



**Crescent
Fibres**



**Quarterly Report
December 31, 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	

Company Secretary Javaid Hussain

Audit Committee

Iqbal Ismail	(Chairman)
Humayun Maqbool	(Member)
Nadeem Maqbool	(Member)
Ali Hussain	(Secretary)

Auditors BDO Ebrahim & Co.
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

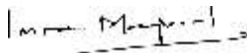
MANAGEMENT REVIEW

The Company reported a profit of Rs. 8.1 million for the six months ended December 31, 2008 as compared to a profit of Rs. 5.6 million for the six months ended December 31, 2007. The earnings per share for the period under review was Rs.0.65 which on an annualized basis translates to Rs. 1.30.

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 28.4% owing to higher unit prices as compared to the six months ended December 31, 2007, but owing to significantly higher raw material and energy costs the gross margin was unchanged at 7.3%. Owing to inflationary pressures, selling and distribution costs were higher, but Management was able to achieve a slight reduction in administrative expenses as a percentage of sales. As a result the operating margin for the period under review remained unchanged at 4.0%. 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 3.0% of sales as compared to 2.3% for the six months ended December 31, 2007. Overall, the net margin increased to 1.1% as compared to 1% 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. 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

Dated: 25th February, 2009

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim balance sheet of CRESCENT FIBRES LIMITED (the "Company") as at December 31, 2008 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity, together with the notes forming part thereof (herein after referred as "interim financial information"), for the half year then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion

The balance under the head of short term borrowings includes an amount of Rs. 12,000 million and mark up accrued thereon amounting to Rs. 17,985 million for which supporting information has not been furnished to us. These balances have been presented in the financial statements as per the books of accounts. In the absence of any supporting information, we are unable to confirm the existence and completeness of these balances and the related mark up expenses.

Qualified conclusion

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information does not give a true and fair view of the financial position of the Company as at December 31, 2008 and of its financial performance and its cash flows for the half year then ended in accordance with approved financial reporting standards as applicable in Pakistan.

The figures for the quarter ended December 31, 2008 and December 31, 2007 in the condensed interim profit and loss account have not been reviewed and we do not express a conclusion on them.

The financial information of the Company for the year ended June 30, 2008 and six months ended December 31, 2007 were respectively audited and reviewed by another firm of chartered accountants who had expressed their unqualified opinions thereon vide their reports dated October 24, 2008 and February 28, 2008 respectively.

KARACHI

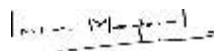
DATED: 25th February, 2009

 **CHARTERED ACCOUNTANTS**
Engagement Partner: Qasim E. Casser

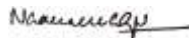
**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT DECEMBER 31, 2008**

		December 31, 2008	June 30, 2008
	Note	Unaudited (Rupees)	Audited (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	5	294,949,092	300,962,707
Capital work in progress	6	106,828	-
		<u>295,055,920</u>	<u>300,962,707</u>
Intangible assets		1,737,990	1,931,100
Long term investments		2,711,458	2,672,622
Long term deposits		6,523,473	4,570,300
		<u>9,234,931</u>	<u>7,242,922</u>
CURRENT ASSETS			
Stores, spares and loose tools		28,205,468	24,573,883
Stock in trade		116,159,114	153,456,256
Trade debts		124,275,676	91,110,518
Loans and advances		39,397,364	12,100,067
Trade deposits and short term prepayments		6,577,100	3,486,890
Other receivables		291,973	-
Short term investments		79,715,087	103,161,318
Tax refunds due from the Government		6,140,633	5,342,707
Taxation - net		2,261,925	363,594
Cash and bank balances		26,831,444	1,544,538
		<u>429,855,784</u>	<u>395,139,771</u>
TOTAL ASSETS		<u>735,884,625</u>	<u>705,276,500</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
15,000,000 (June 30, 2008: 15,000,000)			
ordinary shares of Rs. 10 each		150,000,000	150,000,000
Issued, subscribed and paid-up capital			
12,417,876 (June 30, 2008: 12,417,876)			
ordinary shares of Rs. 10 each		124,178,760	124,178,760
Reserves			
Capital		38,539,895	61,986,127
Revenue		51,516,500	43,414,534
		<u>90,056,395</u>	<u>105,400,661</u>
		<u>214,235,155</u>	<u>229,579,421</u>
NON CURRENT LIABILITIES			
Long term financing	7	40,325,518	61,537,754
Liabilities against assets subject to finance leases		10,846,380	6,063,474
Deferred taxation		30,340,847	30,314,112
		<u>81,512,745</u>	<u>97,915,340</u>
CURRENT LIABILITIES			
Trade and other payables		174,273,182	156,932,928
Mark up accrued		28,533,178	25,781,629
Short term borrowings		190,808,039	150,373,008
Current portion of long term financing		42,286,611	42,017,825
Current portion of liabilities against assets subject to finance leases		4,235,715	2,676,349
		<u>440,136,725</u>	<u>377,781,739</u>
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		<u>735,884,625</u>	<u>705,276,500</u>

The annexed notes from 1 to 13 form an integral part of these financial statements.



IMRAN MAQBOOL
Chief Executive



NADEEM MAQBOOL
Director

**CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2008**

	Half year ended		Quarter ended	
	December 31,	December 31,	December 31,	December 31,
	2008	2007	2008	2007
Note	Rupees	Rupees	Rupees	Rupees
Sales - net	747,537,514	582,297,246	352,430,640	283,161,311
Cost of sales	9 (692,650,936)	(539,391,397)	(325,899,213)	(262,565,765)
Gross profit	54,886,578	42,905,849	26,531,427	20,595,546
Selling and distribution expenses	(6,608,505)	(3,230,601)	(3,668,274)	(1,848,610)
Administrative and general expenses	(22,404,605)	(19,779,985)	(11,387,729)	(9,832,404)
Other operating expenses	(428,256)	(285,206)	(93,190)	(47,896)
Other operating income	4,725,897	3,579,606	2,536,526	1,827,909
Operating profit	30,171,109	23,189,663	13,918,760	10,694,545
Finance cost	(22,081,244)	(13,614,786)	(12,195,154)	(8,044,770)
Share of profit from associate	38,836	155,710	38,836	155,710
Net profit for the period from continuing operations	8,128,701	9,730,587	1,762,442	2,805,485
Taxation	(26,735)	(2,859,386)	(26,735)	(1,426,039)
Profit after taxation/ from continuing operations	8,101,966	6,871,201	1,735,707	1,379,446
Discontinued operations	-	(1,296,572)	-	(313,714)
Profit for period	8,101,966	5,574,629	1,735,707	1,065,732
Earnings per share - basic and diluted (Rupees)	10 0.65	0.45	0.14	0.09

The annexed notes from 1 to 13 form an integral part of these financial statements.

**CONDENSED INTERIM CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2008**

Issued, subscribed and paid up capital	Reserves		Total
	Capital	Revenue	
	Fair value reserve	Unappropriated profit	
(Rupees in thousands)			

Balance as at July 1, 2007	118,265,490	115,554,147	38,486,485	272,306,122
Fair value adjustments in respect of (loss)	-	(1,819,464)	-	(1,819,464)
Profit for the period ended December 31, 2007				
on investments	-	-	5,574,629	5,574,629
Appropriation: Issue of bonus of shares	5,913,270	-	(5,913,270)	-
Balance as at December 31, 2007	124,178,760	113,734,683	38,147,844	276,061,287
Balance as at July 1, 2008	124,178,760	61,986,127	43,414,534	229,579,421
Fair value adjustments in respect of (loss)				
on investments	-	(23,446,232)	-	(23,446,232)
Profit for the period ended December 31, 2008	-	-	8,101,966	8,101,966
Balance as at December 31, 2008	124,178,760	38,539,895	51,516,500	214,235,155

The annexed notes from 1 to 13 form an integral part of these financial statements.


IMRAN MAQBOOL
Chief Executive

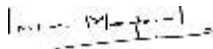

NADEEM MAQBOOL
Director

**CONDENSED INTERIM CASH FLOW STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2008**

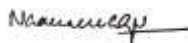
	December 31, 2008 Rupees	December 31, 2007 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	8,128,701	8,434,015
Adjustment for non cash charges and other items:		
Depreciation	14,756,700	15,311,185
Amortization	193,278	-
Loss/ (gain) on disposal of operating fixed assets	100,502	(38,790)
Share of profit from associate	(38,836)	(155,710)
Finance cost	22,081,244	13,614,786
	37,092,888	28,731,471
(Increase) / decrease in current assets		
Stores, spares and loose tools	(3,631,585)	(776,166)
Stock in trade	37,297,142	(63,933,689)
Trade debts	(33,165,158)	4,527,113
Loans and advances	(25,158,326)	(4,021,421)
Trade deposits and short term prepayments	(3,090,210)	(1,954,365)
Other receivables	(291,973)	(401)
Tax refunds due from Government	(797,926)	(2,471,129)
	(28,838,036)	(68,630,058)
Increase in current liabilities		
Trade and other payables	17,340,254	33,844,630
Cash generated from operations	33,723,807	2,380,058
Income tax paid	(1,898,331)	(4,187,993)
Finance cost paid	(19,329,695)	(16,243,792)
Net cash generated from / (used in) operating activities	12,495,781	(18,051,727)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(4,004,981)	(4,056,409)
Proceeds from disposal of operating fixed assets	450,000	50,000
Long term deposits	(1,953,173)	(43,977)
Net cash (used in) investing activities	(5,508,154)	(4,050,386)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing (net)	(20,943,451)	(20,701,122)
Repayment of liabilities against asset subject to finance leases	(1,192,301)	(1,121,187)
Short term borrowings	40,435,031	45,204,283
Net cash generated from financing activities	18,299,279	23,381,974
Net increase in cash and cash equivalents	25,286,906	1,279,861
Cash and cash equivalents at beginning of the period	1,544,538	2,064,093
Cash and cash equivalents at end of the period	26,831,444	3,343,954

The annexed notes from 1 to 13 form an integral part of these financial statements.

Quarterly Report



IMRAN MAQBOOL
Chief Executive



NADEEM MAQBOOL
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2008

1. THE COMPANY AND ITS OPERATIONS

Crescent Fibres Limited ("the Company") was incorporated in Pakistan on August 06, 1977 as a public limited company under the Companies Act, 1913 (now Companies Ordinance, 1984) and is listed on all the Stock Exchanges in Pakistan. The Company is engaged in the manufacturing, sale and trading of yarn. The Registered Office of the Company is situated at 104- Shadman 1 Lahore.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements are unaudited but subject to the limited scope review by auditors and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984.

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

The disclosures made in these condensed interim financial statements have, however, been limited in accordance with the requirements of the International Financial Reporting Standards (IFRS) IAS - 34, Interim Financial Reporting. They do not include all the information and disclosures made in the annual published financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2008.

2.2 Functional and presentation currency

These condensed interim financial statements have been presented in Pak Rupees, which is the functional and presentation currency of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted and methods of computation followed in the preparation of these financial statements are same as those for the preceding annual financial statements for the year ended June 30, 2008.

4. ESTIMATES

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2008.

5. OPERATING FIXED ASSETS

Note	December 31, 2008 (Unaudited) Rupees	June 30, 2008 (Audited) Rupees
Opening net book value (NBV)	300,962,707	310,947,544
Additions (at cost) during the period / year	5.1 <u>9,221,769</u>	<u>25,104,540</u>
	310,184,476	336,052,083
Disposals and retirements (NBV) during the period / year	5.2 <u>478,684</u>	<u>3,825,893</u>
Depreciation charged during the period / year	<u>14,756,700</u>	<u>31,263,483</u>
	<u>15,235,384</u>	<u>35,089,377</u>
	<u>294,949,092</u>	<u>300,962,706</u>
5.1 Details of additions (at cost) during the period are as follows:		
Owned		
Office equipment	375,976	243,644
Building	-	9,324,617
Plant and equipment	3,629,063	10,019,129
Tools and equipment	-	12,600
Vehicles	-	383,750
Leased		
Plant and machinery	3,319,730	-
Office equipment	645,000	-
Vehicles	1,252,000	5,120,800
	<u>9,221,769</u>	<u>25,104,540</u>
5.2 Details of disposals (NBV) during the period/ year are as follows:		
Plant and machinery	-	2,379,699
Electric Installation	-	380,407
Tools and equipment	-	149,266
Office equipment	108,250	21
Furniture and fixture	-	27,439
Vehicles	370,434	889,061
	<u>478,684</u>	<u>3,825,893</u>
6. CAPITAL WORK IN PROGRESS		
This consists of:		
Factory building	106,828	-
7. LONG TERM FINANCING		
From banking companies - secured		
Balance as at July 01	98,430,865	139,951,124
Obtained during the period	-	-
	<u>98,430,865</u>	<u>139,951,124</u>
Repayments made during the period	<u>(20,943,451)</u>	<u>(41,520,260)</u>
	77,487,414	98,430,864
Less: Current portion shown under current liabilities	<u>(42,286,611)</u>	<u>(42,017,825)</u>
	35,200,803	56,413,039
From related party - unsecured		
Directors	5,124,715	5,124,715
	<u>40,325,518</u>	<u>61,537,754</u>
8. CONTINGENCIES AND COMMITMENTS		
8.1 Contingencies		
There is a contingent liability in respect of bank guarantees issued by the Company's bankers in the ordinary course of business aggregating to Rs. 28.103 million (June 30, 2008: Rs. 18.254 million).		
8.2 Commitments		
Commitment in respect of letters of credit as at the balance sheet date amounted to Rs. 0.094 million (June 30, 2008 : Rs. 10.987 million).		

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2008**

	Half year ended		Quarter ended	
	December 31,	December 31,	December 31,	December 31,
	2008	2007	2008	2007
	Rupees			
9. COST OF SALES				
Materials consumed	514,639,106	420,066,486	240,341,283	210,402,185
Stores, spares and loose tools consumed	16,828,471	12,691,510	6,120,455	6,832,719
Packing material consumed	9,756,089	7,262,696	4,642,993	3,613,810
Salaries, wages and other benefits	54,900,227	46,442,201	30,918,334	26,033,508
Fuel and power	69,818,326	51,131,207	35,193,196	24,565,950
Insurance	1,648,370	1,536,224	724,590	617,708
Repairs and maintenance	2,615,604	3,053,128	1,086,780	1,638,590
Depreciation	12,769,900	12,603,233	6,406,961	6,606,606
Other manufacturing overheads	4,247,024	3,397,318	2,406,836	2,431,945
	<u>687,223,117</u>	<u>558,184,003</u>	<u>327,841,428</u>	<u>282,743,021</u>
Opening work in process	22,097,717	21,956,293	27,752,306	21,747,883
Closing work in process	(24,915,935)	(22,085,351)	(24,915,935)	(22,085,351)
	<u>(2,818,218)</u>	<u>(129,058)</u>	<u>2,836,371</u>	<u>(337,468)</u>
Cost of goods manufactured	684,404,899	558,054,945	330,677,799	282,405,553
Opening stock of finished goods	15,014,927	7,615,957	11,812,354	6,439,717
Closing stock of finished goods	(16,590,940)	(26,279,505)	(16,590,940)	(26,279,505)
	<u>(1,576,013)</u>	<u>(18,663,548)</u>	<u>(4,778,586)</u>	<u>(19,839,788)</u>
	682,828,886	539,391,397	325,899,213	262,565,765
Cost of trading sale	9,822,050	-	-	-
	<u>692,650,936</u>	<u>539,391,397</u>	<u>325,899,213</u>	<u>262,565,765</u>

10 EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

Profit after taxation (Rupees)	8,101,966	5,574,629	1,735,707	1,065,732
- Weighted average number of ordinary shares	12,417,876	12,417,876	12,417,876	12,417,876
Earnings per share				
Basic and diluted (Rupees)	0.65	0.45	0.14	0.09

11 TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise of group companies, other associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings are as under:

Relation with the Company	Nature of transaction	Half year ended		Quarter ended	
		December 31,	December 31,	December 31,	December 31,
		2008	2007	2008	2007
		Rupees	Rupees	Rupees	Rupees
Associated companies	Sales of goods and services	5,780,000	299,500	-	1,534,500
	Insurance premium	3,984,996	4,263,607	127,578	516,337
Sponsors and Directors	Long-term financing obtained from director	5,124,715	5,124,715	5,124,715	5,124,715
Retirement benefit plans	Contribution to staff retirement benefit plans	1,890,624	1,718,749	831,932	773,437
Key Management Personnel	Remuneration and other benefits	6,081,471	5,597,164	2,888,699	2,797,907

11.1 There are no transactions with key management personnel other than under their terms of employment.

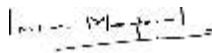
11.2 The above transactions with related parties are based at arm's length at normal commercial rates.

12 DATE OF AUTHORIZATION FOR ISSUE

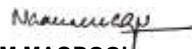
These financial statements were authorized for issue on 25th February, 2009 by the Board of Directors of the Company.

13 GENERAL

Amounts have been rounded off to the nearest thousands of rupees.



IMRAN MAQBOOL
Chief Executive



NADEEM MAQBOOL
Director



CRESCENT FIBRES LIMITED

104-Shadman 1, Lahore - 54000
Tel: +92 (42) 757-9641, 757-6482
Fax: +92 (42) 756-0963
Email: lo@crescentfibres.com
Website: www.crescentfibres.com