

JUBILEE SPINNING & WEAVING MILLS LIMITED
BALANCE SHEET AS AT 30 JUNE 2011

EQUITY AND LIABILITIES				ASSETS			
NOTE	2011	2010	2009	NOTE	2011	2010	2009
	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees
		Restated	Restated			Restated	Restated
SHARE CAPITAL AND RESERVES				NON-CURRENT ASSETS			
Authorized share capital				Property, plant and equipment			
34,000,000 (2010: 34,000,000) ordinary shares of Rupees 10 each				Operating assets			
	340,000,000	340,000,000	340,000,000	15	621,643,439	636,687,626	649,734,819
Issued, subscribed and paid up share capital				Capital work in progress - plant and machinery			
3	324,912,050	324,912,050	324,912,050	16	5,000,000	10,897,143	-
Reserves				Investment property			
4	(282,232,422)	(177,843,343)	(221,885,020)	17	23,434,645	23,434,645	23,339,950
Total equity				Long term investments			
	42,679,628	147,068,707	103,027,030	18	110,959,889	184,951,934	152,549,681
Surplus on revaluation of property, plant and equipment-net of tax-restated				Long term loans			
5	558,458,912	566,588,980	573,631,558	18	1,296,121	2,443,641	1,774,120
Surplus on revaluation of investment property-net of tax				Long term deposits			
	19,208,728	19,208,728	19,208,728		710,722	710,722	2,210,722
					763,044,816	859,125,711	829,609,292
LIABILITIES				CURRENT ASSETS			
NON-CURRENT LIABILITIES				CURRENT ASSETS			
Long term financing				Stores and spares			
6	12,783,898	28,525,769	56,548,561	19	3,188,095	1,967,872	2,074,134
Liabilities against assets subject to finance lease				Stock in trade			
7	293,605	818,418	679,234	20	21,907,485	32,152,965	28,617,937
Deferred income tax				Trade debts			
8	31,824,646	36,202,374	40,345,044	21	34,653,225	13,223,194	22,719,426
Employees' retirement benefits				Loans and advances			
9	32,378,130	30,594,680	26,309,063		1,962,577	7,774,061	26,046,631
	77,280,279	96,141,241	123,881,902		1,098,687	970,855	4,917,781
CURRENT LIABILITIES				Short term deposits and prepayments			
Trade and other payables				Other receivables			
10	76,089,172	46,935,409	72,282,025		4,494,872	4,632,678	3,830,493
Accrued mark-up				Advance income tax and refund			
	28,871,145	29,324,005	27,331,793		17,687,728	20,286,679	20,250,573
Short term borrowings				Short term investments			
11	22,817,296	15,891,378	8,720,243	22	19,530,811	19,978,423	25,111,921
Current portion of long term liabilities				Cash and bank balances			
12	26,297,151	30,253,544	31,828,144	23	2,903,007	3,975,054	7,965,532
Provisions					107,426,487	104,961,781	141,534,428
13	9,928,940	9,928,940	9,928,940				
Provision for taxation				Non-current assets held for sale			
	8,840,052	4,746,560	1,303,357	24	-	2,000,000	-
	172,843,756	137,079,836	151,394,502				
TOTAL LIABILITIES					870,471,303	966,087,492	971,143,720
	250,124,035	233,221,077	275,276,404				
CONTINGENCIES AND COMMITMENTS				TOTAL ASSETS			
14					870,471,303	966,087,492	971,143,720
TOTAL EQUITY AND LIABILITIES					870,471,303	966,087,492	971,143,720
	870,471,303	966,087,492	971,143,720				

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



Shams Rafi
Chief Executive



Shaikat Shafi
Director

JUBILEE SPINNING & WEAVING MILLS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	2011 Rupees	2010 Rupees Restated
SALES	25	783,739,078	703,589,181
COST OF SALES	26	<u>(792,220,507)</u>	<u>(665,908,503)</u>
GROSS (LOSS) / PROFIT		(8,481,429)	37,680,678
DISTRIBUTION COST	27	<u>(2,030,197)</u>	<u>(1,316,722)</u>
ADMINISTRATIVE EXPENSES	28	<u>(21,086,203)</u>	<u>(23,905,112)</u>
OTHER OPERATING EXPENSES	29	<u>(3,660,782)</u>	<u>(18,403,487)</u>
		<u>(26,777,182)</u>	<u>(43,625,321)</u>
		(35,258,611)	(5,944,643)
OTHER OPERATING INCOME	30	<u>10,081,506</u>	<u>12,410,031</u>
(LOSS) / PROFIT FROM OPERATIONS		(25,177,105)	6,465,388
FINANCE COST	31	<u>(5,991,285)</u>	<u>(9,429,658)</u>
		(31,168,390)	(2,964,270)
SHARE OF (LOSS) / PROFIT IN ASSOCIATED COMPANIES		<u>(73,992,045)</u>	<u>32,402,253</u>
(LOSS) / PROFIT BEFORE TAXATION		(105,160,435)	29,437,983
PROVISION FOR TAXATION	32	<u>(8,603,295)</u>	<u>(4,746,560)</u>
(LOSS) / PROFIT AFTER TAXATION		<u>(113,763,730)</u>	<u>24,691,423</u>
(LOSS) / EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)	33	<u>(3.50)</u>	<u>0.76</u>

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



Shams Rafi
Chief Executive

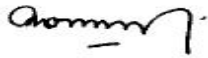


Shaukat Shafi
Director


JUBILEE SPINNING & WEAVING MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	2011 Rupees	2010 Rupees Restated
(LOSS) / PROFIT AFTER TAXATION	(113,763,730)	24,691,423
OTHER COMPREHENSIVE INCOME		
Fair value adjustment on available for sale investments	2,719,339	11,305,186
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR	<u>(111,044,391)</u>	<u>35,996,609</u>

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 2011

	NOTE	2011 Rupees	2010 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	27,580,615	52,026,367
Finance cost paid		(5,230,633)	(6,334,253)
Income tax paid		(1,910,848)	(1,339,463)
Gratuity paid		(5,141,702)	(1,808,488)
Net decrease / (increase) in long term loans		1,147,520	(669,521)
Net decrease in long term deposits		-	1,500,000
Net cash generated from operating activities		16,444,952	43,374,642
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		5,200,000	60,345
Capital expenditure on property, plant and equipment		(8,458,547)	(22,156,938)
Short-term investment purchased		-	(87,750)
Dividends received		252,219	131,939
Net cash used in investing activities		(3,006,328)	(22,052,404)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(20,389,054)	(27,114,230)
Repayment of finance lease liabilities		(1,047,535)	(5,369,621)
Net cash used in financing activities		(21,436,589)	(32,483,851)
Net decrease in cash and cash equivalents		(7,997,965)	(11,161,613)
Cash and cash equivalents at the beginning of the year		(11,916,324)	(754,711)
Cash and cash equivalents at the end of the year	35	(19,914,289)	(11,916,324)

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 2011

	RESERVES					TOTAL	TOTAL EQUITY
	SHARE CAPITAL	CAPITAL	REVENUE				
			Fair value reserve	General reserve	Accumulated loss		
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
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
Equity method adjustments of associated company (Note 17.4.2)	-	-	-	(39,867,381)	(39,867,381)	(39,867,381)	(39,867,381)
Balance as at 01 July 2009	324,912,050	(11,305,186)	51,012,000	(261,591,834)	(210,579,834)	(221,885,020)	103,027,030
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-restated	-	11,305,186	-	24,691,423	24,691,423	35,996,609	35,996,609
Balance as at 30 June 2010	324,912,050	-	51,012,000	(228,855,343)	(177,843,343)	(177,843,343)	147,068,707
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	-	6,655,312	6,655,312	6,655,312	6,655,312
Comprehensive (loss) / income for the year ended 30 June 2011	-	2,719,339	-	(113,763,730)	(113,763,730)	(111,044,391)	(111,044,391)
Balance as at 30 June 2011	324,912,050	2,719,339	51,012,000	(335,963,761)	(284,951,761)	(282,232,422)	42,679,628

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

2011 (NUMBER OF SHARES)	2010		2011 Rupees	2010 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 3.1)	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 3.2)	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 3.3)	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** 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.
- 3.2** 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).
- 3.3** 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.
- 3.4** As at 30 June 2011, Crescent Sugar Mills & Distillery Limited associated undertaking held 474,323 (2010: 474,323) ordinary shares of Rupees 10 each of the company.

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

2011	2010
Rupees	Rupees

2,719,339

-

Revenue

General

51,012,000

51,012,000

Accumulated loss

(335,963,761)

(228,855,343)

(284,951,761)

(177,843,343)

(282,232,422)

(177,843,343)

5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX

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.

	2011 Rupees	2010 Rupees
Balance as at 01 July	523,147,194	534,332,442
Addition to surplus due to revaluation (Note 5.1)	-	650,950
Incremental depreciation charged during the year transferred to equity	(6,655,312)	(8,045,068)
Surplus realized on disposal of assets	(5,852,484)	-
Impairment loss on operating assets categorized as non-current assets held for sale	-	(3,791,130)
	(12,507,796)	(11,185,248)
	510,639,398	523,147,194
Less: Related deferred tax liability (Note 8)		
Opening balance	35,072,133	39,214,803
Effect of incremental depreciation charged during the year transferred to equity	(2,329,359)	(2,815,774)
Deferred tax attributed to the surplus realized on disposal of assets	(2,048,369)	-
Deferred tax attributed to impairment relating to operating assets categorized as non-current assets held for sale	-	(1,326,896)
	30,694,405	35,072,133
	479,944,993	488,075,061
Surplus on revaluation of associated company accounted for under equity method (Note 5.4)	78,513,919	78,513,919
	558,458,912	566,588,980

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 lease hold 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:

	2011			2010
	COST	ACCUMULATED DEPRECIATION	WRITTEN DOWN VALUE	WRITTEN DOWN VALUE
	Rupees	Rupees	Rupees	Rupees
Leasehold land	-	-	-	-
Building on leasehold land	37,376,984	20,055,136	17,321,848	19,246,498
Plant and machinery	98,052,763	34,609,002	63,443,761	56,919,707
	135,429,747	54,664,138	80,765,609	76,166,205

5.4 This represents the company's share of the surplus on revaluation of property, plant and equipment of the associated company {Cresox (Private) Limited (formerly, Renfro Crescent (Private) Limited} accounted for retrospectively as a result of amalgamation of the associated company with its wholly owned subsidiary. The last revaluation of leasehold land was carried out as at 30 June 2010. Before this revaluation, the lease hold land was also revalued as at 30 September 1995, 30 September 2002, 30 September 2004, 30 June 2008, and 30 June 2009

	2011 Rupees	2010 Rupees
6. LONG TERM FINANCING		
From banking companies:		
Habib Bank Limited		
Rescheduled demand finance (Note 6.1)	-	7,164,872
Less: current portion (Note 11)	-	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: Accumulated proportionate reversal of fair value adjustment	7,121,399	5,907,887
	13,348,637	12,135,125
Less: Paid during the year	(6,832,215)	-
	6,516,422	12,135,125
Less: Current portion	(4,171,449)	(9,177,188)
Overdue portion	(2,344,973)	-
	(6,516,422)	(9,177,188)
	-	2,957,937
National Bank of Pakistan		
Outstanding liability (Note 6.3)	31,959,790	38,351,757
Less: Current portion (Note 11)	(12,783,925)	(12,783,925)
Overdue portion	(6,391,967)	-
	(19,175,892)	(12,783,925)
	12,783,898	25,567,832
	12,783,898	28,525,769

6.1 Rescheduled demand finance

The facility has been fully paid during the period.

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 commenced from 06 November 2010
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	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 31,959,790 (2010: 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

	2011 Rupees	2010 Rupees
7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Lease for vehicles (Note 7.1 & 7.2)	293,605	818,418

7.1 Analysis of minimum lease payments and present value

	2011		2010	
	Minimum lease payments	Present value	Minimum lease payments	Present value
	Rupees			
Up to one year		604,837	1,342,567	1,127,560
Over one to five years	306,732	293,605	920,196	818,417
	1,022,440	898,442	2,262,763	1,945,977
Financial charges allocated to	(123,998)	-	(316,786)	-
	898,442	898,442	1,945,977	1,945,977
Current maturity (Note 11)	524,806	524,806	1,127,559	1,127,559
Overdue (Note 11)	80,031	80,031	-	-
	293,605	293,605	818,418	818,418

The future minimum payments to which the company is committed as at 30 June 2011 are as under:

	2011 Rupees	2010 Rupees
Years		
2011	-	1,342,567
2012		613,464
2013	306,732	306,732
	306,732	2,262,763

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 (2010: 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 INCOME TAX					
			2011	2010	
			Rupees	Rupees	
Deferred tax liability on revaluation of property, plant and equipment (Note 5 & 32.2)			30,694,405	35,072,133	
Deferred tax liability on revaluation of investment property (Note 32.2)			1,130,241	1,130,241	
			<u>31,824,646</u>	<u>36,202,374</u>	
9. STAFF RETIREMENT BENEFITS					
Staff gratuity scheme -unfunded					
Present value of defined benefit obligation			30,447,051	28,974,215	
Add: Unrecognized actuarial gain			1,931,079	1,620,465	
			<u>32,378,130</u>	<u>30,594,680</u>	
9.1 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 2011.					
9.2 Movement in present value of defined benefit obligation			2011	2010	
			Rupees	Rupees	
Balance at beginning of the year			28,974,215	24,478,876	
Current service cost			3,448,246	3,156,640	
Interest cost			3,476,906	2,937,465	
Benefits paid during the year			(5,141,702)	(1,808,488)	
Actuarial (gain) / loss			(310,614)	209,722	
Balance as at end of the year			<u>30,447,051</u>	<u>28,974,215</u>	
9.3 Movement in balances					
Balance at beginning of the year			30,594,680	26,309,063	
Expense during the year			6,925,152	6,094,105	
			<u>37,519,832</u>	<u>32,403,168</u>	
Benefits paid during the year			(5,141,702)	(1,808,488)	
Balance at the end of the year			<u>32,378,130</u>	<u>30,594,680</u>	
9.4 Charge for the year					
Current service cost			3,448,246	3,156,640	
Interest cost			3,476,906	2,937,465	
			<u>6,925,152</u>	<u>6,094,105</u>	
9.5 Experience Adjustments					
	2011	2010	2009	2008	2007
	Rupees	Rupees	Rupees	Rupees	Rupees
Experience adjustment arising on plan liabilities (gains) / losses	(311,000)	210,000	(1,329,000)	(2,209,000)	140,000
Present value of defined benefits obligation	30,447,051	28,974,215	24,478,876	22,818,287	15,789,000
9.6 Principal actuarial assumption					
Following principal actuarial assumptions were used for the valuation:					
			2011	2010	
Estimated rate of increase in salary of the employees			13% per annum	11% per annum	
Discount rate			14% per annum	12% per annum	
10. TRADE AND OTHER PAYABLES			Rupees	Rupees	
Creditors			31,470,902	7,065,969	
Accrued liabilities			5,793,620	4,760,164	
Advances from customers			8,865,720	8,109,384	
Income tax deducted at source			13,457,149	12,515,278	
Dividend payable			577,737	578,302	
Workers' profit participation fund (Note 10.1)			1,672	1,672	
Workers' welfare fund			-	458,732	
Due to director, associates and others			1,820,620	1,820,620	
Other liabilities			14,101,752	11,625,288	
			<u>76,089,172</u>	<u>46,935,409</u>	

10.1 Workers' profit participation fund

Balance as on 01 July	1,672	1,182,840
Add: Provision for the year (Note 29)	-	-
	<u>1,672</u>	<u>1,182,840</u>
Less: Paid during the year	-	1,181,168
	<u>1,672</u>	<u>1,672</u>

10.1.1 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.

11. SHORT TERM BORROWINGS**From banking company - secured**

Habib Bank Limited - Cash finance (Note 11.1)	<u>22,817,296</u>	<u>15,891,378</u>
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11.1 Maximum limit under this facility is Rupees 50 million (2010: Rupees 50 million) with sublimit of cash in transit Rupees 12 million (2010: Rupees 12 million). Unused credit facility as at the balance sheet date was Rupees 27.143 million.

Details of this facility are as under:

Maximum limit	Rupees 50,000,000
Repayment of mark up	On quarterly
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 2011

12. CURRENT PORTION OF LONG TERM LIABILITIES

	2011 Rupees	2010 Rupees
Current maturity of long term financing:		
Habib Bank Limited (Note 6)	-	7,164,872
Habib Bank Limited (Note 6)	4,171,449	9,177,188
National Bank of Pakistan (Note 6)	12,783,925	12,783,925
Current maturity of liabilities against assets subject to finance lease (Note 7.1)	524,806	1,127,559
Overdue portion of long term liabilities	8,816,971	-
	<u>26,297,151</u>	<u>30,253,544</u>

13 PROVISIONS

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

14 CONTINGENCIES AND COMMITMENTS**14.1 Contingencies**

Bank Guarantee from:

Faysal Bank Limited (formerly Royal Bank of Scotland) (Note 14.1.1)	8,600,000	8,600,000
Standard Chartered Bank (Pakistan) Limited (Note 14.1.2)	793,800	793,800
Habib Bank Limited (Note 14.1.3)	2,000,000	2,000,000
	<u>11,393,800</u>	<u>11,393,800</u>

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

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

14.1.3 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 (2010: Rupees 0.5 million) and hypothecation charge over current assets of Rupees 12 million (2010: Rupees 12 million).

14.2 Commitments

There were no capital or other commitments as at 30 June 2011 (2010: Nil).

15. OPERATING ASSETS

	Owned									Leased			Total	
	Lease hold land	Building on lease hold land	Plant and machinery	Installations and equipment	Factory tools and equipment	Vehicles	Office equipment	Furniture and fixtures	Office machines and electrical appliances	Sub total	Vehicles	Generator		Sub total
As at 30 June 2009	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
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
Transfer/Disposal														
Cost	-	-	14,705,572	-	-	-	222,373	-	-	14,927,945	-	20,844,998	20,844,998	35,772,943
Accum. Dep	-	-	(7,947,881)	-	-	-	(167,917)	-	-	(8,115,798)	-	(8,411,905)	(8,411,905)	(16,527,703)
Disposals - net	-	-	6,757,691	-	-	-	54,456	-	-	6,812,147	-	12,433,093	12,433,093	19,245,240
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
As at 30 June 2011														
Opening 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
Additions	-	-	14,355,690	-	-	-	-	-	-	14,355,690	-	-	-	14,355,690
Transfer/Disposal														
Cost	-	-	28,623,690	-	-	-	-	-	-	28,623,690	-	-	-	28,623,690
Accum. Dep	-	-	(17,514,494)	-	-	-	-	-	-	(17,514,494)	-	-	-	(17,514,494)
Disposals - net	-	-	11,109,196	-	-	-	-	-	-	11,109,196	-	-	-	11,109,196
Depreciation charge	-	(5,449,767)	(11,143,190)	(283,872)	(22,041)	(422,657)	(125,159)	(11,224)	(156,843)	(17,614,753)	(675,928)	-	(675,928)	(18,290,681)
Closing net book amount	458,000,000	49,047,904	105,919,394	2,554,848	124,900	1,690,628	612,257	101,018	888,780	618,939,729	2,703,710	-	2,703,710	621,643,439
Cost / Re-assessed value	458,000,000	118,056,641	239,289,805	8,613,452	452,842	6,212,963	1,514,899	841,301	8,735,261	841,717,164	6,497,671	-	6,497,671	848,214,835
Accumulated depreciation	-	(69,008,737)	(133,370,411)	(6,058,604)	(327,942)	(4,522,335)	(902,642)	(740,283)	(7,846,481)	(222,777,435)	(3,793,961)	-	(3,793,961)	(226,571,396)
Net book amount (Rs.)	458,000,000	49,047,904	105,919,394	2,554,848	124,900	1,690,628	612,257	101,018	888,780	618,939,729	2,703,710	-	2,703,710	621,643,439
Rate of depreciation (%)	0	10	10	10	15	20	15	10	15	20				

15.1 Detail of operating fixed assets disposed of during the year:

Description	Qty.	Cost	depreciation	Net book	Sales proceed	Particulars of purchasers
Air compressor	4	6,565,330	5,248,816	1,316,514	200,000	Links International, Karachi
Ring frames	12	22,058,360	12,182,442	9,875,918	3,000,000	Abdul Majeed & Sons, Karachi
		28,623,690	17,431,258	11,192,432	3,200,000	

15.2 Depreciation charge for the year has been allocated as follows:	2011	2010
Owned	Rupees	Rupees
Cost of sales (Note 26.1)	17,066,937	18,787,448
Administrative expenses (Note 28)	547,816	649,196
	<u>17,614,753</u>	<u>19,436,644</u>
Leased		
Administrative expenses (Note 28)	675,928	631,597
	<u>18,290,681</u>	<u>19,436,644</u>
16. INVESTMENT PROPERTY		
Investment property - at revalued amount	<u>23,434,645</u>	<u>23,434,645</u>

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 2011 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 which is unchanged from the last year. No expenses directly related to the investment property have been incurred during the year.

17 LONG TERM INVESTMENTS	2011	2010
	Rupees	Rupees Restated
Available for sale - Associated company (without significant influence)		
Taxmac (Private) Limited (Note 17.1)	520,000	520,000
Associated companies (with significant influence) - Under equity method		
Premier Insurance company Limited - quoted (Note 17.3)	12,327	-
Cresox (Private) Limited {Formerly Renfro Crescent (Private) Limited} (Note 17.4)	110,427,562	184,431,934
Crescent Industrial Chemical Limited (Note 17.5)	-	-
	<u>110,439,889</u>	<u>184,431,934</u>
	<u>110,959,889</u>	<u>184,951,934</u>

17.1 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.

17.2 Name of Associate	Basis of significant influence
Premier Insurance Limited	Common directorship creating significant influence
Crescent Industrial Chemical Limited	
Cresox (Private) Limited {Formerly Renfro Crescent (Private) Limited}	Shareholding 24.93 % creating significant influence

17.3 Premier Insurance Company Limited	2 011	2 010
The movement is as follows:	Rupees	Rupees
Opening balance of investment	-	-
Share of profit of associate for the year	68,113	52,889
Share of loss of previous years - unrecognized	(27,448)	(60,623)
Dividend income	(28,338)	(19,714)
Closing balance as at 30 June 2009	<u>12,327</u>	<u>(27,448)</u>
Unrecognised loss	-	27,448
Net closing balance	<u>12,327</u>	<u>-</u>

17.3.1 During the year, Premier Insurance Company Limited earned net profit. Therefore the company accounted for its share of profit after adjusting for the previous unrecognized losses.

17.3.2 Summarized finance position of Premier Insurance company Limited

	2 011	2 010
	Rupees	Rupees
Total assets	3,247,085,000	3,078,814,000
Total Liabilities	1,419,142,000	1,299,151,000
Net Assets	1,827,943,000	1,779,663,000
Profit / (loss) after tax	181,973,000	184,798,000
Cost of investment	134	134
Market value	189,068	162,940
Ownership interest	0.0286%	0.0286%

Number of ordinary shares held 22670 (2010:17,334) of Rupees 10 each.

17.4 Cresox (Private) Limited (CSPL) [Formerly Renfro Crescent (Private) Limited]

Restated

The movement is as follows:

Opening balance of investment	105,918,015	73,515,762
Share of (loss) / profit of associate	(74,004,372)	32,402,253
	<u>31,913,643</u>	<u>105,918,015</u>
Revaluation surplus arising on amalgamation of CSPL	78,513,919	78,513,919
	<u><u>110,427,562</u></u>	<u><u>184,431,934</u></u>

17.4.1 Summarized financial position of CSPL

Total assets	2,008,001,461	2,015,245,715
Total Liabilities	1,565,050,952	1,275,446,543
Gross turnover	1,943,413,273	2,188,370,886
(Loss) / profit after tax	(296,848,663)	129,972,935
Cost of investment	89,821,600	89,821,600
Ownership interest	24.93%	24.93%
Number of ordinary shares held 8,982,160 (2010 : 8,982,160) of Rupees 10 each.		
Market value	Un-quoted	Un-quoted

17.4.2 Adjustments due to merger of Elite Textile Mills (Private) Limited (a wholly owned subsidiary of CSPL) with and into CSPL

During the year, Elite Textile Mills (Private) Limited, a wholly owned subsidiary of CSPL has been merged with and into CSPL. The merger of the associated company was accounted for using the pooling of interest method. Therefore, the company has also accounted for the effects of merger in the carrying amount of investments in CSPL retrospectively. The impact of the adjustments on opening retained earnings and corresponding figures is as follows:

	Rupees
Decrease in opening balance of accumulated loss in statement of changes in equity	(39,867,381)
Increase in surplus on revaluation of property, plant and equipment	78,513,919
Increase in profit for the year ended 30 June 2010	6,996,733
Increase in loss for the year ended 30 June 2011	74,004,372
Decrease in investment in associated company	(28,361,101)

All the adjustments under equity method have been made on the basis of unaudited financial statements of the associated company since the audited financial statements were not available till the date of authorisation for issue of these financial statements.

17.5 This investment was fully impaired in previous years.

- -

	2011 Rupees	2010 Rupees
18. LONG TERM LOANS		
Due from executives/directors	-	486,250
Due from employees	2,230,843	3,227,835
	<u>2,230,843</u>	<u>3,714,085</u>
Less: Current portion	934,722	1,270,444
	<u>1,296,121</u>	<u>2,443,641</u>
18.1	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.	
19. STORES AND SPARES		
Stores	846,206	881,248
Spare parts	2,341,889	1,086,624
	<u>3,188,095</u>	<u>1,967,872</u>
20. STOCK IN TRADE		
Raw materials	16,244,562	19,250,085
Work in process	4,038,495	9,932,202
Finished goods	1,545,817	2,470,346
Packing material	27,932	15,476
Waste stock	50,679	484,856
	<u>21,907,485</u>	<u>32,152,965</u>
21. TRADE DEBTS		
Considered good:		
Unsecured	<u>34,653,225</u>	<u>13,223,194</u>
Considered doubtful:		
Others - unsecured	19,780,692	20,552,792
Less: Provision for doubtful debts		
As at 01 July	20,552,792	21,163,577
Less: Reversal due to recovery	(772,100)	(610,785)
As at 30 June	19,780,692	20,552,792
	<u>-</u>	<u>-</u>
21.1	As at 30 June 2011, trade debts of Rupees 0.0996 million (30 June 2010 : Rupees 0.0103 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	34,553,630	13,212,834
3 months to one year	99,596	10,360
	<u>34,653,226</u>	<u>13,223,194</u>
21.2	Trade debts of Rupees 19.781 million (2010 : Rupees 20.553 million) were impaired and provided for in previous years. The ageing of these trade debts was more than one year.	

	2011 Rupees	2010 Rupees
22. SHORT TERM INVESTMENTS		
Available for sale (Note 22.1)	17,386,450	18,327,893
Investment at fair value through profit or loss in listed securities (Note 22.2)	2,144,361	1,650,530
	<u>19,530,811</u>	<u>19,978,423</u>
22 Investments available for sale		
Related parties - Quoted		
The Crescent Textile Mills Limited		
827 (2010: 827) fully paid ordinary shares of Rupees 10 each	-	-
Crescent Sugar Mills & Distillery Limited		
510,600 (2010: 510,600) fully paid ordinary shares of Rupees 10 each	3,150,402	3,150,402
Other than related parties - Quoted		
Samba Bank Limited		
5,240,737 (2010: 5,240,737) fully paid ordinary shares of Rupees 10 each	37,311,525	37,311,525
Crescent Jute Products Limited		
1,716,683 (2010: 1,716,683) fully paid ordinary shares of Rupees 10 each	13,732,069	13,732,069
Crescent Spinning Mills Limited		
290,000 (2010: 290,000) fully paid ordinary shares of Rupees 10 each	362,500	362,500
Crescent Steel and Allied Products Limited	-	-
36,253 (2010: 36,253) fully paid bonus ordinary shares of Rupees 10 each		
Shakarganj Mills Limited		
39,138 (2010: 39,138) fully paid ordinary shares of Rupees 10 each	228,175	228,175
Shakarganj Mills Limited (Prefer. Shares)		
184,335 (2010: 184,335) fully paid preference shares of Rupees 10 each	1,843,350	1,843,350
PICIC Insurance Company Limited		
11,658 (2010: 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	(38,416,708)	(21,437,767)
Impairment loss charged during the year	(3,660,782)	(16,978,941)
Unrealised fair value gain	2,719,339	-
	<u>(39,358,151)</u>	<u>(38,416,708)</u>
	<u>17,386,450</u>	<u>18,327,893</u>
22 Investment at fair value through profit or loss in listed securities		
Nishat Mills Limited		
6,525 (2010: 6,525) fully paid ordinary shares of Rupees 10 each	328,469	281,358
Oil & Gas Development Company Limited		
3,800 (2010: 3,800) fully paid ordinary shares of Rupees 10 each	581,362	538,422
Pakistan Oilfield Limited		
1,680 (2010: 1,680) fully paid ordinary shares of Rupees 10 each	603,136	362,712
Pakistan Petroleum Limited		
2,508 (2010: 2,508) fully paid ordinary shares of Rupees 10 each	623,074	461,773
Fatima Fertilizer Company Limited		
500 (2010: 500) fully paid ordinary shares of Rupees 10 each	8,320	6,265
	<u>2,144,361</u>	<u>1,650,530</u>

23. CASH AND BANK BALANCES

Cash in hand	1,340,560	520,626
Cash at bank at current account (Note 23.1)	1,562,447	3,454,428
	<u>2,903,007</u>	<u>3,975,054</u>

23.1 This includes an amount of Rupees. 0.794 million (2010:Rupees 0.794 million) under lien with Standard Chartered Bank (Pakistan) Limited and a cash deposit of Rupees 0.5 million (2010: 0.5) with Habib Bank Limited against the guarantees issued on behalf of the Company.

24. NON-CURRENT ASSETS HELD-FOR-SALE

During the year these assets have been sold.

25. SALES

	2011	2010
Local sales	Rupees	Rupees
Yarn	764,656,990	657,723,700
Cotton	-	30,777,750
Waste	17,467,907	14,559,962
Service revenue	1,020,100	-
Scrap	594,081	527,769
	<u>783,739,078</u>	<u>703,589,181</u>

26. COST OF SALES

Finished stock - opening	2,955,202	6,284,114
Add: Cost of goods manufactured (Note 26.1)	790,861,801	662,579,591
	<u>793,817,003</u>	<u>668,863,705</u>
Less: Finished stock - closing	1,596,496	2,955,202
	<u>792,220,507</u>	<u>665,908,503</u>

26 Cost of goods manufactured

Raw material consumed (Note 26.2)	676,957,477	557,618,871
Packing materials consumed	2,789,886	3,597,838
Stores and spares	6,833,633	9,745,150
Salaries, wages and other benefits	52,134,595	49,059,963
Repair and maintenance	536,277	880,371
Rent, rates and taxes	479,429	275,377
Fuel and power	24,285,794	24,000,769
Insurance	1,717,971	1,520,025
Depreciation (Note 15.2)	17,066,937	18,787,448
Other factory overheads	2,166,095	2,102,268
	<u>784,968,094</u>	<u>667,588,080</u>

Work-in-

Opening stock	9,932,202	4,923,713
Closing stock	(4,038,495)	(9,932,202)
	<u>5,893,707</u>	<u>(5,008,489)</u>
Cost of goods manufactured	<u>790,861,801</u>	<u>662,579,591</u>

	2011 Rupees	2010 Rupees
26.2 Raw material consumed		
Opening stock	19,250,085	17,397,574
Add: Purchased during the year	673,951,954	559,471,382
	<u>693,202,039</u>	<u>576,868,956</u>
Less: Closing stock	16,244,562	19,250,085
	<u>676,957,477</u>	<u>557,618,871</u>
27. DISTRIBUTION COST		
Salaries and other benefits	156,000	146,400
Outward freight and handling	1,874,197	1,170,322
	<u>2,030,197</u>	<u>1,316,722</u>
28. ADMINISTRATIVE EXPENSES		
Salaries, allowances and benefits	14,143,051	14,382,447
Traveling, conveyance and entertainment	1,014,603	4,064,592
Rent, rates and taxes	15,532	50,000
Printing and stationery	309,206	343,098
Communication	857,757	768,426
Insurance	255,126	229,223
Subscription and periodicals	594,495	818,752
Repairs and maintenance	73,788	-
General expenses	1,021,936	1,045,581
Auditors' remuneration (Note 28.1)	395,000	395,000
Advertisement	255,540	47,600
Legal and professional charges	926,425	479,600
Depreciation (Note 15.2)	1,223,744	1,280,793
	<u>21,086,203</u>	<u>23,905,112</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' welfare fund	-	457,985
Impairment loss on operating assets classified as non-current assets held for sale	-	966,561
Impairment loss on equity investments	3,660,782	16,978,941
	<u>3,660,782</u>	<u>18,403,487</u>

30. OTHER OPERATING INCOME

Income from financial assets

Dividend income (30.1)	252,219	131,939
Unrealized gain on re-measurement of investments at fair value through profit or loss	493,831	452,507
Income from bank deposits	39,559	-
	<u>785,609</u>	<u>584,446</u>

Income from non financial assets

(Loss) / gain on sale of property, plant and equipment	(2,056,708)	5,889
Reversal of provision for doubtful trade debts	-	610,785
Commission income	5,546,498	5,213,083
Rental income	4,874,580	4,803,900
Gain on remeasurement of investment property	-	94,695
Creditors written back no longer payable	772,100	893,964
Others	159,427	203,269
	<u>9,295,897</u>	<u>11,825,585</u>
	<u>10,081,506</u>	<u>12,410,031</u>

30.1 Included therein is dividend income of Rupees 0.028 million received from related party.

31. FINANCE COST

Mark-up on:

Long term financing (Note 31.1)	2,872,368	5,065,971
Short term borrowings	2,522,705	2,158,754
Finance charges on lease liabilities	215,004	1,759,475
Bank charges and commission	381,208	445,458
	<u>5,991,285</u>	<u>9,429,658</u>

31.1 This includes an amount of Rupees 1,213,512 (2010: Rupees 1,103,193) representing proportionate reversal of fair value adjustment relating to long term financing (Note 6).

32. PROVISION FOR TAXATION

Current (Note 32.1)	8,840,052	4,746,560
Prior year	(236,757)	-
	<u>8,603,295</u>	<u>4,746,560</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 2009. Due to available tax losses of Rupees 80.628 million, no provision for tax is required except for income chargeable 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 47.855 million (2010: Rupees 11.834 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. (LOSS) / GAIN EARNINGS PER SHARE - BASIC AND DILUTED	2011	2010
There is no dilutive effect on the basic earnings per share which is based on:		Restated
Profit attributable to ordinary shares (Rupees)	(113,763,730)	24,691,423
Weighted average number of ordinary shares (Numbers)	32,491,205	32,491,205
Earnings per share (Rupees)	(3.50)	0.76
34. CASH GENERATED FROM OPERATIONS	2011	2010
	Rupees	Rupees
		Restated
(Loss) / profit before taxation	(105,160,435)	29,437,983
Adjustments for non-cash charges and other items:		
Depreciation	18,290,681	20,068,241
Provision for gratuity	6,925,152	6,094,105
Share of (profit) / loss from associate	73,992,045	(32,402,253)
Dividend income	(252,219)	(131,939)
Unrealized gain on remeasurement of investments	(493,831)	(452,507)
Impairment loss on available for sale investments	3,660,782	16,978,941
Impairment loss on property, plant and equipment	-	966,561
Provisions, write offs and write backs	-	(893,964)
(Gain)/ loss on disposal of property, plant and equipment	2,056,708	(5,889)
Gain on remeasurement of investment property	-	(94,695)
Finance cost	5,991,285	9,429,658
	110,170,603	19,556,259
Net cash from operating activities before working capital changes	5,010,168	48,994,242
Working capital changes		
<i>(Increase) / Decrease in current assets</i>		
Stores and spares	(1,220,223)	106,262
Stock-in-trade	10,245,480	(3,535,028)
Trade debts	(21,430,031)	9,496,232
Loans and advances	5,811,484	18,272,570
Short term deposits and prepayments	(127,832)	3,946,926
Other receivables	137,806	(802,185)
<i>Increase / (Decrease) in current liabilities</i>		
Trade and other payables	29,153,763	(24,452,652)
Working capital changes	22,570,447	3,032,125
Net cash from operating activities after working capital changes	27,580,615	52,026,367
35. CASH AND CASH EQUIVALENTS		
Cash and bank balance	2,903,007	3,975,054
Short term borrowings	(22,817,296)	(15,891,378)
	(19,914,289)	(11,916,324)

	2011 Rupees	2010 Rupees
36. CHIEF EXECUTIVE OFFICER'S, DIRECTORS' AND EXECUTIVES' REMUNERATION		
Chief Executive Officer		
Managerial remuneration and other benefits	3,630,000	3,300,000
House rent and utilities	1,996,500	1,815,000
Gratuity	398,544	362,313
	<u>6,025,044</u>	<u>5,477,313</u>
Number of executive	<u>1</u>	<u>1</u>
Directors/Executives		
Managerial remuneration	2,844,972	3,525,203
Housing and utilities	1,439,328	1,803,495
Gratuity	302,554	463,871
	<u>4,586,854</u>	<u>5,792,569</u>
Number of executives	<u>3</u>	<u>4</u>

36.1 The chief executive officer is provided with free use of company maintained cars. Two (2010: Two) other executives are also provided with the company maintained cars.

37. 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:

	2011		2010	
	Associates	Other related parties	Associates	Other related parties
Transactions				
Insurance premium	2,397,493	-	2,250,846	-
Rental income	4,785,300	-	4,785,300	-
Sale of yarn	753,670,550	-	657,723,700	-
Service charges	1,020,100	-	-	-
Insurance commission	5,208,326	-	5,036,671	-
Dividend income	28,338	-	19,714	-
Balances as at 30 June				
Insurance premium payable	(5,309,655)	-	(5,802,846)	-
Receivable from customer	34,097,875	-	12,921,280	-

38. 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	6,903	8,137
Number of shifts per day	3	3
Plant capacity of yarn (Kg.)	2,108,583	2,108,583
Actual production of yarn (Kg.)	2,504,036	3,512,348
Actual production in 20 / s (Kg.)	-	1,506,193
Total shifts worked	810	888
Power plant		
Generation Capacity (KW)	1,053	1,053
Actual generation (KW)	-	614

38.1 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.

39. SEGMENT INFORMATION

39.1 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.

39.1 Segment results

	Spinning		Power Generation		Elimination of Inter-segment transactions		Total - Company	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010	30 June 2011	30 June 2010	30 June 2011	30 June 2010
Sales	783,739,078	703,589,181	37,558,270	37,386,782	(37,558,270)	(37,386,782)	783,739,078	703,589,181
Cost of sales	(801,125,907)	(674,474,634)	(28,652,870)	(28,820,651)	37,558,270	37,386,782	(792,220,507)	(665,908,503)
Gross profit	(17,386,829)	29,114,547	8,905,400	8,566,131	-	-	(8,481,429)	37,680,678
Distribution cost	(2,030,197)	(1,316,722)	-	-	-	-	(2,030,197)	(1,316,722)
Administrative expenses	(20,555,236)	(23,644,304)	(530,967)	(260,808)	-	-	(21,086,203)	(23,905,112)
	(22,585,433)	(24,961,026)	(530,967)	(260,808)	-	-	(23,116,400)	(25,221,834)
Profit before taxation and unallocated expenses and income	(39,972,262)	4,153,521	8,374,433	8,305,323	-	-	(31,597,829)	12,458,844
Unallocated income and expenses:								
Finance cost							(5,991,285)	(9,429,658)
Other operating expenses							(3,660,782)	(18,403,487)
Other operating income							10,081,506	12,410,031
Share of profit in associated companies							(73,992,045)	32,402,253
Taxation							(8,603,295)	(4,746,560)
Profit after taxation							(113,763,730)	24,691,423

39.2.1 The sales of yarn to a single customer amounts to Rupees 753.671 million (2010: Rupees 657.724 million) out of the total revenue/sales of the company. All the reported segments operate in same geographical location.

39.3 Segment Assets

	Spinning		Power Generation		Total - Company	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Segment assets	604,496,752	631,381,421	17,146,687	18,353,398	621,643,439	649,734,819
Unallocated assets					248,827,864	316,352,673
					870,471,303	966,087,492
Segment liabilities	215,433,404	194,866,783	2,312,501	2,151,920	217,745,905	197,018,703
Unallocated liabilities					32,378,130	36,202,374
					250,124,035	233,221,077

40. FINANCIAL RISK MANAGEMENT

40.1 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

(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.

	2011	2010
	Rupees per dollar	
Average rate	85.40	84.27

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)	
	2011 Rupees	2010 Rupees	2011 Rupees	2010 Rupees
KSE 100 (5% increase)	107,218	82,527	869,333	916,395
KSE 100 (5% decrease)	(107,218)	(82,527)	(869,333)	(916,395)

(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:

	2011 Rupees	2010 Rupees
Floating rate instruments		
Financial liabilities		
Long term financing	31,959,790	45,516,629
Liabilities against assets subject to finance lease	898,442	1,945,977
Short term borrowings	22,817,296	15,891,378

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 0.238 million (30 June 2010: Rupees 0.250 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	19,530,811	19,978,423
Loans and advances	3,258,698	10,217,702
Deposits	710,722	710,722
Trade debts	34,653,225	13,223,194
Other receivables	4,494,872	4,632,678
Bank balances	1,562,447	3,454,428
	64,210,775	52,217,147

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			2011	2010
	Short Term	Long term	Agency	Rupees	Rupees
Banks					
National Bank of Pakistan	A1+	AAA	JCR-VIS	40,658	40,658
Allied Bank Limited	A1+	AA	PACRA	(157,032)	(100,526)
Faysal Bank Limited (formerly Royal Bank of Sc	A1+	AA	PACRA	26,633	26,633
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	660,381	2,339,571
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	829,164	829,164
United Bank Limited	A1+	AA+	JCR-VIS	109,099	211,236
Bank Al-Habib Limited	A1+	AA+	PACRA	18,248	18,248
Emirates Global Islamic Bank Limited	A2	A-	PACRA	35,296	89,444
				1,562,447	3,454,428

Investments	Rating			2010	2009
	Short Term	Long term	Agency	Rupees	Rupees
Samba Bank Limited	A1	A+	JCR-VIS	8,961,660	11,896,473
				<u>8,961,660</u>	<u>11,896,473</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 2011, the Company had Rupees 27.143 million (2010: Rupees 34.610 million) available unused borrowing limits from financial institutions and Rupees 2.903 million (2010: Rupees 3.975 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 2011

	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	38,476,212	41,352,593	8,736,940	16,955,374	12,783,898	-
Liabilities against assets	898,442	1,022,440	417,352	298,356	306,732	-
Trade and other payables	53,766,303	53,766,303	32,259,782	21,506,521	-	-
Short term borrowings	22,817,296	25,555,372	17,888,760	7,666,612	-	-
Accrued Markup	28,871,145	28,871,145	28,871,145	-	-	-
	<u>144,829,398</u>	<u>150,567,853</u>	<u>88,173,979</u>	<u>46,426,863</u>	<u>13,090,630</u>	<u>-</u>

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	57,651,754	66,072,970	17,054,964	13,191,851	27,630,822	8,195,333
Liabilities against assets	1,945,977	2,262,763	1,342,567	613,464	306,732	-
Trade and other payables	25,852,015	25,852,015	18,100,238	7,751,777	-	-
Short term borrowings	15,891,378	17,122,960	17,122,960	-	-	-
Accrued markup	29,324,005	29,324,005	29,324,005	-	-	-
	<u>130,665,129</u>	<u>140,634,713</u>	<u>82,944,734</u>	<u>21,557,092</u>	<u>27,937,554</u>	<u>8,195,333</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.

40.2 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:

Financial assets	Level 1	Level 2	Level 3	Total
As at 30 June 2011	Rupees	Rupees	Rupees	Rupees
Available for sale financial assets	17,386,450	-	-	17,386,450
Financial assets at fair value through profit or loss	2,144,361	-	-	2,144,361
	<u>19,530,811</u>	<u>-</u>	<u>-</u>	<u>19,530,811</u>
As at 30 June 2010				
Available for sale financial assets	18,327,893	-	-	18,327,893
Financial assets at fair value through profit or loss	1,650,530	-	-	1,650,530
	<u>19,978,423</u>	<u>-</u>	<u>-</u>	<u>19,978,423</u>

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 2011.

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 2011.

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.

40.3 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 2011				
Assets as per balance sheet				
Investments	-	2,144,361	17,386,674	19,531,035
Loans and advances	3,258,698	-	-	3,258,698
Deposits	710,722	-	-	710,722
Trade debts	34,653,225	-	-	34,653,225
Other receivables	4,494,872	-	-	4,494,872
Cash and bank balances	2,903,007	-	-	2,903,007
	<u>46,020,524</u>	<u>2,144,361</u>	<u>17,386,674</u>	<u>65,551,559</u>

Liabilities as per balance sheet

	Financial liabilities at Rupees
Long term financing	38,476,212
Liabilities against assets subject to finance lease	898,442
Accrued mark-up	28,871,145
Short term borrowings	22,817,296
Trade and other payables	53,766,303
	<u>144,829,398</u>

As at 30 June 2010**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	-	1,650,530	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 Rupees
Long term financing	57,651,754
Liabilities against assets subject to finance lease	1,945,977
Short term borrowings	15,891,378
Trade and other payables	25,852,015
Accrued mark-up	29,324,005
	<u>130,665,129</u>

42. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 06, 2011 by the Board of Directors of the Company.

43. CORRESPONDING FIGURES

During the year no significant reclassification or rearrangements of corresponding figures have been made.

44. GENERAL

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



Shams Rafi
Chief Executive



Shaukat Shafi
Director