



**Crescent
Fibres**



**Quarterly Report
March 31, 2007**

COMPANY INFORMATION

Board of Directors	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 Javid Hussain

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.19.47 million for the nine months ended March 31, 2007 as compared to an after-tax profit of Rs. 42.50 million for the nine months ended March 31, 2006. The earnings per share for the period under review was Rs.1.65 which on an annualized basis translates to Rs. 2.20.

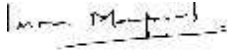
The Company's operations may be divided into two divisions, that is, textile spinning and chemicals. The textile business has been the primary contributor to revenues and profitability as owing to unfavorable market conditions, the Company did not operate the Chemical plant during the period. The Management 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 10.93% as compared to the nine months ended March 31, 2006, but this was not sufficient to offset the increased costs of raw materials, labour, and financing. As a result both the gross and operating margins for the period under review declined to 8.79% and 5.00% respectively as compared to 12.12% and 8.76% for the nine months ended March 31, 2006. The other factor contributing to reduced profitability has been the large increase in interest rates. Financial charges increased to 3.01% of sales as compared to 2.77% for the nine months ended March 31, 2006 causing the net margin to decline to 2.19% as compared to 5.31% 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 and raw material costs will continue to exert pressure on margins.

Mr. Maqbul Ahmad, the founder CEO and Chairman of the company passed away on March 14, 2007. We acknowledge with deep appreciation and gratitude the services rendered by him to the Company. He was a visionary leader with matchless business acumen. His expertise, experience and guidance will be sorely missed.

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.



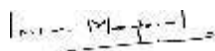
IMRAN MAQBOOL
Chief Executive Officer

April 23, 2007

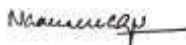
**BALANCE SHEET AS AT MARCH 31, 2007
(UN-AUDITED)**

	NOTE	MARCH 31 2007 Rupees	JUNE 2006 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized 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 reserve		64,466,830	21,554,228
Accumulated profit		<u>29,890,254</u>	<u>7,447,351</u>
		212,622,574	147,267,069
SURPLUS ON REVALUATION OF FIXED ASSETS		308,662,825	311,640,526
LONG TERM FINANCING		112,926,155	145,273,130
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		4,525,193	2,915,256
DEFERRED LIABILITIES		67,658,234	74,002,638
CURRENT LIABILITIES			
Trade and other payables		203,534,854	166,538,508
Interest/ markup on loans		32,695,627	34,889,928
Short term borrowings		172,478,049	118,359,718
Current portion of :			
Long term financing		42,185,664	39,841,630
Liabilities against assets subject to finance lease		2,940,570	2,587,377
Provision for taxation		10,325,988	5,779,767
		464,160,752	367,996,928
CONTINGENCIES & COMMITMENTS	4		
		<u>1,170,555,733</u>	<u>1,049,095,547</u>
PROPERTY AND ASSETS			
TANGIBLE FIXED ASSETS			
Property, plant and equipment		665,220,583	674,040,089
Capital work in progress		6,213,674	5,993,395
		<u>671,434,257</u>	<u>680,033,484</u>
LONG TERM DEPOSITS		5,726,481	3,158,595
CURRENT ASSETS			
Stores, spares and loose tools		34,918,628	31,268,559
Stock in trade		170,606,025	136,900,842
Trade debts - considered good		113,547,230	98,846,808
Loans and advances		53,864,105	25,070,593
Trade deposits and short term prepayments		2,397,758	2,962,837
Other receivables		5,849,808	5,163,669
Other financial assets		106,020,437	63,107,835
Cash and bank balance		6,191,004	2,582,325
		493,394,995	365,903,468
		<u>1,170,555,733</u>	<u>1,049,095,547</u>

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



IMRAN MAQBOOL
Chief Executive



NADEEM MAQBOOL
Director

Quarterly Report

PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2007

	Quarter ended		Nine months period ended	
	March 31, 2007	March 31, 2006	March 31, 2007	March 31, 2006
	-----RUPEES-----			
Sales	280,839,556	262,491,420	888,261,715	800,745,153
Cost of goods sold	(256,252,210)	(230,356,572)	(810,194,305)	(703,656,196)
Gross profit	24,587,346	32,134,848	78,067,410	97,088,957
Operating Expenses				
Selling and distribution cost	(2,770,612)	(1,583,465)	(6,938,861)	(5,572,835)
Administrative expenses	(8,225,184)	(9,183,537)	(30,737,225)	(25,801,748)
Other operating expenses	(213,172)	(831,893)	(929,843)	(2,526,516)
Other operating income	1,675,960	3,019,549	4,931,740	6,975,439
	(9,533,008)	(8,579,346)	(33,674,189)	(26,925,660)
Profit from operations	15,054,338	23,555,502	44,393,221	70,163,297
Finance cost	(11,004,073)	(9,927,101)	(26,726,202)	(22,159,491)
Profit before taxation	4,050,265	13,628,401	17,667,019	48,003,806
Taxation				
Current	(1,647,758)	(1,330,887)	(4,546,221)	(4,043,528)
Deferred	2,907,177	751,681	6,344,404	(1,462,492)
	1,259,419	(579,206)	1,798,183	(5,506,020)
Profit after taxation	5,309,684	13,049,195	19,465,202	42,497,786
Earnings per share - basic and diluted (Rupees)	0.45	1.10	1.65	3.59

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

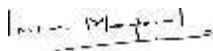

IMRAN MAQBOOL
 Chief Executive


NADEEM MAQBOOL
 Director

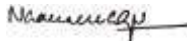
**CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2007**

	Nine months period ended March 31, 2007 RUPEES	Nine months period ended March 31, 2006 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	17,667,019	48,835,699
Adjustments for:		
Depreciation	28,824,429	29,474,105
Amortization of deferred cost	-	-
Gain on disposal of fixed assets	-	(126,602)
Financial charges	26,726,202	22,159,491
	55,550,631	51,506,994
Operating profit before working capital charges	73,217,650	100,342,693
(Increase)/decrease in current asset		
Store, spares and loose tools	(3,650,069)	(3,850,988)
Stock in trade	(33,705,183)	(52,801,297)
Trade debts	(14,700,422)	7,775,999
Loans and advances	(23,632,537)	(4,222,812)
Deposits and prepayments	565,079	(323,917)
Other receivables	(686,139)	(3,710,510)
Increase/(decrease) in current liabilities		
Trade and other payables	36,958,685	3,601,407
	(38,850,586)	(53,532,118)
Cash generated from operations	34,367,064	46,810,575
Financial charges paid	(28,920,503)	(20,780,926)
Taxes paid	(5,095,070)	(4,463,285)
Long term deposits	(2,567,890)	305,700
	(36,583,463)	(24,938,511)
Net cash used in operating activities	(2,216,399)	21,872,064
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of fixed assets	-	388,000
Fixed capital expenditure	(16,115,845)	(29,938,707)
Net cash used in investing activities	(16,115,845)	(29,550,707)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term loans	(30,002,941)	(16,402,595)
Repayment of lease liability	(2,174,466)	(1,754,377)
Short term borrowings	54,118,331	26,988,932
Net cash generated from financing activities	21,940,924	8,831,960
Net increase/(decrease) in cash and cash equivalent	3,608,679	1,153,317
Cash and cash equivalent at the beginning of the period	2,582,325	3,275,353
Cash and cash equivalent at the end of the period	6,191,004	4,428,670

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



IMRAN MAQBOOL
Chief Executive



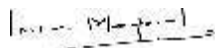
NADEEM MAQBOOL
Director

Quarterly Report

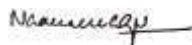
**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2007**

	SHARE CAPITAL	UN-REALIZED GAIN/(LOSS) ON AVAILABLE FOR SALE INVESTMENT	(ACCUMULATED LOSS) / UNAPPROPRIATED PROFIT	TOTAL
RUPEES				
Balance as at July 1, 2005	118,265,490	70,677,473	(53,614,285)	135,328,678
Net profit for the nine months period ended March 31, 2006	-	-	42,497,786	42,497,786
Amount of incremental depreciation arising due to surplus on revaluation of fixed assets transferred to accumulated loss	-	-	3,147,551	3,147,551
Unrealized diminution during the period in market value of investments classified as available for sale	-	(24,977,325)	-	(24,977,325)
Balance as at March 31, 2006	118,265,490	45,700,148	(7,968,949)	155,996,689
Balance as at July 1, 2006	118,265,490	21,554,228	7,447,351	147,267,069
Net profit for the nine months period ended March 31, 2007	-	-	19,465,202	19,465,202
Unrealized appreciation during the period in market value of investment classified as available for sale	-	42,912,602	-	42,912,602
Amount of incremental depreciation arising due to surplus on revaluation of fixed assets transferred to accumulated loss	-	-	2,977,701	2,977,701
Balance as at March 31, 2007	118,265,490	64,466,830	29,890,254	212,622,574

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 NINE MONTHS PERIOD ENDED MARCH 31, 2007**

1. THE COMPANY AND ITS OPERATION

Crescent Fibres Limited ("the company") was incorporated in Pakistan on August 06, 1977 under Companies Act, 1913 (repealed by Companies Ordinance, 1984) as a public limited company. The Company's shares are listed on the Stock Exchanges in Pakistan. The principal business of the company is manufacturing and sale of yarn. The company's manufacturing facilities are located 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

Historical Cost

- 2.1 These financial statements have been prepared under "historical cost convention", except as disclosed in the company's accounting policies.
- 2.2 These financial statements have been prepared in compliance with the International Accounting Standard (IAS) 34 Interim Financial Reporting and in compliance with the requirements of section 245 of the Companies Ordinance 1984.
- 2.3 These interim financial statements are unaudited. However, a limited scope review of these interim financial statements has been performed by the external auditors of the Company in accordance with the requirements of clause (xxi) of the Code of Corporate Governance and they have issued their review report thereon.

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, 2006.

As at	As at
March 31,	June 30,
2007	2006
RUPEES	RUPEES

4. CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

Guarantees issued by banks and outstanding	<u>10,954,000</u>	<u>10,954,000</u>
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COMMITMENTS

Letter of credit		
- For consumption	2,506,572	876,920
- For capitalization	-	73,232

5. ACQUISITIONS AND DISPOSAL OF FIXED ASSETS - At Cost

	<u>Nine months ended March 31, 2007</u>	
	<u>ACQUISITIONS</u>	<u>DISPOSALS</u>
Building	1,079,927	-
Plant and machinery	14,212,710	-
Office equipments	522,493	-
Vehicles	5,169,364	-
Electric installations	80,435	-
Furnitures and fixtures	-	-
	<u>21,064,929</u>	<u>-</u>

	<u>Nine months ended March 31, 2006</u>	
	<u>ACQUISITIONS</u>	<u>DISPOSALS</u>
Building	772,085	-
Plant and machinery	49,075,463	-
Office equipments	159,065	41,882
Vehicles	50,000	896,000
Furnitures and fixtures	42,750	-
	<u>50,099,363</u>	<u>937,882</u>

NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2007

6. INFORMATION ABOUT BUSINESS SEGMENTS

	Nine months period ended March 31, 2007		
	BOARD	TEXTILE	TOTAL
REVENUE	34,900	888,226,815	888,261,715
RESULT			
Segment result	(5,005,507)	25,417,581	20,412,074
Unallocated corporate expenses			(948,872)
Net profit			<u>19,465,202</u>
OTHER INFORMATION			
Capital expenditure	-	16,115,845	16,115,845
Depreciation	2,912,125	25,912,304	28,824,429
ASSETS AND LIABILITIES			
Segment assets	403,420,422	767,135,311	1,170,555,733
Segment liabilities	57,114,935	592,155,399	649,270,334

	Nine months 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			<u>42,497,786</u>
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
Segment liabilities	66,636,280	578,278,330	644,914,610
	Nine months ended March 31, 2007		Nine months ended March 31, 2006

7. TRANSACTIONS WITH RELATED PARTIES

Sales	62,634,877	9,581,600
Insurance premium	3,168,620	2,533,836

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 23, 2007 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