



**Crescent Fibres Limited**  
(Formerly Crescent Boards Ltd.)

**Quarterly Report**  
**December 31, 2005**

## COMPANY INFORMATION

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

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<b>Chief Financial Officer</b>	Muhammad Iqbal Lalani
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<b>Company Secretary</b>	Javaid Hussain
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<b>Audit Committee</b>	Maqbul Ahmad	(Chairman)
	Iqbal Ismail	(Member)
	Nadeem Maqbool	(Member)
	Amir Khan	(Secretary)

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<b>Auditors</b>	Mushtaq & Company Chartered Accountants
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<b>Legal Advisor</b>	Mohsin Tayebali & Sons
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<b>Registered Office</b>	104 Shadman 1, Lahore-54000 Tel : (042) 757-9641, 757-6482 Fax : (042) 756-0963
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<b>E-mail:</b>	lo@crescentboards.com lo@crescentfibres.com
<b>Website:</b>	www.crescentboards.com www.crescentfibres.com

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<b>Divisions</b>	Textile Division	: Nooriabad and Sheikhpura
	Chemical Division	: Sheikhpura

## MANAGEMENT REVIEW

The Company reported an after-tax profit of Rs.29.44 million for the six months ended December 31, 2005 as compared to an after-tax profit of Rs. 19.09 million (before extra ordinary item) for the six months ended December 31, 2004. There was no significant increase in sales but favorable cotton pricing during the first half of the current year resulted in an improved gross margin of 12.1% as compared to 8.1% for the six months ended December 31, 2005. The operating and net margins were also higher at 8.7% and 5.5% respectively as compared to 6.7% and 3.6% for the six months ended December 31, 2004.

### Textile Division

The cotton crop this year is significantly lower as compared to last season leading to higher prices. Prices of the Company's other main raw material, polyester fibre, have also witnessed an upward trend in light of higher petroleum prices. In the period under review, the Company has been able to show improved margins owing mainly to carry over stocks of lower priced raw materials from last season. The gross and operating margins were 12.075% and 9.41% respectively for the period ended December 31, 2005 as compared to 9.14% and 6.375% for the period ended December 31, 2004. It is expected that the full impact of higher raw material prices will put pressure on margins during the balance of the financial year. The Management has successfully completed an expansion of 3,024 spindles at Unit #2 located in Punjab and is making efforts to sustain profitability through costs controls and a balancing and modernization program.

### 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.

### Name Change

In light of the Company's exit from the particle board business, the Board of Director's and the shareholders had approved that the name of the company be changed from Crescent Boards Limited to Crescent Fibres Limited. After completion of all regulatory and legal requirements, the name of the company was officially changed with effect from December 06, 2005.

### 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

February 24, 2006

Crescent Fibres Limited

## REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed balance sheet of **Crescent Fibres Limited** (Formerly Crescent Boards Limited) as at December 31, 2005 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, (here-in-after referred to as the “financial statements”) for the half year then ended. These financial statements are the responsibility of the Company’s management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and an analytical procedure applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.


KARACHI:  
February 24, 2006

MUSHTAQ & COMPANY  
CHARTERED ACCOUNTANTS

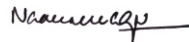
**BALANCE SHEET AS AT DECEMBER 31, 2005  
(UN-AUDITED)**

	NOTE	December 31, 2005 RUPEES	June 30, 2005 RUPEES
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized 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 reserve		56,175,910	70,677,473
Accumulated loss		(22,062,372)	(53,614,285)
		152,379,028	135,328,678
<b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>		313,702,731	315,819,179
<b>LONG TERM FINANCING</b>		173,638,167	169,622,282
<b>LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>			
		1,618,520	3,300,717
<b>DEFERRED LIABILITY</b>		76,856,437	74,642,264
<b>CURRENT LIABILITIES</b>			
Trade and other payables		165,013,054	147,674,025
Interest/ markup on loans		33,528,212	22,738,392
Short term borrowings		178,015,387	131,035,333
Current portion of:			
Long term financing		37,985,333	62,851,618
Liabilities against assets subject to finance lease		2,692,052	2,317,285
Provision for taxation		8,088,430	9,585,358
		425,322,468	376,202,011
<b>CONTINGENCIES AND COMMITMENTS</b> 4		1,143,517,351	1,074,915,131
<b>TANGIBLE FIXED ASSETS</b>			
Operating assets	5	670,513,182	647,501,424
Capital work in progress		9,846,438	29,488,047
		680,359,620	676,989,471
<b>LONG TERM INVESTMENTS</b>		250,000	250,000
<b>LONG TERM DEPOSITS</b>		3,465,442	3,746,142
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		30,554,887	26,057,112
Stock in trade		215,412,270	126,189,534
Trade debts - considered good		74,444,420	96,215,744
Loans and advances		32,802,738	31,682,296
Trade deposits and short- term prepayments		2,649,133	1,834,905
Other receivables		6,040,569	1,564,044
Other financial assets		92,608,967	107,110,530
Cash and bank balances		4,929,305	3,275,353
		459,442,289	393,929,518
		1,143,517,351	1,074,915,131

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



**IMRAN MAQBOOL**  
Chief Executive



**NADEEM MAQBOOL**  
Director

Crescent Fibres Limited

**PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER AND SIX MONTHS PERIOD DECEMBER 31, 2005**

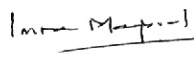
	Quarter ended		Six months period ended	
	December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004
	RUPEES			
Sales	263,996,961	271,881,891	538,253,733	533,480,012
Cost of goods sold	(228,921,997)	(244,591,389)	(473,299,624)	(490,200,172)
Gross profit	35,074,964	27,290,502	64,954,109	43,279,840
Operating Expenses				
Selling and distribution cost	(2,397,779)	(1,315,649)	(3,989,370)	(1,762,558)
Administrative expenses	(7,397,467)	(8,985,730)	(16,630,711)	(15,964,383)
Other operating expenses	(900,038)	(1,082,358)	(1,695,248)	(1,082,358)
Other operating income	2,587,636	9,028,842	3,955,890	11,287,052
	(8,107,648)	(2,354,895)	(18,359,439)	(7,522,247)
Profit from operations	26,967,316	24,935,607	46,594,670	35,757,593
Finance cost	(9,916,558)	(4,370,807)	(12,232,390)	(15,167,466)
Profit before taxation	17,050,758	20,564,800	34,362,280	20,590,127
Taxation				
Current	(1,328,645)	(1,369,616)	(2,712,641)	(2,699,053)
Deferred	(1,998,170)	584,418	(2,214,173)	1,199,584
	(3,326,815)	(785,198)	(4,926,814)	(1,499,469)
Profit after taxation	13,723,943	19,779,602	29,435,466	19,090,658
Extraordinary item	-	-	-	94,541,739
Profit after extraordinary item	13,723,943	19,779,602	29,435,466	113,632,397
Earnings per share - basic and diluted (Rupees)	1.16	1.67	2.49	9.61

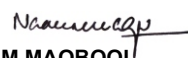
The annexed notes form an integral part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2005**

	SHARE CAPITAL	CAPITAL RESERVE	(ACCUMULATED LOSS) / UNAPPROPRIATED PROFIT	TOTAL
	RUPEES			
Balance as at October 1, 2004 (restated)	118,265,490	50,295,998	(126,216,087)	42,345,401
Net profit for the six months period ended March 31, 2005	-	-	37,634,644	37,634,644
Amount of incremental depreciation arising due to surplus on revaluation of fixed assets transferred to accumulated loss	-	-	2,170,697	2,170,697
Balance as at March 31, 2005 (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)
Amount of incremental depreciation arising due to surplus on revaluation of fixed assets transferred to accumulated loss	-	-	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 six months period ended December 31, 2005	-	-	29,435,466	29,435,466
Unrealized diminution during the period in market value of investment classified as available for sale	-	(14,501,563)	-	(14,501,563)
Amount of incremental depreciation arising due to surplus on revaluation of fixed assets transferred to accumulated loss	-	-	2,116,447	2,116,447
Balance as at December 31, 2005	118,265,490	56,175,910	(22,062,372)	152,379,028

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

  
**IMRAN MAQBOOL**  
Chief Executive

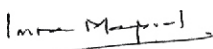
  
**NADEEM MAQBOOL**  
Director

Quarterly Report

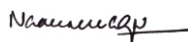
**CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2005**

	Six months period ended December 31, 2005 RUPEES	Six months period ended December 31, 2004 RUPEES
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	34,362,280	20,590,127
Adjustments for:		
Depreciation	19,702,012	19,183,787
Amortization of deferred cost	-	1,478,317
Gain on disposal of fixed assets	(102,838)	(9,713,317)
Dividend income	(1,050,937)	(38,245)
Interest income	(65,456)	(46,382)
Financial charges	12,232,390	15,167,466
	<u>30,715,171</u>	<u>26,031,626</u>
Operating profit before working capital charges	65,077,451	46,621,753
(Increase)/decrease in current asset		
Store, spares and loose tools	(4,497,775)	8,687,079
Stock in trade	(89,222,736)	(62,474,690)
Trade debts	21,771,324	(17,092,021)
Loans and advances	(2,203,426)	(3,469,099)
Deposits and prepayments	(814,228)	(3,144,282)
Other receivables	(4,476,525)	516,102
Increase/(decrease) in current liabilities		
Trade and other payables	17,339,036	20,575,659
	<u>(62,104,330)</u>	<u>(56,401,252)</u>
Cash generated from operations	2,973,121	(9,779,499)
Financial charges paid	(2,142,570)	(11,260,537)
Interest income	65,456	46,382
Taxes paid	(3,126,585)	(1,984,323)
Long term deposits	280,700	598,450
	<u>(4,922,999)</u>	<u>(12,600,028)</u>
Net cash used in operating activities	(1,949,878)	(22,379,527)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of fixed assets	388,000	22,103,965
Dividend income	1,050,937	38,245
Fixed capital expenditure	(23,357,330)	(57,192,925)
Net cash used in investing activities	(21,918,393)	(35,050,715)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of long term loans	(20,850,400)	6,649,100
Repayment of lease liability	(1,307,431)	(1,259,684)
Short term borrowings	47,680,054	50,056,060
Net cash generated from financing activities	25,522,223	55,445,476
Net increase/(decrease) in cash and cash equivalent	1,653,952	(1,984,766)
Cash and cash equivalent at the beginning of the period	3,275,353	6,260,545
Cash and cash equivalent at the end of the period	<u>4,929,305</u>	<u>4,275,779</u>

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



**IMRAN MAQBOOL**  
Chief Executive



**NADEEM MAQBOOL**  
Director

Crescent Fibres Limited

**NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2005**

**1. THE COMPANY AND ITS OPERATION**

Crescent Fibres Limited ("the company") was initially incorporated in Pakistan on August 06, 1977 under Companies Act, 1913 (repealed by Companies Ordinance, 1984) as a public limited company with the name of Crescent Boards Limited. The name of the company was changed to Crescent Fibres Limited on December 06, 2005. 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 Bhikki, District Sheikhpura in the province of Punjab. The company also has facilities to manufacture formaline and urea formaldehyde at Bhikki, 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.

As at December 31, 2005 RUPEES	As at June 30, 2005 RUPEES
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**4. CONTINGENCIES AND COMMITMENTS**

**CONTINGENCIES**

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

Letter of credit		
- For consumption	3,253,270	1,548,918
- For capitalization	3,888,433	25,793,008

**5. ACQUISITIONS AND DISPOSAL OF FIXED ASSETS - At Cost**

	Six months ended December 31, 2005	
	ACQUISITIONS	DISPOSALS
Building	772,085	-
Plant and machinery	42,060,839	-
Office equipment	78,215	41,882
Vehicles	71,000	896,000
Furniture and fixture	16,800	-
	42,998,939	937,882

**6. INFORMATION ABOUT BUSINESS SEGMENTS**

	Six months period ended December 31, 2005		
	BOARD	TEXTILE	TOTAL
<b>REVENUE</b>	353,212	537,900,521	538,253,733
<b>RESULT</b>			
Segment result	(837,385)	31,961,693	31,124,308
Unallocated corporate expenses			(1,688,842)
Net profit			29,435,466
<b>OTHER INFORMATION</b>			
Capital expenditure	-	23,357,330	23,357,330
Depreciation	1,971,558	17,730,454	19,702,012
<b>ASSETS AND LIABILITIES</b>			
Segment assets	413,719,773	729,797,578	1,143,517,351
Segment liabilities	66,034,462	611,401,130	677,435,592



**NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2005**

	Six months period ended December 31, 2004		
	BOARD	TEXTILE	TOTAL
<b>REVENUE</b>	2,889,477	530,590,535	533,480,012
<b>RESULT</b>			
Segment result	871,718	19,209,664	20,081,382
Unallocated corporate expenses			(990,724)
Net profit			<u>19,090,658</u>
<b>OTHER INFORMATION</b>			
Capital expenditure	-	57,192,925	57,192,925
Depreciation	2,272,606	16,911,181	19,183,787
<b>ASSETS AND LIABILITIES</b>			
Segment assets	414,704,113	647,096,635	1,061,800,748
Unallocated corporate assets			8,130,752
Consolidated total assets			<u>1,069,931,500</u>
Segment liabilities	72,815,750	614,522,472	687,338,222
	<b>Six months ended December 31, 2005</b>		<b>Six months ended December 31, 2004</b>

**7. TRANSACTIONS WITH RELATED PARTIES**

Sales	4,758,600	82,748,564
Insurance premium	2,460,502	3,578,559

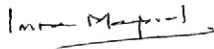
Transactions with related parties are made on an arm's length basis.

**8. DATE OF AUTHORIZATION FOR ISSUE**

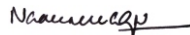
These financial statements have been authorized for issue on February 24, 2006 by Board of Directors of the company.

**9. GENERAL**

Figure have been rounded off to the nearest rupees.



**IMRAN MAQBOOL**  
Chief Executive



**NADEEM MAQBOOL**  
Director

Crescent Fibres Limited