



**Crescent
Fibres**



**Quarterly Report
March 31, 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 after-tax net profit of Rs. 27.01 million in the third quarter of the financial year, which when combined with a net profit of 99.9 million for the first half of the year, resulted in a net profit of Rs. 126.9 million for the nine months ended March 31, 2015. The earnings per share for the period under review was Rs. 10.22.

For the period under review, the company reported sales of Rs. 2.36 billion, which was 9.6% lower than the corresponding period. This decline was primarily attributable to weak demand of yarn and fabric and lower end product prices. The gross margin decreased to 10.3% as compared to 12.9% for the nine months ended March 31, 2014. Owing to inflationary pressures and lower sales, selling and administrative expenses were marginally higher at 2.7% of sales as compared to 2.1% in the corresponding period. As a result the operating margin for the period under review declined to 7.5% as compared to 10.5% for the period ended March 31, 2014. Financial charges decreased from Rs. 51.0 million to Rs. 40.4 million primarily due lower interest rates, strong operating cash flows and prudent financial management. Overall, the net margin decreased to 5.4% as compared to 5.9% for the corresponding period.

After several years of strong growth and profitability, the textile industry is seeing a slowdown. Factors contributing to this trend include weakening global demand, lack of reliable energy supply, Government incentives offered to our regional competitors and appreciation of the Rupee relative to competitors as well as buyers currencies. 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 29, 2015

**CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2015 (UN-AUDITED)**

	Note	March 31, 2015 (Un-audited) Rupees	June 30, 2014 (Audited) Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	5	878,005,843	844,069,992
Capital work in progress	6	55,936,215	544,242
Long term investments		2,222,545	2,092,435
Long term deposits		23,931,165	27,528,991
		<u>960,095,768</u>	<u>874,235,660</u>
CURRENT ASSETS			
Stores, spares and loose tools		50,892,608	47,246,835
Stock in trade		348,689,261	166,893,810
Trade debts		350,976,259	357,821,427
Loans and advances		9,759,028	5,429,012
Trade deposits and short term prepayments		7,501,236	3,614,119
Other receivables		1,401,161	614,351
Short term investments		191,426,122	126,388,052
Tax refunds due from Government		9,969,112	24,085,886
Taxation - net		1,694,006	-
Cash and bank balances		53,491,235	141,018,354
		<u>1,025,800,028</u>	<u>873,111,846</u>
TOTAL ASSETS		<u>1,985,895,796</u>	<u>1,747,347,506</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		17,372,818	28,482,412
Revenue		859,267,187	744,738,678
		<u>876,640,005</u>	<u>773,221,090</u>
		<u>1,000,818,765</u>	<u>897,399,850</u>
NON CURRENT LIABILITIES			
Long term financing	7	200,031,476	158,503,907
Liabilities against assets subject to finance leases		11,913,634	27,323,522
Deferred taxation		120,955,280	131,638,454
		<u>332,900,390</u>	<u>317,465,883</u>
CURRENT LIABILITIES			
Trade and other payables		356,939,150	293,393,819
Financial charges payable		31,641,095	27,866,216
Short term borrowings	8	141,831,713	87,290,169
Current portion of long term liabilities		121,764,682	121,735,028
Taxation - Net		-	2,196,541
		<u>652,176,640</u>	<u>532,481,773</u>
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		<u>1,985,895,796</u>	<u>1,747,347,506</u>

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


IMRAN MAQBOOL
Chief Executive


NADEEM MAQBOOL
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE NINE MONTHS ENDED MARCH 31, 2015 (UN-AUDITED)**

	Nine Months ended		Quarter ended	
	March 31,	March 31,	March 31,	March 31,
	2015	2014	2015	2014
Note	Rupees	Rupees	Rupees	Rupees
Sales - net	2,359,329,226	2,609,645,765	750,133,171	896,944,165
Cost of sales	10 (2,117,321,513)	(2,271,720,401)	(684,121,448)	(800,903,879)
Gross profit	242,007,713	337,925,365	66,011,723	96,040,286
Selling and distribution expenses	(9,284,177)	(8,502,564)	(3,411,372)	(3,434,914)
Administrative and general expenses	(63,492,541)	(54,419,187)	(20,710,422)	(18,713,204)
Other operating expenses	(10,513,947)	(16,915,484)	(2,423,844)	(4,148,244)
Other operating income	17,934,536	15,761,093	6,791,098	5,960,707
Operating profit	176,651,584	273,849,223	46,257,183	75,704,630
Finance cost	(40,360,072)	(51,009,872)	(16,097,552)	(21,603,387)
Share of (loss) / profit from associate	130,110	(201,867)	65,055	(67,289)
Profit before taxation	136,421,621	222,637,484	30,224,686	54,033,955
Taxation	11 (9,475,236)	(69,526,519)	(3,158,412)	(17,373,532)
Profit / (loss) for the period	126,946,385	153,110,965	27,066,274	36,660,423
Earnings / (loss) per share - basic and diluted (Rupees)	12 10.22	12.33	2.18	2.95

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

Quarterly Report

Imran Maqbool

IMRAN MAQBOOL
Chief Executive


Nadeem Maqbool


NADEEM MAQBOOL
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2015**

	March 31, 2015 Rupees	March 31, 2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	136,421,621	222,637,484
Adjustment for non cash charges and other items:		
Depreciation	65,066,330	58,330,135
Gain /(Loss) on disposal of operating fixed assets	1,682,021	(1,505,069)
Unrealized gain on remeasurement of investments	(3,230,036)	(3,823,094)
Share of loss / (profit) from associate	(130,110)	201,867
Finance cost	40,360,072	51,009,872
	103,748,277	104,213,711
(Increase) / decrease in current assets		
Stores, spares and loose tools	(3,645,773)	(12,935,444)
Stock in trade	(181,795,451)	(260,596,365)
Trade debts	6,845,168	(29,392,712)
Loans and advances	(4,330,016)	2,375,455
Trade deposits and short term prepayments	(3,887,117)	(2,332,019)
Other receivables	(786,810)	(4,466)
Tax refund due from Government	14,116,774	(25,411,190)
	(173,483,225)	(328,296,741)
Increase in current liabilities		
Trade and other payables	63,545,331	34,890,707
Cash generated from operations	130,232,004	33,445,160
Income tax paid	(22,655,875)	(6,392,164)
Finance cost paid	(36,585,193)	(44,493,062)
Net cash generated from operating activities	70,990,937	(17,440,066)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(168,105,977)	(126,131,193)
Proceeds from disposal of operating fixed assets	12,030,000	-
Short term investment	(70,097,871)	(22,400,000)
Long term deposits	3,597,826	(451,097)
Net cash used in investing activities	(222,576,022)	(148,982,290)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - net	41,527,569	6,600,825
Repayment of liabilities against asset subject to finance leases	(20,525,514)	(16,588,537)
Dividend paid	(11,485,633)	(17,868,332)
Short term borrowings	54,541,544	214,268,544
Net cash generated from / (used in) financing activities	64,057,966	186,412,500
Net increase in cash and cash equivalents	(87,527,119)	19,990,143
Cash and cash equivalents at the beginning of the period	141,018,354	70,998,501
Cash and cash equivalents at the end of the period	53,491,235	90,988,644

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


IMRAN MAQBOOL
Chief Executive


NADEEM MAQBOOL
Director

Quarterly Report

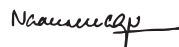
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2015**

	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 nine months ended March 31, 2014	-	-	153,110,965	153,110,965
Other comprehensive income	-	(53,509)	-	(53,509)
	-	(53,509)	153,110,965	153,057,456
Transactions with owners				
Dividend declared for the year ended June 30, 2013			(18,626,814)	(18,626,814)
Balance as at March 31, 2014	<u>124,178,760</u>	<u>29,880,112</u>	<u>722,151,015</u>	<u>876,209,887</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 Nine months ended March 31, 2015	-	-	126,946,385	126,946,385
Other comprehensive income	-	(11,133,572)	-	(11,133,572)
Profit for the Nine months ended March 31, 2015	-	(11,133,572)	126,946,385	115,812,814
Transactions with owners				
Dividend declared for the year ended June 30, 2014			(12,417,876)	(12,417,876)
Balance as at March 31, 2015	<u>124,178,760</u>	<u>17,348,840</u>	<u>859,267,187</u>	<u>1,000,794,788</u>

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

Quarterly Report


IMRAN MAQBOOL
Chief Executive



NADEEM MAQBOOL
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED MARCH 31, 2015 (UN-AUDITED)**

	Nine Months ended		Quarter ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Rupees	Rupees	Rupees	Rupees
Profit / (loss) for the period	126,946,385	153,110,965	27,066,274	36,660,423
Unrealized gain / (loss) on remeasurement of available for sale investments	(11,133,572)	(53,509)	(6,515,939)	5,043,180
Impairment loss recognized in profit and loss account	-	-	-	-
	(11,133,572)	(53,509)	(6,515,939)	5,043,180
Total comprehensive income / (loss) for the period	<u>115,812,814</u>	<u>153,057,456</u>	<u>20,550,335</u>	<u>41,703,603</u>

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


IMRAN MAQBOOL
Chief Executive


NADEEM MAQBOOL
Director

Quarterly Report

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

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, 2015 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, 2014.

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, 2014, 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, 2014.

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 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, 2014.



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2015 (UN-AUDITED)**

		March 31, 2015 (Un-audited) Rupees	June 30, 2014 (Audited) Rupees
5. OPERATING FIXED ASSETS			
Opening net book value (NBV)		844,069,992	737,619,781
Additions (at cost) during the period / year	5.1	112,714,004	188,246,108
		<u>956,783,996</u>	<u>925,865,889</u>
Disposals (at NBV) during the period / year	5.2	13,711,823	1,232,797
Depreciation charged during the period / year		65,066,330	80,563,100
		<u>78,778,153</u>	<u>81,795,897</u>
Closing net book value (NBV)		<u>878,005,843</u>	<u>844,069,992</u>
5.1 Details of additions (at cost) during the period / year are as follows:			
Owned			
Building		-	17,736,111
Plant and machinery		109,414,760	139,693,292
Vehicles		696,744	-
Office equipment		225,000	374,500
Leased			
Plant and machinery		-	24,455,705
Vehicles		2,377,500	5,986,500
		<u>112,714,004</u>	<u>188,246,108</u>
5.2 Details of disposals (at NBV) during the period / year are as follows:			
Owned			
Plant and machinery		13,163,610	1,212,866
Vehicles		487,013	19,931
Office equipment		61,200	-
		<u>13,711,823</u>	<u>1,232,797</u>
6. CAPITAL WORK IN PROGRESS			
This consists of:			
Building /improvements on leasehold land		5,653,912	544,242
Mobilization Advance		50,282,303	-
		<u>55,936,215</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		92,296,300	51,814,000
		<u>350,192,999</u>	<u>340,219,716</u>
Repayments made during the period / year		(50,768,731)	(82,323,017)
		<u>299,424,268</u>	<u>257,896,699</u>
Less: Current portion shown under current liabilities		(99,392,792)	(99,392,792)
		<u>200,031,476</u>	<u>158,503,907</u>
8. SHORT-TERM FINANCING			
From banking companies - secured			
Running / cash finance		129,831,713	75,290,169
Bill discounting	8.1	12,000,000	12,000,000
		<u>141,831,713</u>	<u>87,290,169</u>

Quarterly Report

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2015 (UN-AUDITED)

- 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) 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. 33.042 million (June 30, 2014 : Rs. 33.042 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 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.

9.2 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. 263.907 million (June 30, 2014: Rs. 61.170 million).

10. COST OF SALES

	Nine Months ended		Quarter ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	(Un-audited)			
	Rupees			
Materials consumed	1,369,306,398	1,607,319,697	418,101,932	541,130,805
Stores, spares and loose tools consumed	43,523,907	46,865,640	15,144,890	19,910,298
Packing material consumed	35,601,891	33,770,896	12,000,431	11,631,081
Salaries, wages and other benefits	189,619,687	160,809,574	68,600,917	54,969,442
Fuel and power	374,613,951	321,250,640	122,955,046	109,811,155
Insurance	6,018,971	4,876,763	1,865,844	1,591,432
Repairs and maintenance	3,203,652	3,755,227	1,971,663	865,359
Depreciation	60,947,916	54,026,316	21,083,679	19,352,179
Other manufacturing overheads	13,265,245	12,343,895	4,902,418	4,039,687
	<u>2,096,101,617</u>	<u>2,245,018,648</u>	<u>666,626,819</u>	<u>763,301,438</u>
Opening work in process	61,331,833	45,165,156	61,326,868	64,958,182
Closing work in process	(58,284,075)	(55,423,519)	(58,284,075)	(55,423,519)
	<u>3,047,758</u>	<u>(10,258,363)</u>	<u>3,042,793</u>	<u>9,534,663</u>
Cost of goods manufactured	2,099,149,376	2,234,760,285	669,669,613	772,836,101
Cost of goods purchased for trading	16,367,500	61,550,915	15,267,500	32,047,136
Opening stock of finished goods	23,255,384	17,145,912	20,635,081	30,899,938
Insurance claim	-	(6,857,415)	-	-
Closing stock of finished goods	(21,450,747)	(34,879,296)	(21,450,747)	(34,879,296)
	<u>1,804,637</u>	<u>(24,590,799)</u>	<u>(815,665)</u>	<u>(3,979,359)</u>
	<u>2,117,321,513</u>	<u>2,271,720,401</u>	<u>684,121,448</u>	<u>800,903,879</u>

11. TAXATION

The provision for taxation for the nine months and quarter ended March 31, 2015 has been made using the estimated effective tax rate applicable to expected total annual earnings.

12. 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)	126,946,385	153,110,965	27,066,274	36,660,423
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)	10.22	12.33	2.18	2.95

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 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	Nine Month ended		Quarter ended	
		March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
				(Un-audited) Rupees	
Associated companies	Sales of goods and services	28,421,076	91,525,518	2,835,192	15,274,806
	Insurance premium	12,786,202	10,976,234	32,997	233,868
	Insurance claim	-	6,857,415	-	-
	Donation paid	90,000	90,000	30,000	30,000
	Rent received	300,015	290,520	100,005	96,840
	Rent paid	3,015,000	3,015,000	1,005,000	1,005,000
Retirement benefit plans	Contribution to staff retirement benefit plans	7,738,569	6,151,177	2,733,218	2,133,002
Key management	Remuneration and benefits	19,252,435	16,803,336	6,539,780	5,675,780

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

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


14. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information were authorized for issue on 29th April 2015 by the Board of Directors of the Company.

15. GENERAL

Amounts have been rounded off to the nearest of rupees.


IMRAN MAQBOOL
Chief Executive


NADEEM MAQBOOL
Director

Quarterly Report



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