484	210,205
	Cash with banks		
	In current accounts	114,550,249	44,530,673
	In savings accounts	12.1 108,793,909	88,021,572
		<u>223,344,158</u>	<u>132,552,245</u>
		<u>224,509,642</u>	<u>132,762,450</u>
12.1	The balance in savings accounts carry mark-up at the rates ranging from 4.5% to 10.25% per annum (June 30, 2019: 4.5% to 10.25% per annum).		

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

	Note	December 31, 2019 (Un-audited) Rupees	June 30, 2019 (Audited) Rupees
13 LONG TERM FINANCING			
From banking companies - secured			
Term finance 1	13.1	81,833,199	109,110,932
Term finance 2	13.2	-	5,757,111
Term finance 3	13.3	7,319,400	10,979,100
Term finance 4	13.4	19,786,336	26,381,780
Term finance 5	13.5	20,888,890	26,111,112
Term finance 6	13.6	30,949,000	33,160,000
Term finance 7	13.7	20,011,000	23,346,000
Term finance 8	13.8	15,365,778	17,560,889
Term finance 9	13.9	48,000,000	48,000,000
Term finance 10	13.10	27,000,000	27,000,000
		<u>271,153,603</u>	<u>327,406,924</u>
From musharka companies			
Term finance 11	13.11	1,943,200	1,943,200
Term finance 12	13.12	766,471	958,093
Term finance 13	13.13	1,850,410	2,246,926
		<u>4,560,081</u>	<u>5,148,219</u>
		<u>275,713,684</u>	<u>332,555,143</u>
Less: Current portion shown under current liabilities		<u>(103,140,292)</u>	<u>(108,411,603)</u>
		<u>172,573,392</u>	<u>224,143,540</u>
13.1	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% per annum (June 30, 2019: 6 months KIBOR + 2.25% per annum) and is payable semi-annually over a period of 6 years, after a grace period of 18 months, with installments starting from May, 2017. This 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 (June 30, 2019: Rs. 300 million).		
13.2	This facility was obtained from MCB Bank Limited for expansion of Textile Unit 2 located at Bikhi. The rate of mark-up was 6 months KIBOR + 2.5% per annum (June 30, 2019: 6 months KIBOR + 2.5% per annum) and was payable semi-annually over a period of 4.5 years, after a grace period of 18 months. This finance facility was 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 was Rs. 51.814 million (June 30, 2019: Rs. 51.814 million). This finance facility has been fully repaid in October, 2019.		
13.3	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% per annum (June 30, 2019: 9% per annum), 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. This 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 (June 30, 2019: Rs. 32.937 million).		
13.4	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 6 months KIBOR + 2.5% per annum (June 30, 2019: 6 months KIBOR + 2.5% per annum) and is payable semi-annually over a period of 6 years, after a grace period of 18 months, with installments starting from July, 2017. This 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 (June 30, 2019: Rs. 59.359 million).		
13.5	This facility has been obtained from United Bank Limited to import plant and machinery. The rate of mark-up is 4.50% per annum (June 30, 2019: 4.50% per annum), 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. This finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 400 million (June 30, 2019: Rs. 400 million).		
13.6	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% per annum (June 30, 2019: 3.25% per annum),		

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

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. This 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 (June 30, 2019: Rs. 41 million).

- 13.7 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% per annum (June 30, 2019: 3.25% per annum), 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. This 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 (June 30, 2019: Rs. 32 million).
- 13.8 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% per annum (June 30, 2019: 3.25% per annum), 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. This 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 (June 30, 2019: Rs. 20 million).
- 13.9 This facility has been obtained from MCB Bank Limited for balancing modernization and replacement in Textile Unit 1 located at Nooriabad. The rate of mark-up is 6 months KIBOR + 1.25% per annum, (June 30, 2019: KIBOR + 1.25% per annum) and is payable semi-annually over a period of 6 years, after a grace period of 18 months. This 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 (June 30, 2019: Rs. 48 million).
- 13.10 This facility has been obtained from MCB Bank Limited for balancing modernization and replacement in Textile Unit 2 located at Bikhi. The rate of mark-up is 6 months KIBOR + 1.25% per annum (June 30, 2019: 6 months KIBOR + 1.25% per annum) and is payable semi-annually over a period of 6 years, after a grace period of 18 months. This 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 (June 30, 2019: Rs. 27 million).
- 13.11 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% per annum (June 30, 2019: 6 months KIBOR + 2.5% per annum) and is payable monthly over a period of 2 years, after a grace period of 12 months, with installments starting from January, 2020. This finance facility is secured against personal guarantees of Directors upto Rs. 15 million. The sanctioned limit of the facility is Rs. 1.943 million (June 30, 2019: Rs. 1.943 million).
- 13.12 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% per annum (June 30, 2019: 6 months KIBOR + 2.5% per annum) and is payable monthly over a period of 2.5 years, after a grace period of 6 months, with installments starting from January, 2019. This finance facility is secured against personal guarantees of Directors upto Rs. 15 million. The sanctioned limit of the facility is Rs. 1.150 million (June 30, 2019: Rs. 1.150 million).
- 13.13 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% per annum (June 30, 2019: 6 months KIBOR + 2.5% per annum) and is payable monthly over a period of 3 years, with installments starting from May, 2019. This finance facility is secured against personal guarantees of Directors upto Rs. 15 million. The sanctioned limit of the facility is Rs. 2.379 million (June 30, 2019: Rs. 2.379 million).

	Note	December 31, 2019 (Un-audited) Rupees	June 30, 2019 (Audited) Rupees
14 LEASE LIABILITIES			
Lease liabilities		74,429,622	10,447,746
Less: Current portion		(15,848,470)	(4,571,160)
		<u>58,581,152</u>	<u>5,876,586</u>
Maturity analysis-contractual discounted cashflow:			
Less than one year		15,848,470	4,571,160
One to five years		58,581,152	5,876,586
Total discounted lease liability		<u>74,429,622</u>	<u>10,447,746</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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14.1 When measuring the lease liabilities, the Company discounted the lease payments using financing rates ranging from 8.93% to 16.9% per annum (June 30, 2019: 8.93% to 15% per annum).

	Note	December 31, 2019 (Un-audited) Rupees	June 30, 2019 (Audited) Rupees
15	TRADE AND OTHER PAYABLES		
	Creditors	15.1 447,532,146	264,298,511
	Accrued liabilities	15.2 696,904,627	646,431,497
	Advance from customers	16,248,309	9,471,921
	Payable to Provident Fund	7,592,459	2,086,902
	Workers' Profit Participation Fund	15,887,540	8,736,729
	Due to Chief Executive and Directors	15.3 23,716,548	10,932,882
	Withholding tax payable	5,457,820	192,341
	Workers' Welfare Fund	8,664,728	5,999,420
	Other liabilities	1,685,884	1,751,740
		<u>1,223,690,061</u>	<u>949,901,943</u>

15.1 This includes balance amounting to Rs. 16.791 million (June 30, 2019: Rs. 12.888 million) due to an associated company.

15.2 This includes an amount of Rs. 409.034 million (June 30, 2019: Rs. 403.490 million) payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. The Company has filed an appeal in the Honorable High Court of Sindh. The Honorable High Court of Sindh declared the GIDC Act, 2015 as null and void through its judgement dated October 26, 2016. Subsequently, based on an appeal filed by the Government, the Honorable 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 a liability.

The Company has recorded a provision amounting to Rs. 35.548 million for late payment surcharge in respect of GIDC till June 30, 2019. However, no further provision, amounting to Rs. 8.231 million, has been made during the period as the management believes that the Company is not liable to pay late payment surcharges related to GIDC.

15.3 This represents an interest free loan which is repayable on demand.

16 SHORT TERM BORROWINGS

From banking companies - secured

Running / cash finance	16.1	538,197,358	531,072,421
Bill discounting	16.2	12,000,000	12,000,000
		<u>550,197,358</u>	<u>543,072,421</u>

16.1 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 (June 30, 2019: Rs. 1,030 million). The rate of mark-up on these finance facilities ranges between 1 month and 3 months KIBOR plus 1.25% to 2.00% per annum (June 30, 2019: 1 month and 3 months KIBOR plus 1.25% to 2.50% per annum) and was payable quarterly.

The Company has a facility for opening letters of credit amounting to Rs. 200 million (June 30, 2019: Rs. 200 million) from a commercial bank. The unutilized balance at the end of the period was Rs. 182.411 million (June 30, 2019: Rs. 151.653 million).

These financing facilities are secured by way of pledge and floating charge over the current assets, personal guarantee of Directors and lien on import documents.

16.2 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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2019 (UN-AUDITED)

outstanding in the books as no settlement has taken place. The facility was subject to discounting charges at the rate of 8.00% (June 30, 2019: 8.00%) per annum and is secured against personal guarantee of Directors and demand promissory note.

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

- a) There is a contingent liability in respect of bank guarantees issued by the Company's bankers in the ordinary course of business aggregating to Rs. 90.801 million (June 30, 2019 : Rs. 78.381 million).
- b) Crescent Cotton Mills Limited has filed a case against Company for an amount of Rs. 53.850 million on the basis of case documents filed. The Company has recorded a 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 derives profit for a tax year but does not distribute at least 40% of its after tax profits within six months of the end of the tax year through cash or bonus shares.

Further, Finance Act, 2018 amended the 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 least 20% of its after tax profits within six months of the end of the tax year through cash.

Further, Finance Act, 2019 amended the section 5A to the Income Tax Ordinance, 2001 on the subject of tax on undistributed profit, according to which, for tax year 2017, 2018 and 2019, 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 least 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, 2018 and 2019, 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.

17.2 Commitments

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

- a) The Company is committed as at the reporting date in respect of letters of credit against import of store and spares and raw material amounting to Rs. 154.888 million (June 30, 2019: Rs. 48.347 million).
- b) The amount of future Ijarah rentals for Ijarah financing and the period in which these payments will become due are as follows:

	December 31, 2019 (Un-audited) Rupees	June 30, 2019 (Audited) Rupees
Not later than one year	260,246	545,379
Later than one year and not later than five years	-	37,178
	260,246	582,557

Half Yearly Report

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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18 COST OF SALES

	Half year ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Un-audited)			
	----- Rupees -----			
Materials consumed	1,872,150,966	1,721,065,944	974,662,295	861,106,747
Stores, spares and loose tools consumed	46,791,713	37,048,772	21,135,704	20,109,555
Packing material consumed	33,441,934	32,104,361	17,108,135	15,673,000
Salaries, wages and other benefits	217,578,327	192,361,001	114,480,345	92,167,052
Fuel and power	320,381,385	272,811,051	151,066,814	140,923,813
Insurance	6,425,698	5,609,708	3,610,698	2,809,708
Repairs and maintenance	3,077,554	2,044,856	2,264,210	1,317,574
Depreciation	49,995,425	48,364,198	26,103,238	24,182,099
Provision for slow moving stores, spares and loose tools	943,189	-	943,189	-
Other manufacturing overheads	15,896,337	12,362,819	7,126,069	4,730,011
	<u>2,566,682,528</u>	<u>2,323,772,710</u>	<u>1,318,500,697</u>	<u>1,163,019,559</u>
Opening work in process	83,313,557	73,417,725	86,458,157	84,468,899
Closing work in process	(96,757,723)	(93,949,473)	(96,757,723)	(93,949,473)
	<u>(13,444,166)</u>	<u>(20,531,748)</u>	<u>(10,299,566)</u>	<u>(9,480,574)</u>
Cost of goods manufactured	2,553,238,362	2,303,240,962	1,308,201,131	1,153,538,985
Cost of goods purchased for trading	133,821,944	59,087,011	73,860,139	13,322,438
Opening stock of finished goods	31,331,103	59,344,315	91,634,035	100,227,798
Closing stock of finished goods	(69,851,310)	(103,152,228)	(69,851,310)	(103,152,228)
	<u>(38,520,207)</u>	<u>(43,807,913)</u>	<u>21,782,725</u>	<u>(2,924,430)</u>
	<u>2,648,540,099</u>	<u>2,318,520,060</u>	<u>1,403,843,995</u>	<u>1,163,936,993</u>

	Half year ended	
	December 31, 2019 (Un-audited) Rupees	December 31, 2018 (Un-audited) Rupees
19 TAXATION		
Current	45,287,121	40,177,473
Prior	-	7,340,755
	<u>45,287,121</u>	<u>47,518,228</u>
Deferred	(5,093,778)	(9,753,117)
	<u>40,193,343</u>	<u>37,765,111</u>

20 EARNINGS PER SHARE - BASIC AND DILUTED

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

	Half year ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Un-audited)			
	----- Rupees -----			
Profit for the period (Rupees)	87,452,091	83,068,339	51,125,012	33,148,837
Weighted average number of ordinary shares	12,417,876	12,417,876	12,417,876	12,417,876
Earnings per share - basic and diluted (Rupees)	7.04	6.69	4.11	2.67

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

	Note	Half year ended				
		December 31, 2019	December 31, 2018			
		(Un-audited) Rupees	(Un-audited) Rupees			
21 CASH GENERATED FROM OPERATIONS						
Profit before taxation		127,645,434	120,833,450			
Adjustment for non-cash charges and other items:						
Depreciation		54,931,045	53,043,342			
Gain on disposal of operating fixed assets		(31,214)	(1,773,652)			
Gain on sale and lease back		(89,722)	(89,722)			
Gain on sale of investments		-	(250,051)			
Unrealised (gain) / loss on revaluation of investments classified as 'fair value through profit or loss'		(4,429,714)	3,664,885			
Share of loss from associate		165,234	64,700			
Financial charges		67,075,669	45,424,513			
Allowance for expected credit loss		18,342,240	-			
Provision for slow moving items		943,189	-			
		<u>136,906,727</u>	<u>100,084,015</u>			
Profit before working capital changes		264,552,161	220,917,465			
Working capital changes	21.1	46,715,230	(221,400,821)			
		<u>311,267,391</u>	<u>(483,356)</u>			
21.1 Working capital changes						
(Increase) / decrease in current assets:						
Stores, spares and loose tools		(9,918,623)	(9,916,339)			
Stock in trade		29,282,198	(351,573,688)			
Trade debts		(298,874,571)	(156,392,126)			
Loans and advances		(20,059,108)	(6,261,560)			
Trade deposits and short term prepayments		(4,034,752)	(708,382)			
Other receivables		1,473,466	(860,231)			
Tax refunds due from the Government		75,058,502	79,634			
		<u>(227,072,888)</u>	<u>(525,632,692)</u>			
Increase in current liabilities						
Trade and other payables		273,788,118	304,231,871			
		<u>46,715,230</u>	<u>(221,400,821)</u>			
22 TRANSACTIONS WITH RELATED PARTIES						
The related parties and associated undertakings comprise of group companies, other associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings are as under:						
Relation with the company	Nature of transaction	Name of the related party	Half year ended		Quarter ended	
			December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
			(Un-audited) Rupees			
Associated companies	Sales of goods and services	Suraj Cotton Mills Limited	43,180,300	55,794,750	13,710,000	24,924,350
	Insurance premium	Premier Insurance Limited	19,591,349	9,644,917	8,037,267	36,300
	Donation paid	Maqbool Trust	60,000	60,000	30,000	30,000
	Rent received	Amil Exports (Private) Limited	322,140	292,758	161,070	146,379

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

Relation with the company	Nature of transaction	Name of the related party	Half year ended		Quarter ended	
			December 31, 2019	December 31, 2018 (Un-audited)	December 31, 2019	December 31, 2018
			----- Rupees -----			
Retirement benefit plans	Contribution to staff retirement benefit plans	Provident Fund	7,726,085	7,163,602	4,005,584	3,141,470
Director	Rent paid	Mr. Imran Maqbool	405,000	360,000	225,000	180,000
	Rent paid	Mr. Humayun Maqbool	405,000	360,000	225,000	180,000
Others	Rent paid	Ms. Khawar Maqbool	1,290,000	1,290,000	645,000	645,000
Chief executive	Loan received	Mr. Imran Maqbool	5,170,000	-	5,170,000	-
Others	Loan received	Ms. Khawar Maqbool	7,560,000	-	7,560,000	-
Chief executive	Remuneration and benefits	Mr. Imran Maqbool	4,848,552	4,417,751	2,416,006	2,246,751
Director	Remuneration and benefits	Mr. Humayun Maqbool	4,799,789	4,392,700	2,392,785	2,221,700
Key management personnel	Remuneration and benefits	Key management personnel	9,020,659	6,583,558	5,262,319	3,795,960
			December 31, 2019 (Un-audited)		June 30, 2019 (Audited)	
			Rupees		Rupees	

22.1 Period / year end balances

Receivable from associated company - Suraj Cotton Mills Limited	11,751,530	51,531
Payable to associated company - Premier Insurance Limited	16,791,031	12,888,879
Payable to provident fund	7,592,459	2,086,902
Due to Chief Executive and Directors	23,716,548	10,932,882

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

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

23 FAIR VALUE MEASUREMENT - FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in this condensed interim financial information approximate their fair values. Fair value is the price that would be received to sell an assets or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

	Level 1	Level 2	Level 3	Total
----- Rupees -----				
At fair value through profit or loss				
Short term investments	32,654,348	-	-	32,654,348
At fair value through other comprehensive income				
Short term investments	69,746,944	-	59,750	69,806,694

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

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 profit or loss				
Short term investments	28,224,634	-	-	28,224,634
At fair value through other comprehensive income				
Short term investments	81,116,729	-	59,750	81,176,479

Valuation techniques

For Level 3 fair value through other comprehensive income investments, the Company values the investment at lower of carrying value and breakup value.

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

24 FAIR VALUE MEASUREMENT - NON FINANCIAL ASSET

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

Fair value of freehold land is based on the valuation carried out by independent valuer M/s. Evaluation Focused Consulting, M/s. Sardar Enterprises and M/s. MYK Associates (Private) Limited on the basis of market value. Fair value of freehold land is considered to be based on level 2 in the fair value hierarchy due to significant observable inputs used in the valuation.

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

Valuation techniques used to derive level 2 fair values

Fair value of freehold land and investment property 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. 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.

25 NUMBER OF EMPLOYEES

	December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
a) Number of employees as at	1051	1047
a) Average number of employees	1039	1037
b) Number of factory employees as at	981	978
a) Average number of factory employees during the period	977	975

26 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on February 27, 2020 by the Board of Directors of the Company.


27 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. However, no significant reclassification has been made during the period.

28 GENERAL

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


IMRAN MAQBOOL
Chief Executive


NADEEM MAQBOOL
Director


KAMRAN RASHEED
Chief Financial Officer

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**Crescent
Fibres**

CRESCENT FIBRES LIMITED

104 Shadman 1, Lahore 54000
Tel: +92 (42) 35960871 - 4 Lines
Fax: +92 (42) 35960004
Email: lo@crescentfibres.com
Website: www.crescentfibres.com