



**Crescent
Fibres**



**Quarterly Report
March 31, 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) 35960851-52

E-mail: lo@crescentfibres.com

Website: www.crescentfibres.com

MANAGEMENT REVIEW

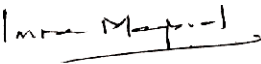
The Company reported after-tax net profit of Rs. 36.7 million in the third quarter of the financial year, which when combined with a net profit of 116.4 million for the first half of the year, resulted in a net profit of Rs. 153.1 million for the nine months ended March 31, 2014. The earnings per share for the period under review was Rs. 12.33.

For the period under review, the company reported sales of Rs. 2.6 billion an increase of 11.5% over the corresponding period. The gross margin decreased to 12.9% as compared to 13.2% for the nine months ended March 31, 2013. Despite inflationary pressures, strict cost controls allowed the Management to report marginally lower selling and administrative expenses as a percentage of sales. As a result the 10.5% operating margin for the period under review was the same as for the period ended March 31, 2013. Financial charges decreased from Rs. 53.7 million to Rs. 51.0 million primarily due stronger operating cash flows and prudent financial management. Overall, the net margin decreased to 5.9% as compared to 6.9% for the corresponding period. This was attributable to higher tax expense.

After several years of strong growth and profitability, the textile industry is seeing a significant downturn. Factors contributing to this trend include weakening global demand, lack of reliable and competitively priced energy, Government incentives offered to our regional competitors and rapid appreciation of the Rupee. The profitability in the third quarter of the year was significantly lower than the first two quarters and we expect this trend to continue.

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



April 28, 2014

**CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2014 (UN-AUDITED)**

		March 31, 2014 (Un-audited) Rupees	June 30, 2013 (Audited) Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	5	848,241,134	737,619,781
Capital work in progress	6	-	13,796,089
Long term investments		2,224,892	2,426,759
Long term deposits		30,677,041	30,225,944
		<u>881,143,067</u>	<u>784,068,573</u>
CURRENT ASSETS			
Stores, spares and loose tools		51,553,300	38,617,856
Stock in trade		491,912,488	231,316,123
Trade debts		321,299,425	291,906,713
Loans and advances		6,146,455	8,521,910
Trade deposits and short term prepayments		5,709,965	3,377,946
Other receivables		618,817	614,351
Short term investments		136,372,170	110,202,585
Tax refunds due from Government		77,432,704	52,021,514
Taxation - net		-	25,515,907
Cash and bank balances		90,988,644	70,998,501
		<u>1,182,033,968</u>	<u>833,093,406</u>
TOTAL ASSETS		<u>2,063,177,035</u>	<u>1,617,161,979</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
15,000,000 ordinary shares of Rs. 10/- each		150,000,000	150,000,000
Issued, subscribed and paid-up capital			
12,417,876 ordinary shares of Rs. 10/- each		124,178,760	124,178,760
Reserves			
Capital		29,880,112	29,933,621
Revenue		722,151,015	587,666,864
		<u>752,031,126</u>	<u>617,600,485</u>
		<u>876,209,886</u>	<u>741,779,245</u>
NON CURRENT LIABILITIES			
Long term financing	7	207,127,973	203,304,923
Liabilities against assets subject to finance leases		38,821,603	24,837,379
Deferred taxation		144,994,821	130,065,704
		<u>390,944,397</u>	<u>358,208,006</u>
CURRENT LIABILITIES			
Trade and other payables		327,517,300	291,868,111
Financial charges payable		36,713,581	30,196,771
Taxation - net		25,503,440	-
Short term borrowings		300,629,753	86,361,209
Current portion of long term liabilities		105,658,679	108,748,637
		<u>796,022,752</u>	<u>517,174,728</u>
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		<u>2,063,177,035</u>	<u>1,617,161,979</u>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.


IMRAN MAQBOOL
Chief Executive


HUMAYUN MAQBOOL
Director

Quarterly Report

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE NINE MONTHS ENDED MARCH 31, 2014 (UN-AUDITED)**

	Note	Nine month ended		Quarter ended	
		March 31,	March 31,	March 31,	March 31,
		2014	2013	2014	2013
		Rupees	Rupees	Rupees	Rupees
Sales - net		2,609,645,765	2,341,120,116	896,944,165	845,249,888
Cost of sales	9	<u>(2,271,720,401)</u>	<u>(2,032,531,474)</u>	<u>(800,903,879)</u>	<u>(746,557,997)</u>
Gross profit		337,925,365	308,588,642	96,040,286	98,691,891
Selling and distribution expenses		(8,502,564)	(7,185,836)	(3,434,914)	(2,434,626)
Administrative and general expenses		(54,419,187)	(52,966,951)	(18,713,204)	(20,073,548)
Other operating expenses		(16,915,484)	(14,496,270)	(4,148,244)	(4,185,452)
Other operating income		15,761,093	11,492,568	5,960,706	4,075,427
Operating profit		273,849,223	245,432,154	75,704,630	76,073,691
Finance cost		(51,009,872)	(53,740,793)	(21,603,386)	(21,150,088)
Share of (loss) / profit from associate		<u>(201,867)</u>	<u>(23,880)</u>	<u>(67,289)</u>	<u>(11,940)</u>
Profit before taxation		222,637,484	191,667,481	54,033,955	54,911,663
Taxation	10	<u>(69,526,519)</u>	<u>(29,858,881)</u>	<u>(17,373,532)</u>	<u>(10,285,317)</u>
Profit / (loss) for the period		153,110,965	161,808,600	36,660,423	44,626,346
Earnings / (loss) per share - basic and diluted (Rupees)	11	<u>12.33</u>	<u>13.03</u>	<u>2.95</u>	<u>3.59</u>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.


IMRAN MAQBOOL
Chief Executive


HUMAYUN MAQBOOL
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2014**

	March 31, 2014 Rupees	December 31, 2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	222,637,484	191,667,481
Adjustment for non cash charges and other items:		
Depreciation	58,330,135	32,007,640
Amortization	-	193,110
Gain on disposal of operating fixed assets	(1,505,069)	(918,894)
Unrealized gain on remeasurement of investments	(3,823,094)	-
Share of loss / (profit) from associate	201,867	11,940
Finance cost	51,009,872	32,590,707
	104,213,711	63,884,503
(Increase) / decrease in current assets		
Stores, spares and loose tools	(12,935,444)	(4,270,548)
Stock in trade	(260,596,365)	(227,667,662)
Trade debts	(29,392,712)	24,909,983
Loans and advances	2,375,455	395,296
Trade deposits and short term prepayments	(2,332,019)	(3,965,200)
Other receivables	(4,466)	184,680
Tax refund due from Government	(25,411,190)	(8,081,905)
	(328,296,741)	(218,495,357)
Increase in current liabilities		
Trade and other payables	34,890,707	89,550,189
Cash generated from operations	33,445,160	126,606,817
Income tax paid	(6,392,164)	(10,247,871)
Finance cost paid	(44,493,062)	(38,798,344)
Net cash generated from operating activities	(17,440,066)	77,560,601
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(126,131,193)	(7,678,595)
Proceeds from disposal of operating fixed assets	-	983,000
Short term investment	(22,400,000)	-
Long term deposits	(451,097)	(6,873,210)
Net cash used in investing activities	(148,982,290)	(13,568,805)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - net	6,600,825	(29,540,555)
Repayment of liabilities against asset subject to finance leases	(16,588,537)	(8,283,934)
Dividend paid	(17,868,332)	(12,417,876)
Short term borrowings	214,268,544	86,143,518
Net cash generated from / (used in) financing activities	186,412,500	35,901,153
Net increase in cash and cash equivalents	19,990,143	99,892,949
Cash and cash equivalents at the beginning of the period	70,998,501	68,996,751
Cash and cash equivalents at the end of the period	90,988,644	168,889,700

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.


IMRAN MAQBOOL
Chief Executive


HUMAYUN MAQBOOL
Director

Quarterly Report

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2014**

	Issued, subscribed and paid-up capital	Reserves			Total
		Unrealized gain / (loss) on available for sale investment	Unappropriated profit	Sub total	
Balance as at July 1, 2012	124,178,760	7,930,404	356,483,866	364,414,270	488,593,030
Total comprehensive income for the year					
Profit for the quarter	-	-	161,808,600	161,808,600	161,808,600
Other comprehensive income	-	13,637,230	-	13,637,230	13,637,230
Profit for the nine months ended March 31, 2013	-	13,637,230	161,808,600	175,445,830	175,445,830
Dividend declared for the year ended June 30, 2012			(12,417,876)	(12,417,876)	(12,417,876)
Balance as at March 31, 2013	124,178,760	21,567,634	505,874,590	527,442,224	651,620,984
Balance as at July 1, 2013	124,178,760	29,933,621	587,666,864	617,600,485	741,779,245
Total comprehensive income for the year					
Profit for the nine months ended March 31, 2014	-	-	153,110,965	153,110,965	153,110,965
Dividend declared for the year ended June 30, 2013			(18,626,814)	(18,626,814)	(18,626,814)
Other comprehensive income	-	(53,509)	-	(53,509)	(53,509)
Profit for the Nine months ended March 31, 2014	-	(53,509)	134,484,151	134,430,641	134,430,641
Balance as at March 31, 2014	124,178,760	29,880,112	722,151,015	752,031,126	876,209,886

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

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED MARCH 31, 2014 (UN-AUDITED)**

	Nine Months ended		Quarter ended	
	March 31, 2014 Rupees	March 31, 2013 Rupees	March 31, 2014 Rupees	March 31, 2013 Rupees
Profit / (loss) for the period	153,110,965	161,808,600	36,660,423	44,626,346
Unrealized gain / (loss) on remeasurement of available for sale investments	(53,509)	13,637,230	5,043,180	4,602,407
Impairment loss recognized in profit and loss account	-	-	-	-
	(53,509)	13,637,230	5,043,180	4,602,407
Total comprehensive income / (loss) for the period	<u>153,057,455</u>	<u>175,445,830</u>	<u>41,703,603</u>	<u>49,228,752</u>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.


IMRAN MAQBOOL
Chief Executive


HUMAYUN MAQBOOL
Director

Quarterly Report

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 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

This condensed interim financial information is unaudited but subject to limited scope review by auditors and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984.

This condensed interim financial information of the Company for the nine months period ended March 31, 2014 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

The disclosures made in this condensed interim financial information have been limited in accordance with the requirements of the International Accounting Standard 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, 2013.

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, 2013, 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 nine months ended March 31, 2014.

2.2 Basis of measurement

This condensed interim financial information have been prepared under the historical cost convention, except for available for sale investments which are carried at fair value.

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

2.3 Functional and presentation currency

This condensed interim financial information 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 this condensed interim financial information are same as those for the preceding annual financial statements for the year ended June 30, 2013.

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, 2013 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 information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2013.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2014 (UN-AUDITED)**

	March 31, 2014 (Un-audited) Rupees	June 30, 2013 (Audited) Rupees
5. OPERATING FIXED ASSETS		
Opening net book value (NBV)	737,619,781	649,682,681
Additions (at cost) during the period / year	5.1 168,951,487	156,587,304
	<u>906,571,268</u>	<u>806,269,985</u>
Disposals (at NBV) during the period / year	5.2 19,931	2,137,925
Depreciation charged during the period / year	58,310,204	66,512,279
	<u>58,330,135</u>	<u>68,650,204</u>
Closing net book value (NBV)	<u>848,241,134</u>	<u>737,619,781</u>
5.1 Details of additions (at cost) during the period / year are as follows:		
Owned		
Building	17,736,111	1,003,128
Plant and machinery	121,876,671	123,132,752
Office equipment	314,500	137,500
Furniture and fixture	-	146,500
Vehicles	-	2,530,500
Leased		
Plant and machinery	24,455,705	26,641,924
Vehicles	4,568,500	2,995,000
	<u>168,951,487</u>	<u>156,587,304</u>
5.2 Details of disposals (at NBV) during the period / year are as follows:		
Owned		
Plant and machinery	-	1,524,461
Furniture	-	21,056
Vehicles	19,931	592,408
	<u>19,931</u>	<u>2,137,925</u>
6. CAPITAL WORK IN PROGRESS		
This consists of:		
Civil works	-	5,119,200
Civil works	-	8,676,889
	<u>-</u>	<u>13,796,089</u>
7. LONG TERM FINANCING		
From banking companies - secured		
Balance as at July 01	288,405,716	306,330,000
Obtained during the period	51,814,000	50,000,000
	<u>340,219,716</u>	<u>356,330,000</u>
Repayments made during the period / year	(45,213,175)	(67,924,284)
	<u>295,006,541</u>	<u>288,405,716</u>
Less: Current portion shown under current liabilities	(87,878,568)	(85,100,793)
	<u>207,127,973</u>	<u>203,304,923</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2014 (UN-AUDITED)**

8. CONTINGENCIES AND COMMITMENTS

8.1 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. 28.077 million (June 30, 2013 : Rs. 28.077 million).
- b) 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 has a recorded liability of Rs. 17.542 million as the best estimate of amounts owed. No provision for the difference amount has been made as management is of the view that the basis is frivolous and in view of counter claims available with the Company is confident that the balance amount shall not be payable.

8.2 Commitments

The Company is committed as at the balance sheet date as follows:

Letters of credit against import of plant and machinery amounting to Rs. 2.780 million (June 30, 2013: Rs. 9.604 million).

Letters of credit against raw material and normal consumption amounting to Rs. 20.163 million (June 30, 2013: nil).

9. COST OF SALES

	Nine Months ended		Quarter ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
(Un-audited)				
Rupees				
Materials consumed	1,607,319,697	1,517,540,073	541,130,805	547,246,889
Stores, spares and loose tools consumed	46,865,640	37,208,973	19,910,298	13,685,274
Packing material consumed	33,770,896	28,283,696	11,631,081	8,915,701
Salaries, wages and other benefits	160,809,574	148,674,585	54,969,442	49,368,750
Fuel and power	321,250,640	230,167,985	109,811,155	82,343,992
Insurance	4,876,763	4,590,060	1,591,432	1,534,156
Repairs and maintenance	3,755,227	5,366,026	865,359	3,125,779
Depreciation	54,026,316	44,422,770	19,352,179	15,125,494
Other manufacturing overheads	12,343,895	9,503,934	4,039,687	3,889,117
Insurance claim	-	-	-	-
	<u>2,245,018,648</u>	<u>2,025,758,101</u>	<u>763,301,438</u>	<u>725,235,151</u>
Opening work in process	45,165,156	47,945,679	64,958,182	50,091,641
Closing work in process	(55,423,519)	(55,269,311)	(55,423,519)	(55,269,311)
	<u>(10,258,363)</u>	<u>(7,323,632)</u>	<u>9,534,663</u>	<u>(5,177,670)</u>
Cost of goods manufactured	2,234,760,285	2,018,434,469	772,836,101	720,057,481
Cost of goods purchased for trading	61,550,915	18,143,154	32,047,136	14,534,794
Opening stock of finished goods	17,145,912	16,871,295	30,899,938	32,883,166
	<u>(6,857,415)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Closing stock of finished goods	(34,879,296)	(20,917,444)	(34,879,296)	(20,917,444)
	<u>(24,590,799)</u>	<u>(4,046,149)</u>	<u>(3,979,359)</u>	<u>11,965,722</u>
	<u>2,271,720,401</u>	<u>2,032,531,474</u>	<u>800,903,879</u>	<u>746,557,997</u>

10. TAXATION

The provision for taxation for the nine months and quarter ended March 31, 2014 has been made using the estimated effective tax rate applicable to expected total annual

11. EARNINGS / (LOSS) PER SHARE -BASIC AND DILUTED

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

Profit / (loss) for the period (Rupees)	153,110,965	161,808,600	36,660,423	44,626,346
Weighted average number of ordinary shares	12,417,876	12,417,876	12,417,876	12,417,876
Earnings / (loss) per share - basic and diluted (Rupees)	12.33	13.03	2.95	3.59

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 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	Nine Month ended		Quarter ended	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
		(Un-audited)			
		Note	Rupees		
Associated companies	Sales of goods and services	91,525,518	135,040,050	15,274,806	49,729,250
	Insurance premium	10,976,234	8,850,505	233,868	92,903
	Insurance claim	6,857,415	-	-	-
	Donation paid	90,000	-	30,000	-
	Rent received	290,520	147,835	96,840	59,503
	Rent paid	3,015,000	1,675,000	1,005,000	1,675,000
Retirement benefit plans	Contribution to staff retirement benefit plans	6,151,177	5,370,412	2,133,002	1,790,137
Key management	Remuneration and	16,803,336	16,324,998	5,675,780	5,099,407

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

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

13. NUMBER OF EMPLOYEES

No of employees working as on March 31,2014 are 983.

14. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on April 28, 2014 by the Board of Directors of the Company.

15. GENERAL

Amounts have been rounded off to the nearest of rupees.


IMRAN MAQBOOL
Chief Executive


HUMAYUN MAQBOOL
Director



CRESCENT FIBRES LIMITED

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