



**Crescent
Fibres**



**Quarterly Report
September 30, 2015**



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. 11.5 million for the quarter ended September 30, 2015 as compared to a profit of Rs. 32.5 million for the quarter ended September 30, 2014. The earnings per share for the period under review was Rs.0.92.

The textile industry continues to face extreme recessionary conditions with weak demand and falling end product prices and margins. This is due to global growth slow down, falling commodity prices, increased financial market volatility, a marked slow down in the Chinese growth rate, devaluation of regional currencies, and rising cost of inputs among others. As a result, sales for the period under review were 11.2% lower than the corresponding period. Gross margin for the first quarter ended September 30, 2015 was 5.1% as compared to 10.1% for the quarter ended September 30, 2014. Administrative, general and other expenses, as a percentage of sales, were maintained at the level of the corresponding period. The operating margin for the period under review was 2.3% as compared to 7.3% for the quarter ended September 30, 2014. Financial charges, as a percentage of sales, were higher during the period owing to the increased leverage taken on to finance expansion at the company's unit in Nooriabad. Overall, the net margin decreased to 1.6% as compared to 4.1% in the previous period.

The outlook for textiles is likely to remain negative in the near term. Factors contributing to this include uncertain global economic situation, the slow down in China, non-availability of reliable and competitively priced energy, strong government support for regional competitors, the valuation of the rupee, and the expected reduction in the size as well as the quality of the local cotton crop.

The Management will continue to strive to maintain profitability through improved efficiency and productivity and sound, low risk decision-making. However, we expect that margins will turn negative over the course of the financial year.

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.



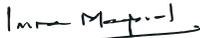
IMRAN MAQBOOL
Chief Executive Officer

October 29, 2015

**CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2015 (UN-AUDITED)**

		September 30, 2015 Unaudited (Rupees)	June 30, 2015 Audited (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	5	1,243,154,077	1,181,661,516
Capital work-in-progress	6	8,461,174	8,259,360
Long term investments		2,273,483	2,232,131
Long term deposits		18,779,548	17,864,198
		<u>1,272,668,281</u>	<u>1,210,017,205</u>
CURRENT ASSETS			
Stores, spares and loose tools		53,810,651	56,192,388
Stock in trade		104,594,807	151,757,057
Trade debts		318,708,273	320,007,060
Loans and advances		22,213,999	19,124,332
Trade deposits and short term prepayments		11,998,602	12,091,003
Other receivables		723,058	1,013,792
Short term investments		299,607,107	206,623,478
Tax refunds due from the Government		22,727,376	32,039,080
Taxation - net		7,826,784	8,272,494
Cash and bank balances		86,567,511	152,353,010
		<u>928,778,167</u>	<u>959,473,695</u>
TOTAL ASSETS		<u>2,201,446,448</u>	<u>2,169,490,899</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
15,000,000 (June 30, 2015: 15,000,000) ordinary shares of Rs. 10 each		<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed and paid-up capital			
12,417,876 (June 30, 2015: 12,417,876) ordinary shares of Rs. 10 each		124,178,760	124,178,760
Reserves			
Capital		25,689,049	23,423,515
Revenue		788,336,470	776,851,637
		<u>814,025,519</u>	<u>800,275,152</u>
		<u>938,204,279</u>	<u>924,453,912</u>
NON CURRENT LIABILITIES			
Long term financing	7	471,231,787	400,465,535
Liabilities against assets subject to finance leases		6,105,131	9,336,071
Deferred taxation		174,435,148	192,117,504
		<u>651,772,066</u>	<u>601,919,110</u>
CURRENT LIABILITIES			
Trade and other payables		394,178,050	415,389,773
Financial charges payable		35,561,191	33,012,371
Short term Financing	8	54,395,063	66,126,996
Current portion of long term Liabilities		127,335,799	128,588,737
		<u>611,470,103</u>	<u>643,117,877</u>
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		<u>2,201,446,448</u>	<u>2,169,490,899</u>

The annexed notes from 1 to 15 form an integral part of these financial statements.


IMRAN MAQBOOL
Chief Executive


NADEEM MAQBOOL
Director

Quarterly Report

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED SEPTEMBER 30, 2015 (UN-AUDITED)**

	September 30, 2015	September 30, 2014
Note	Rupees	Rupees
Sales - net	702,477,683	791,087,697
Cost of sales	10 <u>(666,677,526)</u>	<u>(711,250,594)</u>
Gross profit	35,800,157	79,837,103
Selling and distribution expenses	(3,035,725)	(2,881,963)
Administrative and general expenses	(22,302,617)	(21,499,401)
Other operating expenses	(172,473)	(3,535,074)
Other operating income	<u>5,708,579</u>	<u>5,884,149</u>
Operating profit	15,997,921	57,804,814
Finance cost	(15,358,255)	(12,531,112)
Share of profit from associate	<u>41,352</u>	<u>(62,462)</u>
Profit before taxation	681,018	45,211,241
Taxation	11 <u>10,803,813</u>	<u>(12,733,841)</u>
Profit after taxation	<u>11,484,831</u>	<u>32,477,400</u>
Earnings per share - basic and diluted (Rupees)	12 <u>0.92</u>	<u>2.62</u>

The annexed notes from 1 to 15 form an integral part of these financial statements.


IMRAN MAQBOOL
Chief Executive


NADEEM MAQBOOL
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

	September 30, 2015 Rupees	September 30, 2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	681,018	45,211,241
Adjustment for non cash charges and other items:		
Depreciation	30,730,401	20,582,202
Gain /(Loss) on sale of fixed assets	47,112	(166,848)
Unrealized gain	(660,468)	(1,426,902)
Share of profit from associate	(41,352)	62,462
Finance cost	15,358,255	12,531,112
	45,433,948	31,582,026
(Increase) / decrease in current assets		
Stores, spares and loose tools	2,381,737	(4,092,442)
Stock in trade	47,162,250	(13,172,774)
Trade debts	1,298,788	41,139,210
Loans and advances	(3,089,666)	3,006,387
Trade deposits and short term prepayments	92,401	(7,146,451)
Other receivables	290,734	-
Tax refunds due from Government	9,311,704	1,014,652
	57,447,947	20,748,583
Increase in current liabilities		
Trade and other payables	(21,211,723)	70,416,229
Cash generated from operations	82,351,191	167,958,079
Income tax paid	(5,252,320)	(6,693,618)
Finance cost paid	(12,809,435)	(8,352,913)
Net cash generated from / (used in) operating activities	64,289,435	152,911,547
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(93,211,844)	(63,903,437)
Proceeds from sale	97,500	355,000
Short term investment	(90,718,081)	(22,096,546)
Long term deposits	(915,350)	4,137,421
Net cash (used in) investing activities	(184,747,775)	(81,507,562)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing (net)	70,766,252	26,107,855
Repayment of liabilities against asset subject to finance leases	(4,361,478)	(8,480,982)
Short term borrowings	(11,731,933)	(41,975,076)
Net cash generated from financing activities	54,672,841	(24,348,203)
Net increase in cash and cash equivalents	(65,785,499)	47,055,782
Cash and cash equivalents at beginning of the period	152,353,010	141,018,354
Cash and cash equivalents at end of the period	86,567,512	188,074,136

The annexed notes from 1 to 15 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, 2015**

	Issued, subscribed and paid-up capital	Reserves		Total
		Unrealized gain / (loss) on available for sale investments	Unappropriated profit	
Rupees				
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	-	-	32,477,400	32,477,400
Other comprehensive income	-	(952,798)	-	(952,798)
Profit for the quarter 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>
Balance as at July 1, 2015	124,178,760	23,423,513	776,851,639	924,453,912
Total comprehensive income for the year				
Profit for the quarter ended September 30, 2015	-	-	11,484,831	11,484,831
Other comprehensive income	-	2,265,536	-	2,265,536
Profit for the period ended September 30, 2015	-	2,265,536	11,484,831	13,750,367
Balance as at September 30, 2015	<u>124,178,760</u>	<u>25,689,049</u>	<u>788,336,470</u>	<u>938,204,279</u>

The annexed notes from 1 to 15 form an integral part of these financial statements.


IMRAN MAQBOOL
Chief Executive


NADEEM MAQBOOL
Director

**CONDENSED COMPREHENSIVE INCOME AND LOSS ACCOUNT
FOR THE QUARTER ENDED SEPTEMBER 30, 2015 (UN-AUDITED)**

	September 30, 2015 Rupees	September 30, 2014 Rupees
(Loss) / Profit after tax	11,484,831	32,477,400
(Deficit) / surplus on remeasurment of available for sale financial assets	2,265,536	(952,798)
Total comprehensive income / (loss) for the period	<u>13,750,367</u>	<u>31,524,601</u>

The annexed notes from 1 to 15 form an integral part of these financial statements.


IMRAN MAQBOOL
Chief Executive


NADEEM MAQBOOL
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2015 (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, 2015.

The comparative balance sheet 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, 2015, whereas the comparative condensed interim profit and loss accounts, condensed interim statement of comprehensive income and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the quarter ended September 30, 2015.

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

3.1 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, 2015.

3.2 The new standards, amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after July 01, 2014 are either considered not to be relevant or to have insignificant effect on the Company's operations and therefore, are not detailed in this condensed interim financial information:

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, 2015.

5. OPERATING FIXED ASSETS

Note	September 30, 2015 (Unaudited) Rupees	June 30, 2015 (Audited) Rupees
	1,181,661,516	844,069,992
5.1	92,514,000	445,165,852
	<u>1,274,175,516</u>	<u>1,289,235,844</u>
5.2	291,038	16,420,140
	30,730,401	91,154,188
	<u>31,021,439</u>	<u>107,574,328</u>
	<u>1,243,154,077</u>	<u>1,181,661,516</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2015 (UN-AUDITED)**

	September 30, 2015 (Unaudited) Rupees	June 30, 2015 (Audited) Rupees
5.1 Details of additions (at cost) during the period are as follows:		
Owned		
Factory and non factory building on leasehold land	-	57,806,524
Plant and equipment	90,543,500	377,680,084
Office equipment	-	155,000
Vehicles	1,970,500	696,744
Electric Installation	-	6,450,000
Leased		
Vehicles	-	2,377,500
	<u>92,514,000</u>	<u>445,165,852</u>
5.2 Details of disposals (NBV) during the period/ year are as follows:		
Owned		
Plant and machinery	-	15,871,927
Office equipment	-	61,200
Vehicles	291,038	487,013
	<u>291,038</u>	<u>16,420,140</u>
6. CAPITAL WORK IN PROGRESS		
This consists of		
Factory building	<u>8,461,174</u>	<u>544,242</u>
7. LONG TERM FINANCING		
From banking companies - secured		
Balance as at July 01	508,914,329	257,896,699
Obtained during the period	79,859,697	338,896,200
	<u>588,774,026</u>	<u>596,792,899</u>
Repayments made during the period	<u>(9,093,445)</u>	<u>(87,878,570)</u>
	579,680,581	508,914,329
Less: Current portion shown under current liabilities	<u>(108,448,794)</u>	<u>(108,448,794)</u>
	<u>471,231,787</u>	<u>400,465,535</u>
8. SHORT-TERM FINANCING		
From banking companies - secured		
Running / cash finance	42,395,063	54,126,996
Bill discounting	8.1 <u>12,000,000</u>	<u>12,000,000</u>
	<u>54,395,063</u>	<u>66,126,996</u>
8.1 The balance represents short term borrowings and markup accrued thereon payable to a financial institution. No provision for markup has been recorded on this balance since June 30, 2012. The company has received a nil balance certificate from the Bank and no claim has 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.		
9. CONTINGENCIES AND COMMITMENTS		
9.1 Contingencies		
a) Guarantees have been issued by banking companies in normal course of business amounting to Rs.37.873 Million (2015:Rs.33.042 Million)		
b) Crescent Cotton Mills Limited (formerly Crescent Sugar Mills and 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.		
9.2 Commitments		
	September 30, 2015	June 30, 2015
Letter of credit against import	5.350 million	85.568 million

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2015 (UN-AUDITED)**

	September 30, 2015	September 30, 2014
	----- Rupees -----	
10 COST OF SALES		
Materials consumed	422,177,814	482,626,679
Stores, spares and loose tools consumed	17,366,933	14,738,945
Packing material consumed	12,563,761	11,447,687
Salaries, wages and other benefits	75,985,410	58,122,120
Fuel and power	119,452,110	118,027,876
Insurance	2,075,698	2,146,749
Repairs and maintenance	2,256,177	623,141
Depreciation	28,964,169	19,251,698
Other manufacturing overheads	5,020,809	4,627,929
	<u>685,862,881</u>	<u>711,612,824</u>
Opening work in process	<u>53,827,611</u>	<u>61,331,833</u>
Closing work in process	<u>(52,305,934)</u>	<u>(63,403,395)</u>
	<u>1,521,677</u>	<u>(2,071,562)</u>
Cost of goods manufactured	<u>687,384,558</u>	<u>709,541,262</u>
Opening stock of finished goods	<u>18,126,660</u>	<u>23,255,384</u>
Closing stock of finished goods	<u>(41,101,692)</u>	<u>(21,546,052)</u>
	<u>(22,975,032)</u>	<u>1,709,332</u>
	<u>664,409,526</u>	<u>711,250,594</u>
Cost of trading sale	<u>2,268,000</u>	<u>-</u>
	<u><u>666,677,526</u></u>	<u><u>711,250,594</u></u>

11 Taxation

The tax charge for the quarter ended September 30, 2015 is based on the charge expected for the full financial year.

**12 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>11,484,831</u>	<u>32,477,400</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>0.92</u>	<u>2.62</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2015 (UN-AUDITED)**

13 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, 2015	September 30, 2014
		Rupees	Rupees
Associated companies	Sales of goods and services	1,754,090	15,589,884
	Insurance premium	12,158,790	11,180,950
	Donation paid	30,000	30,000
Retirement benefit plans	Contribution to staff retirement benefit plans	2,910,306	2,266,978
Key Management Personnel	Remuneration and other benefits	6,635,778	5,990,039
Other associates	Rent received	-	96,840
	Rent paid	1,005,000	1,005,000

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

14 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 29, 2015 by the Board of Directors of the Company.

15 GENERAL

Amounts have been rounded off to the nearest rupees.


IMRAN MAQBOOL
Chief Executive


NADEEM MAQBOOL
Director

Quarterly Report



**Crescent
Fibres**

CRESCENT FIBRES LIMITED

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