Crescent Fibres

Annual Report 2014

CONTENTS

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	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 37th Annual General Meeting of the shareholders of Crescent Fibres Limited will be held on Friday the 31st October, 2014 at 9.30 a.m. at Registered Office of the Company 104-Shadman-1, Lahore to transact the following business:

1. To receive, consider and adopt Audited Accounts of the Company for the year ended 30th June, 2014 together with Auditors and Directors reports thereon.

2. To approve payment of cash dividend @ 10% i.e. Rs.1.00 per share for the year ended June 30, 2014 as recommended by the Board of Directors.

3. To appoint Auditors and fix their remuneration. The retiring auditors M/s. BDO Ebrahim & Company, Chartered Accountants offer themselves for re-appointment.

September 29, 2014
REGISTERED OFFICE
104-Shadman-1, Lahore,

By Order of the Board
JAVAID HUSSAIN
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from 22nd October, 2014 to 31st October, 2014 (both days inclusive).
2. In view of SECP directives to withhold Dividend Warrants of those members or their authorized persons, who have not yet provided an attested copy of their CNIC, shareholders are once again requested to provide attested copies of their CNICs directly to the Company. Corporate entities are requested to provide their National Tax Number (NTN).
3. A member eligible to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be valid must be received by the company duly completed not less than 48 hours before the Meeting.
4. CDC shareholders are requested to bring with them their National Identity Cards alongwith participants' ID number and their account numbers at the time of Annual General Meeting in order to facilitate identification. In case of corporate entity, a certified copy of the resolution passed by the Board of Directors/valid Power of Attorney with the specimen signature of the nominee be produced at the time of meeting.

5. Pursuant to SECP Notification S.R.O 787(I)/ 2014 dated September 8, 2014, members may inform the Company to receive the Audited Financial Statements and notices through e-mail by submitting request.

6. Pursuant to the Finance Act 2014, all individuals/ companies/association of persons whose CNIC/NTN is not included in the “List of TAX FILERS” available at Federal Board of Revenue's website (http://www.fbr.gov.pk) are liable to deduction of a tax at source at higher rate (@15%) instead of 10% on dividend. Members are requested to update their tax paying status (Filer/Non-Filer) to the Company. The information may please be provided as follows:

Folio # /CDC Sub A/C #	NAME	NTN#	CNIC#	Income Tax Return 2013 Filed. (Yes or No)

MISSION STATEMENT

To achieve a leadership position in providing innovative and high-quality products in all sectors of operations.

To be recognized as an organization that delivers on its commitments with integrity and excellent value.

To foster an environment of growth, prosperity, and long term relationships, through dedication to the principles of openness, honesty, and professionalism.

To be an equal opportunity employer, and to motivate and empower every employee to strive for excellence in meeting the needs of our customers.

To be a responsible corporate citizen and contribute to our community by participating in social and environmental causes.

IMRAN MAQBOOL
CHIEF EXECUTIVE

NADEEM MAQBOOL
DIRECTOR

DIRECTORS' REPORT

The Company reported after tax profit of Rs.175.7 million for the year ended June 30, 2014 as compared to a profit of Rs. 243.6 million for the twelve months ended June 30, 2013. The earnings per share for the period under review was Rs. 14.15.

Crescent Fibres Limited
Summarized Financial Results

Rupees in millions	Year Ended 30-Jun-14		Year Ended 30-Jun-13	
	Rs.	% of Sales	Rs.	% of Sales
Sales	3,524.1	100.0%	3,143.7	100.0%
Cost of Sales	(3,097.1)	87.9%	(2,699.4)	85.9%
Gross Profit	427.0	12.1%	444.2	14.1%
Distribution Cost	(11.8)	0.3%	(9.4)	0.3%
Administrative Expenses	(76.4)	2.2%	(72.5)	2.3%
Other Expenses	(21.2)	0.6%	(24.5)	0.8%
Other Income	22.4	0.6%	18.0	0.6%
Profit from Operations	340.1	9.6%	355.8	11.3%
Financial Charges / Other	(70.6)	2.0%	(70.8)	2.3%
Profit before Taxation	269.5	7.6%	285.0	9.1%
Taxations	(93.8)	2.7%	(41.4)	1.3%
Profit/(Loss) After Taxes	175.7	5.0%	243.6	7.7%
Earnings per Share	14.15		19.62	

The textile industry has witnessed robust demand over the last few years and this trend continued through the first half of the last financial year. During the second half, demand started to slacken off leading to decreased end product prices and lower margins. Overall, sales were higher by 12.1% as compared to the year ending June 2013 with a gross margin of 12.1% as compared to 14.1% in the previous year. In spite of inflationary pressures, distribution and administrative expenses were controlled and were more or less unchanged as a percentage of sales relative to last year. The operating margin in the period under review was 7.6% as compared to 9.1% for the year ended June 30, 2013. The State Bank adopted a slightly looser monetary policy during the first half of the year and then changed its stance to neutral. As a result, the average mark-up rates paid by the company were slightly lower than the previous year. Owing to this and strong cash flows, financial charges as a percentage of sales were 2.0% in the period under review as compared to 2.3% for the previous period. Overall, the net margin for the year was 5.0% as compared to 7.7% for the year ended June 30, 2013.

DIVIDEND
The Board of Director's has approved a final cash dividend of 10% which translates to Rs. 1 per share.

COMMITTEES
The Board of Directors in compliance with the Code of Corporate Governance has established an Audit Committee with the following members

Audit Committee
Jahanzeb Saeed Khan, Chairman (Independent, Non-Executive)
Humayun Maqbool, member (Executive)
Nadeem Maqbool, Member (Non-Executive)

The Board has also established a Human Resource and Remuneration Committee with the following members

Human Resource and Remuneration Committee
Naila Humayun Maqbool, Chairperson (Non-Executive)
Humayun Maqbool, Member (Executive)
Nadeem Maqbool, Member (Non-Executive)

FUTURE OUTLOOK
Global growth is expected to improve slightly in the next year. However, the largest mature and emerging economies still face many structural flaws and policy constraints that hinder more investment and faster productivity growth, making the global medium term outlook more uncertain.

The outlook for textiles is also uncertain as there are several positive and negative factors facing the industry. On the positive side there is stronger growth in the developed economies and the depreciation of the rupee against the US$, high cost of cotton in China, and rising Chinese labour cost. On the negative side is the slow down of the Chinese economy and the end of China's cotton stockpiling policy. The slowing economy will lead to reduced end product demand and lower margins, while the end of stockpiling could lead to price volatility and increased probability of inventory impairment. Apart from the market dynamics, the other negative is the energy shortage plaguing the country. The industry is being subjected to extensive gas load shedding even in the summer months and therefore must place greater reliance on electricity from the national grid where load shedding has been as high as 12 hours a day. Owing to loss of productivity because of energy shortages, the perpetually rising cost of power and inflationary trend in other inputs and slowing demand, we expect margins to come under pressure. However, we feel that this pressure could be eased if raw material prices stabilize at current levels which are significantly lower than last year.

The Management will continue to strive to minimize the impact of the uncertain economic environment 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.

CORPORATE GOVERNANCE & FINANCIAL REPORTING FRAMEWORK
Under rules framed by the regulatory authorities, the Management is required to include the following statements relating to Corporate Governance and Financial Reporting Framework in the Director's Report:

(a) The financial statements prepared by the Management presently fairly its state of affairs, the results of its operations, cash flows and changes in equity.
(b) Proper books of account have been maintained.

(c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
(d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure thereon has been adequately disclosed.
(e) The system of internal control adopted by the Management is sound in design. Efforts are underway to ensure its effective implementation.
(f) There are no significant doubts with regard to the Company's ability to continue as a going concern.
(g) Key financial and operating data for the last six years has been included elsewhere in the annual report.
(h) There has been no significant departure from the best practices of corporate governance, as detailed in the listing regulations.
(i) All details regarding taxes and levies are disclosed in the financial statements and notes annexed to the audited accounts.
(j) The value of investments of the provident fund based on audited accounts for the Year Ended June 30, 2014 was Rs. 46.157 million.
(k) During the year 4 meetings of the Board of Directors were held. Attendance was as follows:
    1. Imran Maqbool, Chief Executive Officer (4)
    2. Humayun Maqbool (4)
    3. Jahanzeb Saeed Khan (4)
    4. Khawar Maqbool (4)
    5. Nadeem Maqbool (3)
    6. Naila Humayun Maqbool (4)
    7. Riaz Masood (3)

(j) Pattern of Shareholding is included elsewhere in the annual report.
(k) Details regarding shares traded / right share subscribed in the financial year by Directors, CEO, CFO, Company Secretary and their spouses and minor children are as follows:

Humayun Maqbool – 30,000 shares

AUDITORS

The present auditors, BDO Ebrahim & Co. retire, and being eligible have offered themselves for re-appointment.

APPRECIATION

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

BDO

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Lakson Square, Building No.1
Sarwar Shaheed Road
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Pakistan

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of CRESCENT FIBRES LIMITED(the Company) for the year ended June 30, 2014to comply with the requirements of Listing Regulation No. 35of Karachi Stock Exchange Limited, Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2014.

KARACHI

DATED: September 29, 2014

CHARTERED ACCOUNTANTS
Engagement Partner: Qasim E. Causer

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

Name of Company : Crescent Fibres Limited
Year ended: June 30, 2014

This statement is being presented to comply with the Code of Corporate Governance contained in the Listing Regulation No. 35 of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principal contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive director and director representing minority interest on its board of director. At present the board include:

Category	Names
Independent Director	Jahanzeb Saeed Khan
Executive Director	Imran Maqbool, Humayun Maqbool, Riaz Masood
Non-Executive Director	Khawar Maqbool, Nadeem Maqbool, Naila Humayun Maqbool

The Independent director meets the criteria of independence under clause 5.19.1 (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

3. All the resident director of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.

4. During the year no casual vacancy has been occurred.

5. The company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.

8. The meetings of the board were presided over by the Chairperson and in her absence, by a director elected by the board for this purpose and board met at least once in every quarter. Written notice of the board meetings, along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.

9. In accordance with the criteria specified in clause (Xi) of CCG, three directors of the Company are exempted from the requirement of director's training program. One Director has completed the training program, and rest of the directors to be trained within specified time.

10. The board has approved appointments of CFO, Company's Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment.

11. The directors' report for this year has been prepared in compliance with the requirement of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statement of the Company were duly endorsed by the CEO and CFO before approval of the board.

13. The director, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises three members, of whom two are non executive director and the chairman of the committee is an independent director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non executive director and the chairperson of the committee is a non executive director.

18. The board has set up an effective internal audit function which is headed by a cost and management accountant who is suitably qualified and experienced for the purpose and is well conversant with the policies and procedures of the Company.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors of the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period' prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of the company's securities, was determined and intimated to director, employees and stock exchanges.

22. Material / price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all other material principles contained in the CCG have been compiled.

On behalf of the Board of Directors

IMRAN MAQBOOL
CHIEF EXECUTIVE

September 29, 2014

FINANCIAL SUMMARY

OPERATING RESULTS:	JUNE 2014	JUNE 2013	JUNE 2012	JUNE 2011	JUNE 2010	JUNE 2009
Net Sales	3,524,062,023	3,143,650,003	2,790,421,868	2,718,476,154	1,769,385,178	1,427,452,866
Cost of Sales	3,097,094,499	2,699,445,832	2,515,100,271	2,437,710,090	1,512,825,424	1,318,432,874
Distribution and admin. Expenses	88,119,585	81,921,483	73,217,593	67,275,551	58,083,996	49,659,317
Financial Charges	70,360,421	70,834,987	97,052,678	62,998,292	42,049,313	54,524,472
Other operating expenses	21,157,052	24,497,107	12,432,450	12,160,834	13,589,612	1,016,980
Other operating income - Net	22,370,359	18,032,470	16,042,023	20,222,177	10,946,935	9,720,926
Share of associate profit	(249,847)	39,904	5,827	172,946	257,785	(307,537)
Pre-Tax Profit/ (Loss)	269,450,978	285,022,968	108,666,726	158,726,510	154,041,552	13,232,612
Taxation	93,752,354	41,422,094	35,006,439	30,104,412	43,296,811	772,533
Extraordinary item						
Net Income	175,698,624	243,600,874	73,660,287	128,622,098	110,744,741	12,460,079
PER SHARE RESULTS AND RETURN:						
Share Price	29.80	31.05	8.50	12.95	8.25	6.15
Earning Per Share	14.15	19.62	5.93	10.36	8.92	1.00
Dividend Per Share	1.00	1.50	1.00		1.00	
Net Income Sales Percent	4.99%	7.75%	2.64%	4.73%	6.26%	0.87%
Return on Average Assets Percent	10.44%	16.45%	5.47%	12.31%	16.10%	1.85%
Return on Average Equity Percent	21.44%	39.60%	16.53%	37.33%	47.44%	6.08%
FINANCIAL POSITION:						
Current Assets	873,111,842	833,093,406	666,068,574	653,777,689	446,102,403	342,589,416
Current Liabilities	532,481,773	517,174,728	490,314,672	542,499,819	372,166,926	386,290,983
Operating Fixed Assets	844,614,234	751,415,870	649,682,681	651,592,808	274,157,920	282,340,414
Total Assets	1,747,347,502	1,617,161,979	1,343,697,481	1,349,195,032	740,827,012	635,048,098
Long Term Debt	158,503,907	203,304,923	248,028,762	320,504,714	19,549,227	29,482,313
Shareholders Equity	897,399,846	741,779,245	488,593,030	402,413,928	286,678,039	180,225,355
Break-up Value Per Share	72.27	59.73	39.35	32.41	23.09	
FINANCIAL RATIOS:						
P/E Ratio	2.11	1.58	1.43	1.25	0.93	6.13
Current Ratio	1.64	1.61	1.36	1.21	1.20	0.89
Total Debt to Total Assets Percent	48.64%	54.13%	63.64%	70.17%	61.30%	71.62%
Interest Charges Cover (Times)	4.830	5.024	2.120	3.520	4.663	1.243
Inventory Turnover (Times)	12.796	10.319	9.781	10.924	9.652	8.612
Fixed Assets Turnover (Times)	4.172	4.184	4.295	4.172	6.454	5.056
Total Assets Turnover (Times)	2.017	1.944	2.077	2.015	2.388	2.248
OTHER DATA:						
Depreciation and Amortization	80,563,100	66,898,499	67,511,276	35,601,334	28,151,353	29,842,625
Capital Expenditure	144,552,056	140,746,469	57,147,062	398,473,138	22,257,973	9,141,345

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **CRESCENT FIBRES LIMITED** as at June 30, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

BDO Ebrahim & Co. Chartered Accountants

BDO

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2014 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat fund established under Section 7 of that Ordinance.

Without modifying our opinion, we draw attention to the contents of note 26.2 to the financial statements which provides details relating to short term borrowing of Rs. 12.000 million and mark up accrued thereon amounting to Rs. 20.385 million payable to a financial institution.

KARACHI

DATED: September 29, 2014

CHARTERED ACCOUNTANTS
Engagement Partner: Qasim E. Causer

BDO Ebrahim & Co. Chartered Accountants

BALANCE SHEET
AS AT JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	5	844,069,992	737,619,781
Capital work-in-progress	6	544,242	13,796,089
		844,614,234	751,415,870
Intangible assets	7	-	-
Long term investments	8	2,092,435	2,426,759
Long-term deposits	9	27,528,991	30,225,944
		874,235,660	784,068,573
CURRENT ASSETS			
Stores, spares and loose tools	10	47,246,835	38,617,856
Stock-in-trade	11	166,893,810	231,316,123
Trade debts	12	357,821,427	291,906,713
Loans and advances	13	5,429,012	8,521,910
Trade deposits and short term prepayments	14	3,614,119	3,377,946
Other receivables	15	614,351	614,351
Short term investments	16	126,388,052	110,202,585
Tax refund due from Government	17	24,085,886	52,021,514
Taxation - net	28	-	25,515,907
Cash and bank balances	18	141,018,354	70,998,501
		873,111,846	833,093,406
TOTAL ASSETS		1,747,347,506	1,617,161,979
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
15,000,000 (2013: 15,000,000) ordinary shares of Rs. 10/- each		150,000,000	150,000,000
Issued, subscribed and paid up capital	19	124,178,760	124,178,760
Reserves	20	773,221,090	617,600,485
		897,399,850	741,779,245
NON-CURRENT LIABILITIES			
Long term financing	21	158,503,907	203,304,923
Liabilities against assets subject to finance lease	22	27,323,522	24,837,379
Deferred taxation	23	131,638,454	130,065,704
		317,465,883	358,208,006
CURRENT LIABILITIES			
Trade and other payables	24	293,393,819	291,868,111
Interest and markup accrued	25	27,866,216	30,196,771
Short-term borrowings	26	87,290,169	86,361,209
Current portion of long term liabilities	27	121,735,028	108,748,637
Taxation - net	28	2,196,541	-
		532,481,773	517,174,728
CONTINGENCIES AND COMMITMENTS	29		
TOTAL EQUITY AND LIABILITIES		1,747,347,506	1,617,161,979

The annexed notes from 1 to 50 form an integral part of these financial statements.

IMRAN MAQBOOL
CHIEF EXECUTIVE

NADEEM MAQBOOL
DIRECTOR

Crescent Fibres

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees
Sales - net	30	3,524,062,023	3,143,650,003
Cost of sales	31	(3,097,094,499)	(2,699,445,832)
Gross profit		426,967,524	444,204,171
General and administrative expenses	32	(76,350,219)	(72,480,781)
Distribution cost	33	(11,769,362)	(9,440,702)
Other income	34	22,370,359	18,032,470
Other operating expenses	35	(21,157,052)	(24,497,107)
		(86,906,274)	(88,386,120)
Operating profit		340,061,250	355,818,051
Financial charges	36	(70,360,421)	(70,834,987)
Share of (loss) / profit from associate	8.1	(249,847)	39,904
		(70,610,268)	(70,795,083)
Profit before taxation		269,450,982	285,022,968
Taxation	37	(93,752,354)	(41,422,094)
Profit for the year		175,698,628	243,600,874
Earnings per share - basic and diluted	38	14.15	19.62

Appropriations have been reflected in the statements of changes in equity.

The annexed notes from 1 to 50 form an integral part of these financial statements.

IMRAN MAQBOOL
CHIEF EXECUTIVE

NADEEM MAQBOOL
DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014

	2014 Rupees	2013 Rupees
Profit for the year	175,698,628	243,600,874
Other comprehensive income		
Items that will be reclassified to profit and loss account subsequently		
Unrealized (loss) / gain on revaluation of investments classified as available for sale	(1,451,209)	22,003,217
Total comprehensive income for the year	174,247,419	265,604,091

The annexed notes from 1 to 50 form an integral part of these financial statements.

IMRAN MAQBOOL
CHIEF EXECUTIVE

NADEEM MAQBOOL
DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	40	405,032,515	411,220,048
Finance cost paid		(72,690,976)	(73,709,121)
Taxes paid		(35,058,782)	(30,033,760)
Net cash generated from operating activities		297,282,757	307,477,167
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(144,552,056)	(140,746,469)
Long term deposits		2,696,953	(5,137,270)
Dividend received		84,477	84,477
Short term investment		(12,300,000)	(44,000,000)
Proceeds from disposal of operating fixed assets		4,525,000	4,498,000
Net cash used in investing activities		(149,545,626)	(185,301,262)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		51,814,000	50,000,000
Repayments of long term financing		(76,767,461)	(81,598,998)
Dividend paid		(18,045,188)	(12,113,569)
Repayments of liabilities against assets subject to finance leases		(35,647,589)	(20,646,469)
Short term borrowings - net		928,960	(55,115,119)
Net cash used in financing activities		(77,717,278)	(119,474,155)
Net increase in cash and cash equivalents		70,019,853	2,701,750
Cash and cash equivalent at the beginning of the year		70,998,501	68,296,751
Cash and cash equivalent at the end of the year		141,018,354	70,998,501

The annexed notes from 1 to 50 form an integral part of these financial statements.

IMRAN MAQBOOL
CHIEF EXECUTIVE

NADEEM MAQBOOL
DIRECTOR

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2014

	Issued, subscribed and paid-up capital	Capital reserve	Revenue reserves	Total
		Unrealized gain / (loss) on available for sale investment	Unappropriated profit	
	Rupees			
Balance as at July 01, 2012	124,178,760	7,930,404	356,483,866	488,593,030
Total comprehensive income for the year				
Profit for the year	-	-	243,600,874	243,600,874
Other comprehensive income	-	22,003,217	-	22,003,217
	-	22,003,217	243,600,874	265,604,091
Transactions with owners				
Dividend declared	-	-	(12,417,876)	(12,417,876)
Balance as at June 30, 2013	124,178,760	29,933,621	587,666,864	741,779,245
Total comprehensive income for the year				
Profit for the year	-	-	175,698,628	175,698,628
Other comprehensive loss	-	(1,451,209)	-	(1,451,209)
	-	(1,451,209)	175,698,628	174,247,419
Transactions with owners				
Dividend declared	-	-	(18,626,814)	(18,626,814)
Balance as at June 30, 2014	124,178,760	28,482,412	744,738,678	897,399,850

The annexed notes from 1 to 50 form an integral part of these financial statements.

IMRAN MAQBOOL
CHIEF EXECUTIVE

NADEEM MAQBOOL
DIRECTOR

1 STATUS AND NATURE OF BUSINESS

Crescent Fibres Limited ("the Company") was incorporated in Pakistan on August 06, 1977 under the Companies Act, 1913 (repealed by Companies Ordinance, 1984) as a public limited company. The Company's shares are listed on all the Stock Exchanges in Pakistan. The registered office of the Company is situated at 104 Shadman 1, Lahore. The principal business of the Company is manufacture and sale of yarn. The Company's manufacturing facilities are located at Nooriabad Industrial Estate, District Dadu, in the Province of Sindh, and at Bhikhi, District Sheikhupura in the Province of Punjab.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance), directives issued by the Securities and Exchange Commission of Pakistan (SECP) and approved financial reporting standards as applicable in Pakistan. Approved financial reporting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the provisions of the Ordinance. Wherever, the requirements of the Ordinance or directives issued by the SECP differ with the requirements of these standards, the requirements of the Ordinance and of the said directives have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for revaluation of certain property, plant and equipment and recognition of certain employees retirement benefits at present value.

These financial statements are prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

These financial statements are presented in Pak rupee, which is the functional and presentation currency for the Company and rounded off to the nearest rupee.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Standards or interpretations that are effective in current year but not relevant to the Company

The Company has adopted the following accounting standards and interpretations which became effective during the year:

		Effective date (annual periods beginning on or after)
IFRS 10	Consolidated Financial Statements	January 01, 2013
IFRS 11	Joint Arrangements	January 01, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13	Fair Value Measurement	January 01, 2013
IAS 27	Separate Financial Statements	January 01, 2013
IAS 28	Investments in Associates and Joint Ventures	January 01, 2013
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 01, 2013

3.2 Amendments that are effective in current year but not relevant to the Company

The Company has adopted the amendments to the following accounting standards which became effective during the year:

		Effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards - Amendments for government loan with a below-market rate of interest when transitioning to IFRSs and amendments resulting from Annual Improvements 2009-2011 Cycle (repeat application, borrowing costs)	January 01, 2013
IFRS 7	Financial Instruments Disclosures - Amendments related to the offsetting of assets and liabilities	January 01, 2013
IFRS 10	Consolidated Financial Statements - Amendments to transitional guidance	January 01, 2013
IFRS 11	Joint Arrangements - Amendments to transitional guidance	January 01, 2013
IFRS 12	Disclosure of Interests in Other Entities - Amendments to transitional guidance	January 01, 2013
IAS 1	Presentation of Financial Statements - Amendments resulting from Annual Improvements 2009-2011 Cycle (comparative information)	January 01, 2013
IAS 16	Property, Plant and Equipment - Amendments resulting from Annual Improvements 2009-2011 Cycle (servicing equipment)	January 01, 2013
IAS 19	Employee Benefits - Amended standard resulting from the post-employment benefits and termination benefits projects	January 01, 2013
IAS 32	Financial Instruments: Presentation - Amendments resulting from Annual Improvements 2009-2011 Cycle (tax effect of equity distributions)	January 01, 2013
IAS 34	Interim Financial Reporting - Amendments resulting from Annual Improvements 2009-2011 Cycle (interim reporting of segment assets)	January 01, 2013

3.3 Amendments not yet effective

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

		Effective date (annual periods beginning on or after)
IFRS 2	Share-based Payment - Amendments resulting from Annual Improvements 2010-2012 Cycle (definition of 'vesting condition')	July 01, 2014
IFRS 3	Business Combinations - Amendments resulting from Annual Improvements 2010-2012 Cycle (accounting for contingent consideration) and 2011-2013 Cycle (scope exception for joint ventures)	July 01, 2014
IFRS 7	Financial Instruments: Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	January 01, 2018
IFRS 8	Operating Segments - Amendments resulting from Annual Improvements 2010-2012 Cycle (aggregation of segments, reconciliation of segment assets)	July 01, 2014
IFRS 9	Financial Instruments - Reissue to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the 'own credit' gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9	January 01, 2018
IFRS 9	Financial Instruments - Reissue to include requirements for the classification and measurement of financial liabilities and incorporate existing derecognition requirements	January 01, 2018
IFRS 9	Financial Instruments - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures	January 01, 2018
IFRS 10	Consolidated Financial Statements - Amendments for investment entities	January 01, 2014
IFRS 12	Disclosure of Interests in Other Entities - Amendments for investment entities	January 01, 2014
IFRS 13	Fair Value Measurement - Amendments resulting from Annual Improvements 2011-2013 Cycle (scope of the portfolio exception in paragraph 52)	July 01, 2014
IAS 16	Property, Plant and Equipment - Amendments resulting from Annual Improvements 2010-2012 Cycle (proportionate restatement of accumulated depreciation on revaluation)	July 01, 2014
IAS 16	Amendments regarding the clarification of acceptable methods of depreciation and amortisation and amendments bringing bearer plants into the scope of IAS 16	January 01, 2016
IAS 19	Employee Benefits - Amended to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service	July 01, 2014

		Effective date (annual periods beginning on or after)
IAS 24	Related Party Disclosures - Amendments resulting from Annual Improvements 2010-2012 Cycle (management entities)	July 01, 2014
IAS 27	Separate Financial Statements - Amendments for investment entities	January 01, 2014
IAS 32	Financial Instruments - Presentation - Amendments relating to the offsetting of assets and liabilities	January 01, 2014
IAS 36	Impairment of Assets - Amendments arising from recoverable amount disclosures for non financial assets	January 01, 2014
IAS 38	Intangible Assets - Amendments resulting from Annual Improvements 2010-2012 Cycle (proportionate restatement of accumulated depreciation on revaluation)	July 01, 2014
IAS 38	Amendments regarding the clarification of acceptable methods of depreciation and amortisation	January 01, 2016
IAS 39	Financial Instruments: Recognition and Measurement - Amendments for novations of derivatives	January 01, 2014
IAS 39	Financial Instruments: Recognition and Measurement: Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception	January 01, 2018
IAS 40	Investment Property - Amendments resulting from Annual Improvements 2011-2013 Cycle (interrelationship between IFRS 3 and IAS 40)	July 01, 2014
IAS 41	Amendments bringing bearer plants into the scope of IAS 16	January 01, 2016

		Effective date (annual periods beginning on or after)

3.4 Standards or interpretations not yet effective

The following International Financial Reporting Standards or interpretations issued by IASB would be effective from the dates mentioned below against the respective standard or interpretation:

IFRS 9	Financial Instruments	January 01, 2018
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 15	Revenue from Contracts with Customers	January 01, 2017
IFRIC 21	Levies	January 01, 2014

The Company expects that the adoption of the above amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

4 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property, plant and equipment

a) Owned

These are stated at cost less accumulated depreciation and impairment losses, if any, except freehold land which is stated at cost.

Depreciation is charged to income applying the reducing balance method at the rates specified in the respective note and after taking into account residual value. Leasehold land is amortized over the term of lease.

Depreciation on additions during the year is charged on pro-rata basis when the assets are available for use. Similarly the depreciation on deletion is charged on pro-rata basis up to the period when the asset is derecognized.

The assets residual values and useful lives are reviewed, and adjusted if significant, at each balance sheet date. Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gains and losses if any, on disposal of property, plant and equipment are included in income currently.

b) Leased

Finance leases

Assets held under finance leases are recognized as assets of the Company at their fair value at the date of acquisition or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Depreciation is charged at rates used for similar owned assets, so as to depreciate the assets over their estimated useful lives in view of certainty of ownership of the assets at the end of the lease term.

Income arising from sale and lease back transactions, if any, is deferred and amortized equally over the lease period.

Operating leases

Lease payments under operating leases (net of any incentives received from the lessor) are charged to profit and loss account on a straight line basis over the respective lease term.

c) Capital work in progress

Capital work in progress represents expenditure on property, plant and equipment which are in the course of construction and installation. Transfers are made to relevant property, plant and equipment category as and when assets are available for use. Capital work in progress is stated at cost less any identified impairment losses.

4.2 Intangible assets

An intangible asset is stated at cost less accumulated amortization and impairment loss, if any. Amortization is charged to income applying the straight line method over the useful life of the asset. Amortization is charged on additions during the year from the month in which the asset is acquired and in respect of disposals during the year upto the month in which the asset is disposed off.

Cost associated with maintaining intangible assets are recognized as an expense as and when incurred.

Gains and losses if any, on disposal of intangible assets are included in income currently.

The carrying value of intangible asset is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the asset is written down to its recoverable amount.

4.3 Impairment losses

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indications exist, the assets recoverable amount is estimated in order to determine the extent of impairment loss, if any.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that is largely independent from other assets and group. Impairment losses are recognized as expense in profit and loss account.

The recoverable amount is the higher of an assets fair value less costs to sell and value in use.

4.4 Investments in associates - equity method

Entities in which the Company has significant influence but not control and which are neither its subsidiaries nor joint ventures are associates and are accounted for by using the equity method of accounting.

These investments are initially recognized at cost and thereafter, the carrying amount is increased or decreased to recognize the Company's share of profit and loss of associates. Share of post acquisition profit and loss of associates is accounted for in the Company's profit and loss account. Distribution received from investee reduces the carrying amount of investment.

The changes in the associate's equity which have not been recognized in the associates' profit and loss account, are recognised directly in the equity of the Company.

4.5 Stores, spares and loose tools

These are stated at lower of cost and net realisable value. Cost is determined using moving average method. Items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon. Adequate provision is made for slow moving and obsolete items.

4.6 Stock in trade

These are valued at the lower of cost and net realizable value applying the following basis:

Raw material	- At weighted average cost
Work in progress	- Average manufacturing cost
Finished goods	- Average manufacturing cost
Waste	- Net realizable value

Goods in transit are stated at invoice price plus other charges paid thereon up to the balance sheet date.

Cost of work in process and finished goods comprises of cost of direct material, labour and appropriate portion of manufacturing overheads. Adequate provision is made for slow moving and obsolete items.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale. Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made of the amount the inventories are expected to realize.

4.7 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount being the fair value of the consideration to be received in future. An estimated provision is made against debts considered doubtful of recovery, whereas debts considered irrecoverable are written off.

4.8 Taxation

Current

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years and tax credit, if any.

Deferred

Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry-forward of unused tax losses and tax credits to the extent that it is probable that future taxable profits will be available against which deferred tax asset can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability that, at the time of transaction, affects neither the accounting nor taxable profits.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

4.9 Cash and bank balance

Cash in hand and at bank are carried at nominal amounts.

4.10 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

4.11 Provisions

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting future cash flows at appropriate discount rate where ever required. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

4.12 Borrowings and their cost

Borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

4.13 Employee retirement benefits

a) Defined contribution plan

The Company operates an approved provident fund scheme covering all its permanent employees. Equal monthly contributions are made both by the Company and the employees in accordance with the rules of the Scheme.

b) Compensated absences

The liability in respect of compensated absences of employees is accounted for in the period in which the absences accrue.

4.14 Revenue recognition

Sales are recorded on dispatch of goods. However, export goods are considered sold when shipped on board.

Scrap sales are recognized when delivery is made to customers.

Rental income is recognized on accrual basis.

Income from bank deposits, loans and advances is recognized on accrual basis.

Dividend income is recognized when the right to receive is established.

4.15 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, cash in transit and balances with banks.

4.16 Financial instruments

4.16.1 Financial assets

All the financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to profit and loss account currently.

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

- **Investments at fair value through profit or loss**

  A non-derivative financial asset is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Investments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognized in profit and loss when incurred.

  Investments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

- **Loans and receivables**

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than 12 months after the balance sheet, which are classified as non-current assets. The Company's loans and receivables comprise 'trade debts', 'loans and deposits', 'other receivables' and 'cash and cash equivalents' in the balance sheet.

- **Held to maturity**

  Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity with a positive intention to hold to maturity.

  These investments are stated at amortised cost. Amortisation of premium / discount, if any, on the acquisition of investments is carried out using the effective yield method.

- **Available for sale**

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. These are included in non-current assets unless the investment matures or management intends to dispose of the financial assets within twelve months of the balance sheet date.

Other investments not covered in any of the above categories including investments in associates in which the Company has no significant influence are classified as being available for sale and are stated at fair value, with any resultant gain or loss being recognized directly in equity. Gains or losses on available for sale investments are recognised directly in equity until the investments are sold or disposed off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in the equity is included in current year's profit and loss account.

All investments classified as available for sale are initially recognized at cost inclusive of transaction costs and subsequently quoted investments are marked to market using the last quoted rate at the close of the financial year. Fair value of unquoted investments is estimated based on appropriate valuation method if it is practicable to determine it.

Fair value of listed securities are the quoted prices on stock exchange at balance sheet date.

The Company follows trade date accounting for regular way of purchase and sales of securities, except for sale and purchase of securities in futures market, which are accounted for at settlement date.

4.16.2 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respect of carrying amounts is recognized in the profit and loss account.

4.17 Offsetting of financial assets and financial liabilities

Financial asset and financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.18 Foreign currency translation

Transactions in foreign currencies are translated into Pak rupees at the exchange rates prevailing at the date of transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated into Pak rupees at the rates of exchange prevailing at the balance sheet date.

Foreign exchange differences are recognized in the profit and loss account.

4.19 Related party transactions

All transactions with related parties are carried out by the Company at an arms' length price method and the transfer price is determined in accordance with the comparable uncontrolled price method.

4.20 Share capital

Share capital is classified as equity and recognized at the face value. Incremental costs directly attributable to the issue of new shares are shown as a deduction in equity.

4.21 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the year in which it is approved by the shareholders.

4.22 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the period.

4.23 Segment

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' results are reviewed regularly by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Company has only one reportable segment.

4.24 Significant accounting judgements and critical accounting estimates / assumptions

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The matters involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Property, plant and equipment

Management has made estimates of residual values, useful lives and recoverable amounts of certain items of property, plant and equipment. Any change in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment loss.

b) Stores, spares, loose tools and stock-in-trade

The Company has made estimates for realizable amount of slow moving and obsolete stores, spares, loose tools and stock-in-trade to determine provision for slow moving and obsolete items. Any future change in estimated realizable amounts might affect carrying amount of stores, spares and stock-in-trade with corresponding affect on amounts recognized in profit and loss account as provision/reversal.

c) Provision for taxation

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the Income Tax Department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

Crescent Fibres

5 OPERATING FIXED ASSETS

5.1 Reconciliation of the carrying amount of operating fixed assets:

Description	Owned											Leased			Total
	Freehold land	Leasehold Land	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Furniture and fixtures	Vehicles	Office equipment	Tools and equipment	Electric installation	Service equipment	Leased plant and machinery	Leased vehicles	Leased office equipment	
	Rupees														
Net carrying value basis															
year ended June 30, 2014															
Opening net book value (NBV)	2,896,444	2,737,645	65,107,121	6,262,391	574,016,885	1,287,011	10,984,753	1,369,914	787,516	7,066,682	58,512	52,089,839	12,743,714	211,354	737,619,781
Additions / transfer (at cost)	-	-	17,736,111	-	139,693,292	-	-	374,500	-	-	-	24,455,705	5,986,500	-	188,246,108
Transfer from leased assets															
to own assets (NBV)	-	-	-	-	20,178,413	-	4,055,535	211,354	-	-	-	(20,178,413)	(4,055,535)	(211,354)	-
Disposals (NBV)	-	-	-	-	(1,212,866)	-	(19,931)	-	-	-	-	-	-	-	(1,232,797)
Depreciation charge	-	(34,128)	(3,920,460)	(313,120)	(65,266,565)	(128,702)	(3,006,524)	(362,187)	(78,752)	(706,668)	(11,703)	(4,413,929)	(2,320,362)	-	(80,563,100)
Closing net book value	2,896,444	2,703,517	78,922,772	5,949,271	667,409,159	1,158,309	12,013,833	1,593,581	708,764	6,360,014	46,809	51,953,202	12,354,317	-	844,069,992
Gross carrying value basis															
year ended June 30, 2014															
Cost	2,896,444	3,378,976	144,291,643	31,641,118	1,270,927,128	6,267,684	32,520,211	8,524,182	4,498,949	26,919,116	1,033,627	59,310,512	17,213,993	-	1,609,423,583
Accumulated depreciation / impairment	-	(675,459)	(65,368,871)	(25,691,847)	(603,517,969)	(5,109,375)	(20,506,378)	(6,930,601)	(3,790,185)	(20,559,102)	(986,818)	(7,357,310)	(4,859,676)	-	(765,353,591)
Net book value	2,896,444	2,703,517	78,922,772	5,949,271	667,409,159	1,158,309	12,013,833	1,593,581	708,764	6,360,014	46,809	51,953,202	12,354,317	-	844,069,992
Depreciation rate (% per annum)	-	1%	5%	5%	10%	10%	20%	20%	10%	10%	20%	10%	20%	20%	
Net carrying value basis															
year ended June 30, 2013															
Opening net book value (NBV)	2,896,444	2,771,773	67,477,887	6,591,991	504,039,403	1,302,007	7,042,400	1,566,299	875,018	7,851,869	73,140	29,948,937	16,981,321	264,192	649,682,681
Additions / transfer (at cost)	-	-	1,003,128	-	123,132,752	146,500	2,530,500	137,500	-	-	-	26,641,924	2,995,000	-	156,587,304
Transfer from leased assets															
to own assets (NBV)	-	-	-	-	-	-	4,518,989	-	-	-	-	-	(4,518,989)	-	-
Disposals (NBV)	-	-	-	-	(1,524,461)	(21,056)	(592,408)	-	-	-	-	-	-	-	(2,137,925)
Depreciation charge	-	(34,128)	(3,373,894)	(329,600)	(51,630,809)	(140,440)	(2,514,728)	(333,885)	(87,502)	(785,187)	(14,628)	(4,501,022)	(2,713,618)	(52,838)	(66,512,279)
Closing net book value	2,896,444	2,737,645	65,107,121	6,262,391	574,016,885	1,287,011	10,984,753	1,369,914	787,516	7,066,682	58,512	52,089,839	12,743,714	211,354	737,619,781
Gross carrying value basis															
year ended June 30, 2013															
Cost	2,896,444	3,378,976	126,555,532	31,641,118	1,118,856,190	6,267,684	25,661,709	7,504,682	4,498,949	26,919,116	1,033,627	62,492,383	18,611,000	645,000	1,463,846,086
Accumulated depreciation / impairment	-	(641,331)	(61,448,411)	(25,378,727)	(544,839,306)	(4,980,672)	(14,676,955)	(6,134,768)	(3,711,433)	(19,852,434)	(975,115)	(10,402,544)	(5,867,280)	(433,646)	(726,226,305)
Net book value	2,896,444	2,737,645	65,107,121	6,262,391	574,016,885	1,287,011	10,984,753	1,369,914	787,516	7,066,682	58,512	52,089,839	12,743,714	211,354	737,619,781
Depreciation rate (% per annum)	-	1%	5%	5%	10%	10%	20%	20%	10%	10%	20%	10%	20%	20%	

5.2 The following operating assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of buyer / insurer	Address
	Rupees						
Vehicles	525,000	505,069	19,931	325,000	Negotiation	Ms. Nadia Ibrahim	Plot # 4-C/27, Nazimabad 4, Karachi.
	525,000	505,069	19,931	325,000			
Plant and machinery	9,479,935	8,267,063	1,212,872	3,000,000	Negotiation	Olympia Blended Fibre Mills Limited	Monno House, 3- Montgomery Road, Lahore.
	5,780,000	5,780,000	-	1,200,000	Negotiation	Crescent Cotton Mills Limited	New Lahore Road, Nishatabad, Faisalabad.
	15,259,935	14,047,063	1,212,872	4,200,000			
Total - 2014	15,784,935	14,552,132	1,232,803	4,525,000			
Total - 2013	29,021,600	26,883,676	2,137,924	4,498,000			

	Note	2014 Rupees	2013 Rupees
5.3 The depreciation charge for the year has been allocated as follows:			
Cost of sales	32	74,733,622	60,742,140
General and administrative expenses	33	5,829,478	5,770,139
		80,563,100	66,512,279

6 CAPITAL WORK-IN-PROGRESS

Description	Cost			
	As at July 01, 2013	Additions during the year	Transferred to operating fixed assets	As at June 30, 2014
	Rupees			
Building / improvements on leasehold land	5,119,200	4,484,264	9,059,222	544,242
Mobilization advance	8,676,889	-	8,676,889	-
Total - 2014	13,796,089	4,484,264	17,736,111	544,242
Total - 2013	-	14,799,217	1,003,128	13,796,089

7 INTANGIBLE ASSETS

	Note	2014 Rupees	2013 Rupees
Net carrying value basis			
Opening book value		-	386,220
Amortization charge	7.1	-	(386,220)
Closing net book value		-	-
Gross carrying value basis			
Cost		1,931,100	1,931,100
Accumulated amortization		(1,931,100)	(1,931,100)
Net book value		-	-
Amortization rate per annum		20%	20%

7.1 The amortization charge for the year has been allocated as follows:

	Note	2014 Rupees	2013 Rupees
General and administrative expenses	33	-	386,220

		Note	2014 Rupees	2013 Rupees
8	**LONG TERM INVESTMENT**			
	In associated undertaking	8.1	2,092,435	2,426,759

			2014 Rupees	2013 Rupees
8.1	In associated undertaking			
	Premier Insurance Limited			
	84,477 shares of Rs. 5 each (2013: 84,477 shares)			
	Cost of investment		930	930
	Accumulated share of post acquisition profit - net of dividend received		2,425,829	2,470,402
	Share of (loss) / profit for the year		(249,847)	39,904
	Dividend received during the year		(84,477)	(84,477)
			2,091,505	2,425,829
			2,092,435	2,426,759

Market value of investment in associate was Rs. 887,009 (2013: Rs. 675,816).

Interim financial statements of associated company for the period ended June 30, 2014 (reviewed) have been used for the purpose of application of equity method.

The percentage of equity held in associate is 0.1395% (2013: 0.1395%).

Summarised financial information of Premier Insurance Limited as of June 30, 2014 is set out below:

	2014 Rupees	2013 Rupees
Total assets	3,320,180,000	3,367,596,000
Total liabilities	1,820,226,982	1,627,984,000
Net assets	1,499,953,018	1,739,612,000
Underwriting results	(58,544,000)	(49,069,000)
Investment income	82,553,000	72,978,000
(Loss) / profit after tax	(179,102,000)	28,053,000
Company's share of associate's net assets	2,092,434	2,426,759

		2014 Rupees	2013 Rupees
9	**LONG-TERM DEPOSITS**		
	Security deposits		
	Leases	15,864,526	20,451,714
	Others	11,664,465	9,774,230
		27,528,991	30,225,944

	Note	2014 Rupees	2013 Rupees

10 STORES, SPARES AND LOOSE TOOLS

Stores		24,907,655	20,003,855
Spares		24,018,138	19,493,688
Loose tools		62,382	111,964
		48,988,175	39,609,507
Less: Provision for slow moving items		(1,741,340)	(991,651)
		47,246,835	38,617,856

10.1 Stores and spares also include items which may result in capital expenditure but are not distinguishable at the time of purchase. However, the stores and spares consumption resulting in capital expenditure are capitalized in cost of respective assets.

11 STOCK IN TRADE

Raw material			
In hand		82,306,593	169,005,056
Work-in-process		61,331,833	45,165,156
Finished goods		23,255,384	17,145,911
		166,893,810	231,316,123

12 TRADE DEBTS

(Unsecured - considered good)	12.1	357,821,427	291,906,713
(Unsecured - considered doubtful)		3,761,816	3,061,816
		361,583,243	294,968,529
Less: Provision for doubtful debts	12.2	(3,761,816)	(3,061,816)
		357,821,427	291,906,713

12.1 This includes balance amounting to Rs. 18.315 million (2013: Rs. 22.280 million) due from Suraj Cotton Mills Limited, an associated undertaking.

12.2 Provision for doubtful debts

Opening balance		3,061,816	1,872,794
Trade debts written off during the year		-	-
Provision for the year		700,000	1,189,022
Closing balance		3,761,816	3,061,816

		Note	2014 Rupees	2013 Rupees
12.3	The aging of related party balances at the balance sheet date is as follows:			
	Not past due		18,314,971	22,280,000
	Past due by 1 - 15 days		-	-
	Past due by 16 - 30 days		-	-
			18,314,971	22,280,000

13 LOANS AND ADVANCES

	Note	2014 Rupees	2013 Rupees
Loans to staff			
Unsecured		268,700	10,000
Advances (unsecured)			
To suppliers / contractors		3,784,648	8,207,553
Against imports		1,367,364	296,057
Against expenses		8,300	8,300
		5,160,312	8,511,910
		5,429,012	8,521,910

14 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2014 Rupees	2013 Rupees
Bank guarantee and LC margin		3,330,224	3,059,711
Short term prepayments		283,895	318,235
		3,614,119	3,377,946

15 OTHER RECEIVABLES

	Note	2014 Rupees	2013 Rupees
(Considered good)			
Other receivables		614,351	614,351

16 SHORT TERM INVESTMENTS

	Note	2014 Rupees	2013 Rupees
Available for sale	16.1	62,348,523	63,799,733
At fair value through profit or loss	16.2	62,839,529	45,202,852
Held to maturity	16.3	1,200,000	1,200,000
		126,388,052	110,202,585

16.1 Available for sale	Note	2014 Rupees	2013 Rupees
At cost		41,178,797	41,178,797
Cumulative fair value gain / (loss)		28,482,411	29,933,621
Impairment loss		(7,312,685)	(7,312,685)
		21,169,726	22,620,936
	16.1.1	62,348,523	63,799,733

16.1.1 Details of available for sale investments are as under:

Number of shares 2014	Number of shares 2013		Market value 2014	Market value 2013
		Quoted - At fair value		
1,271,633	1,271,633	The Crescent Textile Mills Limited	26,055,760	22,507,904
1,031	1,031	Crescent Cotton Mills Limited	57,891	51,550
285,357	285,357	Jubilee Spinning and Weaving Mills Limited	1,426,785	1,712,142
1,289,278	1,289,278	Shakarganj Mills Limited	21,814,584	28,183,617
50,060	50,060	Crescent Jute Products Limited	135,162	80,597
479,739	850,855	Samba Bank Limited	3,195,062	2,186,697
		Unquoted - At breakup		
25,000	25,000	Crescent Modaraba Management Company Limited	143,631	143,000
533,623	533,623	Crescent Bahuman Limited	9,519,649	8,934,226
			62,348,523	63,799,733

16.2 At fair value through profit or loss

Number of units 2014	Number of units 2013		2014	2013
		Quoted - At fair value		
628,395	447,419	MCB Cash Management - Optimizer Growth	62,839,529	45,202,852

16.3 Held to maturity

	Note	2014	2013
Term deposit certificates	16.3.1	1,200,000	1,200,000

16.3.1 These term deposit certificates carry markup at rates ranging from 9.70% to 10% per annum (2013: 9.70% to 10% per annum). These are due to mature between April 18, 2015 and May 30, 2015.

	Note	2014 Rupees	2013 Rupees

17 TAX REFUNDS DUE FROM GOVERNMENT

	Note	2014 Rupees	2013 Rupees
Sales tax refundable		24,085,886	22,861,872
Income tax refundable		-	29,159,642
		24,085,886	52,021,514

18 CASH AND BANK BALANCES

	Note	2014 Rupees	2013 Rupees
Cash in hand		2,184,847	918,495
Cash with banks			
In current accounts		109,120,356	60,826,203
In saving accounts	18.1	29,713,151	9,253,803
		138,833,507	70,080,006
		141,018,354	70,998,501

18.1 The balance in saving accounts carry profit at rate of 7% (2013: 6%) per annum.

19 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Number of ordinary shares of Rs. 10/- each 2014	2013		2014 Rupees	2013 Rupees
9,128,510	9,128,510	Fully paid in cash	91,285,100	91,285,100
535,533	535,533	Fully paid issued to financial institution against conversion of loan	5,355,330	5,355,330
2,753,833	2,753,833	Fully paid bonus shares	27,538,330	27,538,330
12,417,876	12,417,876		124,178,760	124,178,760
27,825	59,745	Shares held by associated undertakings	278,250	597,450

		Note	2014 Rupees	2013 Rupees
20	**RESERVES**			
	Capital reserve			
	Unrealized gain on available for sale investment		28,482,412	29,933,621
	Revenue reserves			
	Unappropriated profit		744,738,678	587,666,864
			773,221,090	617,600,485
21	**LONG TERM FINANCING**			
	From banking companies - secured			
	Term finance 1	21.1	24,309,999	32,413,333
	Term finance 2	21.2	137,328,256	205,992,383
	Term finance 3	21.3	44,444,444	50,000,000
	Term finance 4	21.4	51,814,000	-
			257,896,699	288,405,716
	Less: Current portion shown under current liabilities	27	99,392,792	85,100,793
			158,503,907	203,304,923
			158,503,907	203,304,923

21.1 This facility has been obtained from MCB Bank Limited for generator to meet the power requirement of Textile Unit-2 expansion located at Bikhi. The rate of mark-up is 11.20% as per State Bank of Pakistan LTF scheme and is payable semi-annually over a period of 4.5 years after a grace period of 18 months with installments starting from January 2013.

21.2 This facility has been obtained from MCB Bank Limited for expansion of Textile Unit 2 located at Bikhi. The rate of mark-up is 6 months KIBOR + 2.5% and is payable semi-annually over a period of 4.5 years after a grace period of 18 months. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 460 million.

21.3 This facility has been obtained from KASB Bank Limited to finance plant and machinery for BMR and capacity expansion in Textile Unit 1 located at Nooriabad. The rate of mark-up is 3 months KIBOR + 3.5% and is payable quarterly over a period of 4.5 years after a grace period of 6 months. The finance facility is secured against pari passu charge over fixed assets of the Company including land, building, plant and machinery with 30% margin and personal guarantee of Directors of the Company.

21.4 This facility has been obtained from MCB Bank Limited for expansion of Textile Unit 2 located at Bikhi. The rate of mark-up is 6 months KIBOR + 2.5% and is payable semi-annually over a period of 4.5 years after a grace period of 18 months. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 460 million.

	Note	2014 Rupees	2013 Rupees

22 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

	Note	2014 Rupees	2013 Rupees
Secured			
Balance as July 01		48,485,223	40,752,482
Additions during the year		29,626,500	28,379,210
		78,111,723	69,131,692
Payments / adjustments during the year		(28,445,965)	(20,646,469)
		49,665,758	48,485,223
Less: Payable within one year shown under current liabilities	27	(22,342,236)	(23,647,844)
		27,323,522	24,837,379

This represents finance leases entered into with financial institutions for plant and machinery, vehicles and office equipment. Financing rates ranging from 13.67% to 19.45% (2013: 12.35% to 19.45%) per annum have been used as a discounting factor. At the end of the lease period the ownership of assets shall be transferred to the Company on payment of residual values of the assets. These facilities are secured by security deposit and personal guarantees of directors and hypothecation charge on leased assets.

The future minimum lease payments to which the Company is committed under the lease agreements and the periods in which they will become due are as follows:

	2014			2013		
	Upto one year	One to five years	Total	Upto one year	One to five years	Total
	Rupees			Rupees		
Minimum lease payments outstanding	26,369,116	28,907,997	55,277,113	27,031,122	26,472,542	53,503,664
Financial charges not due	(4,026,880)	(1,584,475)	(5,611,355)	(3,383,278)	(1,635,157)	(5,018,435)
Present value of minimum lease payments	22,342,236	27,323,522	49,665,758	23,647,844	24,837,385	48,485,229
Payable within one year shown under current liabilities	(22,342,236)	-	(22,342,236)	(23,647,844)	-	(23,647,844)
	-	27,323,522	27,323,522	-	24,837,385	24,837,385

	Note	2014 Rupees	2013 Rupees

23 DEFERRED TAXATION

Deferred taxation is composed of:

Taxable temporary differences:			
Accelerated tax depreciation allowance		176,777,089	147,928,861
Deductible temporary differences:			
Lease rentals		(16,389,701)	(16,484,977)
Turnover tax		(26,932,892)	-
Provision for slow moving items		(574,642)	(337,162)
Provision for doubtful debts		(1,241,400)	(1,041,018)
		(45,138,635)	(17,863,157)
		131,638,454	130,065,704

24 TRADE AND OTHER PAYABLES

	Note	2014 Rupees	2013 Rupees
Creditors	24.1	110,251,551	108,711,454
Accrued liabilities		143,218,732	143,876,411
Payable to provident fund		1,471,559	1,740,866
Workers' Profit Participation Fund	24.2	14,471,052	15,392,203
Due to Chief Executive and Directors		5,039,038	4,720,896
Advance from customer		4,341,679	3,035,490
Unclaimed dividend		1,472,923	894,689
Withholding tax payable		202,394	783,045
Workers' Welfare Fund		11,325,787	11,273,801
Other liabilities		1,599,104	1,439,256
		293,393,819	291,868,111

24.1 This includes balance amounting to Rs. 9.227 million (2013: Rs. 12.990 million) due to an associated undertaking.

	Note	2014 Rupees	2013 Rupees
24.2 Workers' Profit Participation Fund balance comprises as follows:			
Balance as at July 01,		15,392,203	5,751,175
Add: Allocation for the year		14,471,052	15,392,203
Interest on funds utilized in the Company's business		972,210	413,484
		30,835,465	21,556,862
Less: Amount paid during the year		(16,364,413)	(6,164,659)
		14,471,052	15,392,203

25 INTEREST AND MARKUP ACCRUED

		2014 Rupees	2013 Rupees
Mark-up accrued on secured:			
Long-term financing		3,391,724	3,753,001
Short-term financing		24,474,492	26,443,770
		27,866,216	30,196,771

26 SHORT-TERM BORROWINGS

	Note	2014 Rupees	2013 Rupees
From banking companies - secured			
Running / cash finance	26.1	75,290,169	74,361,209
Bills discounting	26.2	12,000,000	12,000,000
		87,290,169	86,361,209

26.1 The Company has obtained short term finance facilities from various commercial banks. The aggregate facilities under mark-up arrangements amounted to Rs. 797 million (2013: Rs. 672 million). The rate of mark up on these finance facilities ranges between 1 month and 3 months KIBOR plus 1% to 3.5% per annum (2013: 3 month KIBOR plus 1% to 4% per annum) and is payable quarterly.

The Company also has a facility for opening letters of credit under mark-up arrangements amounting to Rs. 200 million (2013: Rs. 200 million) from a commercial bank. The unutilized balance at the end of the year was Rs. 200 million (2013: Rs. 182.908 million).

These financing facilities are secured by way of pledge and floating charge over the current assets and personal guarantee of Directors and lien on import documents.

26.2 During the year, the management of the Company have determined that the liabilities relating to short term borrowings and markup accrued thereon amounting to Rs. 12.000 million and Rs. 20.385 million up to June 30, 2012, respectively, were payable to a financial institution (now Samba Bank Limited). 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. The facility was subject to discounting charges at the rate of 8.00% (2013: 8.00%) per annum and is secured against personal guarantee of Directors and demand promissory note.

	Note	2014 Rupees	2013 Rupees

27 CURRENT PORTION OF LONG TERM LIABILITIES

	Note	2014 Rupees	2013 Rupees
Long term financing	21	99,392,792	85,100,793
Liabilities against assets subject to finance leases	22	22,342,236	23,647,844
		121,735,028	108,748,637

28 TAXATION - NET

		2014 Rupees	2013 Rupees
Provision for taxation		42,904,770	4,587,828
Advance income tax		(40,708,229)	(30,103,735)
		2,196,541	(25,515,907)

29 CONTINGENCIES AND COMMITMENTS

29.1 Contingencies

a) Guarantees have been issued by banking companies in normal course of business amounting to Rs. 33.042 million (2013: Rs. 28.077 million).

b) Crescent Sugar Mills and Distillery Limited has filed a case against the 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.

29.2 Commitments

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

Letters of credit against import of plant and machinery amounting to Rs. 61.170 million (2013: Rs. 9.604 million).

	Note	2014 Rupees	2013 Rupees

30 SALES - NET

	Note	2014 Rupees	2013 Rupees
Export - yarn		21,595,519	4,862,798
Local			
Yarn		3,486,346,786	3,151,625,245
Waste		16,511,319	20,390,484
		3,502,858,105	3,172,015,729
Less: Sales tax		68,683,492	22,155,133
Net sales		3,455,770,132	3,154,723,394
Brokerage and commission		(37,851,393)	(31,452,735)
		3,417,918,739	3,123,270,659
Trading - local		106,143,284	20,379,344
		3,524,062,023	3,143,650,003

31 COST OF SALES

	Note	2014 Rupees	2013 Rupees
Material consumed	31.1	2,167,393,349	1,958,408,287
Salaries, wages and other benefits	31.2	210,162,090	205,060,129
Packing material consumed		45,891,414	37,558,952
Stores, spares and loose tools consumed		74,670,233	57,349,360
Provision for slow moving items		749,689	442,716
Power and fuel		422,117,066	331,929,642
Depreciation	5.3	74,733,622	60,742,140
Repairs and maintenance		7,893,520	7,676,810
Insurance		6,502,352	6,796,791
Other manufacturing overheads		19,205,474	12,831,945
Manufacturing cost		3,029,318,809	2,678,796,772
Opening work-in-process		45,165,156	47,945,678
Closing work-in-process		(61,331,833)	(45,165,156)
		(16,166,677)	2,780,522
Cost of goods manufactured		3,013,152,132	2,681,577,294
Cost of goods purchased for trading		96,909,255	18,143,154
		3,110,061,387	2,699,720,448
Opening stock of finished goods		17,145,911	16,871,295
Insurance claim		(6,857,415)	-
Closing stock of finished goods		(23,255,384)	(17,145,911)
		(12,966,888)	(274,616)
		3,097,094,499	2,699,445,832

		Note	2014 Rupees	2013 Rupees
31.1	Material consumed			
	Opening stock		169,005,056	152,146,191
	Purchases including related expenses		2,080,694,886	1,975,267,152
			2,249,699,942	2,127,413,343
	Closing stock		(82,306,593)	(169,005,056)
			2,167,393,349	1,958,408,287

31.2 Salaries, wages and other benefits include Rs. 6.489 million (2013: Rs. 5.505 million) in respect of staff retirement benefits.

32 GENERAL AND ADMINISTRATIVE EXPENSES

	Note	2014 Rupees	2013 Rupees
Directors' remuneration		13,277,875	12,950,746
Staff salaries and other benefits	32.1	26,772,606	23,649,553
Repairs and maintenance		1,937,340	2,265,477
Vehicles running and maintenance		6,085,102	5,664,266
Insurance		1,104,083	1,124,064
Printing and stationery		770,352	868,859
Telephone and postage		1,318,074	1,416,967
Traveling and conveyance		5,450,637	5,673,834
Fees and subscription		1,263,442	1,602,177
Legal and professional charges		723,531	842,013
Depreciation	5.3	5,829,478	5,770,139
Amortization	7.1	-	386,220
Utilities		3,252,990	2,951,229
Rent, rates and taxes		4,355,709	3,050,209
Entertainment		1,603,008	1,857,161
Donation	32.2	216,000	110,000
Others		2,389,992	2,297,867
		76,350,219	72,480,781

32.1 Salaries and other benefits include Rs. 1.860 million (2013: Rs. 2.068 million) in respect of staff retirement benefits.

32.2 This represents donation paid to Maqbool Trust, an associated undertaking.

33 DISTRIBUTION COST

	2014 Rupees	2013 Rupees
Ocean freight	195,860	47,295
Local freight and insurance	11,321,885	8,914,504
Shipping expenses	24,368	296,637
Other	227,249	182,266
	11,769,362	9,440,702

	Note	2014 Rupees	2013 Rupees

34 OTHER OPERATING INCOME

Gain on disposal of fixed assets		3,292,197	2,591,896
Unrealized gain on remeasurement of investment		5,336,677	1,202,852
Interest on bank deposits		690,861	2,414,577
Dividend income		-	1,160
Rental income		12,574,624	11,821,602
Gain on scrap sales		476,000	383
		22,370,359	18,032,470

35 OTHER OPERATING EXPENSES

Auditors' remuneration:			
Statutory audit		390,000	390,000
Half yearly review		75,000	75,000
Special reports and sundry services		22,000	22,000
		487,000	487,000
Provision for bad debts		700,000	1,189,022
Workers' Welfare Fund		5,499,000	7,428,882
Workers' Profit Participation Fund		14,471,052	15,392,203
		21,157,052	24,497,107

36 FINANCIAL CHARGES

Mark-up / interest on:			
Long-term financing		33,677,072	35,006,093
Lease finances		5,180,813	4,888,194
Short-term financing		24,656,904	21,241,914
Workers' Profit Participation Fund		972,210	413,484
		64,486,999	61,549,685
LC discounting charges		5,873,422	9,285,302
		70,360,421	70,834,987

	Note	2014 Rupees	2013 Rupees

37 TAXATION

	Note	2014 Rupees	2013 Rupees
Current		42,904,770	4,587,828
Prior	37.2	49,274,832	-
		92,179,602	4,587,828
Deferred		1,572,752	36,834,266
	37.1	93,752,354	41,422,094

37.1 The numerical reconciliation between average tax rate and the applicable tax rate is as follows:

	2014 Rupees	2013 Rupees
Profit before taxation	269,450,978	285,022,968
Tax at the applicable tax rate	91,613,333	99,758,039
Tax effect of expenses not allowed for tax	32,806,060	25,030,460
Tax effect of expenses allowed for tax	(51,581,944)	(50,561,098)
Prior year tax liability	49,274,832	-
Tax effect of FTR income	(1,440,365)	1,195,735
Effect of tax credits and adjustments	(26,919,563)	(34,001,042)
	93,752,354	41,422,094

37.2 The Additional Commissioner Inland Revenue (ACIR) amended the assessment u/s 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2012 and 2013 and created a net demand of Rs. 1.9 million after making various additions to the income of the Company and by disallowing benefit of minimum tax u/s113(2)(c) of the Income Tax Ordinance in the light of Sindh High Court Order. The aforesaid amount has been deposited by the Company under protest. As a consequence, refund amounting to Rs. 49.275 million has been deleted by the tax authorities. The Company has filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] based on advice of legal counsel.

38 EARNINGS PER SHARE - BASIC AND DILUTED

	2014 Rupees	2013 Rupees
Profit for the year	175,698,628	243,600,874
Weighted average number of ordinary shares outstanding	12,417,876	12,417,876
Earnings per share - basic and diluted	14.15	19.62

39 DEFINED CONTRIBUTION PLAN

The Company has contributory provident fund scheme for benefit of all its permanent employees under the title of "Crescent Fibres Limited - Employees Provident Fund". The Fund is maintained by the Trustees and all decisions regarding investments and distribution of income etc. are made by the Trustees independent of the Company.

39.1 The Trustees have intimated that the size of the Fund at year end was Rs. 78.441 million.

39.2 As intimated by the Trustees, the cost of the investments made at year end was Rs. 46.157 million which is equal of 58.84% of the total fund size. The fair value of the investments was Rs. 47.012 million at that date which is equal of 59.93% of the total fund size. The category wise break up of investment as per section 277 of the Companies Ordinance, 1984 is given below:

	Rupees	Percentage
Defense Saving Certificates	16,255,500	22.44%
Term deposit	29,200,000	40.31%
Listed securities (Mutual fund)	701,776	0.97%
	46,157,276	63.71%

39.3 According to the Trustees, investments out of provident fund have been made in accordance with the provisions of section 227 of Companies Ordinance, 1984 and the rules made thereunder.

40 CASH GENERATED FROM OPERATIONS

	Note	2014 Rupees	2013 Rupees
Profit before taxation		269,450,982	285,022,968
Adjustment for non-cash charges and other items:			
Gain on disposal of operating fixed assets		(3,292,197)	(2,591,896)
Financial charges		70,360,421	70,834,987
Depreciation		80,563,100	66,512,279
Amortization		-	386,220
Unrealized gain on remeasurement of investments		(5,336,677)	(1,202,852)
Loss on share of profit of associate		249,847	(39,904)
Provision for slow moving items		749,689	-
Provision for bad debts		700,000	-
		143,994,183	133,898,834
Profit before working capital changes		413,445,165	418,921,802
Working capital changes	40.1	(8,412,650)	(7,701,754)
		405,032,515	411,220,048

	Note	2014 Rupees	2013 Rupees
40.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores, spares and loose tools		(9,378,668)	(2,744,785)
Stock in trade		64,422,313	(14,352,959)
Trade debts		(66,614,714)	(46,330,503)
Loans and advances		3,092,898	(2,602,252)
Trade deposits and short term prepayments		(236,173)	209,563
Other receivables		-	184,679
Tax refund due from the Government		(1,224,014)	(7,365,024)
		(9,938,358)	(73,001,281)
Increase in current liabilities			
Trade and other payables		1,525,708	65,299,527
		(8,412,650)	(7,701,754)

41 REMUNERATION OF CHIEF EXECUTIVE DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration, including all benefits to Chief Executive, Directors and Executives of the Company were as follows:

	2014				2013			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	Rupees				Rupees			
Managerial remuneration	3,144,828	5,544,828	5,738,508	14,428,164	2,686,208	6,330,268	4,838,616	13,855,092
House rent	1,415,173	2,495,173	2,390,845	6,301,191	1,208,794	2,848,621	2,068,883	6,126,297
Company's contribution to Provident Fund Trust	314,483	554,483	573,851	1,442,817	268,621	633,027	483,862	1,385,509
Reimburseable expenses	442,500	814,550	306,948	1,563,998	439,829	1,358,760	216,953	2,015,542
Total	5,316,984	9,409,034	9,010,152	23,736,170	4,603,451	11,170,675	7,608,314	23,382,440
Number of persons	1	2	5	8	1	4	4	9

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

41.1 The Chief Executive, three Directors and some executives are also provided with free use of the Company's maintained cars.

41.2 Aggregate amount charged in these financial statements in respect of Directors fee is nil (2013: Rs. 45,000).

42 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of related group companies, local associated companies, staff retirement funds, Directors and key management personnel. Transactions with related parties and remuneration and benefits to key management personnel under the terms of their employment are as follows:

Relation with the Company	Nature of transaction	2014 Rupees	2013 Rupees
Associated companies / undertaking	Sale of yarn	153,811,308	192,643,158
	Insurance premium	10,968,297	9,650,570
	Insurance claim received	6,857,415	-
	Dividend received	84,477	84,477
	Rent received	387,360	197,113
	Donation paid	110,000	110,000
Retirement benefit plan	Contribution to provident fund	8,350,320	7,573,470
Directors	Rent paid	4,020,000	2,680,000
	Repayment of long term financing	-	13,674,714
	Dividend paid	5,781,808	5,781,808
Key management personnel	Remuneration and other benefits	23,736,170	23,382,440

42.1 The status of outstanding balances of related parties as at June 30, 2014 are included in "Trade debts" (note 12), "Other receivables" (note 15) and "Trade and other payables" (note 24) respectively.

43 CAPACITY AND PRODUCTION

Spinning units	2014			2013		
	Unit - I	Unit - II	Total	Unit - I	Unit - II	Total
Number of spindles installed	20,360	38,448	58,808	20,360	35,456	55,816
Number of spindles worked	20,360	38,448	58,808	18,702	30,524	49,226
Number of shifts per day	3	3	3	3	3	3
Installed capacity after conversion into 20/s count - Kgs	7,887,815	14,188,513	22,076,328	7,887,815	13,723,868	21,611,683
Actual production of yarn after conversion into 20/s count - Kgs	7,322,362	10,529,273	17,851,635	7,444,477	9,947,422	17,391,899

44 YIELD / MARK UP RATE RISK

Yield / mark-up rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market yield / mark-up rates. Sensitivity to yield / mark-up rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Company is exposed to yield / mark-up rate risk in respect of the following:

2014

	Effective yield / mark-up rate	Total	Exposed to yield / mark-up rate risk: Maturity upto one year	Maturity over one year to five years	Maturity over five years	Sub- total	Not exposed to yield / mark-up rate risk
	%	Rupees					
Financial assets							
Available for sale carried at fair value							
Investments		62,348,519	-	-	-	-	62,348,519
Held for trading carried at fair value							
Investments		62,839,529	-	-	-	-	62,839,529
Held to maturity carried at amortized cost							
Investments	9.70% to 10%	1,200,000	1,200,000	-	-	1,200,000	-
Loans and receivables carried at amortized cost							
Loans	-	268,700	-	-	-	-	268,700
Trade debts	-	357,821,427	-	-	-	-	357,821,427
Other receivables	-	614,351	-	-	-	-	614,351
Cash and bank balances	-	141,018,354	29,713,151	-	-	29,713,151	111,305,203
		626,110,880	30,913,151	-	-	30,913,151	595,197,729
Financial liabilities							
Financial liabilities carried at amortized cost							
Long-term financing	11.20% - 14.45%	257,896,699	99,392,792	158,503,907	-	257,896,699	-
Liabilities against assets subject to finance leases	13.67% - 19.45%	49,665,758	22,342,236	27,323,522	-	49,665,758	-
Trade and other payables	-	263,052,907	-	-	-	-	263,052,907
Interest and markup accrued	-	27,866,216	-	-	-	-	27,866,216
Short-term borrowings	8% - 16.31%	87,290,169	87,290,169	-	-	87,290,169	-
		(685,771,748)	(209,025,197)	(185,827,429)	-	(394,852,626)	(290,919,123)
On balance sheet gap		(59,660,868)	(178,112,046)	(185,827,429)	-	(363,939,475)	304,278,606
Off balance sheet items							
Guarantees on behalf of the Company		33,042,000	-	-	-	-	33,042,000
Letter of credit for consumption		-	-	-	-	-	-
Construction obligation		-	-	-	-	-	-
Letter of credit for capital expenditure		61,170,000	-	-	-	-	61,170,000
		94,212,000	-	-	-	-	94,212,000
Total gap		(153,872,868)	(178,112,046)	(185,827,429)	-	(363,939,475)	210,066,606

2013

	Effective yield / mark-up rate	Total	Exposed to yield / mark-up rate risk: Maturity upto one year	Maturity over one year to five years	Maturity over five years	Sub- total	Not exposed to yield / mark-up rate risk
	%	Rupees					
Financial assets							
Available for sale carried at fair value							
Investments		63,799,733	-	-	-	-	63,799,733
Held for trading carried at fair value							
Investments		45,202,852	-	-	-	-	45,202,852
Held to maturity carried at amortized cost							
Investments	9.70% to 10%	1,200,000	1,200,000	-	-	1,200,000	-
Loans and receivables carried at amortized cost							
Loans		10,000	-	-	-	-	10,000
Trade debts	-	291,906,713	-	-	-	-	291,906,713
Other receivables	-	614,351	-	-	-	-	614,351
Cash and bank balances	-	70,998,501	9,253,803	-	-	9,253,803	61,744,698
		473,732,150	10,453,803	-	-	10,453,803	463,278,347
Financial liabilities							
Financial liabilities carried at amortized cost							
Long-term financing	11.20% - 14.45%	288,405,716	85,100,793	203,304,923	-	288,405,716	-
Liabilities against assets subject to finance leases	16.63% - 19.45%	48,485,223	23,647,844	24,837,379	-	48,485,223	-
Trade and other payables		261,383,572	-	-	-	-	261,383,572
Financial charges payable		30,196,771	-	-	-	-	30,196,771
Short-term borrowings	8% - 16.31%	86,361,209	86,361,209	-	-	86,361,209	-
		(714,832,491)	(195,109,846)	(228,142,302)	-	(423,252,148)	(291,580,343)
On balance sheet gap		(241,100,341)	(184,656,043)	(228,142,302)	-	(412,798,345)	171,698,004
Off balance sheet items							
Guarantee issued on behalf of Company		28,077,000	-	-	-	-	28,077,000
Letter of credit for consumption		-	-	-	-	-	-
Construction obligation		-	-	-	-	-	-
Letter of credit for capital expenditure		9,604,000	-	-	-	-	9,604,000
		37,681,000	-	-	-	-	37,681,000
Total gap		(278,781,341)	(184,656,043)	(228,142,302)	-	(412,798,345)	134,017,004

45 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

45.1 Risk management policies

The Company's operations expose it to financial risk mainly due to changes in foreign exchange rates. Risk management is carried out by the management under polices approved by Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas like foreign exchange risk, interest rate risk and investing excessive liquidity.

45.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted and arises principally from trade and other receivables. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulator requirements.

Exposure to credit risk

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	2014 Rupees	2013 Rupees
Deposits	30,859,215	33,285,655
Investments	128,480,483	112,629,344
Trade debts	357,821,427	291,906,713
Loans	268,700	10,000
Other receivables	614,351	614,351
Bank balances	138,833,507	70,080,006
	656,877,683	508,526,069

The aging of trade receivables at the reporting date is:

Not past due	213,633,386	225,794,982
Past due 1-30 days	64,821,242	56,083,998
Past due 30-90 days	60,840,663	6,524,087
Past due 90 days	18,526,136	3,503,646
	357,821,427	291,906,713

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary sales made to certain customers are secured through letters of credit.

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis. Rating of banks ranges from A-3 to A1+.

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

Impaired assets

During the year, no assets have been impaired other than store, spares and loose tools amounting to Rs. 48.988 million and trade debts amounting to Rs. 361.583 million against which impairment amounting to Rs. 1.741 million (2013: Rs. 0.992 million) and Rs. 3.762 million (2013: Rs. 3.062 million) respectively has been recorded.

45.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any:

	Carrying Amount	Contractual Cash Flows	Six months or less	Six to Twelve months	One to two years	Two to five years	Over five years
	Rupees						
2014							
Long term financing	257,896,699	329,941,838	61,159,708	58,325,602	131,686,331	78,770,197	-
Liabilities against assets subject to finance leases	49,665,758	52,005,004	14,110,455	11,299,853	14,015,714	12,578,982	-
Trade and other payables	263,052,907	263,052,907	263,052,907	-	-	-	-
Interest and markup accrued	27,866,216	27,866,216	27,866,216	-	-	-	-
Short-term borrowings	87,290,169	87,290,169	87,290,169	-	-	-	-
	685,771,749	760,156,134	453,479,455	69,625,455	145,702,045	91,349,179	-

	Carrying Amount	Contractual Cash Flows	Six months or less	Six to Twelve months	One to two years	Two to five years	Over five years
	Rupees						
2013							
Long term financing	288,405,716	288,405,709	43,939,286	43,939,286	87,878,572	112,648,565	-
Liabilities against assets subject to finance leases	48,485,223	53,415,504	10,537,073	10,248,723	32,629,708	-	-
Trade and other payables	261,383,572	261,383,572	261,383,572	-	-	-	-
Financial charges payable	30,196,771	30,196,771	30,196,771	-	-	-	-
Short-term financing	86,361,209	86,361,209	86,361,209	-	-	-	-
	714,832,491	719,762,765	432,417,911	54,188,009	120,508,280	112,648,565	-

45.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holding of financial instruments.

a) Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company exposure to foreign currency risk as follows:

	2014 Rupees	2013 Rupees
Outstanding letter of credit	61,170,000	9,604,000

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term loans and short term borrowings. At the balance sheet date the interest rate profile of the Company's interest -bearing financial instruments is as follows:

Financial liabilities	2014 Effective rate (In percent)	2013 Effective rate (In percent)	2014 Carrying amount Rupees	2013 Carrying amount Rupees
Fixed rate instrument				
Long term finance	11.20%	11.20%	24,309,999	32,413,333
Short term borrowings	8%	8%	12,000,000	12,000,000
Variable rate instruments				
Long term finance	11.20%-13.13%	12.07%-16.30%	233,586,700	255,992,383
Short term borrowings	11.33%-12.46%	15.23%-19.05%	75,290,169	74,361,209

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for prior year.

	Profit and loss	
	100 bp increase	100 bp decrease
As at June 30, 2014		
Cash flow sensitivity - Fixed rate financial liabilities	(363,100)	363,100
Cash flow sensitivity - Variable rate financial liabilities	(3,088,769)	3,088,769
As at June 30, 2013		
Cash flow sensitivity - Fixed rate financial liabilities	(444,133)	444,133
Cash flow sensitivity - Variable rate financial liabilities	(3,303,536)	3,303,536

The sensitivity analysis prepared is not necessarily indicative of the effects on (loss) / profit for the year and assets / liabilities of the Company.

c) Market risk

Market price risk

The risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Exposure

The Company has exposure to market price risk in available for sale securities.

Risk management

The Company's policy is to manage price risk through diversification and selection of financial instruments within specified limits.

	2014 Rupees	2013 Rupees
As at June 30, 2014, the fair value of equity securities exposed to price risk were as follows:		
Held for trading investment	62,839,529	45,202,852
Available for sale investment	62,348,523	63,799,733
	125,188,052	109,002,585

The following analysis illustrates the sensitivity of the profit for the year and the share holders' equity to an increase or decrease of 5% in the fair values of the Company's equity securities. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Company's equity securities at each statement of assets and liabilities date, with all other variables held constant.

	2014 Rupees	2013 Rupees
Price sensitivity	6,259,402	5,450,129

46 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transaction.

47 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitor the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

48 DATE OF AUTHORIZATION FOR ISSUE

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

49 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the balance sheet date, the Board of Directors of the company in their meeting held on September 29, 2014 has recommended cash dividend for the year ended June 30, 2014 at 10% i.e. Rs. 1.00 per ordinary share subject to approval of shareholders in Annual General Meeting of the Company to be held on October 31, 2014.

50 GENERAL

50.1 Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison, the effect of which is not material.

50.2 The number of employees as at year end were 1,033 (2013: 995) and average number of employees during the year were 1,015 (2013: 982).

50.3 Figures have been rounded off to the nearest rupee.

IMRAN MAQBOOL
CHIEF EXECUTIVE

NADEEM MAQBOOL
DIRECTOR

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2014

FORM-34

SHAREHOLDERS	FROM	TO	TOTAL SHARES	PERCENTAGE
669	1	100	21,921	0.18
455	101	500	104,718	0.84
110	501	1,000	79,484	0.64
155	1,001	5,000	308,650	2.49
40	5,001	10,000	287,100	2.31
12	10,001	15,000	151,160	1.22
13	15,001	20,000	217,262	1.75
6	20,001	25,000	132,762	1.07
7	25,001	30,000	199,510	1.61
6	30,001	35,000	192,340	1.55
5	35,001	40,000	186,144	1.50
4	40,001	45,000	169,757	1.37
2	45,001	50,000	91,170	0.73
2	50,001	55,000	104,726	0.84
3	55,001	60,000	170,436	1.37
1	60,001	65,000	65,000	0.52
2	65,001	70,000	136,106	1.10
2	70,001	75,000	145,420	1.17
2	75,001	80,000	157,277	1.27
1	140,001	145,000	143,217	1.15
1	150,001	155,000	153,580	1.24
1	255,001	260,000	258,558	2.08
1	350,001	355,000	351,657	2.83
1	540,001	545,000	541,026	4.36
1	630,001	635,000	633,015	5.10
1	760,001	765,000	760,600	6.13
1	850,001	855,000	852,681	6.87
1	1,305,001	1,310,000	1,306,831	10.52
1	1,320,001	1,325,000	1,322,400	10.65
1	1,335,001	1,340,000	1,336,875	10.77
1	1,835,001	1,840,000	1,836,493	14.79
1,508			**12,417,876**	**100**

Categories of Shareholder		
Directors, Chief Executive Officer, Their Spouse and Childern		
Chief Executive		
IMRAN MAQBOOL	1,336,875	10.77
Directors		
HUMAYUN MAQBOOL	1,322,400	10.65
KHAWAR MAQBOOL	1,836,493	14.79
NADEEM MAQBOOL	1,306,831	10.52
NAILA HUMAYUN MAQBOOL	500	0.00
RIAZ MASOOD	258,558	2.08
JAHANZEB SAEED KHAN	500	0.00
ASMA ANWAR W/O. IMRAN MAQBOOL	6,501	0.05
NAZIA MAQBOOL W/O. NADEEM MAQBOOL	3,399	0.03
SHAHEEN RIAZ W/O. RIAZ MASOOD	45,941	0.37
	6,117,998	**49.27**
Associated Companies, Undertakings & Related Parties		
CRESCENT POWER TEC LIMITED	27,825	0.22
	27,825	**0.22**
NIT & ICP (Name Wise Detail)		
INVESTMENT CORPORATION OF PAKISTAN	5,667	0.05
Banks, DFI's, NBFI's		
Banks, DFI's, NBFI's	1,064,151	8.57
Insurance Companies		
Insurance Companies	1,102	0.01
Modaraba and Mutual Funds		
Modaraba and Mutual Funds	21,871	0.18
Other Companies		
Other Companies	662,391	5.33
General Public		
Local	4,516,871	36.37
TOTAL NUMBER OF SHARES	**12,417,876**	**100**

Shareholders More Than 5%

KHAWAR MAQBOOL	1,836,493	14.79
IMRAN MAQBOOL	1,336,875	10.77
HUMAYUN MAQBOOL	1,322,400	10.65
NADEEM MAQBOOL	1,306,831	10.52
NATIONAL BANK OF PAKISTAN-TRUSTEE DEPARTMENT NI(U)T FUND	852,681	6.87
Umer Sharif	760,600	6.13
Bashir Ahmad	633,015	5.10

Trade in Shares of the Company carried out by directors, executives, their spouse(s) and minor childern

Mr. Humayun Maqbool, director purchased 30,000 shares during the year.

Crescent Fibres

FORM OF PROXY

CDC Participant ID #	Sub Account # / Folio #	NIC No.	Share Holding

I/We ____

of ____

being a member of **CRESCENT FIBRES LIMITED**, hereby appoint______________________

____ or

failing him____(being a member of the Company) as my/our proxy to attend, act and vote for me/us and on my/our behalf at the 37th Annual General Meeting of the Company to be held on Friday the 31st October, 2014 at 9.30 a.m. at Registered office of the Company 104 -Shadman-1, Lahore and at any adjournment thereof.

Witnesses:

1. Signature: ____________________
   Name : ____________________
   N.I.C. : ____________________
   Address: ____________________
   ____

2. Signature: ____________________
   Name : ____________________
   N.I.C. : ____________________
   Address: ____________________
   ____

Please affix here Revenue Stamps of Rs. 5/-

____
Members' Signature

Date:

Notes:

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy.
2. The instruments appointing a proxy, together with the power of attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited at the Registered Office, 104 -Shadman-1, Lahore, not less than 48 hours before the time of holding the Meeting.
3. CDC account holders will further have to follow the under mentioned guidelines as laid down in circular # 1 dated January 26, 2000 of the Securities & Exchange Commission of Pakistan for appointing Proxies:

i) In case of individuals, the account holder or sub account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.

ii) The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.

iii) Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv) The proxy shall produce his original NIC or original passport at the time of the meeting.

v) In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures of the proxy holder shall be submitted (unless it has been provided earlier) alongwith proxy form to the company.

Crescent
Fibres

CRESCENT FIBRES LIMITED

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