



**Crescent  
Fibres**



# **Annual Report 2017**



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## COMPANY INFORMATION

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

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

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

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

Notice is hereby given that the 40<sup>th</sup> Annual General Meeting of the shareholders of Crescent Fibres Limited will be held on Saturday the 28<sup>th</sup> October, 2017 at 9.30 a.m. at Registered Office of the Company 104-Shadman-1, Lahore to transact the following business:

1. To receive, consider and adopt Audited Accounts of the Company for the year ended 30<sup>th</sup> June, 2017 together with Auditors and Directors reports thereon.
2. To appoint Auditors and fix their remuneration. The retiring auditors M/s. BDO Ebrahim & Company, Chartered Accountants offer themselves for re-appointment.

**October 04, 2017**  
**REGISTERED OFFICE**  
**104-Shadman-1, Lahore,**

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

### NOTES:

1. The Share Transfer Books of the Company will remain closed from 20<sup>th</sup> October, 2017 to 28<sup>th</sup> October, 2017 (both days inclusive).
2. In view of SECP directives to withhold Dividend Warrants of those members or their authorized persons, who have not yet provided an attested copy of their CNIC, shareholders are once again requested to provide attested copies of their CNICs directly to the Company. Corporate entities are requested to provide their National Tax Number (NTN).
3. 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.
4. 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.
5. 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.
6. In accordance with the provision of section 242 of the Companies Act 2017 dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Shareholders who hold physical are requested to provide the details of their bank mandate specifying: (i) title of account (ii) account number (iii) IBAN number (iv) bank name, branch name, code & address (v) cell number and CNIC number (also attach copy) to the Company and who hold shares with Participant/Central Depository Company of Pakistan (CDC) or subaccount with member Stock Exchange provide the above information directly to their respective CDC Company or broker.

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## 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.



## DIRECTORS' REPORT

The Company reported after tax profit of Rs 25.0 million for the year ended June 30, 2017 as compared to a profit of Rs. 30.2 million for the twelve months ended June 30, 2016. The earnings per share for the period under review was Rs. 2.02.

### Crescent Fibres Limited

#### Summarized Financial Results

<i>Rupees in millions</i>	Year Ended 30-Jun-17		Year Ended 30-Jun-16	
	Rs.	% of Sales	Rs.	% of Sales
Sales	3,887.4	100.0%	3,501.8	100.0%
Cost of Sales	(3,711.1)	95.5%	(3,317.3)	94.7%
Gross Profit	176.3	4.5%	184.5	5.3%
Distribution Cost	(94.3)	2.4%	(95.9)	2.7%
Administrative Expenses	(16.9)	0.4%	(16.7)	0.5%
Other Income	63.5	1.6%	38.9	1.1%
Other Expenses	(6.8)	0.2%	(2.7)	0.1%
Profit from Operations	121.9	3.1%	108.1	3.1%
Financial Charges / Other	(83.7)	2.2%	(78.5)	2.2%
Profit before Taxation	38.2	1.0%	29.5	0.8%
Taxations	(13.2)	0.3%	0.7	0.0%
Profit After Taxes	25.0	0.6%	30.2	0.9%
Earnings per Share	2.02		2.43	

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, a global growth slow down, devaluation of regional currencies, overvaluation of the rupee and a significant economic slowdown in China. Overall, sales increased by 11% as compared to the year ending June 2016 primarily due to some improvement in end product prices. However, this did not lead to any improvement in margins owing to increased raw material and input costs. The gross margin for the year was 4.5% as compared to 5.3% in the previous year. Distribution and administrative expenses at 2.4% of sales were slightly lower as compared to last year largely due to the increase in sales. The operating margin in the period under review at 3.1% was unchanged as compared year ended June 30, 2016. The financial charges were also unchanged at 2.1% of sales. Overall, the net margin for the year was 0.6% as compared to 0.9% for the year ended June 30, 2016.

### DIVIDEND

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

## COMMITTEES

The Board of Directors in compliance with the Code of Corporate Governance has established an Audit Committee with the following members:

### Audit Committee

Jahanzeb Saeed Khan, Chairman (Independent, Non-Executive)

Nadeem Maqbool, Member (Non-Executive)

Naila Humayun Maqbool, Member (Non-Executive)

The Board has also established a Human Resource and Remuneration Committee with the following members:

### Human Resource and Remuneration Committee

Naila Humayun Maqbool, Chairman (Non-Executive)

Jahanzeb Saeed Khan, Member (Independent, Non-Executive)

Nadeem Maqbool, Member (Non-Executive)

## FUTURE OUTLOOK

Growth prospects for the global economy continue to weaken, and events such as the Brexit vote and terrorist attacks around the world, creating elevated levels of uncertainty for businesses.

The outlook for textiles is likely to remain negative in the near term. The uncertain global economic situation is likely to keep demand for end products weak and end prices low. Apart from market dynamics, the Pakistani textile industry faces several other challenges. These include continued shortfalls in cotton production, high cost of doing business, unrealistically high energy pricing, unrealistic currency valuation 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.

The Management will continue to strive to minimize the impact of the uncertain economic environment 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.

## 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 adequately disclosed.

- (e) The system of internal control adopted by the Management is sound in design. Efforts are underway 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, 2017 was Rs. 66.75 million.
- (k) During the year 4 meetings of the Board of Directors were held. Attendance was as follows:
  - 1. Imran Maqbool, Chief Executive Officer (4)
  - 2. Humayun Maqbool (4)
  - 3. Jahanzeb Saeed Khan (4)
  - 4. Khawar Maqbool (4)
  - 5. Nadeem Maqbool (4)
  - 6. Naila Maqbool (4)
  - 7. Mansoor Riaz (4)
- (l) During the year 4 meetings of the Audit Committee were held. Attendance was as follows:
  - 1. Jahanzeb Saeed Khan, Chairman (4)
  - 2. Nadeem Maqbool, Member (4)
  - 3. Naila Humayun Maqbool, Member (4)
- (m) During the year 2 meetings of the Human Resource and Remuneration Committee were held. Attendance was as follows:
  - 1. Naila Humayun Maqbool, Chairman (2)
  - 2. Jahanzeb Saeed Khan, Member (2)
  - 3. Nadeem Maqbool, Member (2)
- (n) Pattern of Shareholding is included elsewhere in the annual report.
- (o) During the year, no shares were traded by Directors, CEO, CFO, Company Secretary and their spouses and minor children.

## AUDITORS

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

## APPRECIATION

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



IMRAN MAQBOOL  
Chief Executive Officer



## کمپنی نظام (ڈائریکٹران) کی رپورٹ:

کمپنی نے سال ختم 30 جون 2017ء میں بعد ادا کی گئی ٹیکس مبلغ 25.0 ملین روپے منافع حاصل کیا ہے۔ جس کے مقابلے میں گزشتہ سال ختم 30 جون 2016ء کا منافع 30.2 ملین روپے تھا۔ کمپنی کی آمدنی اس سال 2.02 روپے فی حصہ پر رہی ہے۔

کرینٹ فاہیرز لمیٹڈ

خلاصہ مالیاتی نتائج:

روپے (ملین میں)		سال ختم 30 جون 2017		سال ختم 30 جون 2016	
	روپے	فیصد	روپے	فیصد	
فروخت	3887.4	100%	3501.8	100%	
لاگت فروخت	(3711.1)	95.5%	(3317.3)	94.7%	
کل منافع	176.3	4.5%	184.5	5.3%	
لاگت سبھی	(94.3)	2.4%	(95.9)	2.7%	
انتظامی اخراجات	(16.9)	0.4%	(16.7)	0.5%	
دیگر آمدنی	63.5	1.6%	38.9	1.1%	
دیگر اخراجات	(6.8)	0.2%	(2.7)	0.1%	
چلتے ہوئے کام سے منافع	121.9	3.1%	108.1	3.1%	
مالیاتی اخراجات/دیگر	(83.7)	2.2%	(78.5)	2.2%	
منافع قبل از ٹیکس	38.2	1.0%	29.5	0.8%	
ٹیکس	(13.2)	0.3%	0.7	0.0%	
منافع بعد از ٹیکس	25.0	0.6%	30.2	0.9%	
آمدنی فی حصہ	2.02		2.43		

پاکستان میں ٹیکسٹائل کی صنعت طویل عرصہ سے ابتری کا شکار رہی ہے۔ چیدہ چیدہ محرکات میں ٹیکسٹائل مصنوعات کی طلب میں کمی، ہونا، مصنوعات کی قیمت فروخت میں ارزانی، صنعت کو متعلقہ فوائد کے حصول میں رکاوٹ، کاروباری اخراجات میں اضافہ، اسکے علاوہ عالمی کساد بازاری، علاقائی ممالک کی کرنسیوں کی قیمت میں تخفیف، روپے کی نامناسب تقبیل، ہمسایہ بڑے ملک چین میں اقتصادی سر و بازاری وغیرہ، مجموعی طور پر، جون 2016 تک ختم ہونے والے سال کے مقابلے میں 11 فیصد اضافہ ہوا جو کہ بنیادی طور پر مصنوعات کی قیمتوں میں ختم ہونے میں کچھ بہتری کی وجہ سے آیا تاہم اس میں خام مال اور اپٹ اخراجات میں اضافہ کی وجہ سے کوئی بہتری نہیں ہوئی۔ تاہم بیان کردہ غیر موافق حالات کی بنا پر کل منافع گزشتہ سال کے مقابلے میں 5.3% سے کم ہو کر 4.5% رہا۔ فروخت کے 2.4% تقسیم کار اور انتظامی اخراجات کی فروخت میں اضافے کی بڑی وجہ گزشتہ سال کے مقابلے میں سست تھی۔ آپریٹنگ مارجن 3.1% تھا گزشتہ سال کے مقابلے میں کوئی تبدیلی نہیں آئی۔ مالیاتی اخراجات میں بھی کوئی تبدیلی نہیں آئی جو کہ فروخت کا 2.1% ہے۔ مجموعی طور پر سال رواں میں خالص منافع 0.6% رہا جو گزشتہ برس جون 2016-30 میں 0.9% تھا۔

منافع منقسم:

کم مارجن کی وجہ سے منافع بخش اور نافذ بہاؤ میں کمی آئی ہے۔ کمپنی کے نظام نے اس سال نقد منقسمہ کی ادائیگی نہ کرنے کا فیصلہ کیا ہے۔ کمپنی کو پیداواری صلاحیت کی توسیع کے لئے فائدہ اٹھانا تھا اور قرض کی ادائیگی کے لئے تمام نقد بہاؤ کی ضرورت تھی۔

کمپنیاں:

کمپنی کا رپورٹ گورننس کے ضابطہ کے مطابق بورڈ آف ڈائریکٹرز نے مندرجہ ذیل اراکین کے ساتھ ایک آڈٹ کمیٹی تشکیل دی ہے۔

آڈٹ کمیٹی:

جہانزیب سعید خان، چیئر مین (آزاد، نان ایگزیکٹو)

ندیم مقبول، رکن (نان ایگزیکٹو)

ناکھ ہمایوں مقبول، رکن (نان ایگزیکٹو)

بورڈ نے درج ذیل اراکین کے ساتھ انسانی وسائل اور معاوضہ کمیٹی بھی تشکیل دی ہے۔

انسانی وسائل اور معاوضہ (R & HR) کمیٹی:

ناکھ ہمایوں مقبول، چیئر پرسن (نان ایگزیکٹو)

جہانزیب سعید خان، رکن (آزاد، نان ایگزیکٹو)

ندیم مقبول، رکن (نان ایگزیکٹو)

مستقبل کا مظہر نامہ:

مستقبل میں عالمی اقتصادیات غیر مستحکم اور ناقابل یقین ہونے کی وجہ سے مزید بحالی اور انتشار کا شکار رہے گی۔ جن میں نمایاں نقصان Brexit Vote، دنیا کے کئی ممالک میں دہشت گردی کی ہولناک تباہی کی وجہ سے کاروباری صنعتی دنیا پر منفی اثرات سے منسلک ہے۔ لہذا ان وجوہات کی وجہ سے ممکن ہے صنعت و کاروبار میں حالات جلد بہتر نہ ہوں۔ اس وقت عالمی غیر یقینی اقتصادی حالات کے بعد قائل ذکر عوامل ہماری ایکسپورٹ سیل پر منفی اثر ڈالے گا۔ اس کے علاوہ پاکستانی ٹیکسٹائل صنعت کوئی دیگر چیلنج درپیش ہیں جس میں کپاس کی پیداوار میں آفسوں، کاروباری معاملات کے اخراجات میں اضافے کا رجحان، بجلی کی قیمتوں میں گراں قدر اضافہ، ملکی کرنسی کی ناہمواری اور غیر مناسب ٹیکسوں اور سر چارج کا بوجھ۔ اس پر ہم یہ کہ حکومت ٹیکسٹائل سے مقابلہ کرنے والی صنعتوں کو رعایت اور ایکسپورٹ ہولیات فراہم کر کے ملک کی اس سب سے بڑی صنعت کو کھیلنے نہیں دے رہی۔

غیر موافق حالات کے باوجود کچنی انتظامیہ (منیجمنٹ) پوری تبدیلی، محنت، ہنرمندی اور تعمیری وژن سے ناساز حالات کا سامنا کر کے پیداوار کی بہتر کوالٹی اور لاگت میں کمی کے لئے ٹھوس اقدام، جدید منظم اور محفوظ طریقوں پر کار بند 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 دور رس پالیسی پر عمل پیرا ہو۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک:

تنظیمی اداروں کے بنائے گئے قوانین کے تحت کارپوریٹ گورننس اور مالیاتی رپورٹنگ فریم ورک سے متعلق منجمنٹ میں مندرجہ ذیل بیانات کوڈ انریکٹر پورٹ میں شامل کرنے کی ضرورت ہے۔

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

b- کچنی 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 کو موزوں انکشاف کیا گیا ہے۔

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

f- کچنی کے کوٹنگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔

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

h- وہاں کارپوریٹ گورننس کے بہترین طریقوں میں سے کوئی بھی قابل ذکر روایتی سنگ کے ضابطے میں تفصیلی طور پر کیا گیا ہے۔

i- ٹیکس، لیو بزنس سے متعلق تمام تفصیل کو مالی حسابات اور ملحقہ ٹوٹ آؤٹ اکاؤنٹس میں ظاہر کر دیئے گئے ہیں۔

j- آؤٹ اکاؤنٹس کی بنیاد پر 30 جون 2017 کے سال ختمہ کے لئے پروویڈنٹ فنڈ کی سرمایہ کاری کی قدر 66.75 ملین تھی۔

k- سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ حاضری درج ذیل ہیں۔

1- عمران مقبول، چیف ایگزیکٹو آفیسر (۴)

۲- ہمایوں مقبول (۴)

۳- جہانزیب سعید خان (۴)

۴- خاور مقبول (۴)

۵- ندیم مقبول (۴)

۶- نائلہ ہمایوں مقبول (۴)

۷- منصور ریاض (۴)

l- سال کے دوران آؤٹ کٹ کمیٹی کے چار اجلاس منعقد ہوئے۔ حاضری درج ذیل ہے۔

۱: جہانزیب سعید خان چیئر مین (۴)

۲: ندیم مقبول رکن (۴)

۳: نائلہ ہمایوں مقبول رکن (۴)

m- سال کے دوران انسانی وسائل اور معاہدہ کمیٹی کے دو اجلاس منعقد ہوئے۔ حاضری درج ذیل ہے۔

۱: نائلہ ہمایوں مقبول چیئر پرسن (۲)

۲: ندیم مقبول رکن (۲)

۳: جہانزیب سعید خان رکن (۲)

n- سالانہ رپورٹ میں حصد داران کی ترتیب شامل کر دی گئی ہے۔

o- حصص میں کمیٹی کے ڈائریکٹرز، ای ایف او اور کچنی سیکرٹری اور ان کے ذریعہ اور باقی بچوں کی طرف سے اس سال کوئی خرید و فروخت نہ کی گئی۔

محاسب کی تقرری:

موجودہ ڈیپریٹی میسرز ڈی ای او ابراہیم اینڈ کچنی کی خدمات کا عرصہ مکمل ہو چکا ہے اور دوبارہ تعیناتی کے لئے اپنی خدمات پیش کی ہیں۔

اعتراف:

کچنی کی انتظامیہ عملے کی مسلسل محنت اور جذبے پر اچھے تعلقات کا اعتراف کرتی ہے اور کچنی ڈائریکٹرز، مینجرز اور حصد داران کا بھی مسلسل حمایت پر شکر ادا کرتی ہے۔

Imra Map-1

عمران مقبول

چیف ایگزیکٹو

کراچی: تاریخ 14 ستمبر 2017

**REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Crescent Fibres Limited** for the year ended June 30, 2017 to comply with the requirements of Regulation 5.19 of Rule Book of Pakistan Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

As 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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 any procedures to determine 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 best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

**KARACHI****DATED: October 04, 2017****CHARTERED ACCOUNTANTS**

Engagement Partner: Zulfikar Ali Causer

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

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

**Name of Company** : **Crescent Fibres Limited**  
**Year ended:** **June 30, 2017**

This statement is being presented to comply with the Code of Corporate Governance contained in the Regulation No. 5.19 of Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principal contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive director and director representing minority interest on its board of director. At present the board include:

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

The Independent director meets the criteria of independence under clause 5.19.1(b) of the CCG.

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. All the resident Director of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a broker of stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year.
5. 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.
6. 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.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.
8. 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 and Board met at least once in every quarter. Written notice of the board meetings, along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.
9. The Company has complied the requirement of clause 5.19.7 regarding Director's Training Program.

Annual Report 2017

10. The board has approved appointments of CFO, Company's Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment.
11. The director's report for this year has been prepared in compliance with the requirement of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises three members, of whom two are non executive director and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three members who are non- executive directors including chairman of the committee.
18. The board has set up an effective internal audit function which is headed by a cost and management accountant who is suitably qualified and experienced for the purpose and are well conversant with the policies and procedures of the Company.
19. 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, 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.
20. The statutory auditors of the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period' prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of the company's securities, was determined and intimated to director, employees and stock exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from he said list.
24. We confirm that all other material principles contained in the CCG have been compiled.

On behalf of the Board of Directors



**IMRAN MAQBOOL**  
CHIEF EXECUTIVE

**October 04, 2017**

# FINANCIAL SUMMARY

## OPERATING RESULTS:

	JUNE 2017	JUNE 2016	JUNE 2015	JUNE 2014	JUNE 2013	JUNE 2012
Net Sales	3,887,436,716	3,501,765,456	3,113,640,693	3,524,062,023	3,143,650,003	2,790,421,868
Cost of Sales	3,711,106,980	3,317,253,287	2,847,729,211	3,097,094,499	2,699,445,832	2,515,100,271
Distribution and admin. Expenses	111,142,947	112,580,214	99,231,780	88,119,585	81,921,483	73,217,593
Financial Charges	83,428,911	78,338,532	54,841,928	70,360,421	70,834,987	97,052,678
Other operating expenses	6,760,133	2,737,661	17,007,784	21,157,052	24,497,107	12,432,450
Other operating income - Net	63,501,918	38,857,822	30,669,059	22,370,359	18,032,470	16,042,023
Share of associate profit	(272,225)	(196,009)	181,934	(249,847)	39,904	5,827
Pre-Tax Profit/ (Loss)	38,227,438	29,517,575	125,680,983	269,450,978	285,022,968	108,666,726
Taxation	13,157,812	(661,680)	81,150,146	93,752,354	41,422,094	35,006,439
Extraordinary item						
Net Income	25,069,626	30,179,255	44,530,837	175,698,624	243,600,874	73,660,287

## PER SHARE RESULTS AND RETURN:

Share Price	30.90	39.90	43.50	29.80	31.05	8.50
Earning Per Share	2.02	2.43	3.59	14.15	19.62	5.93
Dividend Per Share	-	1.00	1.50	1.00	1.50	1.00
Net Income Sales Percent	0.64%	0.86%	1.43%	4.99%	7.75%	2.64%
Return on Average Assets Percent	1.00%	1.34%	2.27%	10.44%	16.45%	5.47%
Return on Average Equity Percent	2.52%	3.25%	4.89%	21.44%	39.60%	16.53%

## FINANCIAL POSITION:

Current Assets	1,423,212,999	1,079,631,770	959,473,694	878,468,092	833,093,406	666,068,574
Current Liabilities	1,096,398,305	838,581,419	643,117,877	532,481,773	517,174,728	490,314,672
Operating Fixed Assets	1,217,342,358	1,245,262,713	1,189,920,876	844,614,234	751,415,870	649,682,681
Total Assets	2,678,336,858	2,345,597,530	2,169,490,899	1,747,347,502	1,617,161,979	1,343,697,481
Long Term Debt	375,593,904	409,598,099	400,465,535	158,503,907	203,304,923	248,028,762
Shareholders Equity	1,055,124,219	935,209,375	924,453,912	897,399,846	741,779,245	488,593,030
Break-up Value Per Share	84.97	75.31	74.45	72.27	59.73	39.35

## FINANCIAL RATIOS:

P/E Ratio	15.31	16.42	12.13	2.11	1.58	1.43
Current Ratio	1.30	1.29	1.49	1.65	1.61	1.36
Total Debt to Total Assets Percent	60.61%	60.13%	57.39%	48.64%	54.13%	63.64%
Interest Charges Cover (Times)	1.458	1.377	3.292	4.830	5.024	2.120
Inventory Turnover (Times)	17.846	15.952	13.493	12.796	10.319	9.781
Fixed Assets Turnover (Times)	3.193	2.812	2.617	4.172	4.184	4.295
Total Assets Turnover (Times)	1.451	1.493	1.435	2.017	1.944	2.077

## OTHER DATA:

Depreciation and Amortization	117,930,489	123,123,436	91,154,188	80,563,100	66,898,499	67,511,276
Capital Expenditure	122,013,976	186,156,001	452,880,970	144,552,056	140,746,469	57,147,062



**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of **CRESCENT FIBRES LIMITED** (the Company) as at June 30, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the repealed Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion proper books of accounts have been kept by the Company as required by the repealed Companies Ordinance, 1984;
- b) in our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the repealed Companies Ordinance, 1984, 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, 2017 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat fund established under Section 7 of that Ordinance.

KARACHI  
DATED: October 04, 2017

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.


# BALANCE SHEET

## AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment			
Operating fixed assets	5	1,217,342,358	1,245,262,713
Capital work-in-progress	6	23,765,454	-
		<u>1,241,107,812</u>	<u>1,245,262,713</u>
Long term investments	7	917,734	1,987,549
Long-term deposits	8	13,098,313	18,715,498
		<u>1,255,123,859</u>	<u>1,265,965,760</u>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	9	60,401,739	56,971,130
Stock-in-trade	10	382,608,424	239,201,212
Trade debts	11	551,087,852	489,355,247
Loans and advances	12	8,255,453	5,523,812
Trade deposits and short term prepayments	13	8,105,342	14,691,542
Other receivables	14	820,351	627,319
Short term investments	15	262,210,919	53,605,220
Tax refund due from Government	16	72,780,382	21,406,016
Taxation - net	17	7,521,442	14,261,317
Cash and bank balances	18	69,421,095	183,988,955
		<u>1,423,212,999</u>	<u>1,079,631,770</u>
<b>TOTAL ASSETS</b>		<u>2,678,336,858</u>	<u>2,345,597,530</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital			
15,000,000 (2016: 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
Reserves	20	930,920,459	811,030,615
		<u>1,055,099,219</u>	<u>935,209,375</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	21	375,593,904	409,598,099
Liabilities against assets subject to finance leases	22	1,706,229	2,585,326
Deferred taxation	23	149,514,201	159,623,311
		<u>526,814,334</u>	<u>571,806,736</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	24	529,959,399	476,174,429
Interest and mark-up accrued	25	33,172,867	36,508,278
Short-term borrowings	26	407,234,304	235,915,022
Current portion of long term liabilities	27	126,056,735	89,983,690
		<u>1,096,423,305</u>	<u>838,581,419</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	28		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>2,678,336,858</u>	<u>2,345,597,530</u>

The annexed notes from 1 to 50 form an integral part of these financial statements.

  
**IMRAN MAQBOOL**  
 Chief Executive

  
**NADEEM MAQBOOL**  
 Director

  
**KAMRAN RASHEED**  
 Chief Financial Officer




## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2017


	Note	2017 Rupees	2016 Rupees
Sales - net	29	3,887,436,716	3,501,765,456
Cost of sales	30	(3,711,106,980)	(3,317,253,287)
Gross profit		176,329,736	184,512,169
General and administrative expenses	31	(94,292,169)	(95,912,613)
Distribution cost	32	(16,850,778)	(16,667,601)
Other income	33	63,501,918	38,857,822
Other operating expenses	34	(6,760,133)	(2,737,661)
		(54,401,162)	(76,460,053)
Operating profit		121,928,574	108,052,116
Financial charges	35	(83,428,911)	(78,338,532)
Share of loss from associate	7.1	(272,225)	(196,009)
		(83,701,136)	(78,534,541)
Profit before taxation		38,227,438	29,517,575
Taxation	36	(13,157,812)	661,680
Profit for the year		25,069,626	30,179,255
Earnings per share - basic and diluted	37	2.02	2.43

Appropriations have been reflected in the statements of changes in equity.

The annexed notes from 1 to 50 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, 2017

	2017 Rupees	2016 Rupees
Profit for the year	25,069,626	30,179,255
Other comprehensive income		
Items that will be reclassified to profit and loss account subsequently		
Unrealized gain / (loss) on revaluation of investments classified as available for sale	107,770,836	(796,978)
Transfer to profit and loss account on disposal of available for sale investments	(532,740)	-
	107,238,096	(796,978)
Total comprehensive income for the year	<u>132,307,722</u>	<u>29,382,277</u>

The annexed notes from 1 to 50 form an integral part of these financial statements.

  
**IMRAN MAQBOOL**  
Chief Executive

  
**NADEEM MAQBOOL**  
Director


  
**KAMRAN RASHEED**  
Chief Financial Officer


## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	39	8,796,666	37,972,913
Finance cost paid		(86,764,322)	(74,842,625)
Taxes paid		(16,527,049)	(37,821,340)
Net cash used in operating activities		(94,494,705)	(74,691,052)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(122,013,976)	(186,156,001)
Long term deposits		5,617,185	(851,300)
Dividend received from associate company		-	48,573
Short term investments - net		(70,413,868)	162,873,014
Proceeds from disposal of operating fixed assets		6,335,162	16,271,701
Net cash used in investing activities		(180,475,497)	(7,814,013)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		87,354,000	82,019,697
Repayments of long term financing		(77,505,018)	(97,851,464)
Dividend paid		(12,106,693)	(19,423,792)
Payments of liabilities against assets subject to finance leases		(8,659,229)	(20,391,457)
Short term borrowings - net		171,319,282	169,788,026
Net cash generated from financing activities		160,402,342	114,141,010
Net (decrease) / increase in cash and cash equivalents		(114,567,860)	31,635,945
Cash and cash equivalent at the beginning of the year		183,988,955	152,353,010
Cash and cash equivalent at the end of the year		69,421,095	183,988,955

The annexed notes from 1 to 50 form an integral part of these financial statements.

  
**IMRAN MAQBOOL**  
Chief Executive


  
**NADEEM MAQBOOL**  
Director


  
**KAMRAN RASHEED**  
Chief Financial Officer

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2017

	Issued, subscribed and paid-up capital	Capital reserve Unrealized gain / (loss) on available for sale investment	Revenue reserves Unappropriated profit	Total
	Rupees			
Balance as at July 01, 2015	124,178,760	23,423,513	776,851,639	924,453,912
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	30,179,255	30,179,255
Other comprehensive loss	-	(796,978)	-	(796,978)
	-	(796,978)	30,179,255	29,382,277
<b>Transactions with owners</b>				
Dividend declared	-	-	(18,626,814)	(18,626,814)
Balance as at June 30, 2016	124,178,760	22,626,535	788,404,080	935,209,375
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	25,069,626	25,069,626
Other comprehensive income	-	107,238,096	-	107,238,096
	-	107,238,096	25,069,626	132,307,722
<b>Transactions with owners</b>				
Dividend declared	-	-	(12,417,878)	(12,417,878)
Balance as at June 30, 2017	124,178,760	129,864,631	801,055,828	1,055,099,219

The annexed notes from 1 to 50 form an integral part of these financial statements.

  
**IMRAN MAQBOOL**  
Chief Executive

  
**NADEEM MAQBOOL**  
Director

  
**KAMRAN RASHEED**  
Chief Financial Officer

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

## 1 STATUS AND NATURE OF BUSINESS

Crescent Fibres Limited ("the Company") was incorporated in Pakistan on August 06, 1977 under the Companies Act, 1913 (repealed by Companies Ordinance, 1984) as a public limited company. The Company's shares are listed on the Pakistan Stock Exchange. The registered office of the Company is situated at 104 Shadman 1, Lahore. The principal business of the Company is manufacture and sale of yarn. The Company's manufacturing facilities are located at Nooriabad Industrial Estate, District Dadu, in the Province of Sindh, and at Bhikhi, District Sheikhpura in the Province of Punjab.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984 and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

The financial statements of the Company have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984 as per the directive of Securities and Exchange Commission of Pakistan issued vide Circular No. 17 dated July 20, 2017.

### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain investments which are carried at fair value.

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

### 2.3 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.

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

#### 3.1 Amendments that are effective in current year but 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:

	Effective date (annual periods beginning on or after)
IFRS 10 Consolidated Financial Statements - Amendments regarding application of the consolidation exception	January 01,2016
IFRS 11 Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation	January 01,2016
IFRS 12 Disclosure of Interests in Other Entities - Amendments regarding the application of the consolidation exception	January 01,2016
IAS 1 Presentation of Financial Statements - Amendments resulting from the disclosure initiative	January 01,2016
IAS 16 Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation and amendments bringing bearer plants into the scope of IAS 16	January 01,2016
IAS 27 Separate Financial Statements (as amended in 2011) - Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements	January 01,2016
IAS 28 Investments in Associates and Joint Ventures - Amendments regarding the application of the consolidation exception	January 01,2016
IAS 38 Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation	January 01,2016

IAS 41 Agriculture - Amendments bringing bearer plants into the scope of  
IAS 16 January 01,2016

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

Annual Improvements to IFRSs (2012 – 2014) Cycle:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations  
IFRS 7 Financial Instruments: Disclosures  
IAS 19 Employee Benefits  
IAS 34 Interim Financial Reporting

### **3.2 Amendments not yet effective**

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

IFRS 2	Share-based Payment - Amendments to clarify the classification and measurement of share-based payment transactions	January 01,2018
IFRS 10	Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
IAS 7	Statement of Cash Flows - Amendments resulting from the disclosure initiative	January 01, 2017
IAS 12	Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses	January 01, 2017
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
IAS 40	Investment Property - Amendments to clarify transfers or property to, or from, investment property	January 01, 2018

The Annual Improvements to IFRSs that are effective for annual periods beginning on or after January 01, 2017 are as follows:

	<b>Effective date (annual periods beginning on or after)</b>
Annual Improvements to IFRSs (2014 – 2016) Cycle:	
IFRS 12 Disclosure of Interests in Other Entities	January 01, 2017
IAS 28 Investments in Associates and Joint Ventures	January 01, 2018

#### **Standards or interpretations not yet effective**

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:

- IFRS 1 First Time Adoption of International Financial Reporting Standards
- IFRS 9 Financial Instruments
- IFRS 14 Regulatory Deferral Accounts
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases
- IFRS 17 Insurance Contracts

The effects of IFRS 15 - Revenues from Contracts with Customers and IFRS 9 - Financial Instruments are still being assessed, as these new standards may have a significant effect on the Company's future financial statements.

The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

#### **4 SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.



#### 4.1 Property, plant and equipment

##### a) Owned

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

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

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

The assets residual values and useful lives are reviewed, and adjusted if significant, at each balance sheet 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) 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 balance sheet 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.

### c) **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.

### **4.2 Intangible assets**

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

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

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

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

### **4.3 Impairment losses**

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

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

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

### **4.4 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.

#### **4.5 Stores, spares and loose tools**

These are stated at lower of cost and net realisable value. 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.

#### **4.6 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 balance sheet date.

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.

#### **4.7 Trade debts and other receivables**

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

#### **4.8 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 recognized using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting 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 balance sheet date 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 balance sheet date.

### 4.9 Cash and bank balance

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

### 4.10 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.

### 4.11 Provisions

A provision is recognized in the balance sheet 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 balance sheet date and adjusted to reflect current best estimate.

### 4.12 Borrowings and their cost

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

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

#### 4.13 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.

#### 4.14 Revenue recognition

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

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

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

#### 4.15 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet 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.

#### 4.16 Financial instruments

##### 4.16.1 Financial assets

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

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

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

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

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

- **Loans and receivables**

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

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

- **Held to maturity**

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

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

- **Available for sale**

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

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

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

Fair value of listed securities are the quoted prices on stock exchange at balance sheet.

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

#### **4.16.2 Financial liabilities**

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

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

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

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

#### **4.18 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 balance sheet date. Foreign exchange differences are recognized in the profit and loss account.

#### **4.19 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.

#### **4.20 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.

#### **4.21 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.

#### **4.22 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.

#### **4.23 Segment**

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.

#### **4.24 Significant accounting judgements and critical accounting estimates / assumptions**

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

##### **a) Property, plant and equipment**

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

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

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

##### **c) Provision for taxation**

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



## Annual Report 2017

## 5 PROPERTY, PLANT AND EQUIPMENT


**Crescent  
Fibres**

## 5.1 Reconciliation of the carrying amount of operating fixed assets:

Description	Rupees													Total
	Freehold land	Leasehold Land	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		
												Leased plant and machinery	Leased vehicles	
Net carrying value basis year ended June 30, 2017														
Opening net book value (NBV)	46,254,444	2,635,261	76,023,366	86,286,840	976,017,682	938,230	18,691,678	1,087,971	574,098	10,794,612	29,956	18,818,664	7,109,911	1,245,262,713
Additions (at cost)	-	-	-	-	76,417,522	-	20,806,000	-	-	1,025,000	-	-	-	98,246,522
Transfer from leased assets to own assets (NBV)	-	-	-	-	18,818,664	-	3,458,416	-	-	-	-	(18,818,664)	(3,458,416)	-
Disposals (NBV)	-	-	-	-	(7,074,659)	-	(1,163,729)	-	-	-	-	-	-	(8,238,388)
Depreciation charge	-	(26,616)	(3,801,169)	(4,314,342)	(102,866,713)	(93,823)	(4,702,910)	(217,595)	(57,410)	(1,113,618)	(5,991)	-	(730,302)	(117,930,489)
Closing net book value	46,254,444	2,608,645	72,222,197	81,972,498	961,312,496	844,407	37,089,455	870,376	516,688	10,705,994	23,965	-	2,921,193	1,217,342,358
Gross carrying value basis year ended June 30, 2017														
Cost	46,254,444	3,378,966	149,243,668	115,667,567	1,803,809,484	6,267,684	71,157,508	8,579,182	4,498,949	34,394,117	1,033,627	11,918,968	8,502,644	2,264,706,811
Accumulated depreciation / impairment	-	(770,321)	(77,021,471)	(33,695,069)	(842,496,988)	(5,423,277)	(34,068,053)	(7,708,806)	(3,982,261)	(23,688,123)	(1,009,662)	(11,918,968)	(5,581,451)	(1,047,364,453)
Net book value	46,254,444	2,608,645	72,222,197	81,972,498	961,312,496	844,407	37,089,455	870,376	516,688	10,705,994	23,965	-	2,921,193	1,217,342,358
Depreciation rate (% per annum)	-	1%	5%	5%	10%	10%	20%	20%	10%	10%	20%	10%	20%	
Net carrying value basis year ended June 30, 2016														
Opening net book value (NBV)	2,896,444	2,669,389	74,976,634	63,458,331	959,482,290	1,042,478	13,559,366	1,359,964	637,887	11,994,013	37,446	41,269,621	8,277,653	1,181,661,516
Additions / transfer (at cost)	43,358,000	-	4,952,021	26,219,925	109,334,915	-	8,390,500	-	-	-	-	-	2,160,000	194,415,361
Transfer from leased assets to own assets (NBV)	-	-	-	-	20,359,995	-	1,557,933	-	-	-	-	(20,359,995)	(1,557,933)	-
Disposals (NBV)	-	-	-	-	(6,399,162)	-	(1,291,566)	-	-	-	-	-	-	(7,690,728)
Depreciation charge	-	(34,128)	(3,905,289)	(3,391,416)	(106,760,356)	(104,248)	(3,524,555)	(271,993)	(63,789)	(1,199,401)	(7,490)	(2,090,962)	(1,769,809)	(123,123,456)
Closing net book value	46,254,444	2,635,261	76,023,366	86,286,840	976,017,682	938,230	18,691,678	1,087,971	574,098	10,794,612	29,956	18,818,664	7,109,911	1,245,262,713
Gross carrying value basis year ended June 30, 2016														
Cost	46,254,444	3,378,971	149,243,666	115,667,567	1,715,647,957	6,267,684	48,066,821	8,579,182	4,498,949	33,368,117	1,033,627	30,737,632	11,961,060	2,174,696,677
Accumulated depreciation / impairment	-	(743,710)	(73,220,300)	(29,380,727)	(739,630,275)	(5,329,454)	(29,365,143)	(7,491,211)	(3,924,851)	(22,574,505)	(1,003,671)	(11,918,968)	(4,851,149)	(929,433,964)
Net book value	46,254,444	2,635,261	76,023,366	86,286,840	976,017,682	938,230	18,691,678	1,087,971	574,098	10,794,612	29,956	18,818,664	7,109,911	1,245,262,713

**Depreciation rate (% per annum)**

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

Description	Cost	Accumulated depreciation	Rupees		Mode of disposal	Particulars of buyer / insurer	Address
			Book value	Sale proceeds			
Vehicles	50,000	28,240	21,760	42,000	Negotiation	Mr. Shafi Pirzada	House # A-9, Street # 1, Mujahid Colony, Dalmia Karachi.
	868,000	666,532	201,468	450,000	Negotiation	Mr. Kamran Rasheed	House # R-296, Arfat Town, North Nazimabad, Block - L, Karachi.
	868,000	674,432	193,568	300,000	Negotiation	Iftekhar Hussain	House # 194, Hakimian Bazar, Bhati Gate, Lahore.
	1,842,000	1,487,896	354,104	850,000	Negotiation	Rizwan Ishaq	House # 304-G, Sabzazar, Multan Road, Lahore.
	1,426,000	1,033,172	392,828	1,100,000	Negotiation	Sajjad Ahmed	Chak # 160, R.B. Bange Tehsil, Chak Jhumra, District Faisalabad.
Plant and machinery	5,054,000	3,890,272	1,163,728	2,742,000			
	11,000,000	5,291,274	5,708,726	2,051,282	Negotiation	Seiko Enterprises	D-191, SITE Karachi
	4,550,000	4,202,185	347,815	341,880	Negotiation	Samira Industries (Pvt) Ltd	33-KM, Opp Tariq Factory, Kot Saleem, Lahore Road, Sheikhpura.
	4,575,000	4,228,315	346,685	400,000	Negotiation	Rafiq Spinning Mills (Pvt) Ltd	19-KM, Sheikhpura Road, Faisalabad City.
	4,550,000	4,208,234	341,766	400,000	Negotiation	Ulfat Textile Mills (Pvt) Ltd	46-KM, Multan Road, Dina Nath Phool Nagar, Kasur.
	4,550,000	4,220,332	329,668	400,000	Negotiation	Afzal Cotton Waste	44-KM, Multan Road, Lahore.
<b>Total - 2017</b>	29,225,000	22,150,340	7,074,660	3,593,162			
<b>Total - 2016</b>	34,279,000	26,040,612	8,238,388	6,335,162			
	16,702,500	9,011,773	7,690,727	16,271,700			

	Note	2017 Rupees	2016 Rupees
5.3 The depreciation charge for the year has been allocated as follows:			
Cost of sales	30	112,179,880	117,445,344
General and administrative expenses	31	5,750,609	5,678,092
		<u>117,930,489</u>	<u>123,123,436</u>

## 6 CAPITAL WORK-IN-PROGRESS

Description	Cost			As at June 30, 2017
	As at July 01, 2016	Additions during the year	Transferred to operating fixed assets	
		Rupees		
Plant and machinery in transit	-	23,117,878	-	23,117,878
Building / improvements on freehold land	-	647,576	-	647,576
<b>Total - 2017</b>	-	<u>23,765,454</u>	-	<u>23,765,454</u>
<b>Total - 2016</b>	<u>8,259,361</u>	<u>22,912,315</u>	<u>31,171,676</u>	<u>-</u>

## 7 LONG TERM INVESTMENTS

Investment in associated company	7.1	<u>917,734</u>	<u>1,987,549</u>
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### 7.1 Investment in associated company

Premier Insurance Limited

63,292 shares of Rs. 10 each (2016 : 57,801 shares of Rs.10/- each)

Cost of investment

Accumulated share of post acquisition profit - net of dividend received

Accumulated impairment

Share of loss for the year

Dividend received during the year

	930	930
	1,986,619	2,231,201
	(797,590)	-
	(272,225)	(196,009)
	-	(48,573)
	<u>916,804</u>	<u>1,986,619</u>
	<u>917,734</u>	<u>1,987,549</u>

Market value of investment in associate was Rs. 917,734 (2016: Rs. 1,416,125).

Interim financial statements of associated company for the period ended June 30, 2017 (reviewed) have been used for the purpose of application of equity method.

The percentage of equity held in associate is 0.1377% (2016: 0.1383%).

Summarised financial information of Premier Insurance Limited as of June 30, 2017 is set out below:

	Note	2017 Rupees	2016 Rupees
Total assets		3,262,622,000	4,129,280,000
Total liabilities		2,016,801,000	2,705,078,000
Net assets		1,245,821,000	1,424,202,000
Underwriting results		(337,521,000)	(79,455,000)
Investment income		266,402,000	90,673,000
Loss after tax		(177,564,000)	(140,237,000)
Company's share of associate's net assets		1,715,324	1,987,549

## 8 LONG-TERM DEPOSITS

Security deposits

Leases

Others

	2,236,635	5,584,820
	10,861,678	13,130,678
8.1	<u>13,098,313</u>	<u>18,715,498</u>

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

## 9 STORES, SPARES AND LOOSE TOOLS

Stores

Spares

Loose tools

Less: Provision for slow moving items

	28,447,992	28,563,185
	36,297,022	31,801,626
	53,586	62,969
	<u>64,798,600</u>	<u>60,427,780</u>
9.2	<u>(4,396,861)</u>	<u>(3,456,650)</u>
	<u>60,401,739</u>	<u>56,971,130</u>

9.1 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.

	Note	2017 Rupees	2016 Rupees
9.2	Provision for slow moving stores and spares comprises:		
Balance at the beginning of the year		3,456,650	2,557,904
Provision recognized during the year	30	940,211	898,746
Balance at the end of the year		<u>4,396,861</u>	<u>3,456,650</u>
<b>10</b>	<b>STOCK IN TRADE</b>		
Raw material			
In hand		251,627,713	147,082,605
Work-in-process		62,051,150	48,983,183
Finished goods		68,929,561	43,135,424
		<u>382,608,424</u>	<u>239,201,212</u>
<b>11</b>	<b>TRADE DEBTS</b>		
(Secured - considered good)		-	1,098,998
(Unsecured - considered good)	11.1	551,087,852	488,256,249
(Unsecured - considered doubtful)		5,173,903	4,585,028
		<u>556,261,755</u>	<u>493,940,275</u>
Less: Provision for doubtful debts	11.2	(5,173,903)	(4,585,028)
		<u>551,087,852</u>	<u>489,355,247</u>
11.1	This includes a balance amounting to Rs. 4.578 million (2016: Rs. 0.228 million) due from Suraj Cotton Mills Limited, an associated company.		
<b>11.2</b>	<b>Provision for doubtful debts</b>		
Opening balance		4,585,028	4,585,028
Provision for the year		588,875	-
Closing balance		<u>5,173,903</u>	<u>4,585,028</u>
11.3	The aging of related party balances at the balance sheet date is as follows:		
Not past due		4,578,472	-
Past due by 1 - 30 days		-	228,389
		<u>4,578,472</u>	<u>228,389</u>

	Note	2017 Rupees	2016 Rupees
<b>12 LOANS AND ADVANCES</b>			
Loans to staff			
Unsecured	12.1	1,020,525	943,000
Advances (unsecured)			
To suppliers / contractors	12.2	3,055,254	1,305,615
Against imports	12.3	4,179,674	3,275,197
		<u>7,234,928</u>	<u>4,580,812</u>
		<u>8,255,453</u>	<u>5,523,812</u>

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

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

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

### 13 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Bank guarantee and LC margin	13.1	7,524,782	7,221,481
Short term prepayments		580,560	7,470,061
		<u>8,105,342</u>	<u>14,691,542</u>

13.1 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.

### 14 OTHER RECEIVABLES

(Considered good)			
Other receivables		<u>820,351</u>	<u>627,319</u>

### 15 SHORT TERM INVESTMENTS

Available for sale	15.1	155,490,056	52,405,220
Held-for-trading	15.2	105,520,863	-
Held to maturity	15.3	1,200,000	1,200,000
		<u>262,210,919</u>	<u>53,605,220</u>

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		Note	2017 Rupees	2016 Rupees
<b>15.1 Available for sale</b>				
At cost			38,274,340	42,427,600
Cumulative fair value gain			129,864,631	22,626,535
Impairment loss			(12,648,915)	(12,648,915)
			117,215,716	9,977,620
		15.1.1	155,490,056	52,405,220
15.1.1 Details of available for sale investments are as under:				
			<b>Market value</b>	
<b>Number of shares</b>			<b>2017</b>	<b>2016</b>
<b>2017</b>	<b>2016</b>	<b>Quoted - At fair value</b>		
1,389,541	1,389,541	The Crescent Textile Mills Limited	52,038,310	27,068,259
1,031	1,031	Crescent Cotton Mills Limited	46,034	46,395
285,357	285,357	Jubilee Spinning and Weaving Mills Limited	1,746,385	1,215,621
989,278	1,289,278	Shakarganj Mills Limited	97,898,951	20,138,522
50,060	50,060	Crescent Jute Products Limited	242,791	141,670
479,739	479,739	Samba Bank Limited	3,430,134	3,670,003
<b>Unquoted - At breakup value</b>				
25,000	25,000	Crescent Modaraba Management Company Limited	87,451	124,750
533,623	533,623	Crescent Bahuman Limited	-	-
			155,490,056	52,405,220
<b>15.2 Investment in listed companies - held-for-trading</b>				
Cost of investment in listed companies			105,381,831	-
Gain on revaluation of investments			139,032	-
			105,520,863	-
15.2.1 Details of Investment in listed companies - held-for-trading are as under:				
<b>Quoted - At fair value</b>				
98,806	-	MCB Pakistan Stock Market Fund	10,127,781	-
156,668	-	MCB DCF Income Fund	16,674,116	-
783,135	-	MCB Cash Management - Optimizer Growth Fund	78,718,966	-
			105,520,863	-

			2017 Rupees	2016 Rupees
<b>15.3</b>	<b>Held to maturity</b>	<b>Note</b>		
	Term deposit certificates	15.3.1	1,200,000	1,200,000
15.3.1	These term deposit certificates carry mark-up at rates ranging from 4.45% to 7.52% per annum (2016 5.67% to 7.52% per annum).			
<b>16</b>	<b>TAX REFUNDS DUE FROM GOVERNMENT</b>			
	Sales tax refundable		45,342,032	17,577,181
	Income tax refundable		27,438,350	3,828,835
			72,780,382	21,406,016
<b>17</b>	<b>TAXATION - NET</b>			
	Advance income tax		43,800,977	46,093,830
	Provision for taxation	36	(36,279,535)	(31,832,513)
			7,521,442	14,261,317
<b>18</b>	<b>CASH AND BANK BALANCES</b>			
	Cash in hand		1,233,159	2,887,624
	Cash with banks			
	In current accounts		49,924,510	151,791,035
	In saving accounts	18.1	18,263,426	29,310,296
			68,187,936	181,101,331
			69,421,095	183,988,955
18.1	The balance in saving accounts carry markup at average rates ranging from 3% to 5% per annum (2016: 4% to 6% per annum).			
<b>19</b>	<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>			
	<b>Number of ordinary shares of Rs. 10/- each</b>		<b>2017 Rupees</b>	<b>2016 Rupees</b>
	<b>2017</b>	<b>2016</b>		
	9,128,510	9,128,510	Fully paid in cash	91,285,100
	535,533	535,533	Fully paid issued to financial institution against conversion of loan	5,355,330
	2,753,833	2,753,833	Fully paid bonus shares	27,538,330
	12,417,876	12,417,876		124,178,760
	27,825	27,825	Shares held by associated undertakings	278,250
<b>20</b>	<b>RESERVES</b>			
	Capital reserve			
	Unrealized gain on available for sale investment		129,864,631	22,626,535
	Revenue reserves			
	Unappropriated profit		801,055,828	788,404,080
			930,920,459	811,030,615



21	LONG TERM FINANCING	Note	2017 Rupees	2016 Rupees
	From banking companies - secured			
	Term finance 1	21.1	218,221,864	245,499,597
	Term finance 2	21.2	22,916,668	30,555,556
	Term finance 3	21.3	28,785,556	40,299,778
	Term finance 4	21.4	25,617,900	32,937,300
	Term finance 5	21.5	52,763,556	59,359,000
	Term finance 6	21.6	47,000,000	47,000,000
	Term finance 7	21.7	18,112,000	27,168,000
	Term finance 8	21.8	37,582,000	-
	Term finance 9	21.9	30,016,000	-
	Term finance 10	21.10	19,756,000	-
	Term finance 11	21.11	-	8,103,331
			500,771,544	490,922,562
	Less: Current portion shown under current liabilities	27	125,177,640	81,324,463
			<u>375,593,904</u>	<u>409,598,099</u>
21.1	This facility has been obtained from UBL 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 (2016: Rs. 300 million).			
21.2	This facility has been obtained from Bank Islami Limited (formerly KASB Bank Limited) to finance plant and machinery for BMR and capacity expansion in Textile Unit 1 located at Nooriabad under an arrangement permissible under Shariah. The rate of mark-up is 3 months KIBOR + 3.5% and is payable quarterly over a period of 4.5 years after a grace period of 6 months. The finance facility is secured against pari passu charge over fixed assets of the Company including land, building, plant and machinery with 30% margin and personal guarantee of Directors of the Company. The sanctioned limit of the facility is Rs. 50 million (2016: Rs. 50 million).			
21.3	This facility has been obtained from MCB Bank Limited for expansion of Textile Unit 2 located at Bhikhi. 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 (2016: 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 Bhikhi. The rate of mark-up is 9.00% as per State Bank of Pakistan LTF scheme and is payable semi-annually over a period of 6 years after a grace period of 18 months with installments starting from July 2016. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 460 million. The limit of the facility is Rs. 32.937 million (2016: 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 Bhikhi. 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 (2016: Rs. 59.359 million).
- 21.6 This facility has been obtained from UBL Bank Limited a long term facility to import of plant and machinery. The rate of mark-up is 4.50% as per State Bank of Pakistan LTF scheme and is payable semi-annually over a period of 4.5 years after a grace period of 18 months with installments starting from August 2017. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 400 million (2016: 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 (2016: Rs. 50 million).
- 21.8 This facility has been obtained from MCB Bank Limited for balancing modernization and replacement in Textile Unit 2 located at Bhikhi. 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 (2016: nil).
- 21.9 This facility has been obtained from MCB Bank Limited for balancing modernization and replacement in Textile Unit 2 located at Bhikhi. 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 (2016: nil).
- 21.10 This facility has been obtained from MCB Bank Limited for balancing modernization and replacement in Textile Unit 2 located at Bhikhi. 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 June 2019. 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 (2016: Rs. nil).
- 21.11 This facility was obtained from MCB Bank Limited for generator to meet the power requirement of Textile Unit-2 expansion located at Bhikhi. The rate of mark-up was 11.20% as per State Bank of Pakistan LTF scheme and was payable semi-annually over a period of 4.5 years after a grace period of 18 months with installments starts from January 2013. The 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. 36.465 million.

22	LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES	Note	2017 Rupees	2016 Rupees
	Secured			
	Balance as July 01		11,244,553	29,476,014
	Additions during the year		-	2,160,000
			11,244,553	31,636,014
	Payments / adjustments during the year		(8,659,229)	(20,391,461)
		22.1	2,585,324	11,244,553
	Less: Payable within one year shown under current liabilities	27	(879,095)	(8,659,227)
			1,706,229	2,585,326

22.1 This represents finance leases entered into with financial institutions for vehicles. Financing rates ranging from 14 % to 17% (2016: 9.17% 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:

	2017			2016		
	Upto one year	One to five years	Total	Upto one year	One to five years	Total
	Rupees			Rupees		
Minimum lease payments outstanding	972,822	1,713,360	2,686,182	9,094,960	2,686,182	11,781,142
Financial charges not due	(93,727)	(7,131)	(100,858)	(435,733)	(100,856)	(536,589)
Present value of minimum lease payments	879,095	1,706,229	2,585,324	8,659,227	2,585,326	11,244,553
Payable within one year shown under current liabilities	(879,095)	-	(879,095)	(8,659,227)	-	(8,659,227)
	-	1,706,229	1,706,229	-	2,585,326	2,585,326

23	DEFERRED TAXATION	Note	2017 Rupees	2016 Rupees
	Deferred taxation is composed of:			
	Taxable temporary differences:			
	Accelerated tax depreciation allowance		182,580,361	191,678,387
	Deductible temporary differences:			
	Lease rentals		(775,597)	(3,633,557)
	Turnover tax	23.1	(29,419,334)	(25,928,598)
	Provision for doubtful debts		(1,552,171)	(1,421,359)
	Provision for slow moving items		(1,319,058)	(1,071,562)
			(33,066,160)	(32,055,076)
			149,514,201	159,623,311

- 23.1 Deferred tax asset arising due to timing difference calculated at applicable tax rates as at balance sheet date. Deferred tax asset to the extent of minimum tax on turnover under section 113 of Income Tax Ordinance, 2001 amounting to Rs. 25.923 million has not been recognized in these financial statements in accordance with the Company future business projections.

		2017 Rupees	2016 Rupees
<b>24</b>	<b>TRADE AND OTHER PAYABLES</b>		
	Creditors	24.1	127,904,709
	Accrued liabilities	24.2	376,595,436
	Advance from customer		11,716,009
	Payable to provident fund		1,672,346
	Workers' Profit Participation Fund	24.3	2,061,914
	Due to Chief Executive and Directors		4,172,775
	Unclaimed dividend		2,619,361
	Withholding tax payable		253,152
	Workers' Welfare Fund		-
	Sindh Workers' Welfare Fund	34.1	783,528
	Other liabilities		2,180,169
			<u>529,959,399</u>
			<u>476,174,429</u>

- 24.1 This includes balance amounting to Rs. 16.065 million (2016: Rs. 15.461 million) due to an associated company.

- 24.2 This includes an amount of Rs. 146.490 million (2016: Rs. 77.661 million) payable in respect of Gas Infrastructure Development Cess.

- 24.3 Workers' Profit Participation Fund balance comprises as follows:

Balance as at July 01,	1,585,262	7,080,581
Add: Allocation for the year	2,061,914	1,585,262
Interest on funds utilized in the Company's business	21,230	373,433
	<u>3,668,406</u>	<u>9,039,276</u>
Less: Amount paid during the year	<u>(1,606,492)</u>	<u>(7,454,014)</u>
	<u>2,061,914</u>	<u>1,585,262</u>

## 25 INTEREST AND MARKUP ACCRUED

Mark-up accrued on secured:

Long-term financing	6,144,542	9,116,418
Short-term borrowings	<u>27,028,325</u>	<u>27,391,860</u>
	<u>33,172,867</u>	<u>36,508,278</u>

			2017 Rupees	2016 Rupees
<b>26</b>	<b>SHORT-TERM BORROWINGS</b>	<b>Note</b>		
	From banking companies - secured			
	Running / cash finance	26.1	395,234,304	223,915,022
	Bills discounting	26.2	12,000,000	12,000,000
			<u>407,234,304</u>	<u>235,915,022</u>
26.1	The Company has obtained short term finance facilities from various commercial banks. The aggregate facilities under mark-up arrangements amounted to Rs. 985 million (2016: 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 (2016: 1 month and 3 months KIBOR plus 1.35% 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 (2016: Rs. 200 million) from a commercial bank. The unutilized balance at the end of the year was Rs. 189.50 million (2016: Rs. 200 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.			
26.2	In prior years, the management of the Company had determined that the liabilities relating to short term borrowings and mark-up accrued thereon amounting to Rs. 12.000 million and Rs. 20.385 million up to June 30, 2012, respectively, were payable to a financial institution (now Samba Bank Limited). No provision for mark-up had been recorded on this balance since June 30, 2012. The Company had received a nil balance certificate from the Bank and no claim had been received in respect of the amount outstanding from this financial institution or third party. Management considers it necessary to retain the balance outstanding in the books as no settlement has taken place. The facility was subject to discounting charges at the rate of 8.00% (2016: 8.00%) per annum and is secured against personal guarantee of Directors and demand promissory note.			
<b>27</b>	<b>CURRENT PORTION OF LONG TERM LIABILITIES</b>			
	Long term financing	21	125,177,640	81,324,463
	Liabilities against assets subject to finance leases	22	879,095	8,659,227
			<u>126,056,735</u>	<u>89,983,690</u>
<b>28</b>	<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>28.1</b>	<b>Contingencies</b>			
a)	Guarantees have been issued by banking companies in normal course of business amounting to Rs. 66.915 million (2016: Rs. 60.992 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.			
<b>28.2</b>	<b>Commitments</b>			
	The Company was committed as at the balance sheet date as follows:			
a)	Letters of credit against import of stores and spares amounting to Rs. 10.522 million (2016: Rs. 2.123 million).			
b)	The amount of future Ijarah rentals for Ijarah financing and the period in which these payments will become due are as follows.			

	Note	2017 Rupees	2016 Rupees
Not later than one year		396,972	-
Later than one year and not later than five years.		496,215	-
		<u>893,187</u>	<u>-</u>
<b>29 SALES - NET</b>			
Local			
Yarn		3,843,759,017	3,512,894,851
Waste		28,894,999	17,267,349
		<u>3,872,654,016</u>	<u>3,530,162,200</u>
Trading - local		56,394,155	106,105,948
		<u>3,929,048,171</u>	<u>3,636,268,148</u>
Less: Sales tax		-	95,899,454
		<u>3,929,048,171</u>	<u>3,540,368,694</u>
Brokerage and commission		(41,611,455)	(38,603,238)
		<u>3,887,436,716</u>	<u>3,501,765,456</u>
<b>30 COST OF SALES</b>			
Material consumed	30.1	2,537,215,873	2,167,821,334
Salaries, wages and other benefits	30.2	354,091,418	321,319,106
Power and fuel		507,376,270	461,425,504
Depreciation	5.3	112,179,880	117,445,344
Packing material consumed		67,321,755	57,604,001
Stores, spares and loose tools consumed		81,109,138	74,761,914
Insurance		11,510,694	10,603,169
Repairs and maintenance		5,052,101	7,082,311
Provision for slow moving items		940,211	898,746
Other manufacturing overheads		21,228,323	20,115,338
Manufacturing cost		<u>3,698,025,663</u>	<u>3,239,076,767</u>
Opening work-in-process		<u>48,983,183</u>	<u>53,827,612</u>
Closing work-in-process		<u>(62,051,150)</u>	<u>(48,983,183)</u>
		<u>(13,067,967)</u>	<u>4,844,429</u>
Cost of goods manufactured		<u>3,684,957,696</u>	<u>3,243,921,196</u>
Cost of goods purchased for trading		<u>51,943,421</u>	<u>98,340,855</u>
		<u>3,736,901,117</u>	<u>3,342,262,051</u>
Opening stock of finished goods		<u>43,135,424</u>	<u>18,126,660</u>
Closing stock of finished goods		<u>(68,929,561)</u>	<u>(43,135,424)</u>
		<u>(25,794,137)</u>	<u>(25,008,764)</u>
		<u>3,711,106,980</u>	<u>3,317,253,287</u>
<b>30.1 Material consumed</b>			
Opening stock		147,082,605	79,802,785
Purchases including related expenses		<u>2,641,760,981</u>	<u>2,235,101,154</u>
		<u>2,788,843,586</u>	<u>2,314,903,939</u>
Closing stock		<u>(251,627,713)</u>	<u>(147,082,605)</u>
		<u>2,537,215,873</u>	<u>2,167,821,334</u>
<b>30.2 Salaries, wages and other benefits include Rs. 10.422 million (2016: Rs. 10.040 million) in respect of staff retirement benefits.</b>			

	Note	2017 Rupees	2016 Rupees
<b>31 GENERAL AND ADMINISTRATIVE EXPENSES</b>			
Staff salaries and other benefits	31.1	40,238,655	33,268,308
Directors' remuneration		13,920,000	14,249,500
Repairs and maintenance		2,373,601	2,430,297
Vehicles running and maintenance		6,597,091	5,664,500
Insurance		1,861,208	2,863,678
Telephone and postage		1,261,254	1,403,818
Traveling and conveyance		4,716,420	4,789,840
Fee and subscription		2,829,981	2,836,310
Legal and professional charges		1,794,205	1,722,196
Depreciation	5.3	5,750,609	5,678,092
Utilities		2,957,923	3,058,908
Rent, rates and taxes		4,972,734	12,695,871
Entertainment		2,135,147	2,041,901
Printing and stationery		608,759	780,711
Donation	31.2	120,000	129,000
Others		2,154,582	2,299,683
		<u>94,292,169</u>	<u>95,912,613</u>
31.1 Salaries and other benefits include Rs. 2.495 million (2016: Rs. 2.081 million) in respect of staff retirement benefits.			
31.2 This represents donation paid to Maqbool Trust, an associated undertaking in which Directors are interested.			
<b>32 DISTRIBUTION COST</b>			
Local freight and insurance		15,700,018	15,818,120
Ocean freight		20,650	19,070
Other		1,130,110	830,411
		<u>16,850,778</u>	<u>16,667,601</u>
<b>33 OTHER OPERATING INCOME</b>			
Gain on sale of investments - net	33.1	30,814,701	9,854,756
Rental income		18,542,532	16,861,776
Liabilities written back no longer payable	33.2	10,300,698	-
Interest on bank deposits	33.3	1,961,081	1,545,483
Dividend income	33.4	1,743,874	2,014,834
Gain on revaluation of short term investments		139,032	-
Gain on disposal of property, plant and equipment		-	8,580,973
		<u>63,501,918</u>	<u>38,857,822</u>



	Note	2017 Rupees	2016 Rupees
<b>33.1 Gain on sale of investments - net</b>			
Shakarganj Mills Limited		24,112,740	(1,228,748)
Pakistan Cash Management Fund		4,723,168	314,830
MCB Pakistan Sovereign Fund		1,091,195	2,781,664
MCB DCF Income Fund		885,770	2,735,129
MCB Pakistan Income Enhancement Fund		1,828	755,121
MCB Cash Management Optimizer Fund		-	4,400,977
MCB Pakistan Stock Market Fund		-	(276,964)
Crescent Textile Mills Limited		-	372,747
		<u>30,814,701</u>	<u>9,854,756</u>

- 33.2 Through the Finance Act, 2008 an amendment was made to the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby Workers' Welfare Fund was computed at two percent of higher of accounting profit before tax and taxable income. Prior to the said amendment, the Workers' Welfare Fund was computed at two percent of taxable income.

During the year, the Supreme Court of Pakistan has struck down the aforementioned amendments to the WWF Ordinance. Therefore, the Company has reversed provision in respect of Workers' Welfare Fund amounting to Rs. 10.301 million during the year ended June 30, 2017 as a result of order passed by the Honorable Supreme Court of Pakistan in respect of Civil Appeal No. 1049/2011 etc. announced on November 10, 2016. The amount reversed represents the excess amount computed on the basis of higher of taxable and accounting profit.

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

- 33.4 Dividend income received on the shares of the Crescent Textile Mills limited.

#### 34 OTHER OPERATING EXPENSES

Auditors' remuneration:

Statutory audit	475,000	425,000
Half yearly review	150,000	100,000
Special reports and sundry services	-	25,000
	<u>625,000</u>	<u>550,000</u>

Loss on disposal of property, plant and equipment

1,903,226 -

Impairment on investment in associate

797,590 -

Provision for doubtful debts

588,875 -

Workers' Profit Participation Fund

2,061,914 1,585,262

Workers' Welfare Fund

- 602,399

Sindh Workers' Welfare Fund

34.1 783,528 -

6,760,133 2,737,661

- 34.1 Through the Finance Act, 2008 an amendment was made in section 2 (f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment, the Company was required to provide for Workers' Welfare Fund at the higher of 2% of taxable or accounting income.

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

35	FINANCIAL CHARGES	Note	2017 Rupees	2016 Rupees
	Mark-up / interest on:			
	Long-term financing		39,064,087	48,577,573
	Short-term financing		31,737,492	23,028,818
	Lease finances		430,236	1,640,691
	Workers' Profit Participation Fund		21,230	373,433
			<u>71,253,045</u>	<u>73,620,515</u>
	LC discounting charges		12,175,866	4,718,017
			<u>83,428,911</u>	<u>78,338,532</u>
36	TAXATION			
	Current	36.1	36,279,535	31,832,513
	Prior		(13,012,612)	-
			<u>23,266,923</u>	<u>31,832,513</u>
	Deferred		(10,109,111)	(32,494,193)
		36.2	<u>13,157,812</u>	<u>(661,680)</u>

36.1 This include current year's total tax liability of the Company amounting to Rs. 31.649 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. 7.642 million under section 65B at the rate 10% on the cost of plant and machinery capitalised during the year.

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

36.3 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 seven and a half percent 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 forty percent of its after tax profits within six months of the end of the tax year through cash or bonus shares.

The Company has reported profit after tax for Tax Year 2017 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.

- 36.4 The Additional Commissioner Inland Revenue (ACIR) amended the assessment u/s 122(5A) of the Income Tax Ordinance, 2001 for the Tax Year 2012 and 2013 and created a net demand of Rs. 1.9 million after making various additions to the income of the Company and by disallowing benefit of minimum tax u/s113(2)(c) of the Income Tax Ordinance in the light of Sindh High Court Order. The aforesaid amount has been deposited by the Company under protest. As a consequence, refund amounting to Rs. 49.275 million has been deleted by the tax authorities. The Company has filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] based of advice of legal counsel.

	2017 Rupees	2016 Rupees
<b>37 EARNINGS PER SHARE - BASIC AND DILUTED</b>		
Profit for the year	25,069,626	30,179,255
Weighted average number of ordinary shares outstanding	12,417,876	12,417,876
Earnings per share - basic and diluted	2.02	2.43

### 38 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 and distribution of income etc. are made by the Trustees independent of the Company.

- 38.1 The Trustees have intimated that the size of the Fund at year end was Rs. 114.207 million.
- 38.2 As intimated by the Trustees, the cost of the investments made at year end was Rs. 66.751 million which is equal of 57.670% of the total fund size. The fair value of the investments was Rs. 57.021 million at that date which is equal of 49.260% of the total fund size. The category wise break up of investment as per section 218 of the Companies Act, 2017 and the rules made there under.

	Rupees	Percentage
Term deposit	58,400,000	50.45%
Defense Saving Certificates	7,200,000	6.22%
Listed securities (Mutual fund)	1,150,751	0.99%
	66,750,751	57.67%

- 38.3 According to the Trustees, investments out of provident fund have been made in accordance with the provisions as per section 218 of the Companies Act, 2017 and the rules made there under.

		2017 Rupees	2016 Rupees
<b>39 CASH (USED IN) / GENERATED FROM OPERATIONS</b>	<b>Note</b>		
Profit before taxation		38,227,438	29,517,575
Adjustment for non-cash charges and other items:			
Loss / (gain) on disposal of operating fixed assets		1,903,226	(8,580,973)
Financial charges		83,428,911	78,338,532
Depreciation		117,930,489	123,123,436
Impairment on available for sale investment		797,590	-
Gain on sale of investments		(30,814,701)	(9,854,756)
Measurement gain on short term investments		(139,032)	-
Share of loss from associate		272,225	196,009
Provision for doubtful debts		588,875	-
Provision for slow moving items		940,211	898,746
		<u>174,907,794</u>	<u>184,120,994</u>
Profit before working capital changes		213,110,232	213,638,569
Working capital changes	39.1	(204,338,566)	(175,665,656)
		<u>8,796,666</u>	<u>37,972,913</u>
<b>39.1 Working capital changes</b>			
(Increase) / decrease in current assets:			
Stores, spares and loose tools		(4,370,820)	(1,677,488)
Stock in trade		(143,407,212)	(87,444,155)
Trade debts		(62,321,480)	(169,348,187)
Loans and advances		(2,731,641)	13,600,520
Trade deposits and short term prepayments		6,586,200	(2,600,539)
Other receivables		(193,032)	386,473
Tax refund due from the Government		(51,374,366)	10,633,064
		<u>(257,812,351)</u>	<u>(236,450,312)</u>
Increase in current liabilities			
Trade and other payables		53,473,785	60,784,656
		<u>(204,338,566)</u>	<u>(175,665,656)</u>

#### 40 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:

	2017				2016			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	Rupees				Rupees			
Managerial remuneration	4,800,000	4,800,000	11,390,599	20,990,599	3,682,758	6,144,486	6,670,476	16,497,720
House rent	2,160,000	2,160,000	4,973,848	9,293,848	1,657,240	2,765,015	2,865,101	7,287,356
Company's contribution to Provident Fund Trust	480,000	480,000	1,139,062	2,099,062	368,276	614,451	667,047	1,649,774
Reimbursable expenses	550,468	499,768	303,638	1,353,874	550,468	970,564	272,904	1,793,936
Total	<u>7,990,468</u>	<u>7,939,768</u>	<u>17,807,147</u>	<u>33,737,383</u>	<u>6,258,742</u>	<u>10,494,516</u>	<u>10,475,528</u>	<u>27,228,786</u>
Number of persons	<u>1</u>	<u>1</u>	<u>6</u>	<u>8</u>	<u>1</u>	<u>2</u>	<u>5</u>	<u>8</u>

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

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

- 40.2 Aggregate amount charged in these financial statements in respect of Directors fee is Rs. 0.200 million (2016: Rs. 0.200 million).

#### 41 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:

Relation with the Company	Nature of transaction	2017 Rupees	2016 Rupees
Associated companies / undertaking	Sale of yarn / Cotton	80,331,550	54,031,967
	Insurance premium	8,712,122	24,562,640
	Rent received	-	48,573
	Donation paid	120,000	110,000
Retirement benefit plan	Contribution to provident fund	12,917,472	12,249,038
Directors	Rent paid	4,020,000	4,020,000
	Dividend paid	7,093,289	6,117,998
Key management personnel	Remuneration and other benefits	33,737,383	27,278,786

#### 41.1 Year end balances

Receivable from associated company	4,578,472	228,389
Payable to associated company	16,064,524	15,461,385
Payable to provident fund	1,672,346	1,732,055
Due to Chief executive and Directors	4,172,775	4,145,363

#### 42 CAPACITY AND PRODUCTION

Spinning units	2017			2016		
	Unit - I	Unit - II	Total	Unit - I	Unit - II	Total
Number of spindles installed	28,608	38,448	67,056	28,608	38,448	67,056
Number of spindles worked	28,608	38,448	67,056	28,608	38,448	67,056
Number of shifts per day	3	3	3	3	3	3
Installed capacity after conversion into 20/s count - Kgs	11,083,232	14,895,417	25,978,649	11,083,232	14,895,417	25,978,649
Actual production of yarn after conversion into 20/s count - Kgs	10,471,081	11,843,856	22,314,937	9,663,207	11,647,190	21,310,397

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

#### 43 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:

2017							
Effective yield / mark-up rate		Exposed to yield / mark-up rate risk				Not exposed to yield / mark-up rate risk	
	Total	Maturity upto one year	Maturity over one year to five years	Maturity over five years	Sub- total		
%		Rupees					
Financial assets							
Available for sale carried at fair value							
Investments	155,490,056	-	-	-	-	155,490,056	
Held-for-trading carried at fair value							
Investments	105,520,863	-	-	-	-	105,520,863	
Held to maturity carried at amortized cost							
Investments 4.45% to 7.52%	1,200,000	1,200,000	-	-	1,200,000	-	
Loans and receivables carried at amortized cost							
Loans	1,020,525	-	-	-	-	1,020,525	
Trade debts	551,087,852	-	-	-	-	551,087,852	
Trade deposits	20,623,095	-	-	-	-	20,623,095	
Other receivables	820,351	-	-	-	-	820,351	
Cash and bank balances	69,421,095	18,263,426	-	-	18,263,426	51,157,669	
	905,183,837	19,463,426	-	-	19,463,426	885,720,411	
Financial liabilities							
Financial liabilities carried at amortized cost							
Long-term financing 3.25% - 9.65%	500,771,544	125,177,640	347,973,681	27,620,223	500,771,544	-	
Liabilities against assets subject to finance leases 14% - 17%	2,585,324	879,095	1,706,229	-	2,585,324	-	
Trade and other payables	515,144,796	-	-	-	-	515,144,796	
Interest and markup accrued	33,172,867	-	-	-	-	33,172,867	
Short-term borrowings 7.49% - 8.5%	407,234,304	407,234,304	-	-	407,234,304	-	
	(1,458,908,835)	(533,291,039)	(349,679,910)	(27,620,223)	(910,591,172)	(548,317,663)	
On balance sheet gap	(553,724,998)	(513,827,613)	(349,679,910)	(27,620,223)	(891,127,745)	337,402,748	
Off balance sheet items							
Guarantees on behalf of the Company	66,915,000	-	-	-	-	66,915,000	
Letter of credit for stores and spares	10,522,000	-	-	-	-	10,522,000	
	77,437,000	-	-	-	-	77,437,000	
Total gap	(631,161,998)	(513,827,613)	(349,679,910)	(27,620,223)	(891,127,745)	259,965,748	

2016							
Effective yield / mark-up rate		Exposed to yield / mark-up rate risk				Not exposed to yield / mark-up rate risk	
	Total	Maturity upto one year	Maturity over one year to five years	Maturity over five years	Sub- total		
%		Rupees					
Financial assets							
Available for sale carried at fair value							
Investments	52,405,220	-	-	-	-	52,405,220	
Held to maturity carried at amortized cost							
Investments 5.67% to 7.52%	1,200,000	1,200,000	-	-	1,200,000	-	
Loans and receivables carried at amortized cost							
Loans	943,000	-	-	-	-	943,000	
Trade debts	489,355,247	-	-	-	-	489,355,247	
Trade deposits	25,936,979	-	-	-	-	25,936,979	
Other receivables	627,319	-	-	-	-	627,319	
Cash and bank balances	183,988,956	29,310,296	-	-	29,310,296	154,678,659	
	754,456,721	30,510,296	-	-	30,510,296	723,946,424	
Financial liabilities							
Financial liabilities carried at amortized cost							
Long-term financing 9% - 13.30%	490,922,562	81,324,463	409,598,099	-	490,922,562	-	
Liabilities against assets subject to finance leases 9.50% - 18.50%	11,244,553	8,659,227	2,585,326	-	11,244,553	-	
Trade and other payables	441,511,870	-	-	-	-	441,511,870	
Financial charges payable	36,508,278	-	-	-	-	36,508,278	
Short-term borrowings 8.58% - 12.13%	235,915,022	235,915,022	-	-	235,915,022	-	
	(1,216,102,285)	(325,898,712)	(412,183,425)	-	(738,082,137)	(478,020,148)	
	(461,645,564)	(295,388,416)	(412,183,425)	-	(707,571,841)	245,926,276	
On balance sheet gap							
Off balance sheet items							
Guarantee issued on behalf of the Company	60,992,000	-	-	-	-	60,992,000	
Letter of credit for import of raw material	-	-	-	-	-	-	
Letter of credit for capital expenditure	2,123,000	-	-	-	-	2,123,000	
	63,115,000	-	-	-	-	63,115,000	
Total gap	(460,201,410)	(4,551,143)	(409,801,606)	-	(414,352,748)	(45,848,662)	

## 44 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### 44.1 Risk management policies

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

### 44.2 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:

	2017 Rupees	2016 Rupees
Deposits	20,623,095	25,936,979
Investments	262,210,919	53,605,220
Trade debts	551,087,852	489,355,247
Loans	1,020,525	943,000
Other receivables	820,351	627,319
Bank balances	68,187,936	181,101,331
	<u>903,950,678</u>	<u>751,569,096</u>

The aging of trade receivables at the reporting date is:

Not past due	249,058,880	255,992,077
Past due 1-30 days	125,943,602	92,274,010
Past due 30-90 days	140,274,637	105,087,915
Past due 90 days	35,810,733	36,001,245
	<u>551,087,852</u>	<u>489,355,247</u>

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

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis. Rating of banks ranges from A1+ 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 (2016: nil).

### 44.3 Liquidity risk

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

	Carrying amount	Contractual Cash Flows	Six months or less	Six to Twelve months Rupees	One to two years	Two to five years	Over five years
<b>2017</b>							
Long term financing	500,771,544	588,911,845	80,128,827	73,536,270	152,906,585	252,939,753	29,400,410
Liabilities against assets subject to finance leases	2,585,324	2,812,792	632,676	1,377,216	558,100	244,800	-
Trade and other payables	515,169,796	515,169,796	515,169,796	-	-	-	-
Interest and markup accrued	33,172,867	33,172,867	33,172,867	-	-	-	-
Short-term borrowings	407,234,304	407,234,304	407,234,304	-	-	-	-
	1,458,933,835	1,547,276,604	1,036,313,470	74,913,486	153,464,685	253,184,553	29,400,410
	Carrying amount	Contractual Cash Flows	Six months or less	Six to Twelve months Rupees	One to two years	Two to five years	Over five years
<b>2016</b>							
Long term financing	490,922,562	544,025,851	31,202,854	79,644,422	134,783,395	298,395,180	-
Liabilities against assets subject to finance leases	11,244,553	11,781,142	5,077,900	4,452,793	972,822	1,277,627	-
Trade and other payables	441,511,870	441,511,870	441,511,870	-	-	-	-
Financial charges payable	36,508,278	36,508,278	36,508,278	-	-	-	-
Short-term financing	235,915,022	235,915,022	235,915,022	-	-	-	-
	1,216,102,285	1,269,742,163	750,215,924	84,097,215	135,756,217	299,672,807	-

### 44.4 Market risk

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

#### a) Currency risk

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

	2017 Rupees	2016 Rupees
Outstanding letter of credit	10,522,000	2,123,115

**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:

	2017 Effective rate (In percent)	2016 Effective rate (In percent)	2017 Carrying amount Rupees	2016 Carrying amount Rupees
<b>Financial liabilities</b>				
Fixed rate instrument				
Long term finance	3.25%-9%	4.5%-11.2%	72,617,900	115,208,631
Short term borrowings	8%	8%	12,000,000	12,000,000
Variable rate instruments				
Long term finance	8.31%-9.65	8.76%-10.51%	322,687,644	375,713,931
Short term borrowings	7.49%-8.5%	7.50%-9.60%	395,234,304	223,915,022

**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.

	<b>Profit and loss</b>	
	<b>100 bp increase</b>	<b>100 bp decrease</b>
<b>As at June 30, 2017</b>		
Cash flow sensitivity - Fixed rate financial liabilities	(846,179)	846,179
Cash flow sensitivity - Variable rate financial liabilities	(7,179,219)	7,179,219
<b>As at June 30, 2016</b>		
Cash flow sensitivity - Fixed rate financial liabilities	(1,272,086)	1,272,086
Cash flow sensitivity - Variable rate financial liabilities	(5,996,290)	5,996,290

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



c) **Market risk**

**Market price risk**

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

**Exposure**

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

**Risk management**

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

	<b>2017 Rupees</b>	<b>2016 Rupees</b>
As at June 30, 2017, the fair value of equity securities exposed to price risk were as follows:		
Available for sale investment	<u>261,010,919</u>	<u>52,405,220</u>

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	<u>13,050,546</u>	<u>2,620,261</u>
-------------------	-------------------	------------------

**44.5 Financial instruments by category**

Financial assets		
Available for sale carried at fair value		
Investments	155,490,056	52,405,220
Held-for-trading carried at fair value		
Investments	105,520,863	-
Held to maturity carried at amortized cost		
Investments	1,200,000	1,200,000
Loans and receivables carried at amortized cost		
Loans	1,020,525	943,000
Trade debts	551,087,852	489,355,247
Trade deposits	20,623,095	25,936,979
Other receivables	820,351	627,319
Bank balances	<u>68,187,936</u>	<u>181,101,331</u>
	<u>903,950,678</u>	<u>751,569,096</u>

	2017 Rupees	2016 Rupees
Financial liabilities		
Financial liabilities carried at amortized cost		
Long-term financing	500,771,544	490,922,562
Liabilities against assets subject to finance leases	2,585,324	11,244,553
Trade and other payables	515,169,796	441,511,870
Interest and markup accrued	33,172,867	36,508,278
Short-term borrowings	407,234,304	235,915,022
	<u>1,458,933,835</u>	<u>1,216,102,285</u>

#### 45 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, 2017, the Company held the following financial instruments measured at fair value.

	Level 1	Level 2	Level 3	Total
	----- 'Rupees -----			
<b>Held-for-trading</b>				
Shares	105,520,863	-	-	105,520,863
<b>Available for sale</b>				
Shares	155,490,056	-	87,451	155,577,508

As at June 30, 2016, the Company held the following financial instruments measured at fair value.

	Level 1	Level 2	Level 3	Total
	----- 'Rupees -----			
<b>Available for sale</b>				
Shares	52,280,470	-	124,750	52,405,220

### Valuation techniques

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

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

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

### Transfers during the year

During the year to June 30, 2017:

- 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.

	2017 Rupees	2016 Rupees
Opening balance	124,750	140,065
Redemption / sales during the year	-	-
Unrealized loss during the year	(37,299)	(15,315)
Impairment during the year	-	-
Closing balance	87,451	124,750

## 46 CAPITAL MANAGEMENT

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

#### 47 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 04, 2017 by the Board of Directors of the Company.

#### 48 NUMBER OF EMPLOYEES


	2017	2016
	No. of employees	
Number of employees as at June 30	1,021	1,035
Average number of employees during the year	1,010	1,052

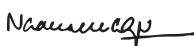
#### 49 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison, the effect of which is not material.

#### 50 GENERAL

Figures have been rounded off to the nearest rupee.

  
**IMRAN MAQBOOL**  
Chief Executive

  
**NADEEM MAQBOOL**  
Director

  
**KAMRAN RASHEED**  
Chief Financial Officer

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-  Financial calculator
-  Subscription to Alerts (event  
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\*Mobile apps are also available for download for android and ios devices

## PATTERN OF SHAREHOLDING AS AT JUNE 30, 2017

SHAREHOLDERS	FROM	TO	TOTAL SHARES	PERCENTAGE
686	1	100	21,612	0.17
442	101	500	100,995	0.81
95	501	1,000	66,291	0.53
135	1,001	5,000	271,729	2.19
34	5,001	10,000	246,921	1.99
10	10,001	15,000	127,054	1.02
13	15,001	20,000	217,262	1.75
10	20,001	25,000	219,213	1.77
7	25,001	30,000	201,033	1.62
6	30,001	35,000	192,340	1.55
4	35,001	40,000	149,436	1.20
4	40,001	45,000	170,626	1.37
1	45,001	50,000	45,229	0.36
2	50,001	55,000	103,173	0.83
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	140,001	145,000	143,217	1.15
1	150,001	155,000	153,580	1.24
1	180,001	185,000	182,661	1.47
1	305,001	310,000	306,100	2.46
1	315,001	320,000	317,058	2.55
1	350,001	355,000	351,657	2.83
1	630,001	635,000	633,015	5.10
1	850,001	855,000	852,681	6.87
1	880,001	885,000	883,417	7.11
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	1,836,493	14.79
<b>1,471</b>			<b>12,417,876</b>	<b>100.00</b>

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Categories of Shareholder		
<b>Directors, Chief Executive Officer, Their Spouse and Children</b>		
<b>Chief Executive</b>		
IMRAN MAQBOOL	1,347,875	10.85
<b>Directors</b>		
HUMAYUN MAQBOOL	1,330,400	10.71
KHAWAR MAQBOOL	1,836,493	14.79
NADEEM MAQBOOL	1,306,831	10.52
NAILA HUMAYUN MAQBOOL	500	0.00
MANSOOR RIAZ	883,417	7.11
JAHANZEB SAEED KHAN	500	0.00
ASMA IMRAN MAQBOOL W/O. IMRAN MAQBOOL	6,501	0.05
NAZIA MAQBOOL W/O. NADEEM MAQBOOL	3,399	0.03
SAMEER MANSOOR RIAZ S/O. MANSOOR RIAZ	6,463	0.05
	<b>6,722,379</b>	<b>54.13</b>
<b>Associated Companies, Undertakings &amp; Related Parties</b>		
CRESCENT POWER TEC LIMITED	27,825	0.22
	<b>27,825</b>	<b>0.22</b>
<b>NIT &amp; ICP (Name Wise Detail)</b>		
INVESTMENT CORPORATION OF PAKISTAN	5,671	0.05
<b>Banks, DFI's, NBFI's</b>		
Banks, DFI's, NBFI's	130,408	1.05
<b>Insurance Companies</b>		
Insurance Companies	1,102	0.01
<b>Modaraba and Mutual Funds</b>		
Modaraba and Mutual Funds	948,302	7.64
<b>Other Companies</b>		
Other Companies	670,484	5.40
<b>General Public</b>		
Local	3,911,705	31.50
<b>TOTAL NUMBER OF SHARES</b>	<b>12,417,876</b>	<b>100</b>
<b>Shareholders More Than 5%</b>		
KHAWAR MAQBOOL	1,836,493	14.79
IMRAN MAQBOOL	1,347,875	10.85
HUMAYUN MAQBOOL	1,330,400	10.71
NADEEM MAQBOOL	1,306,831	10.52
MANSOOR RIAZ	883,417	7.11
CDC-TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	852,681	6.87
BASHIR AHMAD	633,015	5.10
<b>Trade in Shares of the Company carried out by Directors, Executives, their Spouse(s) and Minor Children</b>		
No trade in Shares during the year.		



**Crescent  
Fibres**

## FORM OF PROXY

CDC Participant ID #	Sub Account # / Folio #	CNIC No.	Share Holding
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

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 40<sup>th</sup> Annual General Meeting of the Company to be held on Saturday the  
28<sup>th</sup> October, 2017 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 (شیئر ہولڈنگ)

میں/ہم  
ساکن  
بحیثیت رکن کریسنٹ فائبرز لمیٹڈ، محترم/محترمہ  
کی غیر موجودگی میں  
کمپنی کے رکن (کو اپنے/ہمارے ایماء پر مورخہ 28 اکتوبر، 2017 بروز ہفتہ صبح 9:30 بجے بمقام کمپنی کے رجسٹرڈ آفس 104 شاد ماں-1، لاہور پر منعقد ہونے والے کریسنٹ فائبرز لمیٹڈ کے 40 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 \_\_\_\_\_ 2017ء کو میرے/ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

### گواہان

1:

دستخط:

نام:

پتہ:

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:

2:

دستخط:

نام:

پتہ:

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:

-5/- روپے کارسیدی کلٹ یہاں چسپاں کریں

دستخط رکن

کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں۔

### نوٹ:

- 1: اجلاس عام میں شرکت اور رائے دہی کا مستحق رکن، پراکسی مقرر کر سکتا 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 شیئرز رجسٹرڈ دفتر 104 شاد ماں-1، لاہور میں اجلاس منعقد ہونے سے کم از کم 48 (اڑتالیس) گھنٹے قبل جمع کرائے جانے چاہئیں۔
- 3: سی ڈی سی اکاؤنٹ ہولڈرز کو پراکسی 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 ہولڈرز جن کی سیکورٹیز اینڈ رجسٹریشن تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ ہوں، انہیں درج بالا شرائط کے مطابق پراکسی فارم (مختار نامہ) جمع کرنا ہو سکے۔  
(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) تین فیصلہ آور ز اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول، پراکسی فارم (مختار نامہ) کے ہمراہ جمع کرنا ہوگی۔  
(iv) پراکسی، اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ مہیا کرے گا/گی۔  
(v) بطور کارپوریٹ اسمبلی، بورڈ کی قرارداد/مختار نامہ پر کسی ہولڈر کے دستخط (اگر سیلفز ایم نہ کئے گئے ہوں) پراکسی فارم (مختار نامہ) کے ہمراہ کمپنی میں جمع کرنا ہوگا۔