



**Crescent  
Fibres**



**Half Yearly Report  
December 31, 2021**



## COMPANY INFORMATION

|                           |                                       |   |
|---------------------------|---------------------------------------|---|
| <b>Board of Directors</b> | Nadeem Maqbool                        | (Chairman, Non-Executive Director)            |
|                           | Imran Maqbool                         | (Chief Executive Officer, Executive Director) |
|                           | Humayun Maqbool                       | (Executive Director)                          |
|                           | Naila Humayun Maqbool                 | (Non-Executive Director)                      |
|                           | Mansoor Riaz                          | (Non-Executive Director)                      |
|                           | Jahanzeb Saeed Khan                   | (Independent, Non-Executive Director)         |
| Sheikh Muhammad Ali Asif  | (Independent, Non-Executive Director) |   |

**Chief Financial Officer** Kamran Rasheed

**Company Secretary** Javaid Hussain

|                        |                       |            |
|------------------------|-----------------------|------------|
| <b>Audit Committee</b> | Jahanzeb Saeed Khan   | (Chairman) |
|                        | Nadeem Maqbool        | (Member)   |
|                        | Naila Humayun Maqbool | (Member)   |

|   |                          |            |
|---|--------------------------|------------|
| <b>Human Resources &amp; Remuneration Committee</b> | Sheikh Muhammad Ali Asif | (Chairman) |
|   | Nadeem Maqbool           | (Member)   |
|   | Naila Humayun Maqbool    | (Member)   |

**Auditors** BDO Ebrahim & Company  
Chartered Accountants

**Legal Advisor** Mohsin Tayebally & Sons

**Share Registrar** Corplink (Pvt) Limited  
Wings Arcade, 1-K, Commercial,  
Model Town, Lahore.

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

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**Website:** www.crescentfibres.com

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## MANAGEMENT REVIEW

The Company made a profit of Rs. 229.7 million in the second quarter of the fiscal year, which when combined with a profit of Rs.178.8 million in the first quarter, resulted in a net profit of Rs. 408.5 million for the six months ended December 31, 2021. The earnings per share for the period under review was Rs. 32.89 as compared Rs. 13.16 for the period ended December 31, 2020.

Sales for the period under review were 38.6% higher than the corresponding period, due to optimal capacity utilization and higher end product prices. In the period under review, the gross margin increased to 17.1 % as compared to 10.9% in the corresponding period. Owing to cost controls, selling, administrative expenses were 1.9% of sales as compared to 2.5% in the previous six months. The operating margin for the period under review increased to 14.6% as compared to 8.6% for the period ended December 31, 2020. Financial charges at Rs. 56.6 million were 1.4% of sales as compared to 2.0% in the corresponding period. This is largely attributable improved cash flows and reduction in long term leverage. Overall, the net margin was 10.3% as compared 5.7% in the previous period.

The past year has been a good one for Pakistan's textile industry which has seen a strong demand for its products due to shifting of orders from countries facing a more severe impact from COVID-19 and other geo-political issues. According to the data released by Pakistan Bureau of Statistics (PBS), textile exports for the months of July and October 2021 saw a growth of 26.55% year-on-year. However, the industry faces several challenges, both domestic and global, to maintain this momentum and profitability.

Pakistan's economy faces several challenges including growing domestic and external indebtedness, circular debt, losses at state owned enterprises, low tax base, high fiscal and current account deficits, and inflation. Despite improved exports and remittances, maintaining a stable exchange rate remains a problem in the face of rising current account deficits. Without meaningful reforms that boost economic competitiveness, direct investment toward productive sectors that promote exports and a sustained effort to end the regulatory quagmire, Pakistan's economic recovery will falter.

Other than global and domestic economic issues, the textile industry faces other challenges including high cost of doing business, increased financial, exchange rate and commodity market volatility, low domestic cotton yield and quality and supply chain disruptions caused by COVID. The Government has promised supply of energy at regionally competitive rates, and this must be ensured to maintain viability. In addition, the Government must adopt an prudent monetary policy, immediately suspend the sales tax regime, and improve liquidity by releasing long delayed income tax and other rebates.

We remain cautiously optimistic about future prospects and the Management will continue to rely on sound, low risk decision making to protect the interests of all stakeholders.

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  
February 26, 2022



**NADEEM MAQBOOL**  
Director

## کمپنی نظام (ڈائریکٹران) کی رپورٹ:

کمپنی کو مالی سال کی دوسری سہ ماہی میں 229.7 ملین روپے کا منافع ہوا جو کہ پہلی سہ ماہی کے منافع 178.8 ملین روپے کے ساتھ شامل کرنے کے نتیجے میں 31 دسمبر 2021 کو چھ ماہ کے لئے 408.5 ملین روپے کا منافع بنتا ہے۔ 31 دسمبر 2020 کی مدت کے لئے 13.16 روپے منافع کے مقابلے میں زیر جائزہ مدت کے لئے فی حصہ آمدن 32.89 روپے تھی۔

زیر جائزہ مدت کے لئے مالیت فروخت اسی مدت کے مقابلے میں 38.6 فیصد زیادہ تھی، جو کہ زیادہ سے زیادہ صلاحیت کے استعمال اور اختتامی مصنوعات کی قیمتیں بڑھنے کی وجہ سے تھی۔ زیر جائزہ مدت میں، مجموعی منافع اسی مدت میں 10.9 فیصد کے مقابلے میں بڑھ کر 17.1 فیصد ہو گیا۔ لاگت کے کنٹرول کی وجہ سے، فروخت، انتظامی اخراجات پچھلے چھ مہینوں میں 2.5 فیصد کے مقابلے میں فروخت 1.9 فیصد تھے۔ زیر جائزہ مدت کے لئے آپریٹنگ منافع 31 دسمبر 2020 کو ختم ہونے والی مدت کے 8.6 فیصد کے مقابلے میں بڑھ کر 14.6 فیصد ہو گیا۔ مالیاتی اخراجات 56.6 ملین روپے تھے جو اسی عرصے میں 2.0 فیصد کے مقابلے میں فروخت 1.4 فیصد تھے جس کی وجہ بڑی حد تک بہتر نقد بہاؤ اور طویل مدتی لیوریج میں کمی ہے۔ مجموعی طور پر، پچھلے عرصے میں خالص منافع 5.7 فیصد کے مقابلے میں 10.3 فیصد تھا۔

گذشتہ سال پاکستان کی ٹیکسٹائل انڈسٹری کے لئے اچھا رہا جس نے COVID-19 اور دیگر جغرافیائی سیاسی مسائل سے زیادہ شدید اثرات کا سامنا کرنے والے عالم ملک سے آرڈر کی منتقلی کی وجہ سے اپنی مصنوعات کی مضبوط مانگ دیکھی ہے۔ پاکستان یورو آف سٹیلٹیکسٹائل (پٹی پی ایس) کے جاری کردہ اعداد و شمار کے مطابق، جولائی اور اکتوبر 2021 کے مہینوں کے لئے ٹیکسٹائل کی برآمدات میں سالانہ 26.55 فیصد اضافہ دیکھا گیا۔ تاہم، اس رفتار اور منافع کو برقرار رکھنے کے لئے صنعت کو ملکی اور عالمی دونوں سطح پر کئی چیلنجز کا سامنا ہے۔

پاکستان کی معیشت کو کئی چیلنجز کا سامنا ہے جن میں بڑھتا ہوا ملکی اور بیرونی قرضہ جات، گروتھی قرضہ، ریاستی ملکی اداروں کا نقصان، کم ٹیکس کی بنیاد، زیادہ مالی اور کرنٹ اکاؤنٹ خسارہ اور افراط زر شامل ہیں۔ بہتر برآمدات اور ترسیلات زر کے باوجود، کرنٹ اکاؤنٹ کے بڑھتے ہوئے خسارے کی وجہ سے منظم شرح مبادلہ کو برقرار رکھنا ایک مسئلہ بنا ہوا ہے۔ معاشی مسابقت کو بڑھانے والی باہمی اصلاحات کے بغیر، برآمدات کو فروغ دینے والے پیداواری شعبوں میں براہ راست سرمایہ کاری اور ریویلیٹری دلدل کو ختم کرنے کی مسلسل کوششوں کے بغیر، پاکستان کی معاشی بحالی رک جائے گی۔

عالمی اور ملکی معاشی مسائل کے علاوہ، ٹیکسٹائل انڈسٹری کو دیگر چیلنجز کا سامنا ہے جن میں کاروبار کرنے کی زیادہ قیمت، معاشی اضافہ، زرمبادلہ کی شرح اور اجناس کی مارکیٹ میں اتار چڑھاؤ، کم ملکی کپاس کی پیداوار اور کووڈ-19 کی وجہ سے فراہمی کے سلسلے میں رکاوٹیں شامل ہیں۔ حکومت نے علاقائی مسابقتی شرحوں پر توانائی کی فراہمی کا وعدہ کیا ہے، اور اس کو قابل عمل بنانے کے لئے یقینی بنایا جانا چاہیے۔ اس کے علاوہ، حکومت کو ایک توسیعی مالیاتی پالیسی اپنانی چاہیے، ہیلز ٹیکس نظام حکومت کو فوری طور پر معطل کرنا چاہیے اور طویل تاریخ سے اکٹم ٹیکس اور دیگر چھوٹ جاری کر کے لیویڈیٹی کو بہتر بنانا چاہیے۔

ہم مستقبل کے امکانات کے بارے میں محتاط طور پر پر امید ہیں اور منجمنٹ تمام اسٹیک ہولڈرز کے مفادات کے تحفظ کے لئے درست، کم خطرے والے فیصلے پر اصرار کرتی رہے گی۔

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

Naamunnaq  
ندیم مقبول  
ڈائریکٹر

Imran Maqsood  
عمران مقبول  
چیف ایگزیکٹو آفیسر  
کراچی: تاریخ 26 فروری 2022ء

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

We have reviewed the accompanying condensed interim statement of financial position of Crescent Fibres Limited ("the Company") as at December 31, 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the half year then ended (here-in-after referred as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

**Scope of review**

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

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as at and for the half year ended December 31, 2021 is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

**Other matters**

The figures for the quarters ended December 31, 2021 and December 31, 2020 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

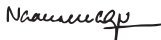
**KARACHI****DATED: 26 FEB 2022****UDIN: RR202110170DsOEvtPif****CHARTERED ACCOUNTANTS**  
Engagement Partner: Qasim E. Causer

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2021 (UN-AUDITED)

|  | December 31,<br>2021<br>(Un-audited)  | June 30,<br>2021<br>(Audited) |
|--|---|-------------------------------|
| Note                                   | Rupees  | Rupees                        |
| <b>ASSETS</b>                          |   |                               |
| <b>NON CURRENT ASSETS</b>              |   |                               |
| Property, plant and equipment          |   |                               |
|  | Operating fixed assets  |                               |
| 5                                      | 1,304,831,864   | 1,349,149,824                 |
| 6                                      | 45,818,600  | 8,872,286                     |
|  | <u>1,350,650,464</u>  | <u>1,358,022,110</u>          |
|  | Investment property   |                               |
|  | 1,752,738,250   | 1,752,738,250                 |
|  | Investment in equity accounted associate  |                               |
|  | 180,464   | 196,063                       |
|  | Long term deposits  |                               |
|  | 24,988,736  | 34,166,748                    |
|  | <u>3,128,557,914</u>  | <u>3,145,123,171</u>          |
| <b>CURRENT ASSETS</b>                  |   |                               |
|  | Stores, spares and loose tools  |                               |
| 7                                      | 89,815,688  | 82,525,721                    |
|  | Stock in trade  |                               |
| 8                                      | 1,124,637,675   | 349,327,257                   |
|  | Trade debts   |                               |
|  | 1,928,867,200   | 1,514,688,864                 |
|  | Loans and advances  |                               |
|  | 67,045,731  | 17,081,881                    |
|  | Trade deposits and short term prepayments                                       |                               |
|  | 21,180,115  | 10,661,068                    |
|  | Other receivables   |                               |
|  | 4,197,243   | 2,539,638                     |
|  | Short term investments  |                               |
| 9                                      | 159,072,179   | 94,939,218                    |
|  | Tax refunds due from Government   |                               |
| 10                                     | 61,834,189  | 8,026,640                     |
|  | Taxation - net  |                               |
|  | -   | 6,674,826                     |
|  | Cash and bank balances  |                               |
| 11                                     | 247,026,308   | 221,423,239                   |
|  | <u>3,703,676,328</u>  | <u>2,307,888,352</u>          |
|  | <u>6,832,234,242</u>  | <u>5,453,011,523</u>          |
| <b>TOTAL ASSETS</b>                    |   |                               |
| <b>EQUITY AND LIABILITIES</b>          |   |                               |
| <b>SHARE CAPITAL AND RESERVES</b>      |   |                               |
| Authorized share capital               |   |                               |
|  | 15,000,000 (June 30, 2021: 15,000,000) ordinary shares of Rs. 10/- each         |                               |
|  | 150,000,000   | 150,000,000                   |
| Issued, subscribed and paid-up capital |   |                               |
|  | 12,417,876 (June 30, 2021: 12,417,876) ordinary shares of Rs. 10/- each         |                               |
|  | 124,178,760   | 124,178,760                   |
| Capital reserves                       |   |                               |
|  | Surplus on revaluation of property, plant and equipment                         |                               |
|  | 1,994,780,568   | 1,996,280,568                 |
|  | Unrealised gain on investments at fair value through other comprehensive income |                               |
|  | 45,333,560  | 58,200,599                    |
|  | 2,040,114,128   | 2,054,481,167                 |
| Revenue reserves                       |   |                               |
|  | Unappropriated profit   |                               |
|  | 1,936,515,061   | 1,545,188,198                 |
|  | <u>4,100,807,949</u>  | <u>3,723,848,125</u>          |
| <b>NON CURRENT LIABILITIES</b>         |   |                               |
|  | Long term financing   |                               |
| 12                                     | 114,144,457   | 164,035,855                   |
|  | Lease liabilities   |                               |
| 13                                     | 24,227,210  | 32,952,510                    |
|  | Deferred taxation   |                               |
|  | 138,014,040   | 143,668,760                   |
|  | Deferred capital grant  |                               |
| 14                                     | -   | 1,034,419                     |
|  | GIDC payable  |                               |
|  | 66,435,753  | 88,395,561                    |
|  | <u>342,821,460</u>  | <u>430,087,105</u>            |
| <b>CURRENT LIABILITIES</b>             |   |                               |
|  | Trade and other payables  |                               |
| 15                                     | 1,203,090,984   | 885,225,484                   |
|  | Unclaimed dividend  |                               |
|  | 2,423,134   | 2,423,134                     |
|  | Interest and mark-up accrued  |                               |
|  | 24,420,822  | 8,214,710                     |
|  | Short term borrowings   |                               |
| 16                                     | 917,861,554   | 206,910,135                   |
|  | Taxation - net  |                               |
|  | 65,222,358  | -                             |
|  | Current portion of long term liabilities  |                               |
|  | 172,228,609   | 190,347,793                   |
|  | Current portion of deferred capital grant                                       |                               |
| 14                                     | 3,357,372   | 5,955,037                     |
|  | <u>2,388,604,833</u>  | <u>1,299,076,293</u>          |
|  | <u>6,832,234,242</u>  | <u>5,453,011,523</u>          |
| <b>TOTAL EQUITY AND LIABILITIES</b>    |   |                               |
| <b>CONTINGENCIES AND COMMITMENTS</b>   |   |                               |
| 17                                     |   |                               |

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

  
**IMRAN MAQBOOL**  
Chief Executive Officer

  
**NADEEM MAQBOOL**  
Director

  
**KAMRAN RASHEED**  
Chief Financial Officer


Half Yearly Report

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS  
FOR THE HALF YEAR ENDED DECEMBER 31, 2021 (UN-AUDITED)**

|  | Note | Half year ended |                 | Quarter ended   |                 |
|--|------|-----------------|-----------------|-----------------|-----------------|
|  |      | December 31,    | December 31,    | December 31,    | December 31,    |
|  |      | 2021            | 2020            | 2021            | 2020            |
|  |      | Rupees          | Rupees          | Rupees          | Rupees          |
| Sales - net                            |      | 3,966,688,003   | 2,861,216,095   | 2,089,746,362   | 1,412,265,079   |
| Cost of sales                          | 18   | (3,288,096,240) | (2,550,642,956) | (1,706,417,729) | (1,232,754,196) |
| Gross profit                           |      | 678,591,763     | 310,573,139     | 383,328,633     | 179,510,883     |
| General and administrative expenses    |      | (76,231,129)    | (70,450,152)    | (41,116,976)    | (37,456,686)    |
| Distribution cost                      |      | (10,172,937)    | (10,253,979)    | (5,185,821)     | (5,026,932)     |
| Other operating income                 |      | 29,004,207      | 42,707,629      | 16,795,517      | 36,255,930      |
| Other operating expenses               |      | (43,045,525)    | (25,739,198)    | (25,895,164)    | (20,349,498)    |
|  |      | (100,445,384)   | (63,735,700)    | (55,402,444)    | (26,577,186)    |
| Operating profit                       |      | 578,146,379     | 246,837,439     | 327,926,189     | 152,933,697     |
| Financial charges                      |      | (56,631,206)    | (56,924,217)    | (32,952,181)    | (29,969,026)    |
| Share of loss from associate           |      | (15,600)        | (15,300)        | (5,100)         | -               |
|  |      | (56,646,806)    | (56,939,517)    | (32,957,281)    | (29,969,026)    |
| Profit before taxation                 |      | 521,499,573     | 189,897,922     | 294,968,908     | 122,964,671     |
| Taxation                               | 19   | (113,045,896)   | (26,482,198)    | (65,263,724)    | (7,538,864)     |
| Profit for the period                  |      | 408,453,677     | 163,415,724     | 229,705,184     | 115,425,807     |
| Earnings per share - basic and diluted | 20   | 32.89           | 13.16           | 18.50           | 9.30            |

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

  
**IMRAN MAQBOOL**  
Chief Executive Officer

  
**NADEEM MAQBOOL**  
Director


  
**KAMRAN RASHEED**  
Chief Financial Officer

**CONDENSED INTERIM STATEMENT CASH FLOWS (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

|  |      | December 31,<br>2021 | December 31,<br>2020 |
|--|------|----------------------|----------------------|
|  | Note | Rupees               | Rupees               |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>              |      |                      |                      |
| Cash (used in) / generated from operations               | 21   | (390,462,331)        | 218,990,902          |
| Financial charges paid                                   |      | (40,425,095)         | (73,008,007)         |
| Taxes paid   |      | (53,478,258)         | (25,947,732)         |
| Net cash (used in) / generated from operating activities |      | (484,365,684)        | 120,035,163          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>              |      |                      |                      |
| Capital expenditure                                      |      | (93,022,573)         | (13,797,300)         |
| Proceeds from disposal of operating fixed assets         |      | 54,423,800           | 57,085               |
| Short term investments                                   |      | (77,000,000)         | 36,339,037           |
| Long term deposits                                       |      | 9,178,012            | 4,491,400            |
| Net cash (used in) / generated from investing activities |      | (106,420,761)        | 27,090,222           |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>              |      |                      |                      |
| Repayments of long term financing                        |      | (97,633,953)         | (1,638,828)          |
| Proceeds from long term financing                        |      | 28,750,000           | 156,919,279          |
| Principal paid on lease liabilities                      |      | (7,851,929)          | (12,163,471)         |
| Dividend paid  |      | (17,826,024)         | -                    |
| Short term borrowings - net                              |      | 710,951,419          | (258,029,712)        |
| Net generated from / (used in) financing activities      |      | 616,389,513          | (114,912,732)        |
| Net increase in cash and cash equivalents                |      | 25,603,069           | 32,212,653           |
| Cash and cash equivalents at the beginning of the period |      | 221,423,239          | 152,371,268          |
| Cash and cash equivalents at the end of the period       |      | 247,026,308          | 184,583,921          |

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

  
**IMRAN MAQBOOL**  
Chief Executive Officer

  
**NADEEM MAQBOOL**  
Director

  
**KAMRAN RASHEED**  
Chief Financial Officer

Half Yearly Report



## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

|  | Capital Reserves                       |   | Revenue Reserves  | Total         |                       |
|--|--|---|---|---------------|-----------------------|
|  | Issued, subscribed and paid-up capital | Unrealised gain on investments at fair value through other comprehensive income | Surplus on revaluation of property, plant and equipment |               | Unappropriated profit |
| Balance as at July 1, 2020   | 124,178,760                            | 53,077,963  | 1,993,825,768   | 1,090,948,939 | 3,262,031,430         |
| <b>Total comprehensive income for the period</b>   |  |   |   |               |                       |
| Profit for the period  | -                                      | -   | -   | 163,415,724   | 163,415,724           |
| Other comprehensive income   |  |   |   |               |                       |
| Unrealised gain on revaluation of investments classified as fair value through other comprehensive income <sup>1</sup>   | -                                      | 21,774,851  | -   | -             | 21,774,851            |
|  | -                                      | 21,774,851  | -   | 163,415,724   | 185,190,575           |
| Balance as at December 31, 2020  | 124,178,760                            | 74,852,814  | 1,993,825,768   | 1,254,364,663 | 3,447,222,005         |
| Balance as at July 1, 2021   | 124,178,760                            | 58,200,599  | 1,996,280,568   | 1,545,188,198 | 3,723,848,125         |
| <b>Total comprehensive income for the period</b>   |  |   |   |               |                       |
| Profit for the period  | -                                      | -   | -   | 408,453,677   | 408,453,677           |
| Other comprehensive income   |  |   |   |               |                       |
| Unrealised (loss) on revaluation of investments classified as fair value through other comprehensive income <sup>1</sup> | -                                      | (12,867,039)  | -   | -             | (12,867,039)          |
| Transfer to unappropriated profit in respect of disposal of revalued property, plant and equipment                       | -                                      | -   | (1,500,000)   | 1,500,000     | -                     |
|  | -                                      | (12,867,039)  | (1,500,000)   | 409,953,677   | 395,586,638           |
| <b>Transactions with shareholder</b>   |  |   |   |               |                       |
| Final cash dividend @ Rs. 1.5 per share for the year ended June 30, 2021   |  |   |   | (18,626,814)  | (18,626,814)          |
| Balance as at December 31, 2021  | 124,178,760                            | 45,333,560  | 1,994,780,568   | 1,936,515,061 | 4,100,807,949         |

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

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED DECEMBER 31, 2021 (UN-AUDITED)

|   | Half yearly ended |                   | Quarter ended     |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | December 31, 2021 | December 31, 2020 | December 31, 2021 | December 31, 2020 |
|   | Rupees            | Rupees            | Rupees            | Rupees            |
| Profit for the period   | 408,453,677       | 163,415,724       | 229,705,184       | 115,425,807       |
| Other comprehensive income  |                   |                   |                   |                   |
| Items that will not be reclassified to statement of profit or loss subsequently   |                   |                   |                   |                   |
| Unrealised (loss) / gain on revaluation of investments classified as 'fair value through other comprehensive income' <sup>1</sup> | (12,867,039)      | 21,774,851        | (11,732,353)      | 35,743,148        |
| Total comprehensive income for the period   | 395,586,638       | 185,190,575       | 217,972,831       | 151,168,955       |

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

*Imran Maqbool*  
**IMRAN MAQBOOL**  
Chief Executive Officer

*Naameeqa*  
**NADEEM MAQBOOL**  
Director

*Kamran Rasheed*  
**KAMRAN RASHEED**  
Chief Financial Officer

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2021 (UN-AUDITED)

## 1 STATUS AND NATURE OF BUSINESS

Crescent Fibres Limited ("the Company") was incorporated in Pakistan on August 06, 1977 under the Companies Act, 1913 ( now Companies Act, 2017) as a public limited company. The Company's shares are listed on the Pakistan Stock Exchange. The principal business of the Company is manufacture and sale of yarn. The registered office of the Company is situated at 104 Shadman 1, Lahore. The Company's manufacturing facilities are located at Plot No. B/123, Road No. D-7, Industrial Area, Nooriabad, District Dadu, in the Province of Sindh and at 17-KM, Faisalabad Road, Bhikhi, District Sheikhpura in the Province of Punjab.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

These condensed interim financial statements are unaudited but subject to the limited scope review by auditors and is being posted on the Company's website for information of its members as required under section 237 of the Companies Act, 2017.

These condensed interim financial statements of the Company for the half year ended December 31, 2021 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- Islamic Financial Accounting Standard - 2 Ijarah (IFAS-2) issued by The Institute of Chartered Accountants of Pakistan.

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

### 2.2

These condensed interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual audited financial statements of the Company as at and for the year ended June 30, 2021, which have been prepared in accordance with accounting and reporting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

The comparative statement of financial position presented in these condensed interim financial statements has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2021, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the un-audited condensed interim financial statements for the half year ended December 31, 2021.

### 2.3 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention unless stated otherwise.

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

### 2.4 Functional and presentation currency

These condensed interim financial statements have been presented in Pak Rupees, which is the functional and presentation currency of the Company.

## 3 SIGNIFICANT ACCOUNTING, RISK MANAGEMENT POLICIES AND CHANGES THEREIN

The accounting and risk management policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are same as those for the annual financial statements for the year ended June 30, 2021.

There are certain standards, interpretations and amendments to approved accounting and reporting standards as applicable in Pakistan, effective for the first time in these condensed interim financial statements and are mandatory for the Company's accounting period beginning on or after July 01, 2021. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have a significant effect on these condensed interim financial statements.

## 4 ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements requires management to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2021.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2021 (UN-AUDITED)

|   |             | December 31,<br>2021<br>(Un-audited)<br>Rupees | June 30,<br>2021<br>(Audited)<br>Rupees |
|---|-------------|--|---|
| <b>5 OPERATING FIXED ASSETS</b>   | <b>Note</b> |  |   |
| Fixed assets  | 5.1         | 1,235,074,147                                  | 1,275,574,442                           |
| Right-of-use assets   | 5.2         | 69,757,717                                     | 73,575,382                              |
|   |             | <u>1,304,831,864</u>                           | <u>1,349,149,824</u>                    |
| <b>5.1 Fixed assets</b>   |             |  |   |
| Opening net book value (NBV)  |             | 1,275,574,442                                  | 1,332,919,322                           |
| Transfer (at cost) from capital work in progress during the period / year   |             | 30,244,459                                     | -                                       |
| Transfer (at NBV) from right-of-use assets during the period / year   |             | -  | 9,360,000                               |
| Revaluation surplus   |             | -  | 2,454,801                               |
| Additions (at cost) during the period / year  | 5.1.1       | 25,831,800                                     | 29,894,563                              |
|   |             | <u>1,331,650,701</u>                           | <u>1,374,628,686</u>                    |
| Disposals (at NBV) during the period / year   | 5.1.2       | 49,582,558                                     | 198,079                                 |
| Depreciation charged during the period / year   |             | 46,993,996                                     | 98,856,165                              |
|   |             | <u>96,576,554</u>                              | <u>99,054,244</u>                       |
| Closing net book value (NBV)  |             | <u>1,235,074,147</u>                           | <u>1,275,574,442</u>                    |
| 5.1.1 Details of additions (at cost) during the period / year are as follows:   |             |  |   |
| Owned   |             |  |   |
| Plant and machinery   |             | 3,810,000                                      | 28,386,662                              |
| Vehicles  |             | 22,021,800                                     | 1,507,900                               |
|   |             | <u>25,831,800</u>                              | <u>29,894,563</u>                       |
| 5.1.2 Details of deletion (NBV) during the period / year are as follows:  |             |  |   |
| Owned   |             |  |   |
| Plant and machinery   |             | 13,559   | -                                       |
| Vehicles  |             | 7,568,999                                      | 198,079                                 |
| Freehold land   |             | 42,000,000                                     | -                                       |
|   |             | <u>49,582,558</u>                              | <u>198,079</u>                          |
| <b>5.2 Right-of-use assets</b>  |             |  |   |
| Opening net book value (NBV)  |             | 73,575,382                                     | 88,023,850                              |
| Transfer (at NBV) to fixed assets during the period / year  |             | -  | (9,360,000)                             |
| Additions (at cost) during the period / year  |             | -  | 2,825,000                               |
| Depreciation charged during the period / year   |             | (3,817,665)                                    | (7,913,468)                             |
|   |             | <u>69,757,717</u>                              | <u>73,575,382</u>                       |
| <b>6 CAPITAL WORK-IN-PROGRESS</b>   |             |  |   |
| Intangible Assets   |             | 8,527,055                                      | -                                       |
| Building  |             | 11,842,002                                     | 8,872,286                               |
| Plant & Machinery   |             | 25,449,543                                     | -                                       |
|   |             | <u>45,818,600</u>                              | <u>8,872,286</u>                        |
| <b>7 STORES, SPARES AND LOOSE TOOLS</b>   |             |  |   |
| Stores  |             | 92,008,897                                     | 71,633,488                              |
| Spares  |             | 8,284,655                                      | 21,390,047                              |
| Loose tools   |             | 66,133   | 46,183                                  |
|   |             | <u>100,359,685</u>                             | <u>93,069,718</u>                       |
| Less: Provision for slow moving items   |             | (10,543,997)                                   | (10,543,997)                            |
|   |             | <u>89,815,688</u>                              | <u>82,525,721</u>                       |
| <b>8 STOCK IN TRADE</b>   |             |  |   |
| Raw material in hand  |             | 907,641,268                                    | 194,938,050                             |
| Work-in-process   |             | 121,415,622                                    | 72,961,942                              |
| Finished goods  |             | 95,580,785                                     | 81,427,265                              |
|   |             | <u>1,124,637,675</u>                           | <u>349,327,257</u>                      |
| <b>9 SHORT TERM INVESTMENTS</b>   |             |  |   |
| At fair value through other comprehensive income  | 9.1         | 80,872,179                                     | 93,739,218                              |
| At amortised cost   | 9.2         | 78,200,000                                     | 1,200,000                               |
|   |             | <u>159,072,179</u>                             | <u>94,939,218</u>                       |
| <b>9.1 Fair value through other comprehensive income</b>  |             |  |   |
| Cost  |             | 48,187,534                                     | 48,187,534                              |
| Unrealized gain on revaluation of investments   |             | 45,333,560                                     | 58,200,599                              |
| Impairment loss   |             | (12,648,915)                                   | (12,648,915)                            |
|   |             | <u>80,872,179</u>                              | <u>93,739,218</u>                       |
| <b>9.2 Amortised cost</b>   |             |  |   |
| Term deposit certificates   | 9.2.1       | 78,200,000                                     | 1,200,000                               |
| 9.2.1 These term deposit certificates carry mark-up at rates ranging from 6.0% to 10.25% per annum (June 30, 2021: 5.00% to 5.50% per annum). |             |  |   |

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED DECEMBER 31, 2021 (UN-AUDITED)**

|           |  | December 31,<br>2021<br>(Un-audited)<br>Rupees | June 30,<br>2021<br>(Audited)<br>Rupees |
|-----------|--|--|---|
| <b>10</b> | <b>TAX REFUNDS DUE FROM GOVERNMENT</b>   |  |   |
|           | Income tax refundable  | 14,701,466                                     | 8,026,640                               |
|           | Sales Tax refundable   | 47,132,723                                     | -                                       |
|           |  | <u>61,834,189</u>                              | <u>8,026,640</u>                        |
| <b>11</b> | <b>CASH AND BANK BALANCES</b>  |  |   |
|           | Cash in hand   | 1,094,400                                      | 849,755                                 |
|           | Cash with banks  |  |   |
|           | In current accounts  | 91,875,047                                     | 120,062,646                             |
|           | In savings accounts  | 154,056,861                                    | 100,510,838                             |
|           |  | <u>245,931,908</u>                             | <u>220,573,484</u>                      |
|           |  | <u>247,026,308</u>                             | <u>221,423,239</u>                      |
| 11.1      | The balance in savings accounts carry mark-up at the rates ranging from 5.25% to 5.75% per annum (June 30, 2021: 5.00% to 5.50% per annum).  |  |   |
| <b>12</b> | <b>LONG TERM FINANCING</b>   |  |   |
|           | From banking companies - secured   |  |   |
|           | Conventional mode  |  |   |
|           | United Bank Limited-Term finance - 1   | 27,277,733                                     | 54,555,466                              |
|           | MCB Bank Limited - Term finance - 2  | -  | 3,659,700                               |
|           | MCB Bank Limited - Term finance - 3  | 6,595,448                                      | 13,190,892                              |
|           | United Bank Limited -Term finance - 4  | 10,444,446                                     | 15,666,668                              |
|           | MCB Bank Limited - Term finance - 5  | 24,316,000                                     | 26,527,000                              |
|           | MCB Bank Limited - Term finance - 6  | 13,341,000                                     | 16,676,000                              |
|           | MCB Bank Limited - Term finance - 7  | 10,975,556                                     | 13,170,667                              |
|           | MCB Bank Limited - Term finance - 8  | 37,332,000                                     | 42,666,000                              |
|           | MCB Bank Limited - Term finance - 9  | 25,500,000                                     | 27,000,000                              |
|           | Bank Of Punjab -Term finance - 10  | 84,537,096                                     | 123,766,916                             |
|           | MCB Bank Limited -Term finance - 11  | 28,750,000                                     | -                                       |
|           |  | <u>269,069,279</u>                             | <u>336,879,309</u>                      |
|           | Islamic mode   |  |   |
|           | Orix Modaraba - Term finance - 11  | -  | 485,802                                 |
|           | Orix Modaraba - Term finance - 12  | -  | 191,605                                 |
|           | Orix Modaraba - Term finance - 13  | 264,346  | 660,862                                 |
|           |  | <u>264,346</u>                                 | <u>1,338,269</u>                        |
|           |  | <u>269,333,625</u>                             | <u>338,217,578</u>                      |
|           | Less: Current portion shown under current liabilities  | <u>(155,189,168)</u>                           | <u>(174,181,723)</u>                    |
|           |  | <u>114,144,457</u>                             | <u>164,035,855</u>                      |
| 12.1      | This facility has been obtained from MCB Bank Limited for the import of machinery for planned BMR activity in exciting units located at Bihki-Punjab and Dadu-Sindh. The rate of mark-up is 6 months KIBOR + 1.25% and is payable semi-annually over a period of 6 years after a grace period of 18 months( June 30, 2021: nil ). 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 and exclusive charge on plant and machinery of Rs. 271.43 million. The sanctioned limit of the facility is Rs. 190 million (June 30, 2021: nil). |  |   |
| <b>13</b> | <b>LEASE LIABILITIES</b>   |  |   |
|           | Lease liabilities  | 41,266,651                                     | 49,118,580                              |
|           | Less: Current portion  | <u>(17,039,441)</u>                            | <u>(16,166,070)</u>                     |
|           |  | <u>24,227,210</u>                              | <u>32,952,510</u>                       |
|           | Maturity analysis-contractual discounted cashflow:   |  |   |
|           | Less than one year   | 17,039,441                                     | 16,166,070                              |
|           | One to five years  | <u>24,227,210</u>                              | <u>32,952,510</u>                       |
|           | Total discounted lease liability   | <u>41,266,651</u>                              | <u>49,118,580</u>                       |
| 13.1      | When measuring the lease liabilities, the Company discounted the lease payments using financing rates ranging from 11.33% to 13.0% per annum (June 30, 2021: 8.15% to 15.86% per annum).   |  |   |
| <b>14</b> | <b>DEFERRED CAPITAL GRANT</b>  |  |   |
|           | Capital grant  | 3,357,372                                      | 6,989,457                               |
|           | Current portion shown under current liability  | <u>(3,357,372)</u>                             | <u>(5,955,038)</u>                      |
|           |  | <u>-</u>                                       | <u>1,034,419</u>                        |
| 14.1      | Following is the movement in government grant during the period / year:  |  |   |
|           | Opening balance  | 6,989,457                                      | -                                       |
|           | Addition during the period   | -  | 13,537,453                              |
|           | Amortized during the period  | <u>(3,632,085)</u>                             | <u>(6,547,996)</u>                      |
|           | Closing balance  | <u>3,357,372</u>                               | <u>6,989,457</u>                        |
| <b>15</b> | <b>TRADE AND OTHER PAYABLES</b>  |  |   |
|           | Creditors  | 468,547,539                                    | 235,111,931                             |
|           | Accrued liabilities  | 615,567,625                                    | 535,427,990                             |
|           | Sales Tax Payable  | -  | 20,949,381                              |
|           | Advance from customers   | 14,745,522                                     | 10,882,496                              |
|           | Payable to Provident Fund  | 4,155,188                                      | 2,472,897                               |
|           | Workers' Profit Participation Fund   | 29,769,574                                     | 31,748,275                              |
|           | Due to related party   | 30,314,715                                     | 23,679,715                              |
|           | Withholding tax payable  | 2,772,042                                      | 2,136,039                               |
|           | Workers' Welfare Fund  | 31,760,658                                     | 21,170,436                              |
|           | Other liabilities  | 5,458,121                                      | 1,646,324                               |
|           |  | <u>1,203,090,984</u>                           | <u>885,225,484</u>                      |

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED DECEMBER 31, 2021 (UN-AUDITED)**

- 15.1 This includes balance amounting to Rs. 11.236 million (June 30, 2021: Rs. 2.352 million) due to an associated company.
- 15.2 This includes the amount payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. In November 2020, the Supreme Court dismissed the review petition seeking review of its order issued in favor of recovery for GIDC arrears. Accordingly, the Company is paying GIDC installments as per monthly billing by Sui Northern Gas Pipeline Limited (SNGPL), however, the matter with respect to GIDC billing by Sui Southern Gas Company (SSGC) is under litigation in High Court of Sindh. The liability is recognized as per the guidelines issued by Institute of Chartered Accountants of Pakistan dated January 21, 2021.
- 15.3 This includes due to Chief Executive Officer, Directors and other related party amounting to Rs. 5.170 million ( June 30, 2021: Rs. 5.170 ), Rs. 4.560 million (June 30, 2021: Rs.1.220 million) and Rs. 20.584 million (June 30, 2021: Rs.17.300 million) respectively. These balances do not carry any interest and are repayable on demand.

|           |                                  | December 31,<br>2021<br>(Un-audited)<br>Rupees | June 30,<br>2021<br>(Audited)<br>Rupees |
|-----------|----------------------------------|--|---|
| <b>16</b> | <b>SHORT TERM BORROWINGS</b>     |  |   |
|           | From banking companies - secured |  |   |
|           | Running / cash finance           |  |   |
|           | Islamic mode                     | 254,000,000                                    | 120,000,000                             |
|           | Conventional mode                | 663,861,554                                    | 86,910,135                              |
|           |                                  | 917,861,554                                    | 206,910,135                             |

**17 CONTINGENCIES AND COMMITMENTS**

**17.1 Contingencies**

- a) There is a contingent liability in respect of bank guarantees issued by the Company's bankers in the ordinary course of business aggregating to Rs. 95.285 million (June 30, 2021 : Rs. 95.285 million).
- b) Crescent Cotton Mills Limited has filed a case against Company for an amount of Rs. 53.850 million on the basis of case documents filed. The Company has recorded a liability of Rs. 17.542 million as the best estimate of amounts owed. No provision for the difference amount has been made as management is of the view that the basis is frivolous and in view of counter claims available with the Company, management is confident that the balance amount shall not be payable.
- c) The Company has filed a Constitutional Petition No. D-8408 along with other companies, dated December 12, 2017, in the High Court of Sindh challenging the levy of the Infrastructure Cess introduced through Sindh Finance Act 1994 and various amendments introduced through Sindh Finance ( Amendment) Act 2008, Sindh Finance (Amendment) Act 2009, inter alia, seeking declaration that Sindh Development and Maintenance of Infrastructure Cess Act 2017 and the rule made thereunder through which a customs duty in the guise of infrastructure fee / cess has been imposed is unconstitutional. Based on legal advice dated September 17, 2020 on aforementioned litigation, the Company has good arguable grounds and there is no likelihood of unfavorable outcome against the company.

**17.2 Commitments**

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

- a) The Company is committed as at the reporting date in respect of letters of credit against import of raw cotton and against import of spare parts amounting to Rs. 1,155.936 million (June 30, 2021: Rs 276.118 million).

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED DECEMBER 31, 2021 (UN-AUDITED)**

**18 COST OF SALES**

|   | Half-year ended      |                      | Quarter ended        |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | December 31,<br>2021 | December 31,<br>2020 | December 31,<br>2021 | December 31,<br>2020 |
|   | (Un-audited)         |                      |                      |                      |
|   | ----- Rupees -----   |                      |                      |                      |
| Materials consumed                      | 2,580,000,724        | 1,716,944,839        | 1,325,925,302        | 887,264,327          |
| Stores, spares and loose tools consumed | 65,192,975           | 52,849,625           | 33,933,928           | 26,413,345           |
| Packing material consumed               | 45,787,282           | 37,661,453           | 22,717,831           | 18,984,741           |
| Salaries, wages and other benefits      | 258,389,235          | 224,489,239          | 134,039,686          | 109,746,206          |
| Fuel and power                          | 324,177,897          | 278,851,413          | 180,569,135          | 145,135,469          |
| Insurance                               | 7,151,261            | 6,000,992            | 3,682,407            | 2,942,552            |
| Repairs and maintenance                 | 9,776,492            | 4,365,768            | 8,313,918            | 1,595,806            |
| Depreciation                            | 46,692,328           | 48,990,097           | 23,645,652           | 24,546,255           |
| Other manufacturing overheads           | 13,535,246           | 13,448,880           | 6,206,271            | 6,965,581            |
|   | <u>3,350,703,440</u> | <u>2,383,602,306</u> | <u>1,739,034,130</u> | <u>1,223,594,284</u> |
| Opening work in process                 | 72,961,942           | 78,313,474           | 101,037,955          | 70,883,776           |
| Closing work in process                 | (121,415,622)        | (70,649,780)         | (121,415,622)        | (70,649,780)         |
|   | <u>(48,453,680)</u>  | <u>7,663,694</u>     | <u>(20,377,667)</u>  | <u>233,996</u>       |
| Cost of goods manufactured              | 3,302,249,760        | 2,391,266,000        | 1,718,656,463        | 1,223,828,279        |
| Cost of goods purchased for trading     | -                    | 117,895,182          | -                    | 7,065,000            |
| Opening stock of finished goods         | 81,427,265           | 106,132,191          | 83,342,051           | 66,511,333           |
| Closing stock of finished goods         | (95,580,785)         | (64,650,416)         | (95,580,785)         | (64,650,416)         |
|   | <u>(14,153,520)</u>  | <u>41,481,775</u>    | <u>(12,238,734)</u>  | <u>1,860,917</u>     |
|   | <u>3,288,096,240</u> | <u>2,550,642,956</u> | <u>1,706,417,729</u> | <u>1,232,754,196</u> |

**December 31, December 31,  
2021 2020  
(Un-audited) (Un-audited)  
Rupees Rupees**

**19 TAXATION**

|          |                    |                   |
|----------|--------------------|-------------------|
| Current  | 118,700,617        | 43,430,333        |
| Deferred | (5,654,721)        | (16,848,135)      |
|          | <u>113,045,896</u> | <u>26,582,198</u> |

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

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

|   | Half-year ended      |                      | Quarter ended        |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | December 31,<br>2021 | December 31,<br>2020 | December 31,<br>2021 | December 31,<br>2020 |
|   | (Un-audited)         |                      |                      |                      |
|   | ----- Rupees -----   |                      |                      |                      |
| Profit for the period (Rupees)                  | 408,453,677          | 163,415,724          | 229,705,184          | 115,425,807          |
| Weighted average number of ordinary shares      | 12,417,876           | 12,417,876           | 12,417,876           | 12,417,876           |
| Earnings per share - basic and diluted (Rupees) | 32.89                | 13.16                | 18.50                | 9.30                 |

Half Yearly Report

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED DECEMBER 31, 2021 (UN-AUDITED)**

|   | December 31,<br>2021<br>(Un-audited)<br>Rupees | December 31,<br>2020<br>(Un-audited)<br>Rupees |
|---|--|--|
| <b>21 CASH GENERATED FROM OPERATIONS</b>  |  |  |
| Profit before taxation  | 521,499,573                                    | 189,897,922                                    |
| Adjustment for non-cash charges and other items:  |  |  |
| Depreciation  | 50,811,661                                     | 53,003,811                                     |
| Deferred income   | (3,632,085)                                    | (550,292)                                      |
| Gain on disposal of operating fixed assets  | (4,841,242)                                    | -  |
| Unrealised gain on revaluation of investments classified as 'fair value through profit or loss' | -  | (113,740)                                      |
| Share of loss from associate  | 15,600   | 15,300   |
| Financial charges   | 56,631,206                                     | 56,924,217                                     |
| Allowance for expected credit loss  | 4,000,000                                      | 12,565,854                                     |
|   | <u>102,985,140</u>                             | <u>121,845,150</u>                             |
| Profit before working capital changes   | 624,484,713                                    | 311,743,072                                    |
| Working capital changes   | 21.1 (1,014,947,044)                           | (92,752,170)                                   |
|   | <u>(390,462,331)</u>                           | <u>218,990,902</u>                             |

**21.1 Working capital changes**

(Increase) / decrease in current assets:

|   |                        |                   |
|---|------------------------|-------------------|
| Stores, spares and loose tools            | (7,289,967)            | (408,923)         |
| Stock in trade                            | (775,310,418)          | (10,239,706)      |
| Trade debts                               | (418,178,336)          | 176,001,909       |
| Loans and advances                        | (49,963,850)           | (66,839,109)      |
| Trade deposits and short term prepayments | (10,519,047)           | (8,081,470)       |
| Other receivables                         | (1,657,605)            | 88,264            |
| Tax refunds due from the Government       | (47,132,723)           | -                 |
|   | <u>(1,310,051,946)</u> | <u>90,520,965</u> |

(Decrease) / increase in current liabilities

|                          |                        |                     |
|--------------------------|------------------------|---------------------|
| Trade and other payables | 295,104,902            | (183,273,135)       |
|                          | <u>(1,014,947,044)</u> | <u>(92,752,170)</u> |

**22 TRANSACTIONS WITH RELATED PARTIES**

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

| Relation with the company | Nature of transaction                          | Name of the related party      | Half-year ended        |                   | Quarter ended     |                   |
|---------------------------|--|--------------------------------|------------------------|-------------------|-------------------|-------------------|
|                           |  |                                | December 31, 2021      | December 31, 2020 | December 31, 2021 | December 31, 2020 |
|                           |  |                                | (Un-audited)<br>Rupees |                   |                   |                   |
| Associated companies      | Sales of goods and services                    | Suraj Cotton Mills Limited     | 136,524,726            | 14,596,800        | 75,600,486        | 12,160,200        |
|                           | Insurance premium                              | Premier Insurance Limited      | 23,388,513             | 20,175,917        | 489,130           | 1,019,947         |
|                           | Rent received                                  | Amil Exports (Private) Limited | 389,400                | 338,070           | 194,700           | 169,035           |
| Retirement benefit plans  | Contribution to staff retirement benefit plans | Provident Fund                 | 9,343,438              | 8,650,994         | 5,033,213         | 4,340,769         |
| Director                  | Rent paid                                      | Mr. Imran Maqbool              | 450,000                | 450,000           | 225,000           | 225,000           |
|                           | Rent paid                                      | Mr. Humayun Maqbool            | 450,000                | 450,000           | 225,000           | 225,000           |
| Others                    | Rent paid                                      | Ms. Khawar Maqbool             | 1,290,000              | 1,290,000         | 645,000           | 645,000           |
| Chief executive           | Remuneration and benefits                      | Mr. Imran Maqbool              | 5,770,227              | 5,275,291         | 2,885,114         | 2,645,359         |
| Director                  | Remuneration and benefits                      | Mr. Humayun Maqbool            | 5,772,759              | 5,260,379         | 2,886,380         | 2,637,548         |
| Key management personnel  | Remuneration and benefits                      | Key management personnel       | 12,675,943             | 11,760,474        | 6,337,972         | 6,643,233         |

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED DECEMBER 31, 2021(UN-AUDITED)**

|   | December 31,<br>2021<br>(Un-audited)<br>Rupees | June 30,<br>2021<br>(Audited)<br>Rupees |
|---|--|---|
| <b>22.1 Period / year end balances</b>                          |  |   |
| Receivable from associated company - Suraj Cotton Mills Limited | 32,753,371                                     | 3,533                                   |
| Payable to associated company - Premier Insurance Limited       | 11,236,695                                     | 2,352,331                               |
| Payable to provident fund                                       | 4,155,188                                      | 2,472,895                               |
| Due to Chief Executive, Directors and close relative            | 30,314,715                                     | 23,679,715                              |

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

**23 FAIR VALUE MEASUREMENT - FINANCIAL INSTRUMENTS**

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

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

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

As at December 31, 2021, the Company held the following financial instruments measured at fair value:

| Level 1            | Level 2 | Level 3 | Total |
|--------------------|---------|---------|-------|
| (Un-audited)       |         |         |       |
| ----- Rupees ----- |         |         |       |

**At fair value through other comprehensive income**

|                        |            |   |   |            |
|------------------------|------------|---|---|------------|
| Short term investments | 80,872,179 | - | - | 80,872,179 |
|------------------------|------------|---|---|------------|

As at June 30, 2021, the Company held the following financial instruments measured at fair value:

| Level 1            | Level 2 | Level 3 | Total |
|--------------------|---------|---------|-------|
| (Audited)          |         |         |       |
| ----- Rupees ----- |         |         |       |

**At fair value through other comprehensive income**

|                        |            |   |   |            |
|------------------------|------------|---|---|------------|
| Short term investments | 94,939,218 | - | - | 94,939,218 |
|------------------------|------------|---|---|------------|

**Valuation techniques**

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

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

There were no transfers between Level 1, Level 2 & Level 3 fair value measurements during the period.

|                               | December 31,<br>2021<br>(Un-audited) | June 30,<br>2021<br>(Audited) |
|-------------------------------|--------------------------------------|-------------------------------|
| <b>24 NUMBER OF EMPLOYEES</b> |                                      |                               |
| a) Number of employees as at  | 1070                                 | 1062                          |
| Average number of employees   | 1063                                 | 1059                          |



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED DECEMBER 31, 2021 (UN-AUDITED)**

**25 DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was authorized for issue on February 26, 2022 by the Board of Directors of the Company.

**26 IMPACT OF COVID-19**

In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. The rapid spread of the virus has caused governments around the world to implement stringent measures to help control its spread, including, without limitation, quarantines, "stay-at-home" or "shelter-in-place" orders, social distancing mandates, travel restrictions, and closures or reduced operations for businesses, governmental agencies, schools and other institutions. The industry, along with global economic conditions generally, has been significantly disrupted by the pandemic.

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Company for the period ended December 31, 2021 due to overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the performance of the Company, government have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time.

The management of the Company is closely monitoring the situation, and in response to the developments, taking all possible precaution and measures to safeguard health and safety of employees and other stakeholders. The management has evaluated and concluded that there is no material implication of COVID-19 on assets, liabilities, income and expenses of the Company.


**27 CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation.

**28 GENERAL**

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

  
**IMRAN MAQBOOL**  
Chief Executive Officer

  
**NADEEM MAQBOOL**  
Director

  
**KAMRAN RASHEED**  
Chief Financial Officer



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