



**Crescent
Fibres**



**Quarterly Report
September 30, 2007**

COMPANY INFORMATION

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

Chief Financial Officer Muhammad Iqbal Lalani

Company Secretary Javaid Hussain

Audit Committee

Iqbal Ismail	(Chairman)
Humayun Maqbool	(Member)
Nadeem Maqbool	(Member)
Amir Khan	(Secretary)

Auditors Mushtaq & Compnay
Chartered Accountants

Legal Advisor Mohsin Tayebally & 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

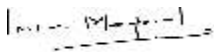
The Company reported a profit of Rs. 4.4 million for the quarter ended September 30, 2007 as compared to a restated profit of Rs. 6.6 million for the quarter ended September 30, 2006. The earnings per share for the period under review was Rs.0.38 which on an annualized basis translates to Rs. 1.52.

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 making efforts for their sale.

The period under review was a difficult one for the company as Management had to contend with increased pressure on end product prices owing to stiff regional competition as well as increased input costs. Sales showed a nominal increase of 0.6% as compared to the quarter ended September 30, 2006 but this was not sufficient to offset the increased costs. As a result both the gross and operating margins for the period under review declined to 7.2% and 3.8% respectively as compared to 10.2% and 6.3% for the quarter ended September 30, 2006. Financial charges decreased to 1.9% of sales as compared to 3.1% for the quarter ended September 30, 2006 owing to management efforts. Overall, the net margin declined to 1.5% as compared to 2.2% for the previous period.

The Management expects the current year to be a very difficult one for the textile spinning industry in Pakistan. The prices of both major raw materials, that is, cotton and polyester have risen sharply while end product prices have lagged behind. Higher input costs combined with increased regional competition 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.



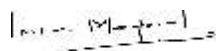
IMRAN MAQBOOL
Chief Executive Officer

October 30, 2007

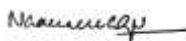
BALANCE SHEET AS AT SEPTEMBER 30, 2007 (UN-AUDITED)

		September 30, 2007	June 30, 2007
EQUITY AND LIABILITIES	NOTE	RUPEES	RUPEES
SHARE CAPITAL AND RESERVES			
Authorized capital			
15,000,000 Ordinary shares of Rs.10 each		<u>150,000,000</u>	150,000,000
Issued, subscribed and paid up capital		118,265,490	118,265,490
Capital reserve		118,074,118	115,554,147
Accumulated profit		<u>42,923,789</u>	38,486,485
		<u>279,263,397</u>	272,306,122
LONG TERM FINANCING		93,219,386	103,555,574
LIABILITIES AGAINST ASSETS SUBJECT TO			
FINANCE LEASE		4,252,105	4,618,679
DEFERRED LIABILITY		30,388,766	30,314,112
CURRENT LIABILITIES			
Trade and other payables		167,946,578	165,517,209
Interest/ markup on loans		26,711,093	29,462,170
Short term borrowings		76,845,839	118,511,043
Current portion of:			
Long term financing		41,520,265	41,520,265
Liabilities against assets subject to finance lease		2,379,796	2,379,796
Provision for taxation		4,424,488	6,258,577
		<u>319,828,059</u>	363,649,060
CONTINGENCIES AND COMMITMENTS	4	<u>726,951,713</u>	<u>774,443,547</u>
PROPERTY AND ASSETS			
TANGIBLE FIXED ASSETS			
Property, plant and equipment	5	307,510,252	310,947,544
Capital work in progress		<u>4,101,017</u>	7,371,150
		<u>311,611,269</u>	318,318,694
LONG TERM INVESTMENT		2,705,478	2,705,478
LONG TERM DEPOSITS		4,534,036	4,625,059
CURRENT ASSETS			
Stores, spares and loose tools		34,231,152	31,846,175
Stock in trade		49,704,425	109,757,022
Trade debts - considered good		118,275,477	116,676,424
Loans and advances		30,474,651	22,746,558
Trade deposits and short- term prepayments		5,781,420	3,241,585
Other receivables		7,031,750	6,329,889
Other financial assets		158,652,540	156,132,569
Cash and bank balances		<u>3,949,515</u>	2,064,093
		<u>408,100,930</u>	448,794,316
		<u>726,951,713</u>	<u>774,443,547</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 PERIOD ENDED SEPTEMBER 30, 2007

	Quarter ended September 30, 2007	Quarter ended September 30, Restated 2006
	← RUPEES →	
Sales	299,135,935	297,276,233
Cost of goods sold	<u>(277,640,923)</u>	<u>(267,027,684)</u>
Gross profit	21,495,012	30,248,549
Operating Expenses		
Selling and distribution cost	<u>(1,382,000)</u>	<u>(1,664,832)</u>
Administrative expenses	<u>(10,192,562)</u>	<u>(11,075,380)</u>
Other operating expenses	<u>(308,991)</u>	<u>(410,688)</u>
Other operating income	<u>1,829,383</u>	<u>1,631,928</u>
	<u>(10,054,170)</u>	<u>(11,518,972)</u>
Profit from operations	11,440,842	18,729,577
Finance cost	<u>(5,570,016)</u>	<u>(9,319,334)</u>
Share of profit of associate	-	17,225
Profit before taxation	5,870,826	9,427,468
Taxation		
Current	<u>(1,508,176)</u>	<u>(1,494,846)</u>
Deferred	<u>74,654</u>	<u>(1,355,771)</u>
	<u>(1,433,522)</u>	<u>(2,850,617)</u>
Profit after taxation	<u>4,437,304</u>	<u>6,576,851</u>
Earnings per share - basic and diluted (Rupees)	0.38	0.56

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

Quarterly Report


IMRAN MAQBOOL
 Chief Executive


NADEEM MAQBOOL
 Director

**CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

	Three months period ended September 30, 2007 RUPEES	Three months period ended September 30, Restated 2006 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	5,870,826	9,427,468
Adjustments for:		
Depreciation	7,660,442	7,179,093
Share of profit of associate		(17,225)
Financial charges	5,570,016	9,319,334
	<u>13,230,458</u>	<u>16,481,202</u>
Operating profit before working capital charges	19,101,284	25,908,670
(Increase)/decrease in current asset		
Store, spares and loose tools	(2,384,977)	245,915
Stock in trade	60,052,597	83,874,461
Trade debts	(1,599,053)	(47,433,148)
Loans and advances	(8,231,628)	(15,339,598)
Deposits and prepayments	(2,539,835)	(926,893)
Other receivables	(701,861)	(2,422,611)
Increase/(decrease) in current liabilities		
Trade and other payables	2,429,369	32,616,407
	<u>47,024,612</u>	<u>50,614,533</u>
Cash generated from operations	66,125,896	76,523,203
Financial charges paid	(8,321,093)	(12,618,807)
Interest income	-	-
Taxes paid	(2,631,172)	(1,719,522)
Long term deposits	91,023	(284,441)
	<u>(10,861,242)</u>	<u>(14,622,770)</u>
Net cash used in operating activities	55,264,654	61,900,433
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of fixed assets	-	-
Long term deposits/advances	-	(388,600)
Fixed capital expenditure	(889,014)	(7,334,452)
Net cash used in investing activities	(889,014)	(7,723,052)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term loans	(10,336,188)	(9,753,718)
Repayment of lease liability	(488,826)	(1,129,842)
Short term borrowings	(41,665,204)	(41,502,065)
Net cash generated from financing activities	<u>(52,490,218)</u>	<u>(52,385,625)</u>
Net increase/(decrease) in cash and cash equivalent	1,885,422	1,791,756
Cash and cash equivalent at the beginning of the period	2,064,093	2,582,325
Cash and cash equivalent at the end of the period	<u>3,949,515</u>	<u>4,374,081</u>

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

Imran Maqbool

IMRAN MAQBOOL
Chief Executive

Naadeem Maqbool

NADEEM MAQBOOL
Director

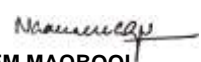
Quarterly Report

**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

	SHARE CAPITAL	UN-REALIZED GAIN/(LOSS) ON AVAILABLE FOR SALE INVESTMENT	(ACCUMULATED LOSS)/ UNAPPROPRIATED PROFIT	TOTAL
	← RUPEES →			
Balance as at July 1, 2006	118,265,490	21,277,261	4,297,413	143,840,164
Net profit for the three months period ended September 30, 2006 as restated	-	-	6,576,851	6,576,851
Unrealized appreciation during the period in market value of investments classified as available for sale		(300,966)		(300,966)
Balance as at September 30, 2006	<u>118,265,490</u>	<u>20,976,295</u>	<u>10,874,264</u>	<u>150,116,050</u>
Balance as at July 1, 2007	118,265,490	115,554,147	38,486,485	272,306,122
Net profit for the three months period ended September 30, 2007	-	-	4,437,304	4,437,304
Unrealized appreciation during the period in market value of investment classified as available for sale	-	2,519,971	-	2,519,971
Balance as at September 30, 2007	<u>118,265,490</u>	<u>118,074,118</u>	<u>42,923,789</u>	<u>279,263,397</u>

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 THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2007**

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. 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 Bhikhi, District Sheikhpura in the province of Punjab. The company also has facilities to manufacture formaline and urea formaldehyde at Bhikhi, 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 interim financial statements are the same as those of the published annual financial statements for the year ended June 30, 2007.

4. CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

	As at September 30, 2007 RUPEES	As at June 30, 2007 RUPEES
Guarantees issued by banks and outstanding	18,254,000	18,254,000

COMMITMENTS

Letter of credit		
- For consumption	-	2,682,113
- For capitalization	-	-

5. ACQUISITIONS AND DISPOSAL OF FIXED ASSETS - At Cost

	<u>Three months ended September 30, 2007</u>	
	ACQUISITIONS	DISPOSALS
Building	4,159,147	-
Plant and machinery	-	-
Office equipments	-	-
Vehicles	-	-
Electric installations	-	-
Furnitures and fixtures	-	-
	<u>4,159,147</u>	<u>-</u>

	<u>Three months ended September 30, 2006</u>	
	ACQUISITIONS	DISPOSALS
Building	1,079,927	-
Plant and machinery	6,956,714	-
Office equipments	240,351	-
Vehicles	1,439,000	-
Furnitures and fixtures	35,435	-
	<u>9,751,427</u>	<u>-</u>

Quarterly Report

**NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD SEPTEMBER 30, 2007**

6. INFORMATION ABOUT BUSINESS SEGMENTS

	Three months period ended September 30, 2007		
	BOARD	TEXTILE	TOTAL
REVENUE	-	299,135,935	299,135,935
RESULT			
Segment result	(1,946,194)	6,692,489	4,746,295
Unallocated corporate expenses			(308,991)
Net profit			4,437,304
OTHER INFORMATION			
Capital expenditure	-	889,014	889,014
Depreciation	294,260	7,366,182	7,660,442
ASSETS AND LIABILITIES			
Segment assets	174,878,496	552,073,217	726,951,713
Segment liabilities	39,994,878	407,693,438	447,688,316

	Three months period ended September 30, 2006		
	Restated		
	BOARD	TEXTILE	TOTAL
REVENUE	34,900	297,241,333	297,276,233
RESULT			
Segment result	(2,248,232)	9,095,376	6,847,144
Unallocated corporate expenses			(270,293)
Net profit			6,576,851
OTHER INFORMATION			
Capital expenditure	-	9,751,427	9,751,427
Depreciation	645,226	6,533,867	7,179,093
ASSETS AND LIABILITIES			
Segment assets	75,304,797	595,901,093	671,205,890
Segment liabilities	58,408,497	512,272,462	570,680,959

7. TRANSACTIONS WITH RELATED PARTIES

	Three months ended September 30, 2007	Three months ended September 30, 2006
Sales	1,465,000	23,439,000
Insurance premium	3,747,270	1,285,099

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 October 30, 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