



**Crescent
Fibres**



**Quarterly Report
September 30, 2013**

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) 3757-9641, 3757-6482
Fax : (042) 3756-0963

E-mail: lo@crescentfibres.com

Website: www.crescentfibres.com

MANAGEMENT REVIEW

The Company reported a net profit of Rs. 64.8 million for the quarter ended September 30, 2013 as compared to a profit of Rs. 77.1 million for the quarter ended September 30, 2012. The earnings per share for the period under review was Rs.5.22.

Over the last several years, the textile industry has witnessed strong demand particularly within the spinning sector. As a result, this sector has been reporting a rising trend in both sales and profitability. The first quarter of the current financial year saw sales increase by 7% with gross margin unchanged at 15.5% as compared to the quarter ended September 30, 2012. Administrative, general and other expenses remained under control and as a result the operating margin for the period under review was more or less maintained at 12.6% as compared to 12.7% for the quarter ended September 30, 2012. 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 decreased to 1.5% from 2.1% in quarter ended September 30, 2012. Overall, the net margin decreased to 8.0% as compared to 10.1% in the previous period. This reduction is primarily attributable to a higher tax charge.

The first quarter of the current year has seen several factors emerging, which have put immense pressure on the margins of the spinning sector. These include higher raw material prices, weakening demand in the major markets, unprecedented increase in electricity tariff of more than 50%, continued load shedding of both gas and electricity and rising input costs due to inflation. Profitability was maintained in this quarter primarily because of lower priced carry over raw material inventory from last season but we do not expect margins to remain at the same levels over the course of the next 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 30, 2013

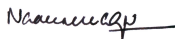
CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2013 (UN-AUDITED)

		September 30, 2013	June 30, 2013
	Note	Unaudited (Rupees)	Audited (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	5	754,760,422	737,619,781
Capital work-in-progress	6	16,567,635	13,796,089
Long term investments		2,426,759	2,426,759
Long term deposits		31,495,174	30,225,944
		<u>805,249,990</u>	<u>784,068,573</u>
CURRENT ASSETS			
Stores, spares and loose tools		44,115,703	38,617,856
Stock in trade		228,944,404	231,316,123
Trade debts		298,227,968	291,906,713
Loans and advances		18,475,142	8,521,910
Trade deposits and short term prepayments		10,355,229	3,377,946
Other receivables		7,683,851	614,351
Short term investments		142,148,192	110,202,585
Tax refunds due from the Government		52,208,749	52,021,514
Taxation - Net		2,754,171	25,515,907
Cash and bank balances		77,248,478	70,998,501
		<u>882,161,887</u>	<u>833,093,406</u>
TOTAL ASSETS		<u>1,687,411,877</u>	<u>1,617,161,979</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
15,000,000 (June 30, 2013: 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, 2013: 12,417,876) ordinary shares of Rs. 10 each		124,178,760	124,178,760
Reserves			
Capital		25,879,228	29,933,621
Revenue		652,506,566	587,666,864
		<u>678,385,794</u>	<u>617,600,485</u>
		<u>802,564,554</u>	<u>741,779,245</u>
NON CURRENT LIABILITIES			
Long term financing	7	199,253,261	203,304,923
Liabilities against assets subject to finance leases		18,660,751	24,837,379
Deferred taxation		131,610,704	130,065,704
		<u>349,524,717</u>	<u>358,208,006</u>
CURRENT LIABILITIES			
Trade and other payables		341,706,476	291,868,111
Financial charges payable		31,946,948	30,196,771
Short term Financing		51,798,464	86,361,209
Current portion of long term Liabilities		109,870,718	108,748,637
		<u>535,322,607</u>	<u>517,174,728</u>
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		<u>1,687,411,877</u>	<u>1,617,161,979</u>

The annexed notes from 1 to 13 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, 2013 (UN-AUDITED)**

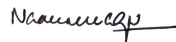
	September 30, 2013	September 30, 2012
Note	Rupees	Rupees
Sales - net	814,177,017	760,331,583
Cost of sales	9 <u>(687,662,055)</u>	<u>(642,207,141)</u>
Gross profit	126,514,962	118,124,442
Selling and distribution expenses	(2,490,964)	(2,444,911)
Administrative and general expenses	(17,396,850)	(16,131,661)
Other operating expenses	(6,862,226)	(6,111,010)
Other operating income	<u>2,956,331</u>	<u>3,352,536</u>
Operating profit	102,721,253	96,789,397
Finance cost	(11,884,974)	(15,854,562)
Share of profit from associate	<u>-</u>	<u>35,325</u>
Profit before taxation	90,836,279	80,970,160
Taxation	10 <u>(25,996,577)</u>	<u>(3,838,858)</u>
Profit after taxation	<u>64,839,702</u>	<u>77,131,302</u>
Earnings/ (Loss) per share - basic and diluted (Rupees)	11 <u>5.22</u>	<u>6.21</u>

The annexed notes from 1 to 13 form an integral part of these financial statements.

Quarterly Report



IMRAN MAQBOOL
Chief Executive



NADEEM MAQBOOL
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	September 30, 2013 Rupees	September 30, 2012 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	90,836,279	80,970,160
Adjustment for non cash charges and other items:		
Depreciation	18,109,566	15,842,692
Amortization	-	96,554
Deferred Revenue	-	(57,955)
Share of profit from associate	-	(35,325)
Finance cost	11,884,974	15,854,562
	29,994,540	31,700,528
(Increase) / decrease in current assets		
Stores, spares and loose tools	(5,497,847)	(6,155,142)
Stock in trade	2,371,719	58,884,604
Trade debts	(6,321,255)	6,588,953
Loans and advances	(9,953,232)	3,517,317
Trade deposits and short term prepayments	(6,977,283)	(5,070,361)
Other receivables	(7,069,500)	184,679
Tax refunds due from Government	(187,235)	(4,527,808)
	(33,634,633)	53,422,242
Increase in current liabilities		
Trade and other payables	49,838,365	5,303,059
Cash generated from operations	137,034,551	171,395,989
Income tax paid	(39,986,883)	(3,407,062)
Finance cost paid	(10,134,797)	(13,017,100)
Net cash generated from / (used in) operating activities	86,912,871	154,971,827
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(36,153,253)	(1,706,915)
Long term deposits	(1,269,230)	-
Net cash (used in) investing activities	(37,422,483)	(1,706,915)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing (net)	(4,051,667)	-
Repayment of liabilities against asset subject to finance leases	(4,626,000)	(3,194,417)
Short term borrowings	(34,562,745)	(90,483,438)
Net cash generated from financing activities	(43,240,412)	(93,677,855)
Net increase in cash and cash equivalents	6,249,977	59,587,057
Cash and cash equivalents at beginning of the period	70,998,501	68,996,751
Cash and cash equivalents at end of the period	77,248,478	128,583,808

The annexed notes from 1 to 13 form an integral part of these financial statements.

Imran Maqbool

IMRAN MAQBOOL
Chief Executive

Naadeem Maqbool

NADEEM MAQBOOL
Director

Quarterly Report

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

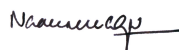
	Issued, subscribed and paid-up capital	Reserves		Total
		Unrealized gain / (loss) on available for sale Investment	Unappropriated profit	
Balance as at July 1, 2012	124,178,760	7,930,404	356,483,866	488,593,030
Total comprehensive income for the year				
Profit for the quarter	-	-	77,131,302	77,131,302
Other comprehensive income	-	7,603,718	-	7,603,718
Profit for the quarter ended September 30, 2012	-	7,603,718	77,131,302	84,735,020
Dividend declared for the year ended June 30, 2013			(12,417,876)	(12,417,876)
Balance as at September 30, 2012	<u>124,178,760</u>	<u>15,534,122</u>	<u>421,197,292</u>	<u>560,910,174</u>
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 ended September 30, 2013	-	-	64,839,702	64,839,702
Other comprehensive income	-	(4,054,393)	-	(4,054,393)
Profit for the period 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>

The annexed notes from 1 to 13 form an integral part of these financial statements.

Quarterly Report



IMRAN MAQBOOL
Chief Executive



NADEEM MAQBOOL
Director

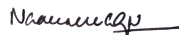
**CONDENSED COMPREHENSIVE INCOME AND LOSS ACCOUNT
FOR THE QUARTER ENDED SEPTEMBER 30, 2013 (UN-AUDITED)**

	September 30, 2013 Rupees	September 30, 2012 Rupees
(Loss) / Profit after tax	64,839,702	77,131,302
(Deficit) / surplus on remeasurment of available for sale financial assets	<u>(4,054,393)</u>	<u>7,603,718</u>
Total comprehensive income / (loss) for the period	<u><u>60,785,309</u></u>	<u><u>84,735,020</u></u>

The annexed notes from 1 to 13 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, 2013 (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 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, 2013.

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, 2013.

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, 2013.

5. OPERATING FIXED ASSETS

		September 30, 2013 (Unaudited)	June 30, 2013 (Audited)
	Note	Rupees	Rupees
Opening net book value (NBV)		737,619,781	649,682,681
Additions (at cost) during the period / year	5.1	35,250,207	156,587,304
		772,869,988	806,269,985
Disposals and retirements (NBV) during the period / year	5.2	-	2,137,925
Depreciation charged during the period / year		18,109,566	66,512,279
		18,109,566	68,650,204
		754,760,422	737,619,781

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2013 (UN-AUDITED)**

	September 30, 2013 (Unaudited)	June 30, 2013 (Audited)
Note	Rupees	Rupees
5.1 Details of additions (at cost) during the period are as follows:		
Owned		
Factory and non factory building on leasehold land	1,168,476	1,003,128
Plant and equipment	32,140,731	123,132,752
Office equipment	72,500	137,500
Furniture and fixture	-	146,500
Vehicles	-	2,530,500
Leased		
Plant and machinery	-	26,641,924
Vehicles	1,868,500	2,995,000
	<u>35,250,207</u>	<u>156,587,304</u>

5.2 Details of disposals (NBV) during the period/ year are as follows:

Owned		
Plant and machinery	-	1,524,461
Vehicles	-	592,408
Furniture and fixtures	-	21,056
	<u>-</u>	<u>2,137,925</u>

6. CAPITAL WORK IN PROGRESS

This consist of

Factory building	5,119,200	5,119,200
Mobilization advance	11,448,435	8,676,889
	<u>16,567,635</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	-	50,000,000
	<u>288,405,716</u>	<u>356,330,000</u>
Repayments made during the period	(4,051,667)	(67,924,284)
	<u>284,354,049</u>	<u>288,405,716</u>
Less: Current portion shown under current liabilities	(85,100,788)	(85,100,793)
	<u>199,253,261</u>	<u>203,304,923</u>

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

- a) Guarantees have been issued by banking companies in normal course of business amounting to Rs.31 Million (2012:Rs.31 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.
- c) The provision for Workers'Welfare Fund has been provided on the basis of higher of taxable or accounting profit.

8.2 Commitments

	September 30, 2013	June 30, 2013
Letter of credit against import	25.650 million	27.734 million

Quarterly Report

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2013 (UN-AUDITED)**

	September 30, 2013	September 30, 2012
	----- Rupees -----	
9 COST OF SALES		
Materials consumed	508,569,513	482,534,867
Stores, spares and loose tools consumed	11,886,127	11,630,832
Packing material consumed	10,189,255	9,477,451
Salaries, wages and other benefits	50,053,434	49,285,834
Fuel and power	98,354,198	70,967,729
Insurance	1,954,223	1,524,750
Repairs and maintenance	1,410,378	1,255,207
Depreciation	16,775,213	14,512,546
Other manufacturing overheads	4,320,309	3,143,324
	<u>703,512,650</u>	<u>644,332,540</u>
Opening work in process	45,165,156	47,945,679
Closing work in process	(49,864,543)	(50,714,106)
	<u>(4,699,387)</u>	<u>(2,768,427)</u>
Cost of goods manufactured	698,813,263	641,564,113
Opening stock of finished goods	17,145,912	16,871,295
Insurance Claim	(7,069,500)	-
Closing stock of finished goods	(21,227,619)	(19,836,627)
	<u>(11,151,207)</u>	<u>(2,965,332)</u>
	<u>687,662,055</u>	<u>638,598,780</u>
Cost of trading sale	-	3,608,360
	<u>687,662,055</u>	<u>642,207,141</u>

10 Taxation

The tax charge for the quarter ended September 30, 2013 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>64,839,702</u>	<u>77,131,302</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>5.22</u>	<u>6.21</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2013 (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,
		2013 Rupees	2012 Rupees
Associated companies	Sales of goods and services	46,765,062	31,619,300
	Insurance premium	10,587,949	8,138,846
	Donation	30,000	-
	Rent received	49,278	44,166
Retirement benefit plans	Contribution to staff retirement benefit plans	1,803,771	1,675,009
Key Management Personnel	Remuneration and other benefits	5,466,945	5,810,027
	Rent paid	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

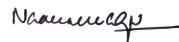
These financial statements were authorized for issue on October 30, 2013 by the Board of Directors of the Company.

14 GENERAL

Amounts have been rounded off to the nearest rupees.



IMRAN MAQBOOL
Chief Executive



NADEEM MAQBOOL
Director



CRESCENT FIBRES LIMITED

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Email: lo@crescentfibres.com
Website: www.crescentfibres.com