



**Crescent
Fibres**



**Quarterly Report
September 30, 2010**



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)
	Ali Hussain	(Secretary)

Auditors BDO Ebrahim & Company
Chartered Accountants

Legal Advisor Mohsin Tayebally & Sons

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

E-mail: lo@crescentfibres.com

Website: www.crescentfibres.com

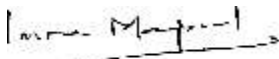
MANAGEMENT REVIEW

The Company reported a net profit of Rs. 66.96 million for the quarter ended September 30, 2010 as compared to a net profit of Rs. 6.81 million for the quarter ended September 30, 2009. The earnings per share for the period under review was Rs.5.39.

The period under review was characterized by strong demand growth for textile products, particularly for cotton and blended yarns. The demand growth led to increased selling prices in both the local as well as the global markets and this combined with relatively lower cost carried over cotton inventories significantly improved the profitability of the company. Overall sales increased by 59% while costs were kept under control. The gross margin for the quarter ended September 30, 2010 was 16.8% as compared to 7.9% the quarter ended September 30, 2009. Administrative, general and other expenses remained under control and as a result the operating margin for the period under review increased to 13.7% as compared to 5.0% for the quarter ended September 30, 2009. Owing to reduction in long-term debt financial charges were lower at 1.0% of sales as compared to 2.6% for the quarter corresponding period. Overall, the net margin improved to 11.8% as compared to 1.9% for the previous period.

Even though the textile markets have shown improved demand they have witnessed extreme volatility and this along with several other challenges must be tackled to maintain profitability. Foremost among these is the price of raw cotton and polyester, the main raw materials of the company. Prices of both have reached historic highs and it remains to be seen to what extent the end product will be able to absorb this impact on a sustained basis. Other challenges include load shedding of both gas and electricity and higher mark-up rates. The Management is making every effort to prepare for and minimize the impact of these factors.

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



IMRAN MAQBOOL
Chief Executive Officer

October 30, 2010

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2010 (UN-AUDITED)

	September 30, 2010	June 30, 2010
Note	Unaudited (Rupees)	Audited (Rupees)
ASSETS		
NON CURRENT ASSETS		
	Property, plant and equipment	
	Operating fixed assets	
5	269,534,185	274,157,928
	Capital work in progress	
6	16,255,793	9,874,689
	<u>285,789,978</u>	<u>284,032,617</u>
	Intangible assets	
	1,062,104	1,158,660
	Long term investments	
	2,547,076	2,482,630
	Long term deposits	
	7,838,410	7,050,710
	<u>10,385,486</u>	<u>9,533,340</u>
CURRENT ASSETS		
	Stores, spares and loose tools	
	28,358,784	26,833,284
	Stock in trade	
	85,175,311	158,475,463
	Trade debts	
	185,419,216	150,483,990
	Loans and advances	
	14,594,647	11,323,958
	Trade deposits and short term prepayments	
	7,855,152	4,265,036
	Other receivables	
	3,009,493	2,978,334
	Short term investments	
	33,969,435	35,384,809
	Tax refunds due from the Government	
	8,972,178	7,428,807
	Cash and bank balances	
	39,146,537	48,928,821
	<u>406,500,753</u>	<u>446,102,502</u>
	<u>703,738,321</u>	<u>740,827,119</u>
TOTAL ASSETS		
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
	Authorized share capital	
	15,000,000 (June 30, 2009: 15,000,000)	
	ordinary shares of Rs. 10 each	
	<u>150,000,000</u>	<u>150,000,000</u>
	Issued, subscribed and paid-up capital	
	12,417,876 (June 30, 2009: 12,417,876)	
	ordinary shares of Rs. 10 each	
	124,178,760	124,178,760
	Reserves	
	Capital	
	(5,535,349)	(4,119,975)
	Revenue	
	233,574,694	166,619,357
	<u>228,039,345</u>	<u>162,499,382</u>
	<u>352,218,105</u>	<u>286,678,142</u>
NON CURRENT LIABILITIES		
	Long term financing	
7	17,808,164	19,549,227
	Liabilities against assets subject to finance leases	
	9,797,837	10,652,456
	Deferred taxation	
	50,952,166	51,780,367
	<u>78,558,167</u>	<u>81,982,050</u>
CURRENT LIABILITIES		
	Trade and other payables	
	160,325,124	165,337,285
	Financial charges payable	
	22,628,715	27,222,219
	Short term Financing	
	71,802,894	147,539,193
	Current portion of long term Liabilities	
	14,297,873	23,267,755
	Taxation - net	
	3,907,443	8,800,475
	<u>272,962,049</u>	<u>372,166,927</u>
CONTINGENCIES AND COMMITMENTS		
8	<u>703,738,321</u>	<u>740,827,119</u>
TOTAL EQUITY AND LIABILITIES		

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

Quarterly Report

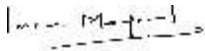

IMRAN MAQBOOL
Chief Executive


NADEEM MAQBOOL
Director

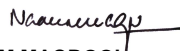
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2010 (UN-AUDITED)

	September 30, 2010 Rupees	September 30, 2009 Rupees
Sales - net	567,016,664	356,936,325
Cost of sales	9 (471,631,562)	(328,895,711)
Gross profit	95,385,102	28,040,614
Selling and distribution expenses	(1,947,489)	(1,440,963)
Administrative and general expenses	(13,953,315)	(10,652,721)
Other operating expenses	(5,372,094)	(456,939)
Other operating income	3,475,068	2,487,741
Operating profit	77,587,272	17,977,732
Finance cost	(5,788,511)	(9,295,894)
Share of profit from associate	64,446	(76,884)
Profit before taxation	71,863,207	8,604,954
Taxation	(4,907,870)	(1,798,286)
Profit after taxation	66,955,337	6,806,668
Earnings per share - basic and diluted (Rupees)	10 5.39	0.55

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



IMRAN MAQBOOL
Chief Executive



NADEEM MAQBOOL
Director

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CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2010

	September 30, 2010	September 30, 2009
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	71,863,207	8,604,954
Adjustment for non cash charges and other items:		
Depreciation	6,659,396	6,632,698
Amortization	96,556	96,556
Loss/ (gain) on disposal of operating fixed assets	751,653	-
Share of profit from associate	(64,446)	76,884
Finance cost	5,788,511	9,295,894
	13,231,670	16,102,032
(Increase) / decrease in current assets		
Stores, spares and loose tools	(1,525,500)	754,368
Stock in trade	73,300,152	16,388,745
Trade debts	(34,935,226)	19,220,996
Loans and advances	(3,270,689)	(1,979,621)
Trade deposits and short term prepayments	(3,590,116)	(2,431,764)
Other receivables	(31,159)	1,817,897
Tax refunds due from Government	(1,543,371)	232,448
	28,404,092	34,003,069
Increase in current liabilities		
Trade and other payables	(5,012,161)	(4,898,410)
Cash generated from operations	108,486,808	53,811,645
Income tax paid	(10,629,104)	(2,637,359)
Finance cost paid	(10,382,015)	(11,968,903)
Net cash generated from / (used in) operating activities	87,475,689	39,205,383
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(10,368,410)	(1,620,493)
Proceeds from disposal of operating fixed assets	1,200,000	-
Long term deposits	(787,700)	(270,805)
Net cash (used in) investing activities	(9,956,110)	(1,891,298)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing (net)	(10,735,581)	(8,847,375)
Repayment of liabilities against asset subject to finance leases	(829,983)	(647,720)
Short term borrowings	(75,736,299)	(37,834,404)
Net cash generated from financing activities	(87,301,863)	(47,329,499)
Net increase in cash and cash equivalents	(9,782,284)	(10,015,414)
Cash and cash equivalents at beginning of the period	48,928,821	29,857,977
Cash and cash equivalents at end of the period	39,146,537	19,842,563

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

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2010**

	Issued, subscribed and paid-up capital	Reserves		Sub total	Total
		Unrealized gain / (loss) on available for sale	Unappropriated profit		
Balance as at July 1, 2009	124,178,760	171,982	55,874,613	56,046,595	180,225,355
Diminution in the value of investments classified as available for sale	-	9,980,479		9,980,479	9,980,479
Profit for the period ended September 30, 2009	-	-	6,806,668	6,806,668	6,806,668
Balance as at September 30, 2009	<u>124,178,760</u>	<u>10,152,461</u>	<u>62,681,281</u>	<u>72,833,742</u>	<u>197,012,502</u>
Balance as at July 1, 2010	124,178,760	(4,119,975)	166,619,357	162,499,382	286,678,142
Appreciation in the value of investments as available for sale	-	(1,415,374)		(1,415,374)	(1,415,374)
Profit for the period ended March 31, 2010	-	-	66,955,337	66,955,337	66,955,337
Balance as at September 30, 2010	<u>124,178,760</u>	<u>(5,535,349)</u>	<u>233,574,694</u>	<u>228,039,345</u>	<u>352,218,105</u>

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

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2010 (UN-AUDITED)**

	September 30, 2010 Rupees	September 30, 2009 Rupees
(Loss) / Profit after tax	66,955,337	6,806,668
(Deficit) / surplus on remeasurment of available for sale financial assets period	<u>(1,415,374)</u>	<u>9,980,479</u>
	<u>65,539,963</u>	<u>16,787,147</u>

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

Imran Maqbool

IMRAN MAQBOOL
Chief Executive

Naadeem Maqbool

NADEEM MAQBOOL
Director

Quarterly Report

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2010 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements are unaudited but subject to the limited scope review by auditors and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984.

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

The disclosures made in these condensed interim financial statements have, however, been limited in accordance with the requirements of the International Financial Reporting Standards (IFRS) IAS - 34, Interim Financial Reporting. They do not include all the information and disclosures made in the annual published financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2010.

2.2 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted and methods of computation followed in the preparation of these financial statements are same as those for the preceding annual financial statements for the year ended June 30, 2010.

4. ESTIMATES

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2010.

		September 30, 2010 (Unaudited)	June 30, 2010 (Audited)
	Note	Rupees	Rupees
5. OPERATING FIXED ASSETS			
Opening net book value (NBV)		274,157,928	282,340,414
Additions (at cost) during the period / year	5.1	2,484,000	21,581,306
		276,641,928	303,921,720
Disposals and retirements (NBV) during the period / year	5.2	448,347	1,612,439
Depreciation charged during the period / year		6,659,396	28,151,353
		7,107,743	29,763,792
		269,534,185	274,157,928
5.1 Details of additions (at cost) during the period are as follows:			
Owned			
Factory and non factory building on leasehold land		-	-
Plant and equipment		-	7,684,695
Tools and equipment		-	12,000
Office equipment		-	462,389
Furniture and fixtures		-	98,100
Vehicles		2,484,000	-
Leased			
Plant and machinery		-	5,637,574
Office equipment		-	645,000
Vehicles		-	1,252,000
		2,484,000	15,791,758

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2010 (UN-AUDITED)**

	September 30, 2010 (Unaudited) Rupees	June 30, 2010 (Audited) Rupees
5.2 Details of disposals (NBV) during the period/ year are as follows:		
Owned		
Plant and machinery	-	4,275,000
Tools and equipment	-	18,138
Office equipment	-	24,696
Furniture and fixture	-	-
Vehicles	-	416,504
Leased		
Plant and machinery	-	223,307
Vehicles	448,347	-
	<u>448,347</u>	<u>4,957,645</u>
6. CAPITAL WORK IN PROGRESS		
This consists of:		
Factory building	5,100,249	4,931,311
Mobilisation Advance	9,800,468	3,743,017
Plant & Machinery	1,355,076	1,200,361
	<u>16,255,793</u>	<u>9,874,689</u>
7. LONG TERM FINANCING		
From banking companies - secured		
Balance as at July 01	24,941,047	59,895,174
Obtained during the period	-	4,133,450
	<u>24,941,047</u>	<u>64,028,624</u>
Repayments made during the period	(10,735,581)	(39,087,577)
	<u>14,205,466</u>	<u>24,941,047</u>
Less: Current portion shown under current liabilities	(10,072,016)	(19,066,534)
	<u>4,133,450</u>	<u>5,874,513</u>
From related party - unsecured		
Directors	13,674,714	13,674,714
	<u>17,808,164</u>	<u>19,549,227</u>
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. 26.00 million (June 30, 2010: Rs. 26.00 million).		
b There is a contingent loss aggregating to Rs. 3.975 million in respect of demand raised by tax department for assessment years 2001-2002 and 2002-2003 which the Company is contesting in Appeal before Commissioner of Income Tax. Later on, the case has been decided in favor of the Company. However, the department has filed an appeal against the order of Commissioner of Income Tax. No provision has been made against this demand.		
8.2 Commitments		
	September 30, 2010	June 30, 2010
Letter of credit against import	271.513 million	264.313 million
Contractual obligation against construction of factory	36.430 million	36.430 million

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2010 (UN-AUDITED)**

	September 30, 2010 Rupees	September 30, 2009 Rupees
9. COST OF SALES		
Materials consumed	363,819,440	258,820,924
Stores, spares and loose tools consumed	10,784,381	7,372,299
Packing material consumed	5,221,877	4,643,669
Salaries, wages and other benefits	30,238,007	26,124,656
Fuel and power	41,878,930	32,009,672
Insurance	1,180,657	1,199,945
Repairs and maintenance	1,242,924	1,950,070
Depreciation	5,699,576	5,857,543
Other manufacturing overheads	2,331,353	2,620,847
	<u>462,397,146</u>	<u>340,599,625</u>
Opening work in process	34,949,665	23,655,615
Closing work in process	(39,659,449)	(25,080,697)
	<u>(4,709,784)</u>	<u>(1,425,082)</u>
Cost of goods manufactured	457,687,362	339,174,543
Opening stock of finished goods	33,372,714	11,124,425
Closing stock of finished goods	(19,428,514)	(21,403,257)
	<u>13,944,200</u>	<u>(10,278,832)</u>
	<u>471,631,562</u>	<u>328,895,712</u>

10 EARNINGS PER SHARE - BASIC AND DILUTED

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

Profit after taxation (Rupees)	<u>66,955,337</u>	<u>6,806,668</u>
- Weighted average number of ordinary shares	<u>12,417,876</u>	<u>12,417,876</u>
Earnings per share Basic and diluted (Rupees)	<u>5.39</u>	<u>0.55</u>

11 TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise of group companies, other associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings are as under:

		September 30, 2010 Rupees	September 30, 2009 Rupees
Relation with the Company	Nature of transaction		
Associated companies	Sales of goods and services	3,355,000	-
	Insurance premium	5,709,368	5,142,614
Retirement benefit plans	Contribution to staff retirement benefit plans	1,165,777	980,304
Key Management Personnel	Remuneration and other benefits	3,791,094	3,012,914
Other associates	Rent received	36,924	30,000

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

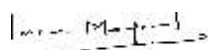
12 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 30th October, 2010 by the Board of Directors of the Company.

13 GENERAL

Amounts have been rounded off to the nearest rupees.

Quarterly Report



IMRAN MAQBOOL
Chief Executive



NADEEM MAQBOOL
Director



**Crescent
Fibres**

CRESCENT FIBRES LIMITED

104-Shadman 1, Lahore - 54000
Tel: +92 (42) 3757-9641, 3757-6482
Fax: +92 (42) 3756-0963
Email: lo@crescentfibres.com
Website: www.crescentfibres.com