



**Crescent
Fibres**



**Quarterly Report
March 31, 2006**



COMPANY INFORMATION

Board of Directors	Maqbul Ahmad	(Chairman)
	Imran Maqbool	(Chief Executive)
	Iqbal Ismail	(Representative NIT)
	Humayun Maqbool	
	Khawar Maqbool	
	Nadeem Maqbool	
	Riaz Masood	
Shahid Riaz		

Chief Financial Officer Muhammad Iqbal Lalani

Company Secretary Javaid Hussain

Audit Committee	Maqbul Ahmad	(Chairman)
	Iqbal Ismail	(Member)
	Nadeem Maqbool	(Member)
	Amir Khan	(Secretary)

Auditors Mushtaq & Company
Chartered Accountants

Legal Advisor Mohsin Tayebali & Sons

Registered Office 104 Shadman 1,
Lahore-54000
Tel : (042) 757-9641, 757-6482
Fax : (042) 756-0963

E-mail: lo@crescentfibres.com

Website: www.crescentfibres.com

Divisions Textile Division : Nooriabad and Sheikhpura
Chemical Division : Sheikhpura



MANAGEMENT REVIEW

The Company reported an after-tax profit of Rs.42.50 million for the nine months ended March 31, 2006 as compared to an after-tax profit of Rs. 36.95 million (before extraordinary item) for the nine months ended March 31, 2005. Sales were marginally lower owing to reduced end product prices but prudent raw material coverage as well as increased operational efficiencies resulted in an improved gross margin of 12.1 % as compared to 9.8% for the nine months ended March 31, 2005. The operating and net margins were also higher at 8.8% and 5.3% respectively as compared to 8.1% and 4.6% for the nine months ended March 31, 2005.

Textile Division

The cotton crop this year is significantly lower as compared to last season and this had exerted upward pressure on prices. In addition, prices of polyester fiber, the Company's other main raw material, have also showed an upward trend owing to higher petroleum prices. The higher raw material prices combined with increasing mark-up rates have put pressure on margins in the latest quarter. The Management expects that these pressures to continue for the balance of the financial year.

Chemical Division

Based on unfavorable market conditions and unavailability of required capital, the Company did not operate the chemical plant in the period under review.

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

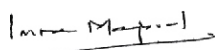
Chief Executive Officer

April 28, 2006

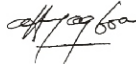
**BALANCE SHEET AS AT MARCH 31, 2006
(UN-AUDITED)**

	NOTE	MARCH 2006	JUNE 2005
SHARE CAPITAL AND RESERVES			
Authorised Capital 15,000,000 Ordinary shares of Rs. 10/- each		150,000,000	150,000,000
Issued, Subscribed and Paid up capital		118,265,490	118,265,490
Capital Reserves		45,700,148	70,677,473
Accumulated loss		(7,968,949)	(53,614,285)
		155,996,689	135,328,678
Surplus on revaluation of fixed assets		312,671,628	315,819,179
Long term financing		163,795,195	169,622,282
Deferred liabilities		76,104,756	74,642,264
Liabilities against assets subject to finance lease		2,204,791	3,300,708
Current Liabilities			
Trade and other payables		152,107,316	147,674,025
Interest/ markup on loans		38,084,785	22,738,392
Short term borrowings		157,324,264	131,035,333
Current portion of :			
- Long term financing		39,008,282	62,851,618
- Liabilities against assets subject to finance lease		2,656,335	2,317,294
Provision for taxation		13,628,886	9,585,358
		402,809,868	376,202,020
CONTINGENCIES AND COMMITMENTS	4	1,113,582,927	1,074,915,131
TANGIBLE FIXED ASSETS			
Operating assets	5	668,862,774	647,501,424
Capital work in progress		9,327,390	29,488,047
		678,190,164	676,989,471
Long term investment		250,000	250,000
Long term deposits		3,440,442	3,746,142
Current Assets			
Stores, spares and loose tools		29,908,100	26,057,112
Stock in trade		178,990,832	126,189,534
Trade debts - considered good		88,439,745	96,215,744
Loans and advances		40,368,393	31,682,296
Trade deposits and short term prepayments		2,158,822	1,834,905
Other receivables		5,274,554	1,564,044
Other financial assets		82,133,205	107,110,530
Cash and bank balance		4,428,670	3,275,353
		431,702,321	393,929,518
		1,113,582,927	1,074,915,131

The annexed notes form an integral part of these financial statements.



IMRAN MAQBOOL
Chief Executive

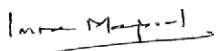


HUMAYUN MAQBOOL
Director

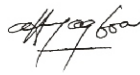
PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2006

	QUARTER ENDED		NINE MONTHS PERIOD ENDED	
	MARCH 31, 2006	MARCH 31, 2005	MARCH 31, 2006	MARCH 31, 2005
Sales	262,491,420	279,013,205	800,745,153	812,493,217
Cost of goods sold	230,356,572	242,581,741	703,656,196	732,781,912
Gross profit	<u>32,134,848</u>	<u>36,431,464</u>	<u>97,088,957</u>	<u>79,711,305</u>
Operating Expenses				
Distribution cost	(1,583,465)	(1,039,115)	(5,572,835)	(2,801,673)
Administrative expenses	(9,183,537)	(8,148,335)	(25,801,748)	(24,112,718)
Other operating expenses	(831,893)	(1,339,045)	(2,526,516)	(2,421,403)
Other operating income	3,019,549	4,176,496	6,975,439	15,463,548
	<u>(8,579,346)</u>	<u>(6,349,999)</u>	<u>(26,925,660)</u>	<u>(13,872,246)</u>
Operating profit	23,555,502	30,081,465	70,163,297	65,839,059
Finance cost	<u>9,927,101</u>	<u>4,639,612</u>	<u>22,159,491</u>	<u>19,807,078</u>
Profit before taxation	<u>13,628,401</u>	<u>25,441,853</u>	<u>48,003,806</u>	<u>46,031,981</u>
Taxation				
- Current	(1,330,887)	(1,422,390)	(4,043,528)	(4,121,443)
- Deferred	751,681	(6,164,422)	(1,462,492)	(4,964,838)
- Prior years	-	-	-	-
	<u>(579,206)</u>	<u>(7,586,812)</u>	<u>(5,506,020)</u>	<u>(9,086,281)</u>
Profit after taxation	<u>13,049,195</u>	<u>17,855,041</u>	<u>42,497,786</u>	<u>36,945,700</u>
Extraordinary item	-	-	-	94,541,739
Profit after extraordinary item	<u>13,049,195</u>	<u>17,855,041</u>	<u>42,497,786</u>	<u>131,487,439</u>
Earning per share - basic	1.10	1.51	3.59	11.12

The annexed notes form an integral part of these financial statements.



IMRAN MAQBOOL
Chief Executive

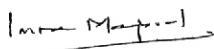


HUMAYUN MAQBOOL
Director

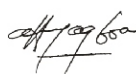
**CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2006**

	Nine months period ended March 31, <u>2006</u>	Nine months period ended March 31, <u>2005</u>
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	48,835,699	46,031,981
Adjustments for:		
Depreciation and amortization	29,474,105	28,125,540
Amortisation of Deferred Cost	-	2,217,476
Gain on sale of Investment	-	-
Gain on disposal of fixed assets	(126,602)	(11,899,752)
Provision for diminution in value of investment	-	-
Financial charges	22,159,491	19,807,078
	<u>51,506,994</u>	<u>38,250,342</u>
Operating profit before working capital changes	100,342,693	84,282,323
Changes in working capital:		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(3,850,988)	9,650,482
Stock in trade	(52,801,297)	(63,771,127)
Trade debts	7,775,999	(14,738,558)
Loans and advances	(4,222,812)	(10,304,239)
Deposits and prepayments	(323,917)	(802,929)
Other receivables	(3,710,510)	1,379,078
Interdivision	-	-
Increase / (decrease) in current liabilities		
Trade and other payables	3,601,407	20,810,875
	<u>(53,532,118)</u>	<u>(57,776,418)</u>
Cash generated from operations	46,810,575	26,505,905
Financial charges paid	(20,780,926)	(14,082,713)
Taxes paid	(4,463,285)	(3,238,361)
Long term deposits	305,700	2,661,890
	<u>(24,938,511)</u>	<u>(14,659,184)</u>
Net cash flow from operating activities	21,872,064	11,846,721
B CASH USED IN INVESTING ACTIVITIES		
Proceeds from disposal of fixed assets	388,000	24,458,077
Fixed capital expenditure	(29,938,707)	(69,501,714)
Long term advances	-	-
Proceeds from Sale of Investment	-	-
Net cash used in investing activities	<u>(29,550,707)</u>	<u>(45,043,637)</u>
C CASH USED IN FINANCING ACTIVITIES		
Acquisition/ repayment of long term loans	(16,402,595)	14,524,386
Right Issue preceeds	-	-
Repayment of lease liability	(1,754,377)	(1,576,131)
Short term borrowings	26,988,932	20,006,798
Net cash used in financing activities	<u>8,831,960</u>	<u>32,955,053</u>
Net (decrease) / increase in cash and bank balances (A+B+C)	1,153,317	(241,863)
Cash and bank balances at the beginning of the year	3,275,353	6,260,545
Cash and bank balances at the end of the year	<u>4,428,670</u>	<u>6,018,682</u>

The annexed notes form an integral part of these financial statements.



IMRAN MAQBOOL
Chief Executive



HUMAYUN MAQBOOL
Director

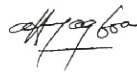
**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2006**

	SHARE CAPITAL	CAPITAL RESERVE	UN-APPROPRIATED PROFIT/(LOSS)	TOTAL
RUPEES				
Balance as at October 01, 2004 as restated	118,265,490	50,295,998	(126,216,087)	42,345,401
Net profit for the half year ended March 31, 2005			37,634,644	37,634,644
Transferred from Surplus on Revaluation of fixed assets on account of incremental depreciation charged during the period			2,170,697	2,170,697
Balance as at March 31, 2005 as restated	118,265,490	50,295,998	(86,410,746)	82,150,742
Net profit for the period ended June 30, 2005			31,711,111	31,711,111
Unrealized appreciation during the period in market value of investment classified as available for sale	-	26,237,001	-	26,237,001
Share premium adjusted with the amortization of deferred discount on right shares	-	(5,855,526)	-	(5,855,526)
Transferred from Surplus on Revaluation of fixed assets on account of incremental depreciation charged during the period			1,085,350	1,085,350
Balance as at June 30, 2005	118,265,490	70,677,473	(53,614,285)	135,328,678
Net profit for the period ended March 31, 2006			42,497,786	42,497,786
Unrealized diminution during the period in market value of investment classified as available for sale		(24,977,325)		(24,977,325)
Transferred from Surplus on Revaluation of fixed assets on account of incremental depreciation charged during the period			3,147,551	3,147,551
Balance as at March 31, 2006	118,265,490	45,700,148	(7,968,949)	155,996,689

The annexed notes form an integral part of these financial statements.



IMRAN MAQBOOL
Chief Executive



HUMAYUN MAQBOOL
Director

NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2006

1. THE COMPANY AND ITS OPERATION

The company is a Public Limited Company incorporated in Pakistan on August 6, 1977 under Companies Act, 1913 (repealed by Companies Ordinance, 1984). The Company's shares are listed on the Stock Exchanges in Pakistan. The Principal business of the company is manufacture and sale of yarn at Nooriabad Industrial Estate, District Dadu in the province of Sindh, and at Bhiki, District Sheikhpura in the province of Punjab. The company also has facilities to manufacture formaline and urea formaldehyde at Bhiki, District Sheikhpura and laminated particle board at Faisalabad.

2. BASIS OF PREPARATION

These financial statements have been prepared in compliance with the International Accounting Standard 34 Interim Financial Reporting and the section 245 of the Companies Ordinance, 1984.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation followed in the preparation of the half year financial statements are the same as those of the published annual financial statements for the year ended June 30, 2005.

March 2006 RUPEES	June 2005 RUPEES
-------------------------	------------------------

4. CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

Guarantees issued by banks and outstanding	11,094,000	6,600,000
--	------------	-----------

COMMITMENTS

Letter of credit		
- For consumption	227,629	1,548,918
- For capitalization	1,232,298	25,793,008

5. ACQUISITIONS AND DISPOSAL OF FIXED ASSETS

	ACQUISITIONS	DISPOSALS
Building	772,085	-
Plant and machinery	49,075,463	-
Office equipment	159,065	41,882
Vehicles	50,000	896,000
Furniture and fixture	42,750	-
	50,099,363	937,882

6. INFORMATION ABOUT BUSINESS SEGMENTS

	PERIOD ENDED MARCH 31, 2006		
	BOARD	TEXTILE	TOTAL
REVENUE	414,621	800,330,532	800,745,153
RESULT			
Segment result	(869,276)	45,264,698	44,395,422
Unallocated corporate expenses			(1,897,636)
Net profit			42,497,786
OTHER INFORMATION			
Capital expenditure	-	29,938,707	29,938,707
Depreciation	2,957,338	26,516,767	29,474,105
ASSETS AND LIABILITIES			
Segment assets	403,745,038	709,837,889	1,113,582,927
Consolidated total assets			1,113,582,927
Segment liabilities	66,636,280	578,278,330	644,914,610

**NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2006**

	PERIOD ENDED MARCH 31, 2005		
	BOARD	TEXTILE	TOTAL
REVENUE	3,224,745	809,268,472	812,493,217
RESULT			
Segment result	1,948,215	38,708,139	40,656,354
Unallocated corporate expenses			(3,138,530)
Net loss			<u>37,517,824</u>
OTHER INFORMATION			
Capital expenditure	-	69,501,714	69,501,714
Depreciation	3,217,382	24,908,158	28,125,540
ASSETS AND LIABILITIES			
Segment assets	417,384,315	650,159,673	1,067,543,988
Unallocated corporate assets			7,391,593
Consolidated total assets			<u>1,074,935,581</u>
Segment liabilities	74,419,455	602,072,356	676,491,811

	March 2006	March 2005
7. TRANSACTIONS WITH RELATED PARTIES		
Sales	9,581,600	82,748,564
Insurance premium	2,533,836	3,578,559

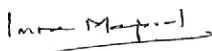
Transactions with related parties are made on an arm's length basis.

8. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on April 28, 2006 by Board of Directors of the company.

9. GENERAL

Figure have been rounded off to the nearest rupees.



IMRAN MAQBOOL
Chief Executive



HUMAYUN MAQBOOL
Director