



**Crescent
Fibres**



**Quarterly Report
March 31, 2013**



COMPANY INFORMATION

Board of Directors	Khawar Maqbool	(Chairperson)
	Imran Maqbool	(Chief Executive)
	Humayun Maqbool	
	Nadeem Maqbool	
	Naila Humayun Maqbool	
	Riaz Masood	
	Shahid Riaz	

Chief Financial Officer Kamran Rasheed

Company Secretary Javaid Hussain

Audit Committee

Nadeem Maqbool	(Chairman)
Humayun Maqbool	(Member)
Naila Humayun Maqbool	(Member)

Human Resources & Remuneration Committee

Naila Humayun Maqbool	(Chairperson)
Imran Maqbool	(Member)
Nadeem Maqbool	(Member)

Auditors BDO Ebrahim & Company
Chartered Accountants

Legal Advisor Mohsin Tayebally & Sons

Registered Office 104 Shadman 1,
Lahore-54000
Tel : (042) 3757-9641, 3757-6482
Fax : (042) 3756-0963

E-mail: lo@crescentfibres.com

Website: www.crescentfibres.com

MANAGEMENT REVIEW

The Company reported after-tax net profit of Rs. 161.8 million for the nine months ended March 31, 2013 as compared to a profit of Rs. 11.4 million for the nine months ended March 31, 2012. The earnings per share for the period under review was Rs. 13.03.

During the current year, raw cotton prices have remained at rational and competitive levels and this combined with strong demand for textile products in both the export and domestic markets has resulted in improving margins and profitability for the industry as a whole. In the period under review sales increased by 15% largely due to higher end product prices. The gross margin increased to 13.2% as compared to 7.1% for the corresponding period. Despite inflationary pressures, strict cost controls allowed the Management to maintain selling and administrative expenses as a percentage of sales. The operating margin for the period under review increased to 10.5% as compared to 4.7% for the period ended March 31, 2012. Financial charges decreased from Rs. 74.4 million to Rs. 53.7 million primarily due stronger operating cash flows and a declining trend in mark-up rates. Overall, the net margin increased to 6.9% as compared to 0.6% for the corresponding period.

The current quarter has seen significant weakening of demand due to the slow pace of recovery in the major economies including the USA, Europe and China. While we expect to main profitability for the year ending June 2013, the picture for the next financial year is more uncertain. A key challenge facing the industry is the unprecedented levels of electric and gas load shedding. It is imperative for the future of the industry that a near term strategy is developed to deal with the energy crisis as well as the problems of increasing input costs and the economic and law and order situation in Pakistan.

The Management wishes to place on record its appreciation for the hard work and devotion of its workers and the invaluable advice and support of the Company's Directors, shareholders and bankers.



IMRAN MAQBOOL
Chief Executive Officer
April 27, 2013

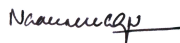
**CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2013 (UN-AUDITED)**

	Note	March 31, 2013 (Un-audited) Rupees	June 30, 2012 (Audited) Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	5	638,355,653	649,682,681
Capital work in progress	6	1,067,159	-
		639,422,812	649,682,681
Intangible assets		96,556	386,220
Long term investments		2,447,452	2,471,332
Long term deposits		31,309,619	25,088,674
		673,276,439	677,628,907
CURRENT ASSETS			
Stores, spares and loose tools		39,561,825	36,315,787
Stock in trade		427,181,279	216,963,164
Trade debts		299,391,978	246,765,232
Loans and advances		20,357,999	5,919,658
Trade deposits and short term prepayments		6,209,378	4,087,509
Other receivables		971,133	799,030
Short term investments		127,433,746	41,796,516
Tax refunds due from Government		21,755,961	15,496,848
Taxation - net		32,279,643	28,928,079
Cash and bank balances		90,475,907	68,996,751
		1,065,618,849	666,068,574
TOTAL ASSETS		1,738,895,288	1,343,697,481
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
15,000,000 ordinary shares of Rs. 10/- each		150,000,000	150,000,000
Issued, subscribed and paid-up capital			
12,417,876 ordinary shares of Rs. 10/- each		124,178,760	124,178,760
Reserves			
Capital		21,567,634	7,930,404
Revenue		505,874,590	356,483,866
		527,442,224	364,414,270
		651,620,984	488,593,030
NON CURRENT LIABILITIES			
Long term financing	7	195,970,318	248,028,762
Liabilities against assets subject to finance leases		29,466,182	23,529,579
Deferred taxation		110,394,367	93,231,438
		335,830,866	364,789,779
CURRENT LIABILITIES			
Trade and other payables		281,027,068	226,568,584
Financial charges payable		39,921,944	33,070,905
Short term borrowings		317,297,490	141,476,328
Current portion of long term liabilities		113,196,936	89,198,855
		751,443,438	490,314,672
CONTINGENCIES AND COMMITMENTS			
	8		
TOTAL EQUITY AND LIABILITIES		1,738,895,288	1,343,697,481

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.



IMRAN MAQBOOL
Chief Executive



NADEEM MAQBOOL
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE NINE MONTHS ENDED MARCH 31, 2013 (UN-AUDITED)**

	Nine Months ended		Quarter ended		
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	
	Note	Rupees	Rupees	Rupees	
Sales - net		2,341,120,116	2,032,450,531	845,249,887	675,506,418
Cost of sales	9	(2,032,531,474)	(1,888,646,607)	(746,557,997)	(614,955,700)
Gross profit		308,588,642	143,803,924	98,691,889	60,550,717
Selling and distribution expenses		(7,185,836)	(7,669,983)	(2,434,626)	(2,837,639)
Administrative and general expenses		(52,966,951)	(44,952,654)	(20,073,549)	(14,803,912)
Other operating expenses		(14,496,270)	(5,938,673)	(4,185,452)	(96,006)
Other operating income		11,492,568	9,584,613	4,075,426	3,609,668
Operating profit		245,432,154	94,827,227	76,073,689	46,422,828
Finance cost		(53,740,793)	(74,392,758)	(21,150,086)	(25,973,012)
Share of (loss) / profit from associate		(23,880)	136,853	(11,940)	45,618
Profit before taxation		191,667,481	20,571,322	54,911,663	20,495,435
Taxation	10	(29,858,881)	(9,171,824)	(10,285,318)	(8,344,842)
Profit / (loss) for the period		161,808,600	11,399,498	44,626,345	12,150,593
Earnings / (loss) per share - basic and diluted (Rupees)	11	13.03	0.92	3.59	0.98

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

Imran Maqbool

IMRAN MAQBOOL
Chief Executive

Naadeem Maqbool

NADEEM MAQBOOL
Director

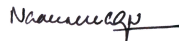
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2013**

	March 31, 2013 Rupees	March 31, 2012 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	191,667,481	20,571,322
Adjustment for non cash charges and other items:		
Depreciation	48,639,996	49,835,701
Amortization	289,664	289,665
Impairment of available for sales investments	-	5,638,673
Gain on disposal of operating fixed assets	(918,894)	(626,307)
Share of loss / (profit) from associate	23,880	(136,853)
Finance cost	53,740,793	74,392,758
	101,775,439	129,393,637
(Increase) / decrease in current assets		
Stores, spares and loose tools	(3,246,038)	(1,133,938)
Stock in trade	(210,218,115)	(182,534,928)
Trade debts	(52,626,746)	53,921,886
Loans and advances	(14,438,341)	11,458,622
Short term investments	(72,000,000)	-
Trade deposits and short term prepayments	(2,121,869)	(1,699,626)
Other receivables	(172,103)	1,025,942
Tax refund due from Government	(6,259,113)	3,158,355
	(361,082,325)	(115,803,687)
Increase in current liabilities		
Trade and other payables	54,458,484	59,556,523
Cash generated from operations	(13,180,921)	93,717,794
Income tax paid	(16,047,516)	(23,515,771)
Finance cost paid	(46,889,755)	(71,765,916)
Net cash generated from operating activities	(76,118,192)	(1,563,892)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(12,448,022)	(34,168,573)
Proceeds from disposal of operating fixed assets	983,000	1,300,000
Long term deposits	(6,220,945)	(7,598,409)
Net cash used in investing activities	(17,685,967)	(40,466,982)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - net	(33,592,222)	-
Repayment of liabilities against asset subject to finance leases	(14,527,749)	(8,770,243)
Dividend paid	(12,417,876)	-
Short term borrowings	175,821,162	58,608,112
Net cash generated from / (used in) financing activities	115,283,315	49,837,869
Net increase in cash and cash equivalents	21,479,157	7,806,995
Cash and cash equivalents at the beginning of the period	68,996,751	39,407,566
Cash and cash equivalents at the end of the period	90,475,908	47,214,561

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.



IMRAN MAQBOOL
Chief Executive



NADEEM MAQBOOL
Director

Quarterly Report

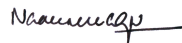
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2013**

	Issued, subscribed and paid-up capital	Reserves			Total
		Unrealized gain / (loss) on available for sale investment	Unappropriated profit	Sub total	
----- Rupees -----'					
Balance as at July 1, 2011	124,178,760	(4,588,411)	282,823,579	278,235,168	402,413,928
Total comprehensive loss for the period	-	(9,206,763)	11,399,498	2,192,735	2,192,735
Impairment loss recognized in profit and loss account	-	5,638,673	-	5,638,673	5,638,673
Balance as at March 31, 2012	<u>124,178,760</u>	<u>(8,156,501)</u>	<u>294,223,077</u>	<u>286,066,576</u>	<u>410,245,336</u>
Balance as at July 1, 2012	124,178,760	7,930,404	356,483,866	364,414,270	488,593,030
Profit distribution for the year ended June 30, 2012	-	-	(12,417,876)	(12,417,876)	(12,417,876)
Total comprehensive income for the period	-	13,637,230	161,808,600	175,445,830	175,445,830
Balance as at March 31, 2013	<u>124,178,760</u>	<u>21,567,634</u>	<u>505,874,590</u>	<u>527,442,224</u>	<u>651,620,984</u>

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.



IMRAN MAQBOOL
Chief Executive



NADEEM MAQBOOL
Director

**CONDENSED COMPREHENSIVE INCOME AND LOSS ACCOUNT
FOR THE NINE MONTHS ENDED MARCH 31, 2013 (UN-AUDITED)**

	Nine Months ended		Quarter ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	Rupees	Rupees	Rupees	Rupees
Profit / (loss) for the period	161,808,600	11,399,498	44,626,345	12,150,593
Unrealized gain / (loss) on remeasurement of available for sale investments	13,637,230	(9,206,763)	4,602,407	2,600,682
Impairment loss recognized in profit and loss account	-	5,638,673	-	-
	13,637,230	(3,568,090)	4,602,407	2,600,682
Total comprehensive income / (loss) for the period	<u>175,445,830</u>	<u>7,831,408</u>	<u>49,228,752</u>	<u>14,751,274</u>

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

Imran Maqbool

IMRAN MAQBOOL
Chief Executive

Naadeem Maqbool

NADEEM MAQBOOL
Director

Quarterly Report

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2013 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

Crescent Fibres Limited ("the Company") was incorporated in Pakistan on August 06, 1977 as a public limited company under the Companies Act, 1913 (now Companies Ordinance, 1984) and is listed on all the stock exchanges in Pakistan. The Company is engaged in the manufacturing, sale and trading of yarn. The registered office of the Company is situated at 104- Shadman 1, Lahore.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

This condensed interim financial information of the Company for the six months period ended December 31, 2012 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

The disclosures made in this condensed interim financial information have been limited in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting". They do not include all the information and disclosures made in the annual published financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2012.

The comparative balance sheet presented in these condensed interim financial statements has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2012, whereas the comparative condensed interim profit and loss accounts, condensed interim statement of comprehensive income and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the half year ended March 31, 2012.

2.2 Basis of measurement

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

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

2.3 Functional and presentation currency

This condensed interim financial information have been presented in Pak Rupees, which is the functional and presentation currency of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted and methods of computation followed in the preparation of this condensed interim financial information are same as those for the preceding annual financial statements for the year ended June 30, 2012. The following standards, amendments and interpretations of approved accounting standards became effective during the period, however, these do not have a significant impact on the Company's condensed interim financial information:

IAS 1 - Presentation of Financial Statements
IAS 12 - Income Taxes

4. ESTIMATES

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2012.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2013 (UN-AUDITED)**

	March 31, 2013 (Un-audited)	June 30, 2012 (Audited)
Note	Rupees	Rupees
5. OPERATING FIXED ASSETS		
Opening net book value (NBV)	649,682,681	651,592,808
Additions (at cost) during the period / year	5.1 37,377,064	74,413,772
	<u>687,059,745</u>	<u>726,006,580</u>
Disposals (at NBV) during the period / year	5.2 64,096	9,198,841
Depreciation charged during the period / year	48,639,996	67,125,058
	<u>48,704,092</u>	<u>76,323,899</u>
Closing net book value (NBV)	<u>638,355,653</u>	<u>649,682,681</u>
5.1 Details of additions (at cost) during the period / year are as follows:		
Owned		
Building	-	1,645,967
Plant and machinery	7,408,639	54,532,194
Office equipment	37,500	165,726
Furniture & Fixture	146,500	-
Vehicles	2,530,500	1,624,500
Leased		
Plant and machinery	26,641,925	8,212,885
Vehicles	612,000	8,232,500
	<u>37,377,064</u>	<u>74,413,772</u>
5.2 Details of disposals (at NBV) during the period / year are as follows:		
Owned		
Plant and machinery	43,050	8,212,885
Furniture	21,046	-
Vehicles	-	985,956
	<u>64,096</u>	<u>9,198,841</u>
6. CAPITAL WORK IN PROGRESS		
This consists of:		
Civil works	1,067,159	-
	<u>1,067,159</u>	<u>-</u>
7. LONG TERM FINANCING		
From banking companies - secured		
Balance as at July 01	306,330,000	306,330,000
Repayments made during the period / year	(33,592,222)	-
	<u>272,737,778</u>	<u>306,330,000</u>
Less: Current portion shown under current liabilities	(76,767,460)	(71,975,952)
	<u>195,970,318</u>	<u>234,354,048</u>
From related party - unsecured		
Directors	13,674,714	13,674,714
Less: Current portion shown under current liabilities	(13,674,714)	-
	<u>-</u>	<u>13,674,714</u>
	<u>195,970,318</u>	<u>248,028,762</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2013 (UN-AUDITED)**

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

- a) There is a contingent liability in respect of bank guarantees issued by the Company's bankers in the ordinary course of business aggregating to Rs. 26.000 million (June 30, 2012 : Rs. 26.000 million).
- b) Crescent Sugar Mills and Distillery Limited has filed a case against Company for an amount of Rs. 53.850 million on the basis of case documents filed. The Company has a recorded liability of Rs. 17.542 million as the best estimate of amounts owed. No provision for the difference amount has been made as management is of the view that the basis is frivolous and in view of counter claims available with the Company is confident that the balance amount shall not be payable.
- c) Through the Finance Act, 2008 an amendment was made to the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby Workers' Welfare Fund was computed at two percent of higher of accounting profit before tax and taxable income. Prior to the said amendment, the Workers' Welfare Fund was computed at two percent of taxable income.

The Lahore High Court has struck down the aforementioned amendments to the WWF Ordinance. Management is of the opinion that since the amendments have been struck down, the amendments to the Ordinance are not applicable to the Company. Accordingly, provision in respect of Workers' Welfare Fund has been made for the current year on the basis of two percent of taxable income. Had the provision for Workers' Welfare Fund been made on two percent of higher of accounting profit before tax and taxable income, the provision for Workers' Welfare Fund and the corresponding liability would have been higher by Rs. 1.683 million.

8.2 Commitments

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

Letters of credit against import of plant and machinery amounting to Rs. 69.522 million (June 30, 2012: Rs. 19.437 million).

9. COST OF SALES

	Nine Months ended		Quarter ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	(Un-audited) Rupees			
Materials consumed	1,517,540,073	1,390,844,246	547,246,889	458,784,132
Stores, spares and loose tools consumed	37,208,973	38,784,694	13,685,274	12,476,675
Packing material consumed	28,283,696	21,882,716	8,915,701	8,491,527
Salaries, wages and other benefits	148,674,585	120,907,555	49,368,750	40,261,145
Fuel and power	230,167,985	201,832,076	82,343,992	77,541,145
Insurance	4,590,060	4,775,309	1,534,156	1,706,532
Repairs and maintenance	5,366,026	2,825,143	3,125,779	932,562
Depreciation	44,422,770	45,998,946	15,125,494	15,559,954
Other manufacturing overheads	9,503,934	8,284,320	3,889,117	2,507,088
Insurance claim	-	(3,280,000)	-	-
	2,025,758,101	1,832,855,005	725,235,151	618,260,760
Opening work in process	47,945,679	63,291,818	50,091,641	57,965,135
Closing work in process	(55,269,311)	(52,446,930)	(55,269,311)	(52,446,930)
	(7,323,632)	10,844,888	(5,177,670)	5,518,205
Cost of goods manufactured	2,018,434,469	1,843,699,892	720,057,481	623,778,965
Cost of goods purchased for trading	18,143,154	12,047,600	14,534,794	-
Opening stock of finished goods	16,871,295	61,338,724	32,883,166	19,616,345
Closing stock of finished goods	(20,917,444)	(28,439,610)	(20,917,444)	(28,439,610)
	(4,046,149)	32,899,114	11,965,722	(8,823,265)
	2,032,531,474	1,888,646,607	746,557,997	614,955,700

10. TAXATION

The provision for taxation for the nine month ended March 31, 2013 has been made using the estimated effective tax rate applicable to expected total annual earnings.

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

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

Profit / (loss) for the period (Rupees)	161,808,600	11,399,498	44,626,345	12,150,593
Weighted average number of ordinary shares	12,417,876	12,417,876	12,417,876	12,417,876
Earnings / (loss) per share - basic and diluted (Rupees)	13.03	0.92	3.59	0.98



**Crescent
Fibres**

CRESCENT FIBRES LIMITED

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