



**Crescent
Fibres**



**Quarterly Report
September 30, 2014**



COMPANY INFORMATION

Board of Directors	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)
	Riaz Masood	(Executive Director)

Chief Financial Officer Kamran Rasheed

Company Secretary Javaid Hussain

Audit Committee

Jahanzeb Saeed Khan	(Chairman)
Nadeem Maqbool	(Member)
Naila Humayun Maqbool	(Member)

Human Resources & Remuneration Committee

Naila Humayun Maqbool	(Chairperson)
Humayun Maqbool	(Member)
Nadeem Maqbool	(Member)

Auditors BDO Ebrahim & Company
Chartered Accountants

Legal Advisor Mohsin Tayebally & Sons

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

E-mail: lo@crescentfibres.com

Website: www.crescentfibres.com

MANAGEMENT REVIEW

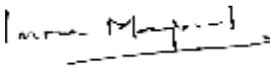
The Company reported a net profit of Rs. 32.5 million for the quarter ended September 30, 2014 as compared to a profit of Rs. 64.8 million for the quarter ended September 30, 2013. The earnings per share for the period under review was Rs.2.62.

The uncertain global growth scenario combined with a slow down in the Chinese economy has exerted pressure on textile end product prices. As a result, sales for the period under review were 3% lower than the corresponding period. Further, the end of China's stockpiling policy and expected bumper crops in the major cotton growing countries has led to a significant fall in raw material prices, which has further depressed the market. Overall, the industry has seen a decrease in margins. Gross margin for the first quarter ended September 30, 2014 was 10.1% as compared to 15.5% for the quarter ended September 30, 2013. Administrative, general and other expenses, as a percentage of sales, were nominally higher due to normal inflationary trend. The operating margin for the period under review was 7.3% as compared to 12.6% for the quarter ended September 30, 2013. Owing to prudent financial management, improved cash flows as well as some easing of borrowing rates, and debt reduction, financial charges as a percentage of sales, remained more or less unchanged. Overall, the net margin decreased to 4.1% as compared to 8.0% in the previous period.

Owing to the present market dynamics of reduced demand, uncertainty and greater volatility, we expect the lower margin environment to persist for the remainder of the financial year. In addition, the industry must contend with expensive energy prices and unending load shedding of both gas and electricity.

The Management will continue to strive to maintain profitability 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 law and order.

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

October 29, 2014

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2014 (UN-AUDITED)

	September 30, 2014	June 30, 2014
	Unaudited (Rupees)	Audited (Rupees)
ASSETS	Note	
NON CURRENT ASSETS		
Property, plant and equipment		
Operating fixed assets	5	886,505,231
Capital work-in-progress	6	1,242,086
Long term investments		2,029,973
Long term deposits		23,391,570
		<u>913,168,860</u>
CURRENT ASSETS		
Stores, spares and loose tools		51,339,277
Stock in trade		180,066,584
Trade debts		316,682,217
Loans and advances		2,422,625
Trade deposits and short term prepayments		10,760,570
Other receivables		614,351
Short term investments		146,762,157
Tax refunds due from the Government		23,071,234
Cash and bank balances		188,074,136
		<u>919,793,151</u>
		<u>874,235,660</u>
TOTAL ASSETS		
		<u>1,832,962,011</u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
15,000,000 (June 30, 2014: 15,000,000)		
ordinary shares of Rs. 10 each		150,000,000
Issued, subscribed and paid-up capital		
12,417,876 (June 30, 2014: 12,417,876)		
ordinary shares of Rs. 10 each		124,178,760
Reserves		
Capital		27,529,614
Revenue		777,216,078
		<u>804,745,691</u>
		<u>773,221,090</u>
		<u>928,924,451</u>
		<u>897,399,850</u>
NON CURRENT LIABILITIES		
Long term financing	7	184,611,761
Liabilities against assets subject to finance leases		23,872,144
Deferred taxation		133,789,814
		<u>342,273,719</u>
		<u>317,465,883</u>
CURRENT LIABILITIES		
Trade and other payables		363,810,048
Financial charges payable		32,044,415
Short term Financing		45,315,093
Current portion of long term Liabilities		116,705,422
Taxation - Net		3,888,863
		<u>561,763,841</u>
		<u>532,481,773</u>
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES		
	8	<u>1,832,962,011</u>
		<u>1,747,347,506</u>

The annexed notes from 1 to 14 form an integral part of these financial statements.

Imran Maqbool

IMRAN MAQBOOL
Chief Executive

Naadeem Maqbool

NADEEM MAQBOOL
Director

Quarterly Report

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED SEPTEMBER 30, 2014 (UN-AUDITED)

	September 30, 2014	September 30, 2013
Note	Rupees	Rupees
Sales - net	791,087,697	814,177,017
Cost of sales	9 <u>(711,250,594)</u>	<u>(687,662,055)</u>
Gross profit	79,837,103	126,514,962
Selling and distribution expenses	(2,881,963)	(2,490,964)
Administrative and general expenses	(21,499,401)	(17,396,850)
Other operating expenses	(3,535,074)	(6,862,226)
Other operating income	<u>5,884,149</u>	<u>2,956,331</u>
Operating profit	57,804,814	102,721,253
Finance cost	(12,531,112)	(11,884,974)
Share of profit from associate	<u>(62,462)</u>	<u>-</u>
Profit before taxation	45,211,241	90,836,279
Taxation	10 <u>(12,733,841)</u>	<u>(25,996,577)</u>
Profit after taxation	<u>32,477,400</u>	<u>64,839,702</u>
Earnings/ (Loss) per share - basic and diluted (Rupees)	11 <u>2.62</u>	<u>5.22</u>

The annexed notes from 1 to 14 form an integral part of these financial statements.

Quarterly Report

Imran Maqbool

IMRAN MAQBOOL
Chief Executive

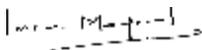
Naadeem Maqbool

NADEEM MAQBOOL
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	September 30, 2014 Rupees	September 30, 2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	45,211,241	90,836,279
Adjustment for non cash charges and other items:		
Depreciation	20,582,202	18,109,566
Loss on sale of fixed assets	(166,848)	-
Unrealized gain	(1,426,902)	-
Share of profit from associate	62,462	-
Finance cost	12,531,112	11,884,974
	31,582,026	29,994,540
(Increase) / decrease in current assets		
Stores, spares and loose tools	(4,092,442)	(5,497,847)
Stock in trade	(13,172,774)	2,371,719
Trade debts	41,139,210	(6,321,255)
Loans and advances	3,006,387	(9,953,232)
Trade deposits and short term prepayments	(7,146,451)	(6,977,283)
Other receivables	-	(7,069,500)
Tax refunds due from Government	1,014,652	(187,235)
	20,748,583	(33,634,633)
Increase in current liabilities		
Trade and other payables	70,416,229	49,838,365
Cash generated from operations	167,958,079	137,034,551
Income tax paid	(6,693,618)	(39,986,883)
Finance cost paid	(8,352,913)	(10,134,797)
Net cash generated from / (used in) operating activities	152,911,547	86,912,871
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(63,903,437)	(36,153,253)
Proceeds from sale	355,000	-
Short term investment	(22,096,546)	-
Long term deposits	4,137,421	(1,269,230)
Net cash (used in) investing activities	(81,507,562)	(37,422,483)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing (net)	26,107,855	(4,051,667)
Repayment of liabilities against asset subject to finance leases	(8,480,982)	(4,626,000)
Short term borrowings	(41,975,076)	(34,562,745)
Net cash generated from financing activities	(24,348,203)	(43,240,412)
Net increase in cash and cash equivalents	47,055,782	6,249,976
Cash and cash equivalents at beginning of the period	141,018,354	70,998,501
Cash and cash equivalents at end of the period	188,074,136	77,248,478

The annexed notes from 1 to 14 form an integral part of these financial statements.



IMRAN MAQBOOL
Chief Executive



NADEEM MAQBOOL
Director

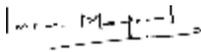
Quarterly Report

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

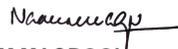
	Issued, subscribed and paid-up capital	Reserves		Total
		Unrealized gain / (loss) on available for sale investment	Unappropriated profit	
Balance as at July 1, 2013	124,178,760	29,933,621	587,666,864	741,779,245
Total comprehensive income for the year				
Profit for the quarter	-	-	64,839,702	64,839,702
Other comprehensive income	-	(4,054,393)	-	(4,054,393)
Profit for the quarter ended September 30, 2013	-	(4,054,393)	64,839,702	60,785,309
Balance as at September 30, 2013	<u>124,178,760</u>	<u>25,879,228</u>	<u>652,506,566</u>	<u>802,564,554</u>
Balance as at July 1, 2014	124,178,760	28,482,412	744,738,678	897,399,850
Total comprehensive income for the year				
Profit for the quarter ended September 30, 2014	-	-	32,477,400	32,477,400
Other comprehensive income	-	(952,798)	-	(952,798)
Profit for the period ended September 30, 2014	-	(952,798)	32,477,400	31,524,601
Balance as at September 30, 2014	<u>124,178,760</u>	<u>27,529,614</u>	<u>777,216,078</u>	<u>928,924,451</u>

The annexed notes from 1 to 14 form an integral part of these financial statements.

Quarterly Report



IMRAN MAQBOOL
Chief Executive

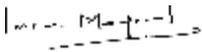


NADEEM MAQBOOL
Director

**CONDENSED COMPREHENSIVE INCOME AND LOSS ACCOUNT
FOR THE QUARTER ENDED SEPTEMBER 30, 2014 (UN-AUDITED)**

	September 30, 2014 Rupees	September 30, 2013 Rupees
(Loss) / Profit after tax	32,477,400	64,839,702
(Deficit) / surplus on remeasurment of available for sale financial assets	(952,798)	(4,054,393)
Total comprehensive income / (loss) for the period	31,524,601	60,785,309

The annexed notes from 1 to 14 form an integral part of these financial statements.



IMRAN MAQBOOL
Chief Executive



NADEEM MAQBOOL
Director

Quarterly Report

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2014 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

Crescent Fibres Limited ("the Company") was incorporated in Pakistan on August 06, 1977 as a public limited company under the Companies Act, 1913 (now Companies Ordinance, 1984) and is listed on all the Stock Exchanges in Pakistan. The Company is engaged in the manufacturing, sale and trading of yarn. The Registered Office of the Company is situated at 104- Shadman 1 Lahore.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements are unaudited but subject to the limited scope review by auditors and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984.

These condensed interim 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 Standard Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

The disclosures made in these condensed interim financial statements have, however, been limited in accordance with the requirements of the International Financial Reporting Standards (IFRS) IAS - 34, Interim Financial Reporting. They do not include all the information and disclosures made in the annual published financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2014.

2.2 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 POLICIES

The accounting policies adopted and methods of computation followed in the preparation of these financial statements are same as those for the preceding annual financial statements for the year ended June 30, 2014.

4. ESTIMATES

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2014.

5. OPERATING FIXED ASSETS

		September 30, 2014 (Unaudited)	June 30, 2014 (Audited)
	Note	Rupees	Rupees
Opening net book value (NBV)		844,069,992	737,619,781
Additions (at cost) during the period / year	5.1	63,205,593	188,246,108
		907,275,585	925,865,889
Disposals and retirements (NBV) during the period / year	5.2	188,152	1,232,797
Depreciation charged during the period / year		20,582,202	80,563,100
		20,770,354	81,795,897
		886,505,231	844,069,992

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2014 (UN-AUDITED)**

	September 30, 2014 (Unaudited) Rupees	June 30, 2014 (Audited) Rupees
5.1 Details of additions (at cost) during the period are as follows:		
Owned		
Factory and non factory building on leasehold land	-	17,736,111
Plant and equipment	63,118,349	139,693,292
Office equipment	27,500	374,500
Vehicles	59,744	
Leased		
Plant and machinery	-	24,455,705
Vehicles	-	5,986,500
	<u>63,205,593</u>	<u>188,246,108</u>
5.2 Details of disposals (NBV) during the period/ year are as follows:		
Owned		
Plant and machinery	-	1,212,866
Vehicles	188,152	19,931
	<u>188,152</u>	<u>1,232,797</u>
6. CAPITAL WORK IN PROGRESS		
This consist of		
Factory building	<u>1,242,086</u>	<u>544,242</u>
7. LONG TERM FINANCING		
From banking companies - secured		
Balance as at July 01	257,896,699	288,405,716
Obtained during the period	<u>32,937,300</u>	<u>51,814,000</u>
	290,833,999	340,219,716
Repayments made during the period	<u>(6,829,445)</u>	<u>(82,323,017)</u>
	284,004,554	257,896,699
Less: Current portion shown under current liabilities	<u>(99,392,793)</u>	<u>(99,392,792)</u>
	<u>184,611,761</u>	<u>158,503,907</u>
8. CONTINGENCIES AND COMMITMENTS		
8.1 Contingencies		
a) Guarantees have been issued by banking companies in normal course of business amounting to Rs.33.042 Million (2014:Rs.28.077 Million)		
b) Crescent Cotton Mills Limited (formerly Crescent Sugar Mills & Distillery Limited) has filed a case against Company for an amount of Rs. 53.850 million on the basis of case documents filed. The Company recorded liability of Rs.17.542 million as the best estimate of the amount owed. No provision for the difference amount has been made as management is of the view that the basis is frivolous and in view of counter claims available with the Company is confident that the balance amount shall not be payable.		
8.2 Commitments		
	September 30, 2014	June 30, 2014
Letter of credit against import	4.5 million	61.170 million

Quarterly Report

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2014 (UN-AUDITED)**

	September 30, 2014	September 30, 2013
	----- Rupees -----	
9 COST OF SALES		
Materials consumed	482,626,679	508,569,513
Stores, spares and loose tools consumed	14,738,945	11,886,127
Packing material consumed	11,447,687	10,189,255
Salaries, wages and other benefits	58,122,120	50,053,434
Fuel and power	118,027,876	98,354,198
Insurance	2,146,749	1,954,223
Repairs and maintenance	623,141	1,410,378
Depreciation	19,251,698	16,775,213
Other manufacturing overheads	4,627,929	4,320,309
	<u>711,612,824</u>	<u>703,512,650</u>
Opening work in process	<u>61,331,833</u>	<u>45,165,156</u>
Closing work in process	<u>(63,403,395)</u>	<u>(49,864,543)</u>
	<u>(2,071,562)</u>	<u>(4,699,387)</u>
Cost of goods manufactured	709,541,262	698,813,263
Opening stock of finished goods	<u>23,255,384</u>	<u>17,145,912</u>
Insurance Claim	-	(7,069,500)
Closing stock of finished goods	<u>(21,546,052)</u>	<u>(21,227,619)</u>
	<u>1,709,332</u>	<u>(11,151,207)</u>
	<u>711,250,594</u>	<u>687,662,055</u>
	<u>711,250,594</u>	<u>687,662,055</u>

10 Taxation

The tax charge for the quarter ended September 30, 2014 is based on the charge expected for the full financial year.

11 EARNINGS PER SHARE -

BASIC AND DILUTED

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

Profit after taxation (Rupees)	<u>32,477,400</u>	<u>64,839,702</u>
- Weighted average number of ordinary shares	<u>12,417,876</u>	<u>12,417,876</u>
Earnings per share Basic and diluted (Rupees)	<u>2.62</u>	<u>5.22</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2014 (UN-AUDITED)**

12 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	September 30,	September 30,
		2014 Rupees	2013 Rupees
Associated companies	Sales of goods and services	15,589,884	46,765,062
	Insurance premium	11,180,950	10,587,949
	Donation paid	30,000	30,000
Retirement benefit plans	Contribution to staff retirement benefit plans	2,266,978	1,803,771
Key Management Personnel	Remuneration and other benefits	5,990,039	5,466,945
Other associates	Rent received	96,840	49,278
	Rent paid	1,005,000	1,005,000

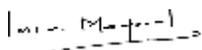
12.1 The above transactions with related parties are based at arm's length at normal commercial rates.

13 DATE OF AUTHORIZATION FOR ISSUE

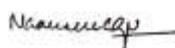
These financial statements were authorized for issue on October 29, 2014 by the Board of Directors of the Company.

14 GENERAL

Amounts have been rounded off to the nearest rupees.



IMRAN MAQBOOL
Chief Executive



NADEEM MAQBOOL
Director



CRESCENT FIBRES LIMITED

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