



**Crescent
Fibres**



**Quarterly Report
September 30, 2009**

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 Kamran Rasheed

Company Secretary Javaid Hussain

Auditors BDO Ebrahim & Company
Chartered Accountants

Legal Advisor Mohsin Tayebally & Sons

Registered Office 104 Shadman 1,
Lahore-54000
Tel : (042) 3757-9641, 3757-6482
Fax : (042) 3756-0963

E-mail: lo@crescentfibres.com

Website: www.crescentfibres.com

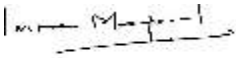
MANAGEMENT REVIEW

The Company reported a pre-tax profit of Rs. 8.6 million for the quarter ended September 30, 2009 as compared to a pre-tax profit of Rs. 6.4 million for the quarter ended September 30, 2008. The earnings per share for the period under review was Rs.0.55 which on an annualized basis translates to Rs. 2.20.

The period under review was characterized by an improved selling environment as global markets stabilized. Higher demand and strict control over costs allowed the Company to improve gross margin to 7.9% as compared 7.2% for the quarter ended September 30, 2008. Administrative, general and other expenses remained under control and as a result the operating margin for the period under review increased to 5.0% as compared to 4.5% for the quarter ended September 30, 2008. Owing to reduction in long-term debt and a slight decrease in mark-up rates, financial charges were lower at 2.6% of sales as compared to 2.9% for the quarter ended September 30, 2008. Overall, the net margin improved to 1.9% as compared to 1.6% for the previous period.

Even though the textile markets are showing stability and improved demand, several challenges must be tackled to maintain profitability. These include higher raw material and input costs, reduced productivity owing to load shedding of both gas and electricity, and the law and order crisis in Pakistan which is reflected in a weakening currency, high markup rates and a loss of confidence by foreign buyers and investors. The Management is making every effort to minimize the impact of these factors.

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 29, 2009

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2009 (UN-AUDITED)

	September 30, 2009 Unaudited	June 30, 2009 Audited
Note	Rupees	Rupees
NON CURRENT ASSETS		
Property, plant and equipment		
Operating fixed assets	5 277,328,153	282,340,414
Capital work in progress	6 948,809	884,161
	<u>278,276,962</u>	<u>283,224,575</u>
Intangibles		
ERP - Software	1,448,325	1,544,880
Long term investments	2,221,420	2,298,304
Long term loans	-	5,000
Long term deposits	5,656,728	5,385,923
	<u>7,878,148</u>	<u>7,689,227</u>
CURRENT ASSETS		
Stores, spares and loose tools	26,137,334	26,891,702
Stock in trade	84,880,212	101,268,957
Trade debts	99,758,381	118,979,377
Loans and advances	8,275,878	5,785,854
Trade deposits and short term prepayments	8,944,660	6,512,896
Other receivables	1,466,100	3,283,997
Short term investments	51,331,258	41,350,779
Tax refunds due from the Government	5,196,232	5,428,680
Taxation - net	4,028,270	3,189,197
Cash and bank balances	19,842,563	29,897,977
	<u>309,860,888</u>	<u>342,589,416</u>
	<u>597,464,323</u>	<u>635,048,098</u>
TOTAL ASSETS		
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
15,000,000 (June 30, 2009: 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, 2009: 12,417,876) ordinary shares of Rs. 10 each	124,178,760	124,178,760
Reserves		
Capital	10,152,461	171,982
Revenue	62,681,281	55,874,613
	<u>72,833,742</u>	<u>56,046,595</u>
	197,012,502	180,225,355
NON CURRENT LIABILITIES		
Long term financing	7 21,982,313	29,482,313
Liabilities against assets subject to finance leases	9,839,248	9,439,101
Deferred taxation	29,610,346	29,610,346
	<u>61,431,907</u>	<u>68,531,760</u>
CURRENT LIABILITIES		
Trade and other payables	146,171,644	151,070,054
Mark up accrued	25,452,119	28,125,128
Short term borrowings	126,802,908	164,637,312
Current portion of long term financing	37,740,200	39,087,575
Current portion of liabilities against assets subject to finance lease	2,853,043	3,370,914
	<u>339,019,914</u>	<u>386,290,983</u>
CONTINGENCIES AND COMMITMENTS		
	8	
TOTAL EQUITY AND LIABILITIES	<u>597,464,323</u>	<u>635,048,098</u>

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

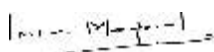

IMRAN MAQBOOL
Chief Executive


NADEEM MAQBOOL
Director

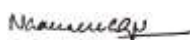
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED SEPTEMBER 30, 2009 (UN-AUDITED)**

		September 30, 2009	September 30, 2008
	Note	Rupees	Rupees
Sales - net		356,936,325	395,106,874
Cost of sales	9	<u>(328,895,711)</u>	<u>(366,751,723)</u>
Gross profit		28,040,614	28,355,151
Selling and distribution expenses		(1,440,963)	(1,487,741)
Administrative and general expenses		(10,652,721)	(11,016,876)
Other operating expenses		(456,939)	(335,066)
Other operating income		<u>2,487,741</u>	<u>2,189,371</u>
Operating profit		17,977,732	17,704,839
Finance cost		(9,295,894)	(11,338,580)
Share of loss from associate		<u>(76,884)</u>	<u>-</u>
Profit before taxation		8,604,954	6,366,259
Taxation		<u>(1,798,286)</u>	<u>-</u>
Profit for period		<u><u>6,806,668</u></u>	<u><u>6,366,259</u></u>
Earnings per share - basic and diluted (Rupees)	10	0.55	0.51

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



IMRAN MAQBOOL
Chief Executive



NADEEM MAQBOOL
Director

Quarterly Report

**CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

	September 30, 2009 Rupees	September 30, 2008 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	8,604,954	6,366,259
Adjustment for non cash charges and other items:		
Depreciation and amortization	6,729,254	7,338,079
Finance cost	9,295,894	11,338,580
(Loss) / Gain on share of profit of associate	76,884	-
	16,102,032	18,676,659
Decrease / (increase) in current assets		
Stores, spares and loose tools	754,368	(2,116,959)
Stock in trade	16,388,745	51,971,253
Trade debts	19,220,996	(19,837,640)
Loans and advances	(1,979,621)	4,507,342
Trade deposits and short term prepayments	(2,431,764)	(3,394,454)
Other receivables	1,817,897	540,000
Tax refunds due from Government	232,448	(1,609,849)
	34,003,069	30,059,693
Increase in current liabilities		
Trade and other payables	(4,898,410)	7,390,959
Cash generated from operations	53,811,645	62,493,570
Income tax paid	(2,637,359)	(902,121)
Finance cost paid	(11,968,903)	(11,132,323)
Long term deposits	(270,805)	(1,842,900)
Net cash (used in) / generated from operating activities	38,934,578	48,616,226
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,620,493)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing (net)	(8,847,375)	(10,588,430)
Repayment of liabilities against asset subject to finance lease	(647,720)	(614,951)
Short term borrowings	(37,834,404)	(36,176,400)
Net cash (used in) financing activities	(47,329,499)	(47,379,781)
Net (decrease) in cash and cash equivalents	(10,015,414)	1,236,445
Cash and cash equivalents at beginning of the period	29,857,977	1,544,538
Cash and cash equivalents at end of the period	19,842,563	2,780,983

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


IMRAN MAQBOOL
Chief Executive


NADEEM MAQBOOL
Director

**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

	Issued, subscribed and paid up capital	Reserves		Total
		Unrealized gain/(loss) on available for sale investment	Unappropriated profit	
Balance as at July 1, 2008	124,178,760	61,986,127	43,414,534	229,579,421
Fair value adjustment in respect of gain / (loss) on investment		(12,500,163)		(12,500,163)
Profit for the period ended September 30,2008			6,366,259	6,366,259
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>
Balance as at July 1, 2009	124,178,760	171,982	55,874,613	180,225,355
Fair value adjustment in respect of gain / (loss) on investment	-	9,980,479	-	9,980,479
Profit for the period ended September 30,2009	-	-	6,806,668	6,806,668
Balance as at September 30, 2009	<u>124,178,760</u>	<u>10,152,461</u>	<u>62,681,281</u>	<u>197,012,502</u>

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

**CONDENSED INTERIM COMPREHENSIVE INCOME
FOR THE QUARTER ENDED SEPTEMBER 30, 2009 (UN-AUDITED)**

	September 30, 2009 Rupees	September 30, 2008 Rupees
(Loss)/Profit after tax	6,806,668	6,366,259
(Deficit) / Surplus on remeasurement of available for sale financial assets	9,980,479	(12,500,163)
Total comprehensive income/ (loss) for the period	<u>16,787,147</u>	<u>(6,133,904)</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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2009 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

Crescent Fibres Limited ("the company") was incorporated in Pakistan on August 06, 1977 under the Companies Act, 1913 (now Companies Ordinance, 1984) as a public limited company. The Company's shares are listed on all the stock exchanges of Pakistan. Registered Office of the Company is situated at 104- Shadman 1 Lahore. The principal business of the Company is manufacture and sale of yarn.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance 1984. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirement of the Companies Ordinance 1984, or the requirements of the said directive take precedence.

The disclosures made in these financial statements have, however, been limited in accordance with the requirements of International Financial Accounting Standards (IFRS) 34 "Interim Financial Reporting" and in compliance with the requirements of section 245 of Companies Ordinance 1984. 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, 2009.

These condensed interim financial statements have been presented in Pakistan Rupee, which is the functional currency of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies adopted and methods of computation followed in the preparation of these half yearly financial statements are the same as those of the preceding annual published financial statements of the Company for the year ended June 30, 2009.

3.2 The Company has adopted the amendments of IAS 1 (Revised) 'Presentation of financial statements'.

The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in performance statement. Companies can choose whether to present one performance statement (the statement of comprehensive income) or two statements (profit and loss account and statement of comprehensive income).

The Company has preferred to present two statements; a profit and loss account and a statement of comprehensive income. The interim financial information has been prepared under revised disclosure requirements.

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, 2009.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2009 (UN-AUDITED)**

	September 30, 2009 (Unaudited) Rupees	June 30, 2009 (Audited) Rupees
5 OPERATING FIXED ASSETS		
Opening book value	282,340,414	300,962,706
Additions during the period	1,620,493	15,791,758
	<u>283,960,907</u>	<u>316,754,464</u>
Disposals and retirements during the period	-	4,957,645
Depreciation charged during the period	6,632,754	29,456,405
	<u>6,632,754</u>	<u>34,414,050</u>
Closing book value	<u>277,328,153</u>	<u>282,340,414</u>

5.1 Details of additions during the period are as follows:

Owned

Office equipments	62,227	462,389
Plant and machinery	1,382,516	7,684,695
Tools and equipment	-	12,000
Furniture and fixture	175,750	98,100

Leased

Plant and machinery	-	5,637,574
Office equipments	-	645,000
Vehicles	-	1,252,000

<u>1,620,493</u>	<u>15,791,758</u>
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5.2 Details of disposals during the period are as follows:

Plant and equipment	-	4,275,000
Tools and equipment	-	18,138
Office equipment	-	24,696
Vehicles	-	639,811

<u>-</u>	<u>4,957,645</u>
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6 CAPITAL WORK IN PROGRESS

This consists of:

Factory building	948,809	884,161
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<u>948,809</u>	<u>884,161</u>
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7 LONG TERM FINANCING

From banking companies - secured

Balance as at July 01	59,895,174	98,430,865
Obtained during the period	-	-

<u>59,895,174</u>	<u>98,430,865</u>
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Repayments made during the period

	(8,847,375)	(38,535,691)
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<u>51,047,799</u>	<u>59,895,174</u>
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Less: Current portion shown under current liabilities

	(37,740,200)	(39,087,575)
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<u>13,307,599</u>	<u>20,807,599</u>
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From director - Unsecured

	8,674,714	8,674,714
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<u>21,982,313</u>	<u>29,482,313</u>
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2009 (UN-AUDITED)

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

Guarantees have been issued by banking companies in normal course of business amounting to Rs. 37.190 million (June 30, 2009: Rs. 37.190 million).

8.2 Commitments

Commitment in respect of letters of credit for capital expenditure as at the balance sheet date amounted to Rs. 3.094 million (June 30, 2009 : Rs. 7.309 million).

	September 30, 2009 Rupees	September 30, 2008 Rupees
9 COST OF SALES		
Raw materials consumed	258,820,924	274,297,843
Stores, spares and loose tools consumed	7,372,299	10,708,016
Packing material consumed	4,643,669	5,113,096
Salaries, wages and other benefits	26,124,656	23,981,893
Fuel and power	32,009,672	34,625,130
Insurance	1,199,945	923,779
Repairs and maintenance	1,950,070	1,528,821
Depreciation	5,857,543	6,362,939
Other manufacturing overheads	2,620,847	1,840,172
	<u>340,599,625</u>	<u>359,381,689</u>
Opening work in process	23,655,615	22,097,717
Closing work in process	(25,080,697)	(27,752,306)
	<u>(1,425,082)</u>	<u>(5,654,589)</u>
Cost of goods manufactured	339,174,543	353,727,100
Opening stock of finished goods	11,124,425	15,014,927
Closing stock of finished goods	(21,403,257)	(11,812,354)
	<u>(10,278,832)</u>	<u>3,202,573</u>
	328,895,712	356,929,673
		9,822,050
Cost of trading sale	<u>328,895,712</u>	<u>366,751,723</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

(In Rupees)

	6,806,668	6,366,259
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- Weighted average number of ordinary shares

	12,417,876	12,417,876
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Earnings per share (Rupees)

	0.55	0.51
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11 TRANSACTIONS WITH RELATED PARTIES

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

September 30, 2009 September 30, 2008

Associated companies

Sales of goods and services

	-	5,780,000
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Insurance Premium

	5,142,614	3,857,418
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Contribution to staff retirement contribution plan

	980,304	960,454
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Remuneration of chief executive, director and executives

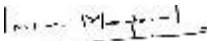
	3,012,914	3,062,246
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12 DATE OF AUTHORIZATION FOR ISSUE

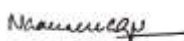
These financial statements were authorized for issue on October 29, 2009 by the Board of Directors of the Company.

13 GENERAL

Amounts have been rounded off to the nearest rupees.



IMRAN MAQBOOL
Chief Executive



NADEEM MAQBOOL
Director



CRESCENT FIBRES LIMITED

104-Shadman 1, Lahore - 54000
Tel: +92 (42) 3757-9641, 3757-6482
Fax: +92 (42) 3756-0963
Email: lo@crescentfibres.com
Website: www.crescentfibres.com