

JUBILEE SPINNING & WEAVING MILLS LIMITED
BALANCE SHEET AS AT 30 JUNE 2010

	NOTE	2010 Rupees	2009 Rupees		NOTE	2010 Rupees	2009 Rupees
EQUITY AND LIABILITIES				ASSETS			
SHARE CAPITAL AND RESERVES				NON-CURRENT ASSETS			
Authorised share capital				Property, plant and equipment			
34,000,000 (2009: 34,000,000) ordinary shares of Rupees 10 each				Operating assets			
		340,000,000	340,000,000	Capital work in progress - plant and machinery			
Issued, subscribed and paid up share capital				Investment property			
	3	324,912,050	324,912,050	Long term investments			
Reserves				Long term loans			
	4	(144,972,695)	(182,017,639)	Long term deposits			
Total equity							
Surplus on revaluation of property, plant and equipment-net of tax							
	5	488,075,061	495,117,639				
Surplus on revaluation of investment property-net of tax							
		19,208,728	19,208,728				
NON-CURRENT LIABILITIES				CURRENT ASSETS			
Long term financing				Stores and spares			
	6	37,702,957	56,548,561	Stock in trade			
Liabilities against assets subject to finance lease				Trade debts			
	7	818,418	679,234	Loans and advances			
Deferred liabilities				Short term deposits and prepayments			
	8	66,797,054	66,654,107	Other receivables			
		105,318,429	123,881,902	Advance income tax and refund			
CURRENT LIABILITIES				Short term investments			
Trade and other payables				Cash and bank balances			
	9	46,935,409	72,282,025				
Accrued mark-up							
	10	29,324,005	27,331,793				
Short term borrowings							
	11	15,891,378	8,720,243				
Current portion of long term liabilities							
	12	21,076,356	31,828,144				
Provisions							
	12	9,928,940	9,928,940				
Provision for taxation							
		4,746,560	1,303,357				
		127,902,648	151,394,502				
TOTAL LIABILITIES							
		233,221,077	275,276,404				
CONTINGENCIES AND COMMITMENTS							
	13						
TOTAL EQUITY AND LIABILITIES				TOTAL ASSETS			
		920,444,221	932,497,182				

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



Shams Rafi
Chief Executive



Shaukat Shafi
Director

JUBILEE SPINNING & WEAVING MILLS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2010

	NOTE	2010 Rupees	2009 Rupees
SALES	25	703,589,181	763,284,815
COST OF SALES	26	<u>(665,908,503)</u>	<u>(707,363,024)</u>
GROSS PROFIT		37,680,678	55,921,791
DISTRIBUTION COST	27	<u>(1,316,722)</u>	<u>(1,223,173)</u>
ADMINISTRATIVE EXPENSES	28	<u>(23,905,112)</u>	<u>(22,716,447)</u>
OTHER OPERATING EXPENSES	29	<u>(18,403,487)</u>	<u>(23,045,884)</u>
		<u>(43,625,321)</u>	<u>(46,985,504)</u>
		(5,944,643)	8,936,287
OTHER OPERATING INCOME	30	<u>12,410,031</u>	<u>13,746,659</u>
PROFIT FROM OPERATIONS		6,465,388	22,682,946
FINANCE COST	31	<u>(9,429,658)</u>	<u>(10,766,580)</u>
		(2,964,270)	11,916,366
SHARE OF PROFIT IN ASSOCIATED COMPANIES		<u>25,405,520</u>	<u>12,241,690</u>
PROFIT BEFORE TAXATION		22,441,250	24,158,056
PROVISION FOR TAXATION	32	<u>(4,746,560)</u>	<u>(1,303,357)</u>
PROFIT AFTER TAXATION		<u>17,694,690</u>	<u>22,854,699</u>
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)	33	<u>0.54</u>	<u>0.70</u>

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



Shams Rafi
Chief Executive



Shaukat Shafi
Director

JUBILEE SPINNING & WEAVING MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	2010 Rupees	2009 Rupees
PROFIT AFTER TAXATION	17,694,690	22,854,699
OTHER COMPREHENSIVE INCOME		
Fair value adjustment on available for sale investments	11,305,186	(25,145,937)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	28,999,876	(2,291,238)

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



Shams Rafi
Chief Executive



Shaukat Shafi
Director

JUBILEE SPINNING & WEAVING MILLS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	NOTE	2010 Rupees	2009 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	52,026,367	52,813,211
Finance cost paid		(6,334,253)	(5,231,732)
Income tax paid		(1,339,463)	(779,977)
Gratuity paid		(1,808,488)	(2,493,611)
Net increase in long term loans		(669,521)	(599,004)
Net decrease in long term deposits		1,500,000	-
Net cash generated from operating activities		43,374,642	43,708,887
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		60,345	100,000
Capital expenditure on property, plant and equipment		(22,156,938)	(5,274,882)
Short-term investment purchased		(87,750)	-
Dividends received		131,939	161,385
Net cash used in investing activities		(22,052,404)	(5,013,497)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(27,114,230)	(39,898,165)
Repayment of finance lease liabilities		(5,369,621)	(5,382,506)
Net cash used in financing activities		(32,483,851)	(45,280,671)
Net decrease in cash and cash equivalents		(11,161,613)	(6,585,281)
Cash and cash equivalents at the beginning of the year		(754,711)	5,830,570
Cash and cash equivalents at the end of the year	35	(11,916,324)	(754,711)

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


Shams Rafi
 Chief Executive


Shaukat Shafi
 Director

JUBILEE SPINNING & WEAVING MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	RESERVES						TOTAL	TOTAL EQUITY
	SHARE CAPITAL	CAPITAL	REVENUE					
		Fair value reserve	General reserve	Amalgamation reserve	Accumulated loss	Sub Total		
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Balance as at 30 June 2008	70,168,670	9,616,264	51,012,000	108,590,782	(268,141,031)	(108,538,249)	(98,921,985)	(28,753,315)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	-	-	8,938,964	8,938,964	8,938,964	8,938,964
Share capital issued under scheme of amalgamation	89,743,380	-	-	(89,743,380)	-	(89,743,380)	(89,743,380)	-
Share capital issued against conversion of loan from directors and associates	165,000,000	-	-	-	-	-	-	165,000,000
Excess of net capital acquired in Jubilee Energy Limited	-	4,224,487	-	(18,847,402)	14,622,915	(4,224,487)	-	-
Comprehensive income for the year ended 30 June 2009	-	(25,145,937)	-	-	22,854,699	22,854,699	(2,291,238)	(2,291,238)
Balance as at 30 June 2009	324,912,050	(11,305,186)	51,012,000	-	(221,724,453)	(170,712,453)	(182,017,639)	142,894,411
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	-	-	8,045,068	8,045,068	8,045,068	8,045,068
Comprehensive income for the year ended 30 June 2010	-	11,305,186	-	-	17,694,690	17,694,690	28,999,876	28,999,876
Balance as at 30 June 2010	324,912,050	-	51,012,000	-	(195,984,695)	(144,972,695)	(144,972,695)	179,939,355

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


Shams Rafi
 Chief Executive


Shaukat Shafi
 Director

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2010 (NUMBER OF SHARES)	2009		2010 Rupees	2009 Rupees
700	700	Ordinary shares of Rupees 10 each fully paid in cash	7,000	7,000
1,500,000	1,500,000	Ordinary shares of Rupees 10 each issued as fully paid for consideration other than cash (Note 3.2)	15,000,000	15,000,000
5,516,167	5,516,167	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	55,161,670	55,161,670
16,500,000	16,500,000	Ordinary shares of Rupees 10 each issued against conversion of loan from directors and associates (Note 3.3)	165,000,000	165,000,000
8,974,338	8,974,338	Ordinary shares of Rupees 10 each issued to shareholders of Jubilee Energy Limited under the Scheme of Amalgamation (Note 3.4)	89,743,380	89,743,380
<u>32,491,205</u>	<u>32,491,205</u>		<u>324,912,050</u>	<u>324,912,050</u>

3.1 Movement during the year

32,491,205	7,016,867	At 01 July	324,912,050	70,168,670
-	16,500,000	Ordinary shares of Rupees 10 each issued against conversion of loan from directors and associates (Note 3.3)	-	165,000,000
-	8,974,338	Ordinary shares of Rupees 10 each issued to shareholders of Jubilee Energy Limited under the Scheme of Amalgamation (Note 3.4)	-	89,743,380
<u>32,491,205</u>	<u>32,491,205</u>		<u>324,912,050</u>	<u>324,912,050</u>

3.2 Issue of shares for consideration other than cash represents shares issued to shareholders of The Crescent Textile Mills Limited on bifurcation in the year 1974.

3.3 These represent the ordinary shares issued to directors and associates against their loan after obtaining approval from shareholders in an Extra Ordinary General Meeting and from Securities and Exchange Commission of Pakistan (SECP).

3.4 These represent the ordinary shares issued to the shareholders of Jubilee Energy Limited pursuant to approval of scheme of amalgamation by the honorable Lahore High Court

3.5 Capital risk management policies and procedures

The company's objective when managing the capital are:

-to safeguard its ability to continue as a going concern so that it can continue to provide return to shareholders and benefits other stakeholders ; and

- to maintain a strong capital base to support the sustained development of its business.

The company manages its capital structure by monitoring return on net assets and to maintain optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends to shareholders, issue new shares and adopt other means commensurating to the circumstances.

4. RESERVES

Composition of reserves is as follows:

Capital

Fair value reserve (Note 4.1) - (11,305,186)

Revenue

General

Accumulated loss

51,012,000	51,012,000
(195,984,695)	(221,724,453)
(144,972,695)	(170,712,453)
<u>(144,972,695)</u>	<u>(182,017,639)</u>

4.1 Balance as at 01 July	(11,305,186)	9,616,264
Loss on fair value adjustment	-	(9,616,264)
	<u>(11,305,186)</u>	<u>-</u>
Impairment loss taken to equity as at 31 December 2008	-	(22,610,371)
Less: Impairment loss charged to profit and loss account till 30 June 2010 (Note 4.2)	11,305,186	11,305,185
	<u>11,305,186</u>	<u>(11,305,186)</u>
	<u>-</u>	<u>(11,305,186)</u>

4.2 This represents the impairment loss taken to equity as at 30 June 2009 in accordance with SRO No. 150/1/2009 dated 13 February 2009 issued by SECP, net of the amount charged to profit and loss account for the six months period then ended. In accordance with the methodology prescribed by the aforesaid SRO, the above remaining impairment loss of Rupees 11.305 million has also been charged to profit and loss account in these financial statements after adjusting for the subsequent price movement.

5. SURPLUS ON REVALUATION

This represents the surplus resulting from revaluation of certain property, plant and equipment (Leasehold Land, Buildings and Plant and Machinery) carried out during the current and previous years, net of deferred tax and adjusted by surplus realized on disposal of revalued assets and incremental depreciation arising out of revaluation.

	2010 Rupees	2009 Rupees
Surplus on revaluation of property, plant and equipment		
Balance as at 01 July	534,332,442	543,271,406
Addition to surplus due to revaluation (Note 5.1)	650,950	-
Incremental depreciation charged during the year transferred to equity	(8,045,068)	(8,938,964)
Impairment loss on operating assets categorized as non-current assets held for sale	(3,791,130)	-
	(11,185,248)	(8,938,964)
	523,147,194	534,332,442
Less: Related deferred tax liability (Note 8)		
Opening balance	39,214,803	42,343,440
Effect of incremental depreciation charged during the year transferred to equity	(2,815,774)	(3,128,637)
Deferred tax attributed to impairment relating to operating assets categorized as non-current assets held for sale	(1,326,896)	-
	35,072,133	39,214,803
Surplus on revaluation - closing balance net of deferred tax	488,075,061	495,117,639

5.1 The latest revaluation of lease hold land has been carried out by an independent valuer 'Consultancy Support and Services (Private) Limited' as at 30 June 2010. The fair value was determined from market based evidence in accordance with the market values of similar land existed in the near vicinity. The independent valuers reported the fair value of land amounting to Rupees 458.000 million.

5.2 Other than land the latest revaluation of Building on Leasehold Land, and Plant and Machinery was carried out by an independent valuer 'Joseph Lobo (Private) Limited' as at 01 April 2008 based upon fair values. Fair values of Building on Leasehold Land, and Plant and Machinery were determined on the basis of depreciated replacement method. The independent valuers reported the fair values as under:

	Rupees
Building on leasehold land	68,925,802
Plant and machinery	125,000,000
	193,925,802

5.3 Had the revalued assets been stated under cost model, the carrying amounts would have been as under:

	2010			2009
	COST	ACCUMULATED DEPRECIATION	WRITTEN DOWN VALUE	WRITTEN DOWN VALUE
	Rupees	Rupees	Rupees	Rupees
Leasehold land	-	-	-	-
Building on leasehold land	37,376,984	19,554,313	17,822,671	19,631,284
Plant and machinery	107,149,172	77,427,647	29,721,525	41,695,030
	144,526,156	96,981,960	47,544,196	61,326,314

	2010 Rupees	2009 Rupees
6. LONG TERM FINANCING		
From banking companies:		
Habib Bank Limited		
Rescheduled demand finance (Note 6.1)	7,164,872	21,495,168
Less: current portion (Note 11)	7,164,872	14,330,296
	-	7,164,872
Demand finance (Frozen mark up) (Note 6.2)	13,765,782	13,765,782
Less: Fair value adjustment under IAS - 39	(7,538,544)	(7,538,544)
Add: Proportionate reversal of fair value adjustment	5,907,887	4,804,694
	12,135,125	11,031,932
National Bank of Pakistan		
Outstanding liability (Note 6.3)	38,351,757	51,135,691
Less: Current portion (Note 11)	12,783,925	12,783,934
	<u>25,567,832</u>	<u>38,351,757</u>
	<u>37,702,957</u>	<u>56,548,561</u>

6.1 Rescheduled demand finance

This represented demand finance facility obtained from Habib Bank Limited, which was created by conversion of running finance facility into demand finance. The facility was payable in seven years including grace period of two years.

Details of this facility are as under:

Demand finance	Rupees 71,650,562
Principal repayment	20 quarterly installments started from 06 January 2006
Mark-up repayment	Payable quarterly starting from 06 October 2003
Rate of mark-up	6 month KIBOR + 250 bps with no floor and cap.
Security	First legal mortgage charge of Rupees 5 million on property located at B-28, S.I.T.E, Karachi. First pari passu equitable mortgage charge over fixed assets of Rupees 109.667 million of the company situated at B-28, S.I.T.E, Karachi.
Period	7 years including two years grace period from 06 October 2003
Expiry date	06 October 2010

6.2 Demand finance - I (Frozen mark-up)

6.2.1 This represents facility obtained from Habib Bank Limited, which was created by conversion of outstanding mark up against a running finance facility.

Details of this facility are as under:

Demand finance - I (Frozen mark-up)	Rupees 13,765,782
Repayment	12 monthly installments commencing from 06 November 2010
Security	Collateral disclosed in Note 6.1
Period	8 years including 7 years grace period
Expiry date	06 October 2011

6.2.2 The amortized cost of demand finance (Frozen mark-up) has been determined using the effective interest method. Rate of interest used to calculate the amortized cost is the fair market rate applicable on the Financial Instruments of similar nature and condition.

6.3 National Bank of Pakistan

This represents reconciled and settled liability of National Bank of Pakistan, which has been arrived at by settlement of outstanding balances of Packing Finance, Demand Finance and Accrued Mark-up thereon. The settlement agreement was executed between the bank and the company on 21 October 2003. As per terms of the settlement agreement, the aggregate total outstanding liability due to the bank has been agreed to be Rupees 102,271,427.

Details of this facility are as under:

Total outstanding amount	Rupees 38,351,757
Repayment	In 16 half yearly installments commenced from 01 September 2005.
Rate of mark-up	Weighted average six monthly T-Bill yield plus 200 bps with a cap of 4.5 percent per annum.
Security	Equitable mortgage charge on fixed assets comprising lease hold land, building and plant and machinery having book value of Rupees 136.362 million. Hypothecation charge on present and future current assets valuing Rupees 136.362 million.
Expiry date	01 March 2015

7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	2010	2009
	Rupees	Rupees

Lease for vehicles (Note 7.1 & 7.2)	<u>818,418</u>	<u>679,234</u>
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7.1 Analysis of minimum lease payments and present value

Period	2010		2009	
	Minimum lease payments	Present value	Minimum lease payments	Present value
	Rupees			
Up to one year	1,342,567	1,127,560	6,094,756	4,713,914
Over one to five years	920,196	818,417	734,063	679,234
Over five years	-	-	-	-
	<u>2,262,763</u>	<u>1,945,977</u>	<u>6,828,819</u>	<u>5,393,148</u>
Financial charges allocated to future periods	(316,786)	-	(1,435,671)	-
	<u>1,945,977</u>	<u>1,945,977</u>	<u>5,393,148</u>	<u>5,393,148</u>
Current maturity (Note 11)	<u>1,127,559</u>	<u>1,127,559</u>	<u>4,713,914</u>	<u>4,713,914</u>
	<u><u>818,418</u></u>	<u><u>818,418</u></u>	<u><u>679,234</u></u>	<u><u>679,234</u></u>

The future minimum payments to which the company is committed as at 30 June 2010 are as under:

Years	2010 Rupees	2009 Rupees
2010	-	6,094,756
2011	1,342,567	734,063
2012	613,464	-
2013	306,732	-
	<u>2,262,763</u>	<u>6,828,819</u>

7.2 The company has entered into lease agreements to acquire vehicle. Payments under leases include financial charges ranging from 13 percent to 16 percent per annum (2009: 13 percent to 16 percent per annum), approximately, which are used as discounting factors. Taxes, repairs, replacements and insurance costs are to be borne by the lessee. The company can exercise the buying option at the end of the lease which is certain at the inception of lease. These liabilities are secured against the leased vehicles.

8. DEFERRED LIABILITY	2010	2009
	Rupees	Rupees
Provision for gratuity (Note 8.1 & 37)	30,594,680	26,309,063
Deferred tax liability on revaluation of property, plant and equipment (Note 5 & 32.2)	35,072,133	39,214,803
Deferred tax liability on revaluation of investment property (Note 32.2)	1,130,241	1,130,241
	<u>66,797,054</u>	<u>66,654,107</u>
8.1 Provision for gratuity		
Balance at beginning of the year	26,309,063	23,030,586
Add: Provided during the year	6,094,105	5,772,088
	<u>32,403,168</u>	<u>28,802,674</u>
Less: Paid during the year	(1,808,488)	(2,493,611)
Balance at end of the year (Note 37)	<u>30,594,680</u>	<u>26,309,063</u>
9. TRADE AND OTHER PAYABLES		
Creditors	7,065,969	8,475,336
Accrued liabilities	4,760,164	13,145,133
Advances from customers	8,109,384	27,579,957
Income tax deducted at source	12,515,278	12,453,208
Dividend payable	578,302	578,302
Workers' profit participation fund (Note 9.1)	1,672	1,182,840
Workers' welfare fund	458,732	239,074
Due to director, associates and others	1,820,620	2,820,620
Other liabilities	11,625,288	5,807,555
	<u>46,935,409</u>	<u>72,282,025</u>
9.1 Workers' profit participation fund		
Balance as on 01 July	1,182,840	541,114
Add: Provision for the year (Note 29)	-	641,726
	<u>1,182,840</u>	<u>1,182,840</u>
Less: Paid during the year	1,181,168	-
	<u>1,672</u>	<u>1,182,840</u>
9.1.1 The Company retains workers' profit participation fund for its business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers. The balance represents the unclaimed balances of workers who left the company .		
10. SHORT TERM BORROWINGS		
From banking companies - secured		
Habib Bank Limited		
Cash finance (Note 10.1)	15,891,378	8,720,243
10.1 Maximum limit under this facility is Rupees 50 million (2009: 50 million) with sublimit of cash in transit Rupees 12 million (2009: Rupees 12 million). Unused credit facility as at the balance sheet date was Rupees 34.61 million.		

Details of this facility are as under:

Maximum limit	Rupees 50,000,000
Repayment of mark up	On quarterly basis
Rate of mark-up	1 month KIBOR + 250 bps with a floor of 5% per annum.
Security	Pledge of raw material and finished goods having value of Rupees 13.112 million.
Expiry	30 September 2010

11. CURRENT MATURITY OF LONG TERM LIABILITIES

	2010 Rupees	2009 Rupees
Current maturity of long term financing:		
Habib Bank Limited (Note 6)	7,164,872	14,330,296
National Bank of Pakistan (Note 6)	12,783,925	12,783,934
Current maturity of liabilities against assets subject to finance lease (Note 7.1)	1,127,559	4,713,914
	<u>21,076,356</u>	<u>31,828,144</u>

12. PROVISIONS

Provision for penalty on account of non-deposition of withholding tax	<u>9,928,940</u>	<u>9,928,940</u>
This represents provision made for penalty against non-deposition of withholding tax in prescribed time as per the Income Tax Ordinance, 2001.		

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

Bank Guarantee from:

Royal Bank of Scotland (formerly ABN Amro Bank) (Note 13.1.1)	8,600,000	8,600,000
Faysal Bank Limited	-	3,000,000
Standard Chartered Bank Limited (Note 13.1.2)	793,800	793,800
Habib Bank Limited (Note 13.1.3)	500,000	-
	<u>9,893,800</u>	<u>12,393,800</u>

13.1.1 This represents a guarantee issued by Royal Bank of Scotland (formerly ABN Amro Bank) to the collector of customs on behalf of the company against the custom duty on imports.

13.1.2 This represents a guarantee issued by Standard Chartered Bank Limited to the Honorable High Court, Sindh on account of cotton soft waste (carded and combed) fully paid.

13.1.3 This represents a guarantee issued by Habib Bank Limited in favor of Sui Southern Gas Company Limited on behalf of the company for payment of gas bills. The guarantee is secured against a cash deposit of Rupees 0.5 million (2009: Rupees Nil) and hypothecation charge over current assets of Rupees 12 million (2009: Rupees 12 million).

13.2 Commitments

There were no capital or other commitments as at 30 June 2010 (2009: Nil).

14. OPERATING ASSETS

	Owned									Leased			Total Rupees	
	Lease hold land Rupees	Building on lease hold land Rupees	Plant and machinery Rupees	Installations and equipment Rupees	Factory tools and equipment Rupees	Vehicles Rupees	Office equipment Rupees	Furniture and fixtures Rupees	Office machines and electrical appliances Rupees	Sub total Rupees	Vehicles Rupees	Generator Rupees		Sub total Rupees
As at 30 June 2008														
Cost / Re-assessed value	457,349,050	116,302,927	242,102,210	8,613,452	350,277	5,695,159	1,304,752	841,301	8,735,261	841,294,389	4,575,221	20,844,998	25,420,219	866,714,608
Accumulated depreciation	-	(51,186,930)	(123,313,528)	(5,108,860)	(282,266)	(2,905,955)	(711,093)	(702,731)	(7,288,031)	(191,499,394)	(1,964,240)	(7,030,450)	(8,994,690)	(200,494,084)
	457,349,050	65,115,997	118,788,682	3,504,592	68,011	2,789,204	593,659	138,570	1,447,230	649,794,995	2,610,981	13,814,548	16,425,529	666,220,524
As at 30 June 2009														
Opening net book amount	457,349,050	65,115,997	118,788,682	3,504,592	68,011	2,789,204	593,659	138,570	1,447,230	649,794,995	2,610,981	13,814,548	16,425,529	666,220,524
Additions	-	-	4,612,078	-	-	517,804	145,000	-	-	5,274,882	-	-	-	5,274,882
Disposals - net	-	-	-	-	-	(77,279)	-	-	-	(77,279)	-	-	-	(77,279)
Depreciation charge	-	(6,511,600)	(11,974,900)	(350,459)	(10,201)	(588,122)	(113,433)	(13,857)	(217,085)	(19,779,657)	(522,196)	(1,381,455)	(1,903,651)	(21,683,308)
Closing net book amount	457,349,050	58,604,397	111,425,860	3,154,133	57,810	2,641,607	625,226	124,713	1,230,145	635,212,941	2,088,785	12,433,093	14,521,878	649,734,819
Cost / Re-assessed value	457,349,050	116,302,927	246,714,288	8,613,452	350,277	6,212,963	1,449,752	841,301	8,735,261	846,569,271	4,575,221	20,844,998	25,420,219	871,989,490
Accumulated depreciation	-	(57,698,530)	(135,288,428)	(5,459,319)	(292,467)	(3,571,356)	(824,526)	(716,588)	(7,505,116)	(211,356,330)	(2,486,436)	(8,411,905)	(10,898,341)	(222,254,671)
Net book amount (Rs.)	457,349,050	58,604,397	111,425,860	3,154,133	57,810	2,641,607	625,226	124,713	1,230,145	635,212,941	2,088,785	12,433,093	14,521,878	649,734,819
As at 30 June 2010														
Opening net book amount	457,349,050	58,604,397	111,425,860	3,154,133	57,810	2,641,607	625,226	124,713	1,230,145	635,212,941	2,088,785	12,433,093	14,521,878	649,734,819
Additions	-	1,753,714	21,549,089	-	102,565	-	287,520	-	-	23,692,888	1,922,450	-	1,922,450	25,615,338
Effect of revaluation	650,950	-	-	-	-	-	-	-	-	650,950	-	-	-	650,950
Transfers / disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost Note (14.1)	-	-	14,705,572	-	-	-	222,373	-	-	14,927,945	-	20,844,998	20,844,998	35,772,943
Accumulated depreciation	-	-	(7,947,881)	-	-	-	(167,917)	-	-	(8,115,798)	-	(8,411,905)	(8,411,905)	(16,527,703)
Depreciation charge	-	(5,860,440)	(12,401,168)	(315,413)	(13,434)	(528,322)	(120,874)	(12,471)	(184,522)	(19,436,644)	(631,597)	-	(631,597)	(20,068,241)
Closing net book amount	458,000,000	54,497,671	113,816,090	2,838,720	146,941	2,113,285	737,416	112,242	1,045,623	633,307,988	3,379,638	-	3,379,638	636,687,626
Cost / Re-assessed value	458,000,000	118,056,641	253,557,805	8,613,452	452,842	6,212,963	1,514,899	841,301	8,735,261	855,985,164	6,497,671	-	6,497,671	862,482,835
Accumulated depreciation	-	(63,558,970)	(139,741,715)	(5,774,732)	(305,901)	(4,099,678)	(777,483)	(729,059)	(7,689,638)	(222,677,176)	(3,118,033)	-	(3,118,033)	(225,795,209)
Net book amount (Rs.)	458,000,000	54,497,671	113,816,090	2,838,720	146,941	2,113,285	737,416	112,242	1,045,623	633,307,988	3,379,638	-	3,379,638	636,687,626
Rate of depreciation (%)	0	10	10	10	15	20	15	10	15		20			

14.1 Due to installation of 04 new ring frames of 1000 spindles, the previous ring frames have been de-commissioned and transferred to "assets-held-for-sale" on carrying values of Rupees 6.758 million (Note 24).

14.1.1 Detail of operating fixed assets disposed of during the year ia as under:

Description	Qty	Cost	Accumulated depreciation	Book value	Sales proceed	Particulars of purchaser
	Nos	Rupees	Rupees	Rupees	Rupees	
Air Conditioner	3	222,373	167,917	54,456	60,345	Mr Faisal, North Nazimabad, Karachi

14.1.2 During the year the lease of generators was fully paid. Therefore company has transfered such generators to its owned assets in plant and machinery

14.3 Depreciation charge for the year has been allocated as follows:	2010 Rupees	2009 Rupees
Owned		
Cost of sales (Note 26)	18,787,448	19,347,508
Administrative expenses (Note 28)	649,196	432,149
	19,436,644	19,779,657
Leased		
Cost of sales (Note 26)	-	1,381,455
Administrative expenses (Note 28)	631,597	522,196
	631,597	1,903,651
	20,068,241	21,683,308

15. INVESTMENT PROPERTY

Investment property represents the leasehold land and building comprising a storage godown leased out by the Company to its associated company Renfro Crescent (Private) Limited. The fair value of investment property as at 30 June 2010 has been determined by an independent valuer 'Consultancy Support and Services (Private) Limited'. The fair value was determined from market based evidence in accordance with the market values of similar land and building existing in the near vicinity. The independent valuers reported the fair value of investment property at Rupees 23.435 million as at the reporting date. The resultant fair value gain of Rupees 0.095 million has been carried to profit and loss account. No expenses directly related to the investment property have been incurred during the year.

16. LONG TERM INVESTMENTS

	2010 Rupees	2009 Rupees
Available for sale - Associated company (without significant influence)		
Taxmac (Private) Limited (Note 16.1)	520,000	520,000
Associated companies (with significant influence) - Under equity method		
Premier Insurance company Limited - quoted (Note 16.3)	-	-
Renfro Crescent (Private) Limited (Note 16.4)	138,788,663	113,383,143
Crescent Industrial Chemical Limited (Note 16.5)	-	-
	138,788,663	113,383,143
	139,308,663	113,903,143

16.1 Taxmac (Private) Limited is an associate under provisions of the Companies Ordinance, 1984. However, the company has no power to participate in financial and operating decisions of Taxmac (Private) Limited. Therefore, the investment has been carried at cost. All other investments have been carried using equity method.

16.2 Name of Associate

Premier Insurance Limited
Crescent Industrial Chemical Limited
Renfro Crescent (Private) Limited

Basis of significant influences

Common directorship
Common directorship
Shareholding

16.3 Premier Insurance Company Limited

	2 010 Rupees	2 009 Rupees
The movement is as follows:		
Opening balance of investment	-	45,062
Share of (loss) / profit of associate for the year	52,889	(68,340)
Share of loss of previous years - unrecognized	(60,623)	-
Dividend income	(19,714)	(37,345)
Closing balance as at 30 June 2009	(27,448)	(60,623)
Unrecognised loss	27,448	60,623
Net closing balance	-	-

16.3.1 During the year Premier Insurance Company Limited sustained losses therefore the company recognise its portion of loss up to the nominal value of investment held.

16.3.2 Summarized finance position of Premier Insurance company Limited	2 010 Rupees	2 009 Rupees
Total assets	3,078,814,000	2,774,354,000
Total Liabilities	1,299,151,000	1,126,824,000
Net Assets	1,779,663,000	1,647,530,000
Profit / (loss) after tax	184,798,000	(73,467,000)
Cost of investment	134	134
Market value	162,940	117,181
Ownership interest	0.0286%	0.0286%

Number of ordinary shares held 17,334 (2009:14,738) of Rupees 10 each.

16.4 Renfro Crescent (Private) Limited	2 010 Rupees	2 009 Rupees
The movement is as follows:		
Opening balance of investment	113,383,143	101,133,736
Share of profit of associate	25,405,520	12,249,407
	138,788,663	113,383,143

16.4.1 Summarized financial statements of Renfro Crescent (Private) Limited		
Total assets	1,868,557,247	1,607,278,554
Total Liabilities	1,288,690,117	1,130,130,727
Net Assets	579,867,130	477,147,827
Profit after tax	101,907,419	49,133,745
Cost of investment	89,821,600	89,821,600
Ownership interest	24.93%	24.93%
Number of ordinary shares held 8,982,160 (2009 : 8,982,160) of Rupees 10 each.		
Market value	Un-quoted	Un-quoted

16.5 This investment was fully impaired as on 30 June 2010.

17. LONG TERM LOANS

Due from executives/directors	486,250	486,250
Due from employees	3,227,835	2,661,870
	3,714,085	3,148,120
Less: Current portion	1,270,444	1,374,000
	2,443,641	1,774,120

17.1.1 There was no movement in the loan receivable from executives / directors.

17.2 The fair value adjustment in accordance with the requirements of IAS 39 'Financial Instruments: Recognition and Measurement' arising in respect of staff loans is not considered material and hence not recognized.

	2010 Rupees	2009 Rupees
18. LONG TERM DEPOSITS		
Security deposits	710,722	4,105,722
Less: Current portion	-	(1,895,000)
	<u>710,722</u>	<u>2,210,722</u>
18.1	This includes cash deposit of Rupees Nil (2009: Rupees 1.5 million given to Faysal Bank Limited against guarantee).	
19. STORES AND SPARES		
Stores	879,147	1,719,545
Spare parts	1,088,725	354,589
	<u>1,967,872</u>	<u>2,074,134</u>
20. STOCK IN TRADE		
Raw materials	19,250,085	17,397,574
Work in process	9,932,202	4,923,713
Finished goods	2,470,346	5,220,195
Packing material	15,476	12,536
Waste stock	484,856	1,063,919
	<u>32,152,965</u>	<u>28,617,937</u>
21. TRADE DEBTS		
Considered good:		
Unsecured	<u>13,223,194</u>	<u>22,719,426</u>
Considered doubtful:		
Others - unsecured	20,552,792	21,163,577
Less: Provision for doubtful debts		
As at 01 July	21,163,577	21,163,577
Less: Reversal due to recovery	(610,785)	-
As at 30 June	<u>20,552,792</u>	<u>21,163,577</u>
	<u>-</u>	<u>-</u>
21.1	As at 30 June 2010, trade debts of Rupees 0.0103 million (30 June 2009 : Rupees 0.0149 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of trade debts considered good is as follows:	
Upto three month	13,212,834	22,704,466
3 to one year	10,360	14,960
	<u>13,223,194</u>	<u>22,719,426</u>
21.2	Trade debts of Rupees 20.553 million (2009 : Rupees 21.164 million) were impaired and provided for in previous years. The ageing of these trade debts was more than one year.	

	2010 Rupees	2009 Rupees
22. SHORT TERM INVESTMENTS		
Available for sale (Note 22.1)	18,327,893	24,001,648
Investment at fair value through profit or loss in listed securities (Note 22.2)	1,650,530	1,110,273
	<u>19,978,423</u>	<u>25,111,921</u>
22.1 Investments available for sale		
Related parties - Qouted		
Crescent Jute Products Limited 1,716,683 (2009: 1,716,683) fully paid ordinary shares of Rupees 10 each	13,732,069	13,732,069
The Crescent Textile Mills Limited 827 (2009: 827) fully paid ordinary shares of Rupees 10 each	-	-
Crescent Spinning Mills Limited 290,000 (2009: 290,000) fully paid ordinary shares of Rupees 10 each	362,500	362,500
Crescent Sugar Mills & Distillery Limited 510,600 (2009: 510,600) fully paid ordinary shares of Rupees 10 each	3,150,402	3,150,402
Crescent Steel and Allied Products Limited 36,253 (2009: 36,253) fully paid bonus ordinary shares of Rupees 10 each	-	-
Other than related parties - Qouted		
Samba Bank Limited 5,240,737 (2009: 5,240,737) fully paid ordinary shares of Rupees 10 each	37,311,525	37,311,525
Shakarganj Mills Limited 39,138 (2009: 39,138) fully paid ordinary shares of Rupees 10 each	228,175	228,175
Shakarganj Mills Limited (Prefer. Shares) 184,335 (2009: 184,335) fully paid preference shares of Rupees 10 each	1,843,350	1,843,350
PICIC Insurance Company Limited 11,658 (2009: 11,658) fully paid ordinary shares of Rupees 10 each	116,580	116,580
	<u>56,744,601</u>	<u>56,744,601</u>
Opening balance of recognized impairment loss	(21,437,767)	-
Impairment loss charged during the year	(16,978,941)	(21,437,767)
	<u>(38,416,708)</u>	<u>(21,437,767)</u>
	18,327,893	35,306,834
Closing balance of fair value adjustment reserve	-	(11,305,186)
	<u>18,327,893</u>	<u>24,001,648</u>

22.2 Investment at fair value through profit or loss in listed securities	2010 Rupees	2009 Rupees
Nishat Mills Limited		
6,525 (2009: 4,500) fully paid ordinary shares of Rupees 10 each	281,358	170,190
Oil & Gas Development Company Limited		
3,800 (2009: 3,800) fully paid ordinary shares of Rupees 10 each	538,422	298,832
Pakistan Oilfield Limited		
1,680 (2009: 1,680) fully paid ordinary shares of Rupees 10 each	362,712	245,112
Pakistan Petroleum Limited		
2,508 (2009: 2,090) fully paid ordinary shares of Rupees 10 each	461,773	396,139
Fatima Fertilizer Company Limited		
500 (2009: Nil) fully paid ordinary shares of Rupees 10 each	6,265	-
	<u>1,650,530</u>	<u>1,110,273</u>

23. CASH AND BANK BALANCES

Cash in hand	520,626	464,141
Cash at bank at current account (Note 23.1)	3,454,428	7,501,391
	<u>3,975,054</u>	<u>7,965,532</u>

23.1 This includes an amount of Rupees 0.794 million (2009: Rupees 0.794 million) under lien with Standard Chartered Bank Limited and a cash deposit of Rupees 0.5 million (2009: Nil) with Habib Bank Limited against the guarantees issued on behalf of the Company.

24. NON-CURRENT ASSETS HELD-FOR-SALE

As stated in Note 14.1 to these financial statements, the Company installed new machinery comprising 04 ring frames carrying 1000 spindles. Resultantly, the 08 previous ring frames were de-commissioned and have been classified as "non-current assets held-for-sale" in accordance with International Financial Reporting Standard (IFRS) 5 'Non-current Assets Held For Sale and Discontinued Operations'. These de-commissioned operating assets had carrying amount of Rupees 6.758 million. As at reporting date, the fair value less costs to sell of assets classified as "non-current assets held-for-sale" has been determined at Rupees 2 million based upon the open market arm's length price offers received from some active interested buyers. The difference between carrying amount and fair value less costs to sell has been recognized in these financial statements.

The management intends to dispose of these "non-current assets held-for-sale" within twelve months of the reporting date and for this purpose an active programme to locate a suitable buyer has been initiated.

25. SALES

Local sales

Yarn	657,723,700	546,190,365
Cotton	30,777,750	205,700,559
Waste	14,559,962	11,393,891
Scrap	527,769	-
	<u>703,589,181</u>	<u>763,284,815</u>

26. COST OF SALES

	2010	2009
	Rupees	Rupees
Finished stock - opening	6,284,114	7,340,320
Add: Cost of goods manufactured	662,579,591	706,306,818
	<u>668,863,705</u>	<u>713,647,138</u>
Less: Finished stock - closing	2,955,202	6,284,114
	<u>665,908,503</u>	<u>707,363,024</u>
Cost of goods manufactured		
Raw material consumed (Note 26.1)	557,618,871	595,663,567
Packing materials consumed	3,597,838	3,589,823
Stores and spares	9,745,150	5,371,331
Salaries, wages and other benefits	49,059,963	47,471,260
Repair and maintenance	880,371	350,978
Rent, rates and taxes	275,376	47,800
Fuel and power	24,000,769	31,832,956
Insurance	1,520,025	1,031,835
Depreciation (Note 14.3)	18,787,449	18,827,708
Other factory overheads	2,102,268	2,008,244
	<u>667,588,080</u>	<u>706,195,502</u>
Work-in-process		
Opening stock	4,923,713	5,035,029
Closing stock	(9,932,202)	(4,923,713)
	<u>(5,008,489)</u>	<u>111,316</u>
Cost of goods manufactured	<u>662,579,591</u>	<u>706,306,818</u>

26.1 Raw material consumed

Opening stock	17,397,574	17,937,215
Add: Purchased during the year	559,471,382	595,123,926
	<u>576,868,956</u>	<u>613,061,141</u>
Less: Closing stock	19,250,085	17,397,574
	<u>557,618,871</u>	<u>595,663,567</u>

27. DISTRIBUTION COST

Salaries and other benefits	146,400	132,800
Outward freight and handling	1,170,322	1,090,373
	<u>1,316,722</u>	<u>1,223,173</u>

28. ADMINISTRATIVE EXPENSES	2010 Rupees	2009 Rupees
Salaries, allowances and benefits	14,382,447	12,542,845
Traveling, conveyance and entertainment	4,064,592	2,474,416
Rent, rates and taxes	50,000	50,000
Printing and stationery	343,098	362,466
Communication	768,426	614,887
Insurance	229,223	82,065
Subscription and periodicals	818,752	1,174,068
Repairs and maintenance	-	17,000
General expenses	1,045,582	1,491,538
Auditors' remuneration (Note 28.1)	395,000	395,000
Advertisement	47,600	486,650
Legal and professional charges	479,600	1,804,500
Depreciation (Note 14.3)	1,280,792	954,345
Amortization of intangible assets	-	266,667
	<u>23,905,112</u>	<u>22,716,447</u>
28.1 Auditors' remuneration		
Audit fee	275,000	275,000
Half yearly review	70,000	70,000
Reimbursable expenses	50,000	50,000
	<u>395,000</u>	<u>395,000</u>
29. OTHER OPERATING EXPENSES		
Workers' profit participation fund	-	641,726
Workers' welfare fund	457,985	239,074
Impairment loss on operating assets classified as non-current assets held for sale	966,561	-
Impairment loss on equity investments	16,978,941	21,437,767
Unrealized loss on remeasurement of investments through profit or loss	-	727,317
	<u>18,403,487</u>	<u>23,045,884</u>
30. OTHER OPERATING INCOME		
Income from financial assets		
Dividend income (30.1)	131,939	124,040
Income from non financial assets		
Gain on sale of property, plant and equipment	5,889	22,721
Reversal of provision for doubtful trade debts	610,785	-
Commission	5,213,083	6,394,232
Rental income	4,803,900	4,785,300
Gain on remeasurement of investment property	94,695	150,000
Creditors written back no longer payable	893,964	1,994,387
Unrealized gain on re-measurement of investments at fair value through profit or loss	452,507	-
Others	203,269	275,979
	<u>12,278,092</u>	<u>13,622,619</u>
	<u>12,410,031</u>	<u>13,746,659</u>

30.1 Included therein is dividend income of Rupees 0.020 million received from related party.

	2010 Rupees	2009 Rupees
31. FINANCE COST		
Mark-up on:		
Long term financing	5,065,971	8,802,740
Short term borrowings	2,158,754	331,102
Finance charges on lease liabilities	1,759,475	1,333,953
Bank charges and commission	445,458	298,785
	<u>9,429,658</u>	<u>10,766,580</u>
32. PROVISION FOR TAXATION		
Current (Note 32.1)	<u>4,746,560</u>	<u>1,303,357</u>

32.1 Current

The tax liability of the company for the year has been calculated under the normal provisions of the Income Tax Ordinance, 2001. The income tax assessments of the company have been finalized up to and including tax year 2008. Due to available tax losses of Rupees 38.171 million, no provision for tax is required except for income changable to final taxation and minimum taxation on turnover. Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not required in view of final and minimum taxation.

32.2 Deferred

Deferred tax asset of Rupees 11.834 million (2009: Rupees 28.540 million) arising from excess of deductible temporary differences and accumulated tax losses over taxable temporary differences chargeable to profit and loss account has not been accounted for in these financial statements. The management expects that it is not probable that taxable profits / taxable temporary differences would be available in near future against which the deferred tax asset can be utilized. However, the deferred tax liability arising on surplus on revaluation of property, plant and equipment and the surplus on revaluation of investment property, respectively, has been fully recognized in these financial statements (Note 8).

33. EARNINGS PER SHARE - BASIC AND DILUTED

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

Profit attributable to ordinary shares	(Rupees)	<u>17,694,690</u>	<u>22,854,699</u>
Weighted average number of ordinary shares	(Numbers)	<u>32,491,205</u>	<u>32,491,205</u>
Earnings per share	(Rupees)	<u>0.54</u>	<u>0.70</u>

	2010	2009
	Rupees	Rupees
34. CASH GENERATED FROM OPERATIONS		
Profit before taxation	22,441,250	24,158,056
Adjustments for non-cash charges and other items:		
Depreciation	20,068,241	21,683,308
Provision for gratuity	6,094,105	5,771,388
Share of profit from associate	(25,405,520)	(12,241,690)
Dividend income	(131,939)	(124,040)
Unrealized (gain) / loss on remeasurement of investments	(452,507)	727,317
Amortization of intangible assets	-	266,667
Impairment loss on available for sale investment	16,978,941	21,437,767
Impairment loss on property plant and equipment	966,561	-
Provisions, write offs and write backs	(893,964)	(1,994,387)
Gain on disposal of property, plant and equipment	(5,889)	(22,721)
Gain on remeasurement of investment property	(94,695)	(150,000)
Finance cost	9,429,658	10,766,580
	<u>26,552,992</u>	<u>46,120,189</u>
Net cash from operating activities before working capital changes	48,994,242	70,278,245
Working capital changes		
<i>(Increase) / Decrease in current assets</i>		
Stores and spares	106,262	(150,648)
Stock-in-trade	(3,535,028)	2,069,159
Trade debts	9,496,232	(13,252,192)
Loans and advances	18,272,570	(12,759,275)
Short term deposits and prepayments	3,946,926	(956,350)
Other receivables	(802,185)	(687,816)
<i>Increase / (Decrease) in current liabilities</i>		
Trade and other payables	(24,452,652)	8,272,088
Working capital changes	3,032,125	(17,465,034)
Net cash from operating activities after working capital changes	<u>52,026,367</u>	<u>52,813,211</u>
35. CASH AND CASH EQUIVALENTS		
Cash and bank balance	3,975,054	7,965,532
Short term borrowings	(15,891,378)	(8,720,243)
	<u>(11,916,324)</u>	<u>(754,711)</u>

	2010 Rupees	2009 Rupees
36. CHIEF EXECUTIVE OFFICER'S, DIRECTORS' AND EXECUTIVES' REMUNERATION		
Chief Executive Officer		
Managerial remuneration and other benefits	3,300,000	3,000,000
House rent and utilities	1,815,000	1,650,000
Gratuity	362,313	310,000
	<u>5,477,313</u>	<u>4,960,000</u>
Number of executive	<u>1</u>	<u>1</u>
Directors/Executives		
Managerial remuneration	3,525,203	2,156,844
Housing and utilities	1,803,495	1,083,564
Gratuity	463,871	229,526
	<u>5,792,569</u>	<u>3,469,934</u>
Number of executives	<u>4</u>	<u>2</u>
36.1 The chief executive officer is provided with free use of company maintained cars. Two (2009: Two) other executives are also provided with the company maintained cars.		
37. DEFINED BENEFIT PLAN		
37.1 General description		
The scheme provides for retirement benefits for all permanent employees who complete qualifying period of services with the company at varying percentages of last drawn salary. The percentage depends on the number of service years with the company. Annual provision is based on actuarial valuation, which was carried out as on 30 June 2010.		
37.2 Principal actuarial assumption		
Following principal actuarial assumptions were used for the valuation:	2010	2009
Estimated rate of increase in salary of the employees	11% per annum	11% per annum
Discount rate	12% per annum	12% per annum
	Rupees	Rupees
37.3 Movement in present value of defined benefit obligation		
Balance at beginning of the year	24,478,876	22,529,340
Current service cost	3,156,640	3,094,043
Interest cost	2,937,465	2,678,045
Benefits paid during the year	(1,808,488)	(2,493,611)
Actuarial (gain) / loss	209,722	(1,328,941)
Balance as at end of the year	<u>28,974,215</u>	<u>24,478,876</u>
37.4 Balance sheet liability as at 30 June 2010		
Present value of defined benefit obligation	28,974,215	24,478,876
Add: Unrecognized actuarial gain	1,620,465	1,830,187
	<u>30,594,680</u>	<u>26,309,063</u>
37.5 Movement in balances		
Balance at beginning of the year	26,309,063	23,031,286
Expense during the year	6,094,105	5,772,088
	<u>32,403,168</u>	<u>28,803,374</u>
Benefits paid during the year	(1,808,488)	(2,493,611)
Balance at the end of the year	<u>30,594,680</u>	<u>26,309,763</u>

	2010 Rupees	2009 Rupees
37.6 Charge for the year		
Current service cost	3,156,640	3,094,043
Interest cost	2,937,465	2,678,045
	6,094,105	5,772,088

	2010 Rupees	2009 Rupees	2008 Rupees	2007 Rupees	2006 Rupees
37.7 Experience Adjustments					
Experience adjustment arising on plan liabilities (gains)/ losses	210,000	(1,329,000)	(2,209,000)	140,000	(496,000)
Present value of defined benefits obligation	28,974,215	24,478,876	22,818,287	15,789,000	15,867,000

38. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise subsidiary companies, associated undertakings, other related companies and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2010		2009	
	Associates	Other related parties	Associates	Other related parties
Transactions				
Insurance premium	1,749,248	-	2,209,731	-
Rental income	4,785,300	-	4,785,300	-
Sale of cotton	30,777,750	-	205,700,559	-
Sale of yarn	657,723,700	-	546,190,365	-
Service charges	-	-	250,000	-
Insurance commission	5,036,671	-	6,394,232	-
Dividend income	19,714	-	37,345	-
Purchase of machinery	-	-	4,411,710	-
Balances as at 30 June				
Insurance premium payable	(5,802,846)	-	(51,272)	-
Advance from customers	(7,892,894)	-	(27,166,391)	-
Receivable from customer	12,921,280	-	22,093,500	-

39. PLANT CAPACITY AND ACTUAL PRODUCTION

Spinning

Total number of spindles available for production	8,840	8,840
Total number of spindles worked during the year	8,137	6,748
Number of shifts per day	3	3
Plant capacity of yarn (Kg.)	2,108,583	2,258,179
Actual production of yarn (Kg.)	3,512,348	3,281,958
Actual production in 20 / s (Kg.)	1,506,193	1,390,622
Total shifts worked	888	951

Power plant

Generation Capacity (KW)	1,053	1,053
Actual generation (KW)	614	654

39.1 Reasons for low production

Change of product mix towards courser counts resulted in utilization of less spindles keeping the production in bags almost same. Under utilization of power plant capacity is due to normal maintenance.

40. SEGMENT INFORMATION

40.1 The company has 02 reportable business segments. The following summary describes the operation in each of the company's reportable segments:

Spinning: Production of different quality of yarn using natural and artificial fibers.

Power Generation: Generation and distribution of power.

Transactions among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases have been eliminated from the total.

40.2 Segment results

	Spinning		Power Generation		Elimination of Inter-segment transactions		Total - Company	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009	30 June 2010	30 June 2009	30 June 2010	30 June 2009
Sales	703,589,181	763,284,815	37,386,782	30,302,938	(37,386,782)	(30,302,938)	703,589,181	763,284,815
Cost of sales	(674,474,634)	(709,168,923)	(28,820,651)	(28,497,039)	37,386,782	30,302,938	(665,908,503)	(707,363,024)
Gross profit	29,114,547	54,115,892	8,566,131	1,805,899	-	-	37,680,678	55,921,791
Distribution cost	(1,316,722)	(1,223,173)	-	-	-	-	(1,316,722)	(1,223,173)
Administrative expenses	(23,644,304)	(22,037,839)	(260,808)	(678,608)	-	-	(23,905,112)	(22,716,447)
	(24,961,026)	(23,261,012)	(260,808)	(678,608)	-	-	(25,221,834)	(23,939,620)
Profit before taxation and unallocated expenses and income	4,153,521	30,854,880	8,305,323	1,127,291	-	-	12,458,844	31,982,171
Unallocated income and expenses:								
Finance cost							(9,429,658)	(10,766,580)
Other operating expenses							(18,403,487)	(23,045,884)
Other operating income							12,410,031	13,746,659
Share of profit in associated companies							25,405,520	12,241,690
Taxation							(4,746,560)	(1,303,357)
Profit after taxation							17,694,690	22,854,699

40.2.1 The sales of yarn to a single customer amounts to Rupees 657.724 million (2009: Rupees 546.190 million) out of the total revenue/sales of the company. All the reported segments operate in same geographical location.

40.3 Segment Assets

	Spinning		Power Generation		Total - Company	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Segment assets	624,440,969	629,672,360	18,353,398	20,062,459	642,794,367	649,734,819
Unallocated assets					277,649,854	282,762,363
					920,444,221	932,497,182

41. FINANCIAL RISK MANAGEMENT

41.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and manages financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, and investment of excess liquidity.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The company is not exposed to this risk because there were no receivables and payables in any foreign currency as at the reporting date.

Certain foreign currency transactions were carried out during the year which have been settled before the balance sheet date. Therefore, no currency risk regarding these transactions exist at the reporting date. Following significant exchange rates were used during the year.

	2010	2009
	Rupees per dollar	
Average rate	84.27	79.09

Sensitivity analysis

Sensitivity analysis of functional currency at reporting date is not required due to nil foreign currency nominated financial assets and financial liabilities at the reporting date.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to commodity price risk.

Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Karachi Stock Exchange (KSE) Index on the Company's profit after taxation for the year and on equity (fair value reserve). The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:

Index	Impact on profit after taxation		Statement of other comprehensive income (fair value reserve)	
	2010 Rupees	2009 Rupees	2010 Rupees	2009 Rupees
KSE 100 (5% increase)	998,922	55,514	-	1,200,082
KSE 100 (5% decrease)	(998,922)	(55,514)	-	(1,200,082)

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from long term financing and short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Company to fair value interest rate risk. As at reporting date, there were no fixed rate borrowings.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	2010 Rupees	2009 Rupees
Floating rate instruments		
Financial liabilities		
Long term financing	45,516,629	72,630,859
Liabilities against assets subject to finance lease	1,945,977	5,393,148
Short term borrowings	15,391,378	8,720,243

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 0.629 million (30 June 2009: Rupees 0.733 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at reporting date were outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Investments	19,978,423	25,111,921
Loans and advances	10,217,702	27,820,751
Deposits	710,722	4,105,722
Trade debts	13,223,194	22,719,426
Other receivables	4,632,678	3,830,493
Bank balances	3,454,428	7,501,391
	<u>52,217,147</u>	<u>91,089,704</u>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

	Rating			2010	2009
	Short Term	Long term	Agency	Rupees	Rupees
Banks					
National Bank of Pakistan	A-1+	AAA	JCR-VIS	40,658	40,658
Allied Bank Limited	A1+	AA	PACRA	(100,526)	53,021
Faysal Bank Limited	A-1+	AA	PACRA	5,392	5,392
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	2,339,571	5,740,861
The Royal Bank of Scotland Limited	A1+	AA	PACRA	21,241	15,953
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	829,164	829,164
United Bank Limited	A-1+	AA+	JCR-VIS	211,236	705,264
Bank Al-Habib Limited	A1+	AA+	PACRA	18,248	47,748
Emirates Global Islamic Bank Limited	A2	A-	PACRA	89,444	63,330
				<u>3,454,428</u>	<u>7,501,391</u>
Investments					
Samba Bank Limited	A-1	A	JCR-VIS	15,617,396	55,080,146
				<u>19,071,824</u>	<u>62,581,537</u>

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 21.

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

(c) **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2010, the Company had Rupees 34.610 million (2009: Rupees 41.279 million) available unused borrowing limits from financial institutions and Rupees 3.975 million (2009: Rupees 7.965 million) cash and bank balances. Despite the fact that the Company is in a negative working capital position at the year end, management believes the liquidity risk to be low considering the nature of individual items in the net-working capital position. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2010

	Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Long term financing	45,516,629	56,895,786	14,760,668	6,308,963	23,042,230	12,783,925
Liabilities against assets subject to finance lease	1,945,977	2,262,763	1,342,567	613,464	306,732	-
Trade and other payables	25,857,469	25,857,469	18,100,238	7,757,231	-	-
Short term borrowings	15,391,378	16,584,210	16,584,210	-	-	-
Accrued Markup	29,324,005	29,324,005	29,324,005	-	-	-
	<u>118,035,458</u>	<u>130,924,233</u>	<u>80,111,688</u>	<u>14,679,658</u>	<u>23,348,962</u>	<u>12,783,925</u>

Contractual maturities of financial liabilities as at 30 June 2009

	Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Long term financing	72,630,859	102,538,985	14,760,668	14,320,369	20,276,824	53,181,124
Liabilities against assets subject to finance lease	5,393,148	6,919,003	3,788,382	2,396,558	734,063	-
Trade and other payables	30,826,946	30,826,946	23,459,886	7,367,060	-	-
Short term borrowings	8,720,243	9,407,398	9,407,398	-	-	-
Accrued markup	27,331,793	27,331,793	27,331,793	-	-	-
	<u>144,902,989</u>	<u>177,024,125</u>	<u>78,748,127</u>	<u>24,083,987</u>	<u>21,010,887</u>	<u>53,181,124</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June. The rates of interest / mark up have been disclosed in note 6, 7 and note 10 to these financial statements.

41.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which fair value is observable:

	Level 1	Level 2	Level 3	Total
	Rupees	Rupees	Rupees	Rupees
As at 30 June 2010				
Assets				
Available for sale financial assets	19,978,423	-	-	19,978,423
As at 30 June 2009				
Assets				
Available for sale financial assets	25,111,921	-	-	25,111,921

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial instruments held by the Company is the current bid price. These financial instruments are classified under level 1 in above referred table.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value a financial instrument are observable, those financial instruments are classified under level 2 in above referred table. The Company has no such type of financial instruments as on 30 June 2010.

If one or more of the significant inputs is not based on observable market data, the financial instrument is classified under level 3. The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments. The Company has no such type of financial instruments as on 30 June 2010.

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

41.3 Financial instruments by categories

	Loans and receivables	Assets at fair value through profit or loss	Available for sale	Total
	Rupees	Rupees	Rupees	Rupees
As at 30 June 2010				
Assets as per balance sheet				
Investments	-	1,650,530	18,327,893	19,978,423
Loans and advances	10,217,702	-	-	10,217,702
Deposits	710,722	-	-	710,722
Trade debts	13,223,194	-	-	13,223,194
Other receivables	4,632,678	-	-	4,632,678
Cash and bank balances	3,975,054	-	-	3,975,054
	<u>32,759,350</u>	<u>1,650,530</u>	<u>18,327,893</u>	<u>52,737,773</u>

Liabilities as per balance sheet

	Financial liabilities at amortized cost
	Rupees
Long term financing	45,516,629
Liabilities against assets subject to finance lease	1,945,977
Accrued mark-up	29,324,005
Short term borrowings	15,391,378
Trade and other payables	25,857,469
	<u>118,035,458</u>

As at 30 June 2009**Assets as per balance sheet**

	Loans and receivables	Assets at fair value through profit or loss	Available for sale	Total
	Rupees	Rupees	Rupees	Rupees
Investments	-	1,110,273	24,001,648	25,111,921
Loans and advances	27,820,751	-	-	27,820,751
Deposits	4,105,722	-	-	4,105,722
Trade debts	22,719,426	-	-	22,719,426
Other receivables	3,830,493	-	-	3,830,493
Cash and bank balances	7,965,532	-	-	7,965,532
	<u>66,441,924</u>	<u>1,110,273</u>	<u>24,001,648</u>	<u>91,553,845</u>

Liabilities as per balance sheet

	Financial liabilities at amortized cost
	Rupees
Long term financing	72,630,859
Liabilities against assets subject to finance lease	5,393,148
Short term borrowings	8,720,243
Trade and other payables	30,826,946
Accrued mark-up	27,331,793
	<u>144,902,989</u>

42. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 05, 2010 by the Board of Directors of the Company.

43. CORRESPONDING FIGURES

During the year no significant reclassification has been made.

44. GENERAL

Figures have been rounded off to the nearest Rupee unless otherwise stated.



Shams Rafi
Chief Executive



Shaukat Shafi
Director