



**Crescent
Fibres**



**Quarterly Report
September 30, 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 a profit of Rs. 5.5 million for the quarter ended September 30, 2006 as compared to a profit of Rs. 13.51 million for the quarter ended September 30, 2005. The earnings per share for the period under review was Rs.0.47 which on an annualized basis translates to Rs. 1.88.

The Company's operations may be divided into two divisions, that is, textile spinning and chemicals. The textile business has been the primary contributor to revenues and profitability as owing to unfavorable market conditions, the Company did not operate the Chemical plant during the period. The Management does not expect any of the Chemical assets to be operational in the coming year and is evaluating various alternatives, including their sale.

The period under review was a difficult one for the company as Management had to contend with lower end product prices owing to stiff regional competition as well as increased input costs. Through concerted marketing efforts sales increased by 8.4% as compared to the quarter ended September 30, 2005 but this was not sufficient to offset the increased costs of raw materials and energy. As a result both the gross and operating margins for the period under review declined to 9.6% and 5.8% respectively as compared to 10.9% and 7.2% for the quarter ended September 30, 2005. The other factor contributing to reduced profitability has been the large increase in interest rates. Financial charges increased to 3.1% of sales as compared to 1.7% for the quarter ended September 30, 2005 causing the net margin to decline to 1.9% as compared to 5.7% for the previous period.

The Management expects the current year to be a very difficult one for the textile spinning industry in Pakistan. Increased regional competition and higher input costs will continue to exert pressure on margins.

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, 2006

**BALANCE SHEET AS AT SEPTEMBER 30, 2006
(UN-AUDITED)**

	NOTE	SEPTEMBER 2006 Rupees	JUNE 2006 Rupees
SHARE CAPITAL AND RESERVES			
Authorised Capital 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		118,265,490	118,265,490
Capital Reserves		18,553,262	21,554,221
Accumulated profit		13,954,909	7,447,357
		150,773,661	147,267,068
Surplus on revaluation of fixed assets		310,648,094	311,640,526
Long term financing		136,506,715	145,273,130
Deferred liabilities		74,795,898	74,002,638
Liabilities against assets subject to finance lease		3,790,351	2,915,256
Current Liabilities			
Trade and other payables		199,021,102	166,538,508
Interest/ markup on loans		31,556,028	34,889,928
Short term borrowings		76,857,653	118,359,718
Current portion of :			
- Long term financing		38,854,327	39,841,630
- Liabilities against assets subject to finance lease		2,024,272	2,587,377
Provision for taxation		7,274,613	5,779,767
		355,587,995	367,996,928
CONTINGENCIES & COMMITMENTS	4	-	-
		<u>1,032,102,714</u>	<u>1,049,095,546</u>
TANGIBLE FIXED ASSETS			
Operating assets		668,176,870	674,040,089
Capital work in progress		6,566,646	5,993,395
		674,743,516	680,033,484
Long term deposits		3,831,632	3,158,595
Current Assets			
Stores, spares and loose tools		31,022,643	31,268,559
Stock in trade		53,026,381	136,900,842
Trade debts - considered good		146,279,956	98,846,808
Loans and advances		47,241,626	25,070,593
Trade deposits and short term prepayments		3,889,727	2,962,837
Other receivables		7,586,280	5,163,669
Other financial assets		60,106,869	63,107,835
Cash and bank balance		4,374,081	2,582,324
		353,527,566	365,903,467
		<u>1,032,102,714</u>	<u>1,049,095,546</u>

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

Imran Maqbool

IMRAN MAQBOOL
Chief Executive

Nadeem Maqbool

NADEEM MAQBOOL
Director

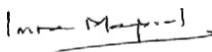
Quarterly Report

**PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2006**

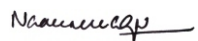
	JUL. TO SEP. 2006 Rupees	JUL. TO SEP. 2005 Rupees
Sales	297,276,233	274,256,772
Cost of goods sold	268,634,858	244,377,627
Gross profit	<u>28,641,375</u>	<u>29,879,145</u>
Operating Expenses		
Distribution cost	(1,664,832)	(1,591,591)
Administrative expenses	(11,075,380)	(9,233,244)
Other operating expenses	(410,688)	(795,197)
Other operating income	1,631,928	1,368,254
	<u>(11,518,972)</u>	<u>(10,251,778)</u>
Operating profit / (loss)	17,122,403	19,627,367
Finance cost	9,319,334	4,518,394
Profit / (loss) before taxation	<u>7,803,069</u>	<u>15,108,973</u>
Taxation		
- Current	(1,494,846)	(1,383,996)
- Deffered	(793,260)	(216,004)
	<u>(2,288,106)</u>	<u>(1,600,000)</u>
Profit / (loss) after taxation	<u>5,514,963</u>	<u>13,508,973</u>
Extraordinary item		2,202,562
	<u>5,514,963</u>	<u>15,711,535</u>
Earning per share - basic	<u>0.47</u>	<u>1.33</u>

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

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IMRAN MAQBOOL
Chief Executive



NADEEM MAQBOOL
Director

**CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2006**

	JUL. TO SEP. 2006 Rupees	JUL. TO SEP. 2005 Rupees
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	7,803,069	15,108,961
Adjustments for:		
Depreciation and amortization	8,786,267	8,818,988
Financial charges	9,319,334	4,518,394
	<u>18,105,601</u>	<u>13,337,382</u>
Operating profit before working capital changes	25,908,670	28,446,344
Changes in working capital:		
(Increase) / decrease in current assets		
Stores, spares and loose tools	245,915	1,997,776
Stock in trade	83,874,461	32,461,916
Trade debts	(47,433,148)	19,433,071
Loans and advances	(15,339,598)	699,165
Deposits and prepayments	(926,893)	(109,768)
Other receivables	(2,422,611)	(3,661,069)
Interdivision	-	-
Increase / (decrease) in current liabilities		
Trade and other payables	32,616,407	19,775,654
	<u>50,614,533</u>	<u>70,596,745</u>
Cash generated from operations	76,523,203	99,043,089
Financial charges paid	(12,618,807)	(7,474,994)
Taxes paid	(1,719,522)	(1,317,564)
Long term deposits	(284,441)	89,700
	<u>(14,622,770)</u>	<u>(8,702,858)</u>
Net cash flow from operating activities	61,900,433	90,340,231
B CASH USED IN INVESTING ACTIVITIES		
Fixed capital expenditure	(7,334,452)	(3,433,467)
Long term advances / deposits	(388,600)	-
Net cash used in investing activities	<u>(7,723,052)</u>	<u>(3,433,467)</u>
C CASH USED IN FINANCING ACTIVITIES		
Repayment of long term loans	(9,753,718)	(12,258,168)
Repayment of lease liability	(1,129,842)	(443,883)
Short term borrowings	(41,502,065)	(73,843,996)
Net cash used in financing activities	<u>(52,385,625)</u>	<u>(86,546,047)</u>
Net (decrease) / increase in cash and bank balances (A+B+C)	1,791,756	360,716
Cash and bank balances at the beginning of the year	2,582,325	3,275,353
Cash and bank balances at the end of the year	<u>4,374,081</u>	<u>3,636,069</u>

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

Imran Maqbool

IMRAN MAQBOOL
Chief Executive

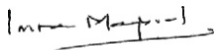
Naameeqa

NADEEM MAQBOOL
Director

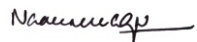
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2006

	RESERVES					TOTAL
	SHARE CAPITAL	CAPITAL RESERVE	UN-REALIZED GAIN/(LOSS) ON AVAILABLE FOR SALE INVESTMENT	ACCUMULATED PROFIT/(LOSS)	SUB TOTAL	
RUPEES						
Balance as at October 1, 2004	118,265,490	5,855,526	44,440,472	(126,216,087)	(75,920,089)	42,345,401
Net profit for the period ended June 30, 2005				69,345,755	69,345,755	69,345,755
Un realized appreciation during the period in market value of investment classified as available for sale	-		26,237,001		26,237,001	26,237,001
Share premium adjustment with amortization Transferred from surplus on revaluation of fixed assets on account of incremental depreciation charged in current year		(5,855,526)			(5,855,526)	(5,855,526)
				3,256,047	3,256,047	3,256,047
	-	-		-	-	-
	-	(5,855,526)	26,237,001	72,601,802	92,983,277	92,983,277
Balance as at June 30, 2005	118,265,490	-	70,677,473	(53,614,285)	17,063,188	135,328,678
Net profit for the year	-	-		56,882,983	56,882,983	56,882,983
Un realized appreciation during the period in market value of investment classified as available for sale	-		(49,123,245)		(49,123,245)	(49,123,245)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation charged in current year				4,178,653	4,178,653	4,178,653
	-	-		-	-	-
	-	-	(49,123,245)	4,178,653	(44,944,592)	(44,944,592)
Balance as at June 30, 2006(AUDITED)	118,265,490	-	21,554,228	7,447,351	29,001,579	147,267,069
Net Profit for the period	-	-	-	5,514,963	-	5,514,963
Un realized diminution during the period in market value of investment classified as available for sale	-	-	(3,000,966)	-	-	(3,000,966)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation charged in current year				992,595	-	992,595
	-	-		-	-	-
			(3,000,966)	992,595	-	(2,008,371)
Balance as at September 30, 2006	118,265,490		18,553,262	13,954,909	29,001,579	150,773,661

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



IMRAN MAQBOOL
Chief Executive



NADEEM MAQBOOL
Director

NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2006

1. THE COMPANY AND ITS OPERATION

The Company is a public limited company incorporated in Pakistan on August 06, 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 Area, District Dadu in the province of Sindh and at Bhikki District Sheikhpura in the province of Punjab. The company also has facilities to manufacture formalin and urea formaldehyde at Bhikki District Sheikhpura and laminated particle board at Faisalabad.

2. BASIS OF PREPARATION

The financial statements have been prepared in compliance with 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 interim financial statements are the same as those of the published annual financial statements for the period ended June 30, 2006.

4. CONTINGENCIES AND COMMITMENTS

	SEPTEMBER 2006 Rupees	JUNE 2006 Rupees
4.1 Guarenteese issued by banks and outstanding	<u>10,954,000</u>	<u>10,954,000</u>

4.2 COMMITMENTS

Letter of Credit

- For Consumption	1,282,049	876,920
- For Capitalization	1,142,512	73,232

5. ACQUISITIONS AND DISPOSAL OF FIXED ASSETS

	ADDITIONS	DISPOSALS
Factory building	1,079,927	-
Plant and machinery	6,956,714	-
Vehicles	1,439,000	-
Office equipment	240,351	-
Furniture & fixture	35,435	-
	<u>9,751,427</u>	<u>-</u>

6. OTHER INFORMATION ABOUT BUSINESS SEGMENTS

	QUARTER ENDED SEPTEMBER 30, 2006		
	BOARD	TEXTILE	TOTAL
REVENUE	34,900	297,241,333	297,276,233
RESULT			
Segment result	(3,310,120)	8,554,790	5,244,670
Unallocated corporate expenses			<u>270,293</u>
			<u>5,514,963</u>
OTHER INFORMATION			
Capital expenditure	-	9,751,427	9,751,427
Depreciation	1,198,462	7,587,805	8,786,267
ASSETS AND LIABILITIES			
Segment assets	360,495,800	671,606,914	1,032,102,714
Segment liabilities	58,408,497	512,272,462	570,680,959

	QUARTER ENDED SEPTEMBER 30, 2005		
	BOARD	TEXTILE	TOTAL
REVENUE	19,117	274,237,655	274,256,772
RESULT			
Segment result	(2,143,497)	15,922,786	13,779,289
Unallocated corporate expenses			<u>(270,328)</u>
			<u>13,508,961</u>
OTHER INFORMATION			
Capital expenditure	-	14,112,025	14,112,025
Depreciation	985,779	7,833,209	8,818,988
ASSETS AND LIABILITIES			
Segment assets	411,082,086	592,233,206	1,003,315,292
Segment Liabilities	64,980,564	488,457,151	553,437,715

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**NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2006**

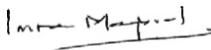
7. TRANSACTIONS WITH RELATED PARTIES	JUL. TO SEP. 2006 Rupees	JUL. TO SEP. 2005 Rupees
Sales	23,439,000	2,940,000
Insurance premium	1,285,099	668,781

8. DATE OF AUTHORIZATION FOR ISSUE

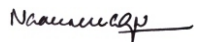
These financial statements have been authorized for issue on October 30, 2006 by the board of directors of the company.

9. GENERAL

Figures have been rounded off to the nearest rupees.



IMRAN MAQBOOL
Chief Executive



NADEEM MAQBOOL
Director