



**Crescent
Fibres**



**Quarterly Report
September 30, 2008**



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)
	Ali Hussain	(Secretary)

Auditors Mushtaq & Company
Chartered Accountants

Legal Advisor Mohsin Tayebally & Sons

Registered Office 104 Shadman 1,
Lahore-54000
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E-mail: lo@crescentfibres.com

Website: www.crescentfibres.com

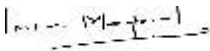
MANAGEMENT REVIEW

The Company reported a profit of Rs. 6.4 million for the quarter ended September 30, 2008 as compared to a profit of Rs. 4.4 million for the quarter ended September 30, 2007. The earnings per share for the period under review was Rs.0.51 which on an annualized basis translates to Rs. 2.04.

The period under review was a difficult one for the company as Management had to contend with increased input costs and pressure on end product prices owing to recessionary conditions in the global markets. Sales increased by 32.1% owing to higher unit prices as compared to the quarter ended September 30, 2007, but owing to significantly higher raw material and energy costs the gross margin was unchanged at 7.2%. Owing to inflationary pressures, selling and distribution costs were higher, but Management was able to control administrative expenses. As a result the operating margin for the period under review increased slightly to 4.1% as compared to 3.8% for the quarter ended September 30, 2007. The tight monetary policy being followed by the State Bank has led to increases in the mark-up rates being paid by the company. Financial charges increased to 2.8% of sales as compared to 1.9% for the quarter ended September 30, 2007. Overall, the net margin declined to 1.6% as compared to 1.9% for the previous period.

The Management expects the current year to be a very difficult one for the textile spinning industry in Pakistan as it is faced with manifold challenges. These include demand destruction in the global markets owing to the meltdown in financial markets and the expected onset of a recession, higher input costs including utilities, wages, financial charges, packing and transportation, reduced productivity owing to load shedding of both gas and electricity, and the economic and law and order crisis in Pakistan which is reflected in rising inflation, weakening currency, declining reserves, higher markup rates, a severe shortage of liquidity in the banking sector and a loss of confidence by foreign buyers and investors. The Management is making every effort to minimize the impact of these factors but expects a significant erosion of profitability.

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.



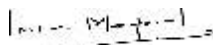
IMRAN MAQBOOL
Chief Executive Officer

October 30, 2008

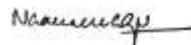
**BALANCE SHEET AS AT SEPTEMBER 30, 2008
(UN-AUDITED)**

		September 30, 2008	June 30, 2008
EQUITY AND LIABILITIES	NOTE	RUPEES	RUPEES
SHARE CAPITAL AND RESERVES			
Authorized capital			
15,000,000 Ordinary shares of Rs.10 each		150,000,000	150,000,000
Issued, subscribed and paid up capital		124,178,760	124,178,760
Reserves		99,266,756	105,400,661
		223,445,516	229,579,421
LONG TERM FINANCING		50,949,324	61,537,754
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		7,159,743	6,063,472
DEFERRED LIABILITY		30,314,112	30,314,112
CURRENT LIABILITIES			
Trade and other payables		164,323,887	156,932,928
Interest/ markup on loans		25,987,887	25,781,629
Short term borrowings		114,196,608	150,373,008
Current portion of:			
Long term financing		42,017,825	42,017,825
Liabilities against assets subject to finance lease		2,862,128	2,676,349
Provision for taxation		6,544,515	6,546,944
		355,932,850	384,328,684
CONTINGENCIES AND COMMITMENTS	4		
		667,801,545	711,823,443
PROPERTY AND ASSETS			
TANGIBLE FIXED ASSETS			
Property, plant and equipment	5	294,958,682	300,962,706
Intangibles		1,834,546	1,931,100
		296,793,228	302,893,806
LONG TERM INVESTMENT		2,672,622	2,672,622
LONG TERM DEPOSITS		6,413,200	4,570,300
CURRENT ASSETS			
Stores, spares and loose tools		26,690,842	24,573,883
Stock in trade		101,485,003	153,456,256
Trade debts - considered good		110,948,158	91,110,518
Loans and advances		16,062,454	19,010,604
Trade deposits and short- term prepayments		6,881,344	3,486,890
Other receivables		6,412,556	5,342,707
Other financial assets		90,661,155	103,161,318
Cash and bank balances		2,780,983	1,544,538
		361,922,495	401,686,715
		667,801,545	711,823,443

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



IMRAN MAQBOOL
Chief Executive



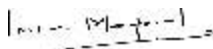
NADEEM MAQBOOL
Director

Quarterly Report

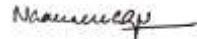
PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2008

	September 30, 2008	September 30, 2007
	← RUPEES →	
Sales	395,106,874	299,135,935
Cost of goods sold	<u>(366,751,723)</u>	<u>(277,640,923)</u>
Gross profit	28,355,151	21,495,012
Operating Expenses		
Selling and distribution cost	(2,940,231)	(1,382,000)
Administrative expenses	(11,016,876)	(10,192,562)
Other operating expenses	(335,066)	(308,991)
Other operating income	2,189,371	1,829,383
	<u>(12,102,802)</u>	<u>(10,054,170)</u>
Profit from operations	16,252,349	11,440,842
Finance cost	<u>(9,886,090)</u>	<u>(5,570,016)</u>
Profit before taxation	6,366,259	5,870,826
Taxation	-	(1,433,522)
Profit after taxation	<u>6,366,259</u>	<u>4,437,304</u>
Earnings per share - basic and diluted (Rupees)	0.51	0.38

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 QUARTER ENDED SEPTEMBER 30, 2008**

	Three months period ended September 30, 2008 RUPEES	Three months period ended September 30, 2007 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	6,366,259	5,870,826
Adjustments for:		
Depreciation	7,338,079	7,660,442
Financial charges	9,886,090	5,570,016
	<u>17,224,169</u>	<u>13,230,458</u>
Operating profit before working capital charges	23,590,428	19,101,284
(Increase)/decrease in current asset		
Store, spares and loose tools	(2,116,959)	(2,384,977)
Stock in trade	51,971,253	60,052,597
Trade debts	(19,837,640)	(1,599,053)
Loans and advances	4,507,342	(8,231,628)
Deposits and prepayments	(3,394,454)	(2,539,835)
Other receivables	(1,069,849)	(701,861)
Increase/(decrease) in current liabilities		
Trade and other payables	7,390,959	2,429,369
	<u>37,450,652</u>	<u>47,024,612</u>
Cash generated from operations	61,041,080	66,125,896
Financial charges paid	(9,679,832)	(8,321,093)
Taxes paid	(902,121)	(2,631,172)
Long term deposits	(1,842,900)	91,023
	<u>(12,424,853)</u>	<u>(10,861,242)</u>
Net cash used in operating activities	48,616,227	55,264,654
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	-	(889,014)
Net cash used in investing activities	-	(889,014)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term loans	(10,588,430)	(10,336,188)
Repayment of lease liability	(614,951)	(488,826)
Short term borrowings	(36,176,400)	(41,665,204)
Net cash generated from financing activities	<u>(47,379,781)</u>	<u>(52,490,218)</u>
Net increase/(decrease) in cash and cash equivalent	1,236,445	1,885,422
Cash and cash equivalent at the beginning of the period	1,544,538	2,064,093
Cash and cash equivalent at the end of the period	<u>2,780,983</u>	<u>3,949,515</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

**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2008**

	SHARE CAPITAL	UN-REALIZED GAIN/(LOSS) ON AVAILABLE FOR SALE INVESTMENT	(ACCUMULATED LOSS) / UNAPPROPRIATED PROFIT	TOTAL
	← RUPEES →			
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 investments 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>279,263,398</u>
Balance as at July 1, 2008	124,178,760	61,986,127	43,414,534	229,579,421
Net profit for the three months period ended September 30, 2008	-	-	6,366,259	6,366,259
Unrealized diminution during the period in market value of investment classified as available for sale	-	(12,500,163)	-	(12,500,163)
Balance as at September 30, 2008	<u>124,178,760</u>	<u>49,485,964</u>	<u>49,780,793</u>	<u>223,445,517</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 QUARTER ENDED SEPTEMBER 30, 2008

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.

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, 2008.

4. CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

	<u>As at September 30, 2008 RUPEES</u>	<u>As at June 30, 2008 RUPEES</u>
Guarantees issued by banks and outstanding	18,254,000	18,254,000

COMMITMENTS

Letter of credit		
- For consumption	-	10,987,181

5. ACQUISITIONS AND DISPOSAL OF FIXED ASSETS - At Cost

	<u>Three months ended September 30, 2008</u>	
	<u>ACQUISITIONS</u>	<u>DISPOSALS</u>
Vehicles	1,252,000	-
Office Equipment	645,000	-
	1,897,000	-

	<u>Three months ended September 30, 2007</u>	
	<u>ACQUISITIONS</u>	<u>DISPOSALS</u>
Buidling	4,159,147	-
	4,159,147	-

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**NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2008**

	September 30, 2008	September 30, 2007
6. TRANSACTIONS WITH RELATED PARTIES		
Sales	5,780,000	1,465,000
Insurance premium	3,857,418	3,747,270

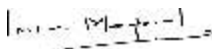
Transactions with related parties are made on an arm's length basis.

7. DATE OF AUTHORIZATION FOR ISSUE

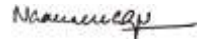
These financial statements have been authorized for issue on October 30, 2008 by Board of Directors of the company.

8. GENERAL

Figure have been rounded off to the nearest rupees.



IMRAN MAQBOOL
Chief Executive



NADEEM MAQBOOL
Director



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