CONTENTS

COMPANY INFORMATION

Board of Directors	Khawar Maqbool	(Chairperson)
	Imran Maqbool	(Chief Executive)
	Humayun Maqbool	
	Nadeem Maqbool	
	Naila Humayun Maqbool	
	Riaz Masood	
	Shahid Riaz	
Chief Financial Officer	Kamran Rasheed	
Company Secretary	Javaid Hussain	
Audit Committee	Nadeem Maqbool	(Chairman)
	Humayun Maqbool	(Member)
	Naila Humayun Maqbool	(Member)
	Ali Hussain	(Secretary)
Auditors	BDO Ebrahim & Company Chartered Accountants	
Legal Advisor	Mohsin Tayebally & Sons	
Registered Office	104 Shadman 1, Lahore-54000 Tel : (042) 3757-9641, 3757-6482 Fax : (042) 3756-0963	
E-mail:	lo@crescentfibres.com	
Website:	www.crescentfibres.com	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 33^{rd} Annual General Meeting of the shareholders of **Crescent Fibres Limited** will be held on Saturday the 30^{th} October, 2010 at 9.30 a.m. at Registered Office of the Company 104-Shadman-1, Lahore to transact the following business:

1. To receive, consider and adopt Audited Accounts of the Company for the year ended 30^{th} June, 2010 together with Auditors and Directors reports thereon.

2. To approve payment of cash dividend @ 10% i.e. Rs. 1.00 per share for the year ended June 30, 2010 as recomended by the Board of Directors.

3. To appoint Auditors and fix their remuneration. The retiring auditors M/s. BDO Ebrahim & Company, Chartered Accountants offer themselves for re-appointment.

October 06, 2010
REGISTERED OFFICE
104-Shadman-1, Lahore,

By Order of the Board
JAVAID HUSSAIN
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from 23^{rd} October, 2010 to 30^{th} October, 2010 (both days inclusive).

2. A member eligible to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be valid must be received by the company duly completed not less than 48 hours before the Meeting.

3. CDC shareholders are requested to bring with them their National Identity Cards alongwith participants' ID number and their account numbers at the time of Annual General Meeting in order to facilitate identification. In case of corporate entity, a certified copy of the resolution passed by the Board of Directors/valid Power of Attorney with the specimen signature of the nominee be produced at the time of meeting.

MISSION STATEMENT

To achieve a leadership position in providing innovative and high-quality products in all sectors of operations.

To be recognized as an organization that delivers on its commitments with integrity and excellent value.

To foster an environment of growth, prosperity, and long term relationships, through dedication to the principles of openness, honesty, and professionalism.

To be an equal opportunity employer, and to motivate and empower every employee to strive for excellence in meeting the needs of our customers.

To be a responsible corporate citizen and contribute to our community by participating in social and environmental causes.

STATEMENT OF ETHICS AND BUSINESS PRACTICES

Business success is about good decision making, successful businesses depend upon people making reasoned and rational choices. A Company's reputation depends on the actions of its people. A good reputation is attractive to staff and customers, it is a basic part of being a successful company.

Our reputation is built on the fundamental principles of honesty, integrity and reliability.

Our business practices reflect the importance we attach to these principles.

Our principles enable us to build relationships with all our customers and our business partners based on mutual trust and understanding.

We strive to maintain high standards of ethical behavior in dealings with our customers, employees, suppliers, business partners, contractors, and the wider community.

We expect these high standards of all those who represent Crescent Fibres.

We encourage open discussion concerning our ethical standpoint.

We expect openness, honesty, respect for others, accuracy, reliability, loyalty, constancy and trust.

Our ethics and practices ensure our success.

DIRECTORS' REPORT

The Company reported a profit of Rs. 110.7 million for the year ended June 30, 2010 as compared to a profit of Rs. 12.5 million for the twelve months ended June 30, 2009. The earnings per share for the period under review was Rs. 8.92.

Crescent Fibres Limited

Summarized Financial Results

Rupees in millions	Year Ended 30-Jun-10		Year Ended 30-Jun-09	
	Rs.	% of Sales	Rs.	% of Sales
Sales	1,769.4	100.0%	1,427.5	100.0%
Cost of Sales	(1,512.8)	85.5%	(1,318.4)	92.4%
Gross Profit	256.5	14.5%	109.0	7.6%
General & Admin. Expenses	(50.9)	2.9%	(43.5)	3.0%
Distribution Cost	(7.2)	0.4%	(5.9)	0.4%
Other Operating Income	10.9	0.6%	9.7	0.7%
Other Operating Expenses	(13.6)	0.8%	(1.3)	0.1%
Operating Profit	195.8	11.1%	68.1	4.8%
Financial Charges	(42.0)	2.4%	(54.5)	3.8%
Share of Profit of Assoc.	0.3	0.0%	0.3	0.0%
Profit before Taxation	154.0	8.7%	13.2	0.9%
Taxations	(43.3)	2.4%	(0.8)	0.1%
Profit After Taxation	110.7	6.3%	12.5	0.9%
Earnings per Share	8.92		1.00	

The last couple of years were particularly difficult ones for the textile industry as all major markets were suffering from recessionary conditions leading to severe demand destruction. In the year under review, the global economy started to recover which created strong demand growth particularly for yarn. Owing to higher end product prices, the Company was able to increase sales by 24%. This combined with strict cost control led to much improved margins. Gross margin increased to 14.5% as compared to 7.6% for the year ended June 30, 2009. In spite of inflationary pressures, distribution and administrative expenses were controlled and were nominally lower as a percentage of sales. The operating margin in the period under review was 11.1% as compared to 4.8% for the year ended June 30, 2009. During the year, interest rates maintained their high levels but due to reduction in long term debt and prudent cash flow management, financial charges as a percentage of sales decreased to 2.4% as compared to 3.8% last year. The net margin for the period under review was 6.3% as compared to 0.9% for the year ended June 30, 2009.

In order to maintain competitive advantage, operational efficiencies, product quality and productivity, the Company is planning addition of 12,000 spindles at its Bhikki unit. The estimated project cost of the expansion is Rs. 380 million which will be financed though a mixture of long-term debt and internal cash generation.

In the financial statements for the year ended June 30, 2010, the auditors have observed that they have not been furnished requisite documentation regarding short term financing aggregating Rs 12 million. The Management is pursuing the lending institution to resolve this issue but believes that adequate provision for this liability and mark-up has been made in the books of account.

DIVIDEND

The Board of Directors has approved a final cash dividend of 10% which translates to Rs. 1 per share

FUTURE OUTLOOK

The profitability of the Company and the textile industry in Pakistan will come under pressure in the coming year. The main reason for this is that the prices of raw cotton and polyester, the main raw materials, have surged to record levels. Other challenges include the shortage and high cost of energy, high interest rates and inflationary trend in the cost of all major inputs.

The Management is making every effort to minimize the impact through improved efficiency and productivity but these efforts must be supported by the continued growth of global economies and non-interference of the Government in the free market mechanism.

BOARD OF DIRECTORS

Elections for the Board of Directors were held on April 28, 2010 and seven Directors were elected unopposed whose term will expire April 30, 2013.

The new Board re-appointed Mr. Imran Maqbool as Chief Executive Officer with effect from May 01, 2010 for a term of three years. Mr. Imran Maqbool is entitled to a gross managerial remuneration of Rs. 260,000 per month. Further, the Board revised the gross monthly remuneration of Khawar Maqbool, Chairperson, to Rs. 240,150, Mr. Riaz Masood, Director, to Rs. 260,000, Mr. Humayun Maqbool, Director, to Rs. 234,871 and Mr. Shahid Riaz, Director, to Rs. 61,625. The remuneration of the Chief Executive Officer, the Chairperson and other Directors is subject to a 10% annual increase and adjustment to related benefits effective May 01, 2010. Entitlements related to transport, medical, leave and other benefits remain unchanged.

During the year, the Board approved the appointment of Mr. Kamran Rasheed as Chief Financial Officer. Mr. Kamran Rasheed is entitled to a gross monthly remuneration of Rs. 65,000 and other benefits as per Company policy.

INTERNAL AUDIT & CONTROL

The Board has set up an independent internal audit function headed by a qualified and full time employee reporting to the Chairman, Audit Committee and administratively to the Chief Executive Officer. The Audit Committee of the Board comprises of three members, two of whom are non-executive Directors.

CORPORATE GOVERNANCE & FINANCIAL REPORTING FRAMEWORK

Under rules framed by the regulatory authorities, the Management is required to include the following statements relating to Corporate Governance and Financial Reporting Framework in the Director's Report:

(a) The financial statements prepared by the Management presently fairly its state of affairs, the results of its operations, cash flows and changes in equity.
(b) Proper books of account have been maintained.
(c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
(d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure thereon has been adequately disclosed.
(e) The system of internal control adopted by the Management is sound in design. Efforts are underway to ensure its effective implementation.
(f) There are no significant doubts with regard to the Company's ability to continue as a going concern.
(g) Key financial and operating data for the last six years has been included elsewhere in the annual report.
(h) There has been no significant departure from the best practices of corporate governance, as detailed in the listing regulations.
(i) All details regarding taxes and levies are disclosed in the financial statements and notes annexed to the audited accounts.
(j) The value of investments of the provident fund based on audited accounts for the Year Ended June 30, 2010 was Rs. 47.186 million.
(k) During the year 5 meetings of the Board of Directors were held. Attendance was as follows:
    1. Imran Maqbool, Chief Executive Officer (5)
    2. Humayun Maqbool (5)
    3. Khawar Maqbool (5)
    4. Nadeem Maqbool (5)
    5. Naila Humayun Maqbool (1)
    6. Iqbal Ismail, Representative NIT (0)
    7. Riaz Masood (3)
    8. Shahid Riaz (3)
(l) Pattern of Shareholding is included elsewhere in the annual report.
(m) Details regarding shares traded / right share subscribed in the financial year by Directors, CEO, CFO, Company Secretary and their spouses and minor children are as follows:
    Khawar Maqbool, Chairperson/Director, Purchased 301,981 shares
    Nadeem Maqbool , Director, Purchased 66,099 shares
    Naila Humayun Maqbool, Director, Purchased 500 shares

AUDITORS

The present auditors, BDO Ebrahim & Co. retire, and being eligible have offered themselves for re-appointment.

APPRECIATION

The Management wishes to place on record its appreciation for the hard work and devotion of its workers and the invaluable advice and support of the Company's Directors, shareholders and bankers.

Imran Maqbool

IMRAN MAQBOOL
Chief Executive Officer

October 06, 2010

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2010 prepared by the Board of Directors of **CRESCENT FIBRES LIMITED (the Company)** to comply with the Listing Regulation No.37 of the Karachi Stock Exchange (Guarantee) Limited, Chapter XIII of the Listing Regulations of the Lahore Stock Exchange (Guarantee) Limited and Chapter XI of Listing Regulations of Islamabad Stock Exchange (Guarantee) Limited, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code of Corporate Governance.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, the Listing Regulations require the Company to place before the Board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance, for the year ended June 30, 2010.

KARACHI

CHARTERED ACCOUNTANTS
Engagement partner: Zulfikar Ali Causer

DATED: OCTOBER 6, 2010

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in the Listing Regulations of the Stock Exchanges of Pakistan for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner.

1. The company encourages representation of independent non-executive Directors and Directors representing minority interests on its Board of Directors. At present the Board includes two non-Executive Directors and none representing minority shareholders.

2. During the year election of Director was held on April 28, 2010.

3. The Directors have voluntarily confirmed that none of them is serving as a director in more than ten listed companies, including this company.

4. The Directors have voluntarily declared that all the resident Directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI. None of the Directors is a member of a stock exchange.

5. The Board have developed and adopted a "Statement of Ethics and Business Practices" which is regularly circulated within the Company and it is in the knowledge of company's Directors and employees.

6. The Board has developed a vision and mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other Executive Directors, have been taken by the Board.

8. The meetings of the Board, which were held during the year were presided by the Chairman and in his absence, by a director elected by the Board for this purpose and Board met at least once in every Quarter. Written notices of the Board Meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated in time.

9. The member of Board have attended orientation course to apprise them of their duties and responsibilities.

10. The Board has approved appointments of CFO; Company's Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment, as determined by CEO. During the year, the appointment of CFO duly approved by the Board of Directors.

11. The Director's Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.

13. The Directors, CFO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an Audit Committee. It comprises three members, of whom two are non-executive Directors.

16. The meetings of the Audit committee were held at least once in every quarter prior to the approval of interim and financial results of the Company and as required by the Code. The terms of reference of the Committee have been prepared in the light of the Code of Corporate Governance and advised to the Committee for compliance.

17. The Board has set up an effective Internal Audit Function.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.

19 The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. We confirm that all other material principles contained in the Code have been complied with.

On behalf of the Board of Directors

IMRAN MAQBOOL
CHIEF EXECUTIVE

6th October, 2010

FINANCIAL SUMMARY

OPERATING RESULTS:	JUNE 2010	JUNE 2009	JUNE 2008	JUNE 2007	JUNE 2006-Restated	JUNE 2005
Net Sales	1,769,385,178	1,427,452,866	1,237,568,671	1,179,651,638	1,085,919,003	828,523,068
Cost of Sales	1,512,825,424	1,318,432,874	1,150,932,207	1,063,071,594	948,216,181	718,152,062
Distribution and admin. Expenses	58,083,996	49,659,317	49,547,869	46,985,373	42,557,195	30,795,271
Financial Charges	42,049,313	54,524,472	32,037,671	36,773,875	31,508,588	13,863,167
Other operating expenses	13,589,612	1,016,980	895,799	1,992,687	3,569,632	9,115,214
Other operating income - Net	10,946,935	9,720,926	12,897,912	7,032,934	7,716,973	15,188,345
Share of associate profit	257,785	(307,537)	473,904	973,904	614,827	-
Pre-Tax Profit/ (Loss)	154,041,552	13,232,612	17,526,941	38,834,947	68,399,207	71,785,699
Taxation	43,296,811	772,533	6,234,224	5,087,517	7,082,827	(2,439,944)
Extraordinary item			-		-	-
Net Income	110,744,741	12,460,079	11,292,718	33,747,431	61,316,380	74,225,643
PER SHARE RESULTS AND RETURN:						
Earning Per Share	8.92	1.00	0.91	2.72	5.18	6.28
Dividend Per Share	1.00	-	-	-	-	-
Net Income Sales Percent	6.26%	0.87%	0.91%	2.86%	5.65%	8.96%
Return on Average Assets Percent	16.10%	1.85%	1.52%	4.59%	6.93%	6.79%
Return on Average Equity Percent	47.44%	6.08%	4.50%	16.24%	20.61%	17.07%
FINANCIAL POSITION:						
Current Assets	446,102,403	342,589,416	401,686,714	448,794,315	364,651,316	393,929,518
Current Liabilities	372,166,926	386,290,983	384,328,681	363,649,060	371,507,991	376,202,011
Operating Fixed Assets	274,157,920	282,340,414	300,962,706	310,947,544	319,571,981	647,501,424
Total Assets	740,827,012	635,048,098	711,823,443	774,443,547	694,711,597	1,074,915,131
Long Term Debt	19,549,227	29,482,313	61,537,754	103,555,574	145,273,130	169,622,282
Shareholders Equity	286,678,039	180,225,355	229,579,421	271,855,206	143,840,164	451,147,857
Break-up Value Per Share	23.09	14.51	18.49	23.03	12.63	38.15
FINANCIAL RATIOS:						
Current Ratio	1.20	0.89	1.05	1.23	0.98	1.05
Total Debt to Total Assets Percent	61.30%	71.62%	67.75%	64.90%	79.29%	58.03%
Interest Charges Cover (Times)	4.663	1.243	1.547	2.056	3.171	6.178
Inventory Turnover (Times)	9.652	8.612	7.202	6.864	5.919	9.434
Fixed Assets Turnover (Times)	6.454	5.056	4.112	3.794	3.398	1.280
Total Assets Turnover (Times)	2.388	2.248	1.739	1.523	1.563	0.771
OTHER DATA:						
Depreciation and Amortization	28,151,353	29,842,625	31,263,483	32,759,733	30,634,562	27,342,683
Capital Expenditure	22,257,973	9,141,345	14,543,689	20,601,351	38,660,850	86,197,109

BDO

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Karachi-74200
Pakistan

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of CRESCENT FIBRES LIMITED as at June 30, 2010 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

The balance under the head of short term borrowings includes an amount of Rs. 12.000 million and mark up accrued thereon amounting to Rs. 19.420 million for which supporting information has not been furnished to us. Further, we have not received independent confirmation of these balances from the financial institution. These balances have been presented in the financial statements as per the books of accounts. In the absence of any supporting information, we are unable to confirm the existence and completeness of these balances and the related mark up expenses.

Except for the adjustments in respect of matter stated above:

a) in our opinion proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied, except for the change as stated in note 3.1 to the financial statements, with which we concur;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) except for the adjustments in respect of matter stated above, in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2010 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and

d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

KARACHI

DATED: October 06, 2010

CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

BDO Ebrahim & Co. Chartered Accountants

BALANCE SHEET
AS AT JUNE 30, 2010

	Note	June 30, 2010 Rupees	June 30, 2009 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	5	274,157,928	282,340,414
Capital work-in-progress	6	9,874,689	884,161
		284,032,617	283,224,575
Intangible assets	7	1,158,660	1,544,880
Long term investments	8	2,482,630	2,298,304
Long term loans	9	-	5,000
Long-term deposits	10	7,050,710	5,385,923
		294,724,617	292,458,682
CURRENT ASSETS			
Stores, spares and loose tools	11	26,833,284	26,891,702
Stock-in-trade	12	158,475,463	101,268,957
Trade debts	13	150,483,990	118,979,377
Loans and advances	14	11,323,958	5,785,854
Trade deposits and short term prepayments	15	4,265,036	6,512,896
Other receivables	16	2,978,334	3,283,997
Short term investments	17	35,384,809	41,350,779
Tax refund due from Government	18	7,428,807	5,428,680
Taxation - net	29	-	3,189,197
Cash and bank balances	19	48,928,821	29,897,977
		446,102,502	342,589,416
TOTAL ASSETS		740,827,119	635,048,098
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
15,000,000 (2009: 15,000,000) ordinary shares of Rs. 10/- each		150,000,000	150,000,000
Issued, subscribed and paidup capital	20	124,178,760	124,178,760
Reserves	21	162,499,382	56,046,595
		286,678,142	180,225,355
NON-CURRENT LIABILITIES			
Long term financing	22	19,549,227	29,482,313
Liabilities against assets subject to finance lease	23	10,652,456	9,439,101
Deferred taxation	24	51,780,367	29,610,346
		81,982,050	68,531,760
CURRENT LIABILITIES			
Trade and other payables	25	165,337,285	151,070,054
Financial charges payable	26	27,222,219	28,125,128
Short-term financing	27	147,539,193	164,637,312
Current portion of long term liabilities	28	23,267,755	42,458,489
Taxation - net	29	8,800,475	-
		372,166,927	386,290,983
CONTINGENCIES AND COMMITMENTS	30		
TOTAL EQUITY AND LIABILITIES		740,827,119	635,048,098

The annexed notes from 1 to 50 form an integral part of these financial statements.

IMRAN MAQBOOL
CHIEF EXECUTIVE

NADEEM MAQBOOL
DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2010

	Note	For the Year Ended June 2010 Rupees	For the Year Ended June 2009 Rupees
Sales - net	31	1,769,385,178	1,427,452,866
Cost of sales	32	(1,512,825,426)	(1,318,432,874)
Gross profit		256,559,752	109,019,992
General and administrative expenses	33	(50,923,654)	(43,506,852)
Distribution cost	34	(7,160,340)	(5,887,813)
Other operating income	35	10,946,936	9,720,926
Other operating expenses	36	(13,589,612)	(1,281,632)
		(60,726,670)	(40,955,371)
Operating profit		195,833,082	68,064,621
Financial charges	37	(42,049,312)	(54,524,472)
Share of profit / (loss) of associate	8.1	257,785	(307,537)
		(41,791,527)	(54,832,009)
Profit before taxation		154,041,555	13,232,612
Taxation	38	(43,296,811)	(772,533)
Profit after taxation		110,744,744	12,460,079
Earning per share - basic and diluted	39	8.92	1.00

Appropriations have been reflected in the statements of changes in equity.

The annexed notes from 1 to 50 form an integral part of these financial statements.

IMRAN MAQBOOL
CHIEF EXECUTIVE

NADEEM MAQBOOL
DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2010

	Note	For the year ended June 2010 Rupees	For the year ended June 2009 Rupees
Profit for the year		110,744,744	12,460,079
Other comprehensive income		(4,291,957)	(61,814,145)
Total comprehensive income / (loss) for the year		106,452,787	(49,354,066)

The annexed notes from 1 to 50 form an integral part of these financial statements.

IMRAN MAQBOOL
CHIEF EXECUTIVE

NADEEM MAQBOOL
DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2010

	Note	For the Year ended June 2010 Rupees	For the Year ended June 2009 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	40	145,912,942	113,518,340
Finance cost paid		(44,152,582)	(52,180,973)
Taxes paid		(9,137,118)	(4,301,942)
Net cash generated from operating activities		92,623,242	57,035,425
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(22,257,973)	(9,141,345)
Long term deposits		(1,659,787)	(815,623)
Dividend received		73,459	66,781
Investments		-	(3,606)
Proceeds from disposal of operating fixed assets		1,870,487	5,179,269
Net cash (used in) investing activities		(21,973,814)	(4,714,524)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		9,133,450	3,550,000
Repayments of long term financing		(39,087,577)	(38,535,691)
Repayments of liabilities against assets subject to finance leases		(4,566,338)	(3,246,075)
Short term borrowings - net		(17,098,119)	14,264,304
Net cash (used in) financing activities		(51,618,584)	(23,967,462)
Net increase in cash and cash equivalents		19,030,844	28,353,439
Cash and cash equivalent at the beginning of the year		29,897,977	1,544,538
Cash and cash equivalent at the end of the year		48,928,821	29,897,977

The annexed notes from 1 to 50 form an integral part of these financial statements.

IMRAN MAQBOOL
CHIEF EXECUTIVE

NADEEM MAQBOOL
DIRECTOR

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2010

	Issued, subscribed and paid-up capital	Reserves			Total
		Unrealized gain / (loss) on available for sale investment	Unappropriated profit	Sub total	
	Rupees				
Balance as at July 1, 2008	124,178,760	61,986,127	43,414,534	105,400,661	229,579,421
Comprehensive income for the year ended June 30, 2009	-	(61,814,145)	12,460,079	(49,354,066)	(49,354,066)
Balance as at June 30, 2009	124,178,760	171,982	55,874,613	56,046,595	180,225,355
Comprehensive income for the year ended June 30, 2010	-	(4,291,957)	110,744,744	106,452,787	106,452,787
Balance as at June 30, 2010	124,178,760	(4,119,975)	166,619,357	162,499,382	286,678,142

The annexed notes from 1 to 50 form an integral part of these financial statements.

IMRAN MAQBOOL
CHIEF EXECUTIVE

NADEEM MAQBOOL
DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

1 STATUS AND NATURE OF BUSINESS

Crescent Fibres Limited ("the Company") was incorporated in Pakistan on August 06, 1977 under the Companies Act, 1913 (repealed by Companies Ordinance, 1984) as a public limited company. The Company's shares are listed on all the Stock Exchanges in Pakistan. The registered office of the Company is situated at 104 Shadman 1, Lahore. The principal business of the Company is manufacture and sale of yarn. The Company's manufacturing facilities are located at Nooriabad Industrial Estate, District Dadu, in the Province of Sindh, and at Bhikhi, District Sheikhupura in the Province of Punjab.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance), directives issued by the Securities and Exchange Commission of Pakistan (SECP) and approved financial reporting standards as applicable in Pakistan. Approved financial reporting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the provisions of the Ordinance. Wherever, the requirements of the Ordinance or directives issued by the SECP differ with the requirements of these standards, the requirements of the Ordinance and of the said directives have been followed.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for the measurement at fair value of certain financial instruments in accordance with the requirements of IAS-39 "Financial Instruments: Recognition and Measurement", wherever applicable.

These financial statements have been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

These financial statements are presented in Pak rupee, which is the functional and presentation currency for the Company.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 IAS 1 (Revised), 'Presentation of financial statements' becomes applicable for the current financial year for the first time. The revised standard prohibits the presentation of items of income and expenses (that is, "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity.

All "non-owner changes in equity" are required to be shown separately in performance statement. Companies can choose whether to present one performance statement (the statement of comprehensive income) or two statements (profit and loss account and statement of comprehensive income).

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

3.2 Standards, interpretations and amendments that have been effective during the year

IAS 23 (amendment) " Borrowing cost (effective from January 1, 2009). The amendment made it mandatory to capitalize borrowing cost incurred to obtain the qualifying assets as part of the cost of that asset. The option of immediately expensing this borrowing cost is removed. The Company's current accounting policy is in compliance with this amendment and therefore there is no effect on the Company's financial statements.

3.3 Standard, interpretations and amendments that are effective in current year but not relevant to the Company

IAS 38 (amendment) 'Intangible assets". The amendment is part of IASB's annual improvements project published in April 2009 and will applicable from the effective date of IFRS 3 (revised). The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in any impact on the Company's financial statements.

The other amendments which are part of IASB's annual improvements project published in April 2009 and mandatory for accounting periods beginning on or after July 1, 2009 are considered not to be relevant to the Company's financial reporting and operations.

3.4 Standards, interpretations and amendments that are not yet effective and have not been early adopted by the Company

The following amendments to approved accounting standards, effective for accounting periods beginning on or after January 1, 2010, are either not relevant to the Company's current operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

IAS 1	-	Presentation of Financial Statements
IAS 7	-	Cash flows statement
IAS 17	-	Leases
IAS 32	-	Financial Instruments
IAS 36	-	Impairment of assets
IAS 39	-	Financial Instruments: Recognition and Measurement
IFRS 1	-	First time Adoption of International Financial Reporting Standards
IFRS 2	-	Share based Payment
IFRS 5	-	Non Current Assets Held for Sales and Discontinued Operation
IFRS 8	-	Operating Segments

4 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property, plant and equipment

a) Owned

These are stated at cost less accumulated depreciation and impairment losses, if any, except freehold land which is stated at cost.

Depreciation is charged to income applying the reducing balance method at the rates specified in the respective note and after taking into account residual value. Leasehold land is amortized over the term of lease.

Depreciation on additions during the year is charged on pro-rata basis when the assets are available for use. Similarly the depreciation on deletion is charged on pro-rata basis up to the period when the asset is derecognized.

The assets residual values and useful lives are reviewed, and adjusted if significant, at each balance sheet date. Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gains and losses if any, on disposal of property, plant and equipment are included in income currently.

b) Leased

Finance leases

Assets held under finance leases are recognized as assets of the Company at their fair value at the date of acquisition or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Depreciation is charged at rates used for similar owned assets, so as to depreciate the assets over their estimated useful lives in view of certainty of ownership of the assets at the end of the lease term.

Income arising from sale and lease back transactions, if any, is deferred and amortized equally over the lease period.

Operating leases

Lease payments under operating leases (net of any incentives received from the lessor) are charged to profit and loss account on a straight line basis over the respective lease term.

c) Capital work in progress

Capital work in progress represents expenditure on property, plant and equipment which are in the course of construction and installation. Transfers are made to relevant property, plant and equipment category as and when assets are available for use. Capital work in progress is stated at cost less any identified impairment losses.

4.2 Intangible assets

An intangible asset is stated at cost less accumulated amortization loss, if any. Amortization is charged to income applying the straight line method over the useful life of the asset. Amortization is charged on additions during the year from the month in which the asset is acquired and in respect of disposals during the year upto the month in which the asset is disposed off.

Maintenance is charged to income as and when incurred.

Gain or loss on disposal is taken to the profit and loss account.

The carrying value of intangible asset is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the asset is written down to its recoverable amount.

4.3 Impairment losses

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indications exist, the assets recoverable amount is estimated in order to determine the extent of impairment loss, if any.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that is largely independent from other assets and group. Impairment losses are recognized as expense in profit and loss account.

The recoverable amount is the higher of an assets fair value less costs to sell and value in use.

4.4 Investments

The management determines the appropriate classification of its investments in accordance with the requirements of International Accounting Standard (IAS 39) Financial Instrument: Recognition and measurement at the time of the purchase and classifies these investments as fair value through profit or loss account, held to maturity or available for sale.

Investments are being categorized as follows:

a) Investment at fair value through profit or loss

A non-derivative financial asset is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Investments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognized in profit and loss when incurred.

Investments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

b) Investments in associates - equity method

Entities in which the Company has significant influence but not control and which are neither its subsidiaries nor joint ventures are associates and are accounted for by using the equity method of accounting.

These investments are initially recognized at cost, thereafter the carrying amount is increased or decreased to recognize the Company's share of profit and loss of associates. Share of post acquisition profit and loss of associates is accounted for in the Company's profit and loss account. Distribution received from investee reduces the carrying amount of investment.

The changes in the associate's equity which are not been recognized in the associates' profit and loss account, are recognised directly in the equity of the Company.

c) Available for sale

Other investments not covered in any of the above categories including investments in associates in which the Company has no significant influence are classified as being available for sale and are stated at fair value, with any resultant gain or loss being recognized directly in equity. Gains or losses on available for sale investments are recognised directly in equity until the investments are sold or disposed off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in the equity is included in current year's profit and loss account.

All investments classified as available for sale are initially recognized at cost inclusive of transaction costs and subsequently quoted investments are marked to market using the last quoted rate at the close of the financial year. Fair value of unquoted investments is estimated based on appropriate valuation method if it is practicable to determine it.

Fair value of listed securities are the quoted prices on stock exchange at balance sheet date.

The Company follows trade date accounting for regular way of purchase and sales of securities, except for sale and purchase of securities in futures market, which are accounted for at settlement date.

4.5 Stores, spares and loose tools

These are stated at lower of cost and net realisable value. Cost is determined using moving average method. Items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon. Adequate provision is made for slow moving and obsolete items.

4.6 Stock in trade

These are valued at the lower of cost and net realizable value applying the following basis:

Raw material	-	At weighted average cost
Work in progress	-	Average manufacturing cost
Finished goods	-	Average manufacturing cost
Waste	-	Net realizable value

Goods in transit are stated at invoice price plus other charges paid thereon up to the balance sheet date.

Cost of work in process and finished goods comprises of cost of direct material, labour and appropriate portion of manufacturing overheads. Adequate provision is made for slow moving and obsolete items.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

4.7 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount being the fair value of the consideration to be received in future. An estimated provision is made against debts considered doubtful of recovery whereas debts considered irrecoverable are written off.

4.8 Taxation

Current

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred

Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry-forward of unused tax losses and tax credits to the extent that it is probable that future taxable profits will be available against which deferred tax asset can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability that, at the time of transaction, affects neither the accounting nor taxable profits.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

4.9 Cash and bank balance

Cash in hand and at bank are carried at nominal amounts.

4.10 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

4.11 Provisions

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting future cash flows at appropriate discount rate where ever required. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

4.12 Borrowings and their cost

Borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

4.13 Employee retirement benefits

a) Defined contribution plan

The Company operates an approved provident fund scheme covering all its permanent employees. Equal monthly contributions are made both by the Company and the employees in accordance with the rules of the scheme.

b) Compensated absences

The liability in respect of compensated absences of employees is accounted for in the period in which the absences accrue.

4.14 Revenue recognition

Sales are recorded on dispatch of goods. However, export goods are considered sold when shipped on board.

Scrap sales are recognized when delivery is made to customers.

Rental income is recognized on accrual basis.

Income from bank deposits, loans and advances is recognized on accrual basis.

Dividend income is recognized when the right to receive is established.

4.15 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, cash in transit and balances with banks.

4.16 Financial instruments

All the financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. All the financial assets and financial liabilities recognized are initially measured at cost, which is the fair value of the consideration given or received respectively. In subsequent periods, these are measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statement associated with each item. Any gain or loss on recognition / derecognition of the financial assets and financial liabilities is taken to profit and loss account currently.

4.17 Offsetting of financial assets and financial liabilities

Financial asset and financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.18 Foreign currency translation

Transactions in foreign currencies are translated into Pak rupees at the exchange rates prevailing at the date of transaction. Monetary assets and liabilities that are denominated in foreign currencies are retranslated into Pak rupees at the rates of exchange prevailing at the balance sheet date.

Foreign exchange differences are recognized in the profit and loss account.

4.19 Related party transactions

All transactions with related parties are carried out by the Company at an arms' length price method and the transfer price is determined in accordance with the comparable uncontrolled price method.

4.20 Share capital

Share capital is classified as equity and recognized at the face value. Incremental costs directly attributable to the issue of new shares are shown as a deduction in equity.

4.21 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the year in which it is approved by the shareholders.

4.22 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the period.

4.23 Significant accounting judgements and critical accounting estimates / assumptions

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The matters involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Property, plant and equipment

Management has made estimates of residual values, useful lives and recoverable amounts of certain items of property, plant and equipment. Any change in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment loss.

b) Stores, spares, loose tools and stock-in-trade

The Company has made estimates for realizable amount of slow moving and obsolete stores, spares, loose tools and stock-in-trade to determine provision for slow moving and obsolete items. Any future change in estimated realizable amounts might affect carrying amount of stores, spares and stock-in-trade with corresponding affect on amounts recognized in profit and loss account as provision/reversal.

c) Provision for taxation

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the Income Tax Department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

Crescent Fibres

5 **OPERATING FIXED ASSETS**

5.1 Reconciliation of the carrying amount of operating fixed assets:

Description	Freehold land	Leasehold Land	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Furniture and fixtures	Vehicles	Office equipment	Tools and equipment	Electric Installation	Service equipment	Leased plant and machinery	Leased vehicles (Note 5.2)	Leased office equipment	Total
	Rupees														
Net carrying value basis year ended June 30, 2010															
Opening net book value (NBV)	2,896,444	2,874,160	33,862,954	7,901,789	208,165,055	1,632,746	5,501,448	1,588,137	1,200,299	3,766,699	131,606	5,405,293	6,897,784	516,000	282,340,414
Additions/transfer (at cost)	-	-	948,809	-	11,391,604	149,790	1,438,224	700,910		341,969	-		6,610,000		21,581,306
Transfer from leased assets to own assets (NBV)	-	-	-	-	-	-	1,508,245	-	-	-	-	-	(1,508,245)	-	-
Disposals (NBV)	-	-	-	-	-	-	(944,694)	(164,245)	-	-	-	-	(503,500)	-	(1,612,439)
Depreciation charge	-	(34,131)	(1,664,642)	(459,175)	(21,112,548)	(175,119)	(1,287,784)	(344,031)	(120,030)	(382,369)	(26,321)	(540,529)	(1,901,474)	(103,200)	(28,151,353)
Closing net book value	2,896,444	2,840,029	33,147,121	7,442,614	198,444,111	1,607,417	6,215,439	1,780,771	1,080,269	3,726,299	105,285	4,864,764	9,594,565	412,800	274,157,928
Gross carrying value basis year ended June 30, 2010															
Cost	2,896,444	3,378,976	85,885,270	31,641,118	669,215,627	6,365,440	18,060,409	6,823,848	4,498,949	24,395,618	1,033,627	5,637,574	13,101,800	645,000	873,579,700
Accumulated depreciation/impairment	-	(538,947)	(52,738,149)	(24,198,504)	(470,771,516)	(4,758,023)	(11,844,970)	(5,043,077)	(3,418,680)	(20,669,319)	(928,342)	(772,810)	(3,507,235)	(232,200)	(599,421,772)
Net book value	2,896,444	2,840,029	33,147,121	7,442,614	198,444,111	1,607,417	6,215,439	1,780,771	1,080,269	3,726,299	105,285	4,864,764	9,594,565	412,800	274,157,928
Depreciation rate (% per annum)	-	1%	5%	5%	10%	10%	20%	20%	10%	10%	20%	10%	20%	20%	
Net carrying value basis year ended June 30, 2009															
Opening net book value (NBV)	2,896,444	2,908,291	35,645,215	8,317,657	227,398,473	1,705,282	6,104,222	1,493,062	1,340,730	4,185,221	164,507	-	8,803,602	-	300,962,706
Additions (Cost)	-	-	-	-	7,684,695	98,100	-	462,389	12,000	-	-	5,637,574	1,252,000	645,000	15,791,758
Transfer from leased assets to own assets (NBV)	-	-	-	-	-	-	1,068,499	-	-	-	-	-	(1,068,499)	-	-
Disposals (NBV)	-	-	-	-	(4,275,000)	-	(416,504)	(24,696)	(18,138)	-	-	-	(223,307)		(4,957,645)
Depreciation charge	-	(34,131)	(1,782,261)	(415,868)	(22,643,113)	(170,636)	(1,254,769)	(342,618)	(134,293)	(418,522)	(32,901)	(232,281)	(1,866,012)	(129,000)	(29,456,405)
Closing net book value	2,896,444	2,874,160	33,862,954	7,901,789	208,165,055	1,632,746	5,501,448	1,588,137	1,200,299	3,766,699	131,606	5,405,293	6,897,784	516,000	282,340,414
Gross carrying value basis year ended June 30, 2009															
Cost	2,896,444	3,378,976	84,936,461	31,641,118	657,824,023	6,215,650	17,004,186	6,674,347	4,498,949	24,053,649	1,033,627	5,637,574	10,041,800	645,000	856,481,804
Accumulated depreciation/impairment	-	(504,816)	(51,073,507)	(23,739,329)	(449,658,968)	(4,582,904)	(11,502,738)	(5,086,210)	(3,298,650)	(20,286,950)	(902,021)	(232,281)	(3,144,016)	(129,000)	(574,141,390)
Net book value	2,896,444	2,874,160	33,862,954	7,901,789	208,165,055	1,632,746	5,501,448	1,588,137	1,200,299	3,766,699	131,606	5,405,293	6,897,784	516,000	282,340,414
Depreciation rate (% per annum)	-	1%	5%	5%	10%	10%	20%	20%	10%	10%	20%	10%	20%	20%	

5.2 The following operating assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of buyer/insurer	Address
	Rupees						
Vehicles	1,169,000	892,241	276,759	500,000	Negotiation	Mr. Liaquat Ali	House no. 6 street no.6-B, Mustafabad, Lahore Cantt.
	715,000	642,946	72,054	200,000	Negotiation	Mr. Waseem Mirza	Plot # A-32, Block 10-A Gulshan-e-Iqbal Karachi.
	299,000	255,472	43,528	150,000	Negotiation	Mr. Amjad Pervaiz	Plot # 2, Ali Akbar Sangi Basti Abbas Nagar, Rahim Yar Khan.
	530,000	26,500	503,500	509,788	Insurance Claim	EFU General Insurance	Co-operative insurance building 23, Shara-e-Quaid-e-Azam Lahore.
	1,219,000	666,647	552,353	840,000	Negotiation	Mr. Mohammad Yousuf	Flat no.15, Al-Karam Square block H North Nazimabad, Karachi.
	3,932,000	2,483,806	1,448,194	2,199,788			
Office equipment	68,500	30,359	38,141	20,400	Insurance Claim	Premier Insurance Limited (An associated company)	5th Floor, State Life Building No 2a, Wallace Road, Karachi. 74000 Pakistan
	142,300	104,796	37,504	63,524	Negotiation	Mr. Mohammad Nadeem Arain	66/1 M P.E.C.H.S Block # 6 Karachi 74000, Pakistan.
	42,385	41,905	480	10,000	Negotiation	Integrated Devices Marketing	E-9 Muhammad Ali Housing Society, Ghazi Salahuddin Road, Karachi, Pakistan.
	124,352	63,470	60,882	51,000	Insurance claim	Premier Insurance Limited (An Associated Company)	5th Floor, State Life Building No 2a, Wallace Road, Karachi. 74000 Pakistan
	12,021	5,558	6,463	8,500	Insurance claim	Premier Insurance Limited (An associated company)	5th Floor, State Life Building No 2a, Wallace Road, Karachi. 74000 Pakistan
	161,853	141,079	20,774	20,774	Negotiation	Mr. Mohammad Nadeem Arain	66/1 M P.E.C.H.S Block # 6 Karachi 74000, Pakistan.
	551,411	387,167	164,244	174,198			
Total - 2010	4,483,411	2,870,973	1,612,438	2,373,986			
Total - 2009	7,288,870	2,554,532	4,734,338	14,577,740			

		Note	2010 Rupees	2009 Rupees
5.3	The depreciation charge for the year has been allocated as follows:			
	Cost of sales	32	24,222,626	25,564,660
	General and administrative expenses	33	3,928,727	3,891,745
			28,151,353	29,456,405

6 CAPITAL WORK-IN-PROGRESS

Description	Cost			
	As at July 01, 2009	**Additions during the year**	**Transferred to operating fixed assets**	**As at June 30, 2010**
	Rupees			
Building / improvements on leasehold land	884,161	4,995,959	948,809	4,931,311
Mobilisation advance for construction of building		3,743,017	-	3,743,017
Plant Machinery		1,200,361		1,200,361
Total - 2010	884,161	9,939,337	948,809	9,874,689
Total - 2009	-	884,161	-	884,161

7 INTANGIBLE ASSETS

	Note	2010 Rupees	2009 Rupees
Net carrying value basis			
Opening book value		1,544,880	-
Addition		-	1,931,100
		1,544,880	1,931,100
Amortization charge	7.1	(386,220)	(386,220)
Closing net book value		1,158,660	1,544,880
Gross carrying value basis			
Cost		1,931,100	1,931,100
Accumulated amortization		(772,440)	(386,220)
Net book value		1,158,660	1,544,880
Amortization rate per annum		20%	20%

		Note	2010 Rupees	2009 Rupees
7.1	The amortization charge for the year has been allocated as follows:			
	General and administrative expenses	33	386,220	386,220

		Note	2010 Rupees	2009 Rupees
8	**LONG TERM INVESTMENT**			
	In associated undertaking	8.1	2,482,630	2,298,304
8.1	In associated undertaking			
	Premier Insurance Limited			
	84,477 shares of Rs. 5 each (2009 : 73,459 shares)			
	Cost of investment		930	930
	Accumulated share of post acquisition profit - net of dividend received		2,297,374	2,671,692
	Share of profit / (loss) for the year net of previous adjustment		257,785	(307,537)
	Dividend received during the year		(73,459)	(66,781)
			2,481,700	2,297,374
			2,482,630	2,298,304

Market value of investment in associate was Rs. 261,879 (2009: Rs. 598,691).

Interim financial statement of associated company for the year ended June 30, 2010 (reviewed) have been used for the purpose of application of equity method.

The percentage of equity held in associate is 0.1395% (2009: 0.1395%).

Summarised financial information of Premier Insurance Limited is set out below:

	2010	2009
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
Underwriting results	17,662,000	(10,978,000)
Investment income	70,720,000	141,835,000
(Loss) / profit after tax	184,798,000	(220,451,000)
Company's share of associate's net assets	2,482,630	2,298,304

	Note	2010 Rupees	2009 Rupees
9 LONG TERM LOANS			
(Secured - considered good)			
Due from employees	9.1 & 9.2	-	46,000
Current portion shown under current assets	14	-	(41,000)
		-	5,000

9.1 The previous year figure represent interest free loans provided to employees for the purchase of motor cycle and are secured by original registration documents of motor cycle. The loan is repayable over a period of one and half years in equal monthly installments.

9.2 Chief Executive Officer and Directors have not taken any loans and advances from the Company.

	2010 Rupees	2009 Rupees
10 LONG-TERM DEPOSITS		
Security deposits		
Leases	5,773,518	3,950,323
Others	1,277,192	1,435,600
	7,050,710	5,385,923
11 STORES, SPARES AND LOOSE TOOLS		
Stores	13,916,041	13,315,072
Spares	12,870,257	13,528,922
Loose tools	46,986	47,708
	26,833,284	26,891,702

11.1 Stores and spares also include items which may result in capital expenditure but are not distinguishable.

	2010 Rupees	2009 Rupees
12 STOCK IN TRADE		
Raw material		
In hand	90,153,084	63,884,570
In transit	-	2,604,346
	90,153,084	66,488,916
Work-in-process	34,949,665	23,655,615
Finished goods	33,372,714	11,124,426
	158,475,463	101,268,957

	Note	2010 Rupees	2009 Rupees
13 TRADE DEBTS			
(Secured - considered good)		4,352,146	6,096,707
(Unsecured - considered good)		146,131,844	112,882,670
(Unsecured - considered doubtfull		4,604,894	4,604,894
		155,088,884	123,584,271
Less: Provision for doubtful debts		(4,604,894)	(4,604,894)
		150,483,990	118,979,377
14 LOANS AND ADVANCES			
Loans to staff			
Secured	9	171,700	41,000
Unsecured		-	92,740
		171,700	133,740
Advances (unsecured)			
To suppliers'/contractors		6,038,051	2,137,504
Against imports		5,097,205	3,485,610
Against expenses		17,002	29,000
		11,152,258	5,652,114
		11,323,958	5,785,854
15 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Short term deposits		737,075	1,723,050
Bank guarantee and LC margin		2,850,992	3,485,592
Short term prepayments		676,969	1,304,254
		4,265,036	6,512,896
16 OTHER RECEIVABLES			
(Considered good)			
Against utilities of rental parties	16.1	2,978,334	2,610,619
Due from associated undertakings		-	43,027
Others		-	630,351
		2,978,334	3,283,997

16.1 This includes receivables from associated undertakings namely, Amil Exports and Sameer Enterprises amounting to Rs. 0.120 million and 0.018 million (2009: 0.105 million and 0.014 million) respectively.

	Note	2010 Rupees	2009 Rupees
17 SHORT TERM INVESTMENTS			
Available for sale	17.1		
In shares		41,178,797	41,178,797
Cumulative fair value (loss)/gain		(4,119,975)	171,982
Impairment loss		(1,674,013)	-
		(5,793,988)	171,982
		35,384,809	41,350,779

17.1 Available for sale

Number of shares 2010	Number of shares 2009		Market value 2010	Market value 2009
		Quoted - At fair value		
1,271,633	1,271,633	The Crescent Textile Mills Limited	27,429,124	31,155,009
1,031	1,031	Crescent Sugar Mills & Distillery Limited	6,083	5,413
285,357	285,357	Jubilee Spinning and Weaving Mills Limited	927,410	853,217
1,289,278	1,289,278	Shakarganj Mills Limited	4,899,256	6,575,318
50,060	50,060	Crescent Jute Products limited	51,061	75,090
850,855	850,855	Samba Bank Limited	1,931,441	2,535,548
		Unquoted - At breakup value		
25,000	25,000	Crescent Modaraba Management Company Limited	140,434	151,184
533,653	533,653	Crescent Bahuman Limited	-	-
			35,384,809	41,350,779

	Note	2010 Rupees	2009 Rupees
18 TAX REFUND DUE FROM GOVERNMENT			
Sales tax refundable		7,428,807	5,428,680
19 CASH AND BANK BALANCES			
Cash in hand		759,029	280,894
Cash with banks			
In current accounts		17,008,902	23,384,051
In saving accounts	19.1	31,160,890	6,233,032
		48,169,792	29,617,083
		48,928,821	29,897,977

19.1 The balance in saving accounts carry profit at rate of 5% (2009: 5%) per annum.

			Note	2010 Rupees	2009 Rupees

20 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Number of ordinary Shares shares of Rs. 10/- each 2010	2009				
9,128,510	9,128,510	Fully paid in cash		91,285,100	91,285,100
535,533	535,533	Fully paid issued to financial institution against conversion of loan loan		5,355,330	5,355,330
2,753,833	2,753,833	Fully paid bonus shares		27,538,330	27,538,330
12,417,876	12,417,876			124,178,760	124,178,760
59,745	59,745	Shares held by associated undertakings		597,450	597,450

21 RESERVES

	Note	2010 Rupees	2009 Rupees
Revenue			
Un-realized (loss) / gain on available for sale investment		(4,119,975)	171,982
Unappropriated profit		166,619,357	55,874,613
		162,499,382	56,046,595

22 LONG TERM FINANCING

	Note	2010 Rupees	2009 Rupees
From banking companies - secured			
Term loan	22.1	7,500,000	37,500,000
Term finance 1	22.2	4,602,282	10,207,733
Term finance 2	22.3	8,705,315	12,187,441
Term finance 3	22.4	4,133,450	-
		24,941,047	59,895,174
Less: Current portion shown under current liabilities	29	19,066,534	39,087,575
		5,874,513	20,807,599
From directors - unsecured	22.5	13,674,714	8,674,714
		19,549,227	29,482,313

22.1 This facility has been obtained from MCB Bank Limited amounting to Rs. 150.000 million. The rate of mark-up is 3% over the three months rate of Karachi Inter-Bank Offered Rates (KIBOR) and is payable on a quarterly basis.

The tenure of financing is five years. The finance facility is repayable in twenty equal quarterly installments commencing from December 29, 2005.

The finance facility is secured against first registered pari passu equitable mortgage/hypothecation charge over fixed assets of the Company aggregating to Rs. 200.000 million.

22.2 This facility has been obtained from NIB Bank Limited amounting to Rs. 25.000 million. The rate of mark-up is 4.06% over the 6 months rate of Karachi Inter-Bank Offered Rates (KIBOR) with a floor rate of 10.5% and is payable quarterly. The finance facility is repayable in twenty quarterly installments commencing from June 2006.

The finance facility is secured against first pari passu mortgage / hypothecation / floating charge of Rs. 41.307 million on fixed assets including land, building, plant and machinery of the Company and personal guarantees of sponsors.

22.3 This facility has been obtained from NIB Bank Limited amounting to Rs. 30.600 million for import of generator. The rate of mark-up is 7% per annum and is payable quarterly.

The finance facility is secured against first pari passu mortgage / hypothecation / floating charge amounting to Rs. 49.171 million on fixed assets including land, building, plant and machinery and personal guarantees of sponsors. The finance facility is repayable in twenty quarterly installments commencing from June 2006.

22.4 This facility has been obtained from MCB Bank Limited for the purpose of expension in textile unit-2 located at Bikhi. The rate of mark-up is 2.5% over the 6 months rate of KIBOR and is payable semi-annually. The finance facility is repayable in twelve semi-annually installments commencing from December 01, 2010 with a grace period of 18 months. Total Sanction limit of facility is Rs. 307.000 million.

The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 430.000 million.

22.5 This is interest free and unsecured. The loan is not repayable within 12 months of the balance sheet date.

	Note	2010 Rupees	2009 Rupees
23 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES			
Secured			
Balance as July 01		12,810,015	8,739,823
Additions during the year		6,610,000	7,534,575
		19,420,015	16,274,398
Payments/adjustments during the year		(4,566,338)	(3,464,383)
		14,853,677	12,810,015
Less: Payable within one year shown under current liabilities	29	(4,201,221)	(3,370,914)
		10,652,456	9,439,101

This represents finance leases entered into with financial institutions for plant and machinery, vehicles and office equipment. Financing rates ranging from 14.05% to 24.20% (2009: 12.90% to 24.20%) per annum have been used as a discounting factor. At the end of the lease period the ownership of assets shall be transferred to the Company on payment of residual values of the assets. These facilities are secured by security deposit and personal guarantees of directors and hypothecation charge on leased assets.

The future minimum lease payments to which the Company is committed under the lease agreements and the periods in which they will become due are as follows:

	2010			2009		
	Upto one year	One to five years	Total	Upto one year	One to five years	Total
	Rupees			Rupees		
Minimum lease payments outstanding	5,453,656	11,681,208	17,134,864	4,593,921	11,108,092	15,702,013
Financial charges not due	(1,252,435)	(1,028,752)	(2,281,187)	(1,223,007)	(1,668,991)	(2,891,998)
Present value of minimum lease payments	4,201,221	10,652,456	14,853,677	3,370,914	9,439,101	12,810,015
Payable within one year shown under current liabilities	(4,201,221)	-	(4,201,221)	(3,370,914)	-	(3,370,914)
	-	10,652,456	10,652,456	-	9,439,101	9,439,101

	Note	2010 Rupees	2009 Rupees
24 DEFERRED TAXATION			
Deferred taxation is composed of:			
Taxable temporary differences:			
Accelerated tax depreciation allowance		58,590,867	59,916,925
Deductible temporary differences:			
Lease rentals		(5,198,787)	(4,483,504)
Tax losses		-	(24,211,362)
Provision for doubtful debts		(1,611,713)	(1,611,713)
		(6,810,500)	(30,306,579)
		51,780,367	29,610,346

25 TRADE AND OTHER PAYABLES

	Note	2010 Rupees	2009 Rupees
Creditors	25.1	91,750,370	103,214,578
Accrued liabilities		54,337,184	40,571,807
Payable to provident fund		404,097	2,577,596
Workers' profit participation fund	25.2	8,364,927	696,980
Due to chief executive and directors		3,898,212	1,373,413
Advance from customer		2,141,569	-
Unclaimed dividend		194,377	194,377
Withholding tax payable		575,889	2,012,411
Workers' welfare fund		3,443,324	264,652
Other liabilities		227,336	164,240
		165,337,285	151,070,054

25.1 This includes balance amounting to Rs. 10.137 million (2009: Rs. 12.792 million) due to associated undertakings.

25.2 Workers' profit participation fund balance comprises as follows:

	2010 Rupees	2009 Rupees
Balance as at July 01,	696,980	895,799
Add: Allocation for the year	8,364,927	696,980
Interest on funds utilized in the Company's business	48,789	77,021
	9,110,696	1,669,800
Less: Amount paid during the year	(745,769)	(972,820)
	8,364,927	696,980

	Note	2010 Rupees	2009 Rupees
26 FINANCIAL CHARGES PAYABLE			
Mark-up accrued on secured:			
Long-term financing		564,218	1,762,785
Short-term financing		26,658,001	26,362,343
		27,222,219	28,125,128
27 SHORT-TERM FINANCING			
From banking companies - secured			
Running / cash finance	27.1	135,539,193	152,637,312
Bills discounting	27.2	12,000,000	12,000,000
		147,539,193	164,637,312

27.1 The Company has obtained short term finance facilities from various commercial banks. The aggregate facilities under mark-up arrangements amounted to Rs. 272.000 million (2009: Rs. 209.152 million). The rate of mark up on these finance facilities ranges between 3 months KIBOR plus 1% to 4% per annum (2009: 3 month KIBOR plus 1.5% to 4.5% per annum) and is payable quarterly.

The Company also has a facility for opening letters of credit under mark-up arrangements amounting to Rs. 70.000 million (2009: Rs. 50.000 million) from a commercial bank. The unutilized balance at the end of the year was Rs. 60.000 million (2009: Rs. 42.757 million).

These financing facilities are secured by way of pledge and floating charge over the current assets and personal guarantee of directors and lien on import documents.

27.2 Facility amounting to Rs. 12.00 million (2009: Rs. 12.00 million) is subject to discounting charges at the rate of 8.00% (2009: 8.00%) per annum and is secured against personal guarantee of directors and demand promissory note.

	Note	2010 Rupees	2009 Rupees
28 CURRENT PORTION OF LONG TERM LIABILITIES			
Long term financing	23	19,066,534	39,087,575
Liabilities against assets subject to finance leases	24	4,201,221	3,370,914
		23,267,755	42,458,489

	2010 Rupees	2009 Rupees
29 TAXATION - NET		
Advance income tax	12,326,315	4,068,404
Provision for taxation	(21,126,790)	(879,207)
	(8,800,475)	3,189,197

30 CONTINGENCIES AND COMMITMENTS

30.1 Contingencies

a) Guarantees have been issued by banking companies in normal course of business amounting to Rs. 26.000 million (2009: 37.190 million).

b) There is a contingent loss aggregating to Rs. 3.975 million in respect of demand raised by tax department for assessment years 2001-2002 and 2002-2003 which the Company is contesting in Appeal before Commissioner of Income Tax. During the year, the case has been decided in favour of the Company. However, the department has filed an appeal against order of Commissioner of Income Tax. No provision has been made against this demand.

30.2 Commitments

The Company was committed as at the balance sheet date as follows:

Letters of credit against import of plant and machinery amounting to Rs. 264.313 million (2009: nil).

Letters of credit against raw material amounting to Rs. 13.112 million (2009: Rs. 7.309 million).

Contractual obligation against construction of factory building amounting to Rs. 36.430 million (2009: nil)

31 SALES - NET

Export - yarn	6,278,348	1,202,637
Local		
Yarn	1,769,655,554	1,408,458,110
Waste	9,619,046	9,558,791
	1,779,274,600	1,418,016,901
	1,785,552,948	1,419,219,538
Brokerage and commission	(16,167,770)	(12,093,522)
	1,769,385,178	1,407,126,016
Trading - local	-	20,326,850
	1,769,385,178	1,427,452,866

	Note	2010 Rupees	2009 Rupees
32 COST OF SALES			
Material consumed	32.1	1,162,756,327	957,336,969
Salaries, wages and other benefits	32.2	120,229,830	105,112,335
Packing material consumed		20,045,066	19,182,738
Stores, spares and loose tools consumed		40,451,417	32,102,011
Power and fuel		152,148,453	138,603,457
Depreciation	5.4	24,222,626	25,564,660
Repairs and maintenance		13,722,909	7,047,659
Insurance		5,069,041	4,550,102
Other manufacturing overheads		7,722,095	7,364,661
Manufacturing cost		1,546,367,764	1,296,864,592
Opening work-in-process		23,655,615	22,097,717
Closing work-in-process		(34,949,665)	(23,655,615)
		(11,294,050)	(1,557,898)
Cost of goods manufactured		1,535,073,714	1,295,306,694
Cost of goods purchased for trading		-	19,235,679
		1,535,073,714	1,314,542,373
Opening stock of finished goods		11,124,426	15,014,927
Closing stock of finished goods		(33,372,714)	(11,124,426)
		(22,248,288)	3,890,501
		1,512,825,426	1,318,432,874

32.1 Material consumed

	2010 Rupees	2009 Rupees
Opening stock	66,488,916	116,343,612
Purchases including related expenses	1,186,420,495	916,895,902
	1,252,909,411	1,033,239,514
Raw material trading	-	(9,413,629)
Closing stock	(90,153,084)	(66,488,916)
	1,162,756,327	957,336,969

32.2 Salaries, wages and other benefits include Rs. 3.022 million (2009: Rs. 2.814 million) in respect of staff retirement benefits.

		Note	2010 Rupees	2009 Rupees
33	**GENERAL AND ADMINISTRATIVE EXPENSES**			
	Directors remuneration		9,960,175	8,799,135
	Staff salaries and other benefits	33.1	15,697,271	14,968,825
	Repairs and maintenance		2,921,461	1,246,645
	Vehicles running and maintenance		4,168,775	3,529,652
	Insurance		1,044,255	956,834
	Printing and stationery		786,161	766,767
	Telephone and postage		1,370,317	1,369,933
	Traveling and conveyance		3,022,973	1,706,105
	Fees and subscription		1,420,702	1,091,925
	Legal and professional		359,020	468,060
	Depreciation	5.4	3,928,727	3,891,745
	Amortization	7.1	386,220	386,220
	Utilities		2,193,358	1,730,113
	Rent, rates and taxes		204,802	135,528
	Entertainment		1,469,274	936,416
	Others		1,990,163	1,522,949
			50,923,654	43,506,852

33.1 Salaries and other benefits include Rs.1.339 million (2009: Rs.1.142 million) in respect of staff retirement benefits.

			2010 Rupees	2009 Rupees
34	**DISTRIBUTION COST**			
	Ocean freight		63,616	24,172
	Local freight and insurance		6,332,940	5,782,149
	Shipping expenses		40,892	7,059
	Other		722,892	74,433
			7,160,340	5,887,813
35	**OTHER OPERATING INCOME**			
	Gain on disposal of fixed assets		761,548	444,931
	Interest on bank deposits		337,029	230,170
	Gain on insurance claim		134,563	-
	Rental income		9,701,441	9,030,027
	Scrap sales		12,355	15,798
			10,946,936	9,720,926

	Note	2010 Rupees	2009 Rupees
36 OTHER OPERATING EXPENSES			
Auditors' remuneration:			
Statutory audit		275,000	223,000
Half yearly review		75,000	75,000
Special reports and sundry services		22,000	22,000
		372,000	320,000
Impairment loss on available for sale investments		1,674,013	-
Workers' welfare fund		3,178,672	264,652
Workers' profit participation fund		8,364,927	696,980
		13,589,612	1,281,632
37 FINANCIAL CHARGES			
Mark-up / interest on:			
Long-term financing		5,900,373	12,537,346
Lease finances		1,548,316	1,297,046
Short-term financing		27,921,855	28,544,221
Workers' profit participation fund		48,789	77,021
		35,419,333	42,455,634
Bank charges and commission		1,048,301	3,406,191
LC discounting charges		5,581,678	8,662,647
		42,049,312	54,524,472
38 TAXATION			
Current		41,980,224	879,207
Prior		(20,853,434)	597,092
		21,126,790	1,476,299
Deferred		22,170,021	(703,766)
	38.1	43,296,811	772,533

38.1 Relation between tax expense and accounting profit is as follows:

Profit before taxation	154,041,555	13,232,612
Tax at the applicable tax rate	53,914,544	4,631,414
Tax effect of expenses not allowed for tax	10,446,348	10,656,070

	Note	2010 Rupees	2009 Rupees
Tax effect of expenses allowed for tax		(10,030,183)	(13,403,749)
Tax effect of FTR income		833,902	879,207
Tax effect of loss adjustment		8,985,634	(2,587,501)
Effect of prior years		(20,853,434)	597,092
		43,296,811	772,533

39 EARNINGS PER SHARE - BASIC AND DILUTED

	2010 Rupees	2009 Rupees
Profit after taxation for the year	110,744,744	12,460,079
Weighted average number of ordinary shares outstanding	12,417,876	12,417,876
Earnings per share - basic and diluted	8.92	1.00

40 CASH GENERATED FROM OPERATIONS

	Note	2010 Rupees	2009 Rupees
Profit before taxation		154,041,555	13,232,612
Adjustment for non-cash charges and other items:			
(Gain) on disposal of operating fixed assets		(761,548)	(444,931)
Financial charges		42,049,312	54,524,472
Depreciation		28,151,353	29,456,405
Amortization		386,220	386,220
Impairment of available for sale investments		1,674,013	-
(Gain)/loss on share of profit of associate		(257,785)	307,537
		71,241,565	84,229,703
Profit before working capital changes		225,283,120	97,462,315
Working capital changes	40.1	(79,370,178)	16,056,025
		145,912,942	113,518,340

40.1 Working capital changes

	2010 Rupees	2009 Rupees
Decrease/(increase) in current assets:		
Stores, spares and loose tools	58,418	(2,317,819)
Stock in trade	(57,206,506)	52,187,299
Trade debts	(31,504,613)	(32,473,753)

	Note	2010 Rupees	2009 Rupees
Loans and advances		(5,538,104)	4,271,491
Trade deposits and short term prepayments		2,247,860	(3,026,006)
Other receivables		305,663	(1,241,234)
Tax refund due from the Government		(2,000,127)	(85,973)
		(93,637,409)	17,314,005
Increase/(decrease) in trade and other payables		14,267,231	(1,257,980)
		(79,370,178)	16,056,025

41 REMUNERATION OF CHIEF EXECUTIVE DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration, including all benefits to Chief Executive, Directors and Executives of the Company were as follows:

	2010				2009			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	Rupees				Rupees			
Managerial remuneration	1,241,800	4,716,488	1,922,233	7,880,521	996,660	4,199,664	1,882,765	7,079,089
House rent	602,928	2,127,290	908,767	3,638,985	448,500	1,889,849	847,233	3,185,582
Company's contribution to Provident Fund Trust	124,180	458,696	192,217	775,093	99,666	440,978	188,276	728,920
Motor vehicle expenses	283,763	987,904	252,200	1,523,867	265,411	999,044	242,201	1,506,656
Total	2,252,671	8,290,378	3,275,417	13,818,466	1,810,237	7,529,535	3,160,475	12,500,247
Number of persons	1	4	3	8	1	4	2	7

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

41.1 The Chief Executive, three Directors and some executives are also provided with free use of the Company's maintained cars.

41.2 Aggregate amount charged in these financial statements in respect of Directors Fee is Rs. 20,000 (2009: Rs. 30,000).

42 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of related group companies, local associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and remuneration and benefits to key management personnel under the terms of their employment are as follows:

Relation with the Company	Nature of transaction	2010 Rupees	2009 Rupees
Associated companies	Sales of yarn	10,093,000	5,780,000
	Insurance premium	6,439,165	6,886,436
	Insurance claim received	1,339,205	4,461,620
	Dividend received	73,459	66,780
	Rent received	134,424	120,000
Retirement benefit plan	Contribution to provident fund	4,362,088	3,905,216
Directors	Long term financing	5,000,000	3,550,000

42.1 The status of outstanding balances of related parties as at June 30, 2010 are included in "Trade debts" (note 13), "Other receivables" (note 16) and "Trade and other payables" (note 25) respectively.

43 CAPACITY AND PRODUCTION

Spinning units	2010			2009		
	Unit - I	Unit - II	Total	Unit - I	Unit - II	Total
Number of spindles installed	20,360	23,328	43,688	20,360	23,328	43,688
Number of spindles worked	20,360	23,328	43,688	20,360	23,328	43,688
Number of shifts per day	3	3	3	3	3	3
Installed capacity after conversion into 20/s count - kgs	9,338,123	7,086,857	16,424,980	9,338,123	7,086,857	16,424,980
Actual production of yarn after conversion into 20/s count - kgs	7,398,834	6,633,557	14,032,391	8,834,634	3,132,683	11,967,317

44 YIELD / MARK UP RATE RISK

Yield/mark-up rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market yield/mark-up rates. Sensitivity to yield/mark-up rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Company is exposed to yield / mark-up rate risk in respect of the following:

	2010						
	Effective yield / mark-up rate	Total	Exposed to yield / mark-up rate risk			Sub- total	Not exposed to yield / mark-up rate risk
			Maturity upto one year	Maturity over one year to five years	Maturity over five years		
	%	Rupees					
Financial assets							
Investments	-	35,384,809	-	-	-	-	35,384,809
Deposits	-	4,128,184	-	-	-	-	4,128,184
Trade debts	-	150,483,990	-	-	-	-	150,483,990
Other receivables	-	2,978,334	-	-	-	-	2,978,334
Cash and bank balances	-	48,928,821	31,160,890	-	-	31,160,890	17,767,931
		241,904,138	31,160,890	-	-	31,160,890	210,743,248
Financial liabilities							
Long-term financing	7% - 16.60%	38,615,761	19,066,534	5,874,513	-	24,941,047	13,674,714
Liabilities against assets subject to fiance leases	14.05% - 24.20%	14,853,677	4,201,221	10,652,456	-	14,853,677	-
Trade and other payables	-	164,761,396	-	-	-	-	164,761,396
Financial charges payable	-	27,222,219	-	-	-	-	27,222,219
Short-term financing	8% - 16.19%	147,539,193	147,539,193	-	-	147,539,193	-
		(392,992,246)	(170,806,948)	(16,526,969)	-	(187,333,917)	(205,658,329)
On balance sheet gap		(151,088,108)	(139,646,058)	(16,526,969)	-	(156,173,027)	5,084,919
Off balance sheet items							
Guarantees on behalf of the Company		26,000,000	-	-	-	-	26,000,000
Letter of credit for consumption		13,112,000	-	-	-	-	13,112,000
Letter of credit for capital expenditure		264,313,000	-	-	-	-	264,313,000
		303,425,000	-	-	-	-	303,425,000
Total gap		(454,513,108)	(139,646,058)	(16,526,969)	-	(156,173,027)	(298,340,081)

	2009						
	Effective yield / mark-up rate	Total	Exposed to yield / mark-up rate risk			Sub- total	Not exposed to yield / mark-up rate risk
			Maturity upto one year	Maturity over one year to five years	Maturity over five years		
	%	Rupees					
Financial assets							
Investments	-	41,350,779	-	-	-	-	41,350,779
Deposits		4,921,192					4,921,192
Trade debts	-	118,979,377	-	-	-	-	118,979,377
Other receivables	-	3,283,997	-	-	-	-	3,283,997
Cash and bank balances	-	29,897,977	6,233,032	-	-	6,233,032	23,664,945
		198,433,322	6,233,032	-	-	6,233,032	192,200,290
Financial liabilities							
Long-term financing	7% - 18.50%	68,569,888	39,087,575	20,807,599	-	59,895,174	8,674,714
Liabilities against assets subject to fiance leases	12.90% - 24.20%	12,810,015	3,370,914	9,439,101	-	12,810,015	-
Trade and other payables		149,057,643	-	-	-	-	149,057,643
Financial charges payable		28,125,128	-	-	-	-	28,125,128
Short-term financing	12.13% - 19.20%	164,637,312	164,637,312	-	-	164,637,312	-
		(423,199,986)	(207,095,801)	(30,246,700)	-	(237,342,501)	(185,857,485)
On balance sheet gap		(224,766,664)	(200,862,769)	(30,246,700)	-	(231,109,469)	6,342,805
Off balance sheet items							
Guarantee issued on behalf of Company		37,189,810	-	-	-	-	37,189,810
Stores,spares and raw material under contractual obligations		7,309,512					7,309,512
		44,499,322	-	-	-	-	44,499,322
Total gap		(269,265,986)	(200,862,769)	(30,246,700)	-	(231,109,469)	(38,156,517)

45 PROPOSED AND DECLARED DIVIDEND

The Board of Directors have recomended a final cash dividend for the year ended June 30, 2010 of Rs. 1.00 per share, amounting to Rs. 12.418 million at their meeting held on 6th October, 2010 for approval of the members at the Annual General Meeting to be held on 30th October, 2010.

46 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

46.1 Risk management policies

The Company's operations expose it to financial risk mainly due to changes in foreign exchange rates. Risk management is carried out by the management under polices approved by board of directors. The board provides principles for overall risk management, as well as policies covering specific areas like foreign exchange risk, interest rate risk and investing excessive liquidity.

46.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted and arises principally from trade and other receivables. The Company’s policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulator requirements.

Exposure to credit risk

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	2010 Rupees	2009 Rupees
Deposits	1,277,192	1,435,600
Trade debts	155,088,884	123,584,271
Other receivables	2,978,334	3,283,997
Bank balances	48,928,821	29,897,977

	2010 Rupees	2009 Rupees

The aging of trade receivables at the reporting date is:

Not past due	145,730,541	98,571,708
Past due 1-30 days	3,944,313	13,466,506
Past due 30-90 days	1,672,248	6,548,029
Past due 90 days	3,741,782	4,998,028
	155,088,884	123,584,271

All the trade debtors at balance sheet date are domestic parties.

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary sales made to certain customers are secured through letters of credit.

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis.

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

Impaired assets

During the year no assets have been impaired other then short term investments amounting to Rs. 35.396 million against which impairment amounting to Rs. 1.674 million has been recorded.

46.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any:

	Carrying Amount	Contractual Cash Flows	Six months or less	Six to Twelve months	One to two years	Two to five years	Over five years
				Rupees			
2010							
Long term financing	53,469,438	55,640,448	17,404,564	11,685,866	6,007,831	6,867,473	13,674,714
Trade and other payables	165,337,285	165,337,285	165,337,285	-	-	-	-
Financial charges payable	27,222,219	27,222,219	27,222,219	-	-	-	-
Short-term financing	147,539,193	147,539,193	147,539,193	-	-	-	-
	393,568,135	395,739,145	357,503,261	11,685,866	6,007,831	6,867,473	13,674,714

	Carrying Amount	Contractual Cash Flows	Six months or less	Six to Twelve months	One to two years	Two to five years	Over five years
				Rupees			
2009							
Long term financing	81,379,903	91,983,916	24,689,320	25,487,804	24,095,396	9,036,682	8,674,714
Trade and other payables	151,070,054	151,066,448	151,066,448	-	-	-	-
Financial charges payable	28,125,128	28,125,128	28,125,128	-	-	-	-
Short-term financing	164,637,312	164,637,312	164,637,312	-	-	-	-
	425,212,397	435,812,804	368,518,208	25,487,804	24,095,396	9,036,682	8,674,714

46.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holding of financial instruments.

a) Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company exposure to foreign currency risk as follows:

	2010 Rupees	2009 Rupees
Outstanding letter of credit	277,425,132	10,987,340

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term loans and short term borrowings. At the balance sheet date the interest rate profile of the Company's interest -bearing financial instruments is as follows:

Financial liabilities	2010 Effective Rate (In percent)	2009 Effective Rate (In percent)	2010 Carrying amount Rupees	2009 Carrying amount Rupees
Fixed rate instrument				
Long term finance	7%	7%	8,735,016	12,187,441
Short term borrowings	8%	8% - 17%	12,000,000	46,507,192
Variable rate instruments				
Long term finance	14.85%-16.60	7%-14.5%	16,235,732	60,517,748
Short term borrowings	13.47%-16.19%	10.72%-14.92%	135,539,193	118,130,120

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for prior year.

	Profit and loss 100 bp increase	Profit and loss 100 bp decrease
As at June 30, 2010		
Cash flow sensitivity - Fixed rate financial liabilities	(207,350)	207,350
Cash flow sensitivity - Variable rate financial liabilities	(1,517,749)	1,517,749
As at June 30, 2009		
Cash flow sensitivity - Fixed rate financial liabilities	(586,946)	586,946
Cash flow sensitivity - Variable rate financial liabilities	(1,786,479)	1,786,479

The sensitivity analysis prepared is not necessarily indicative of the effects on (loss) / profit for the year and assets / liabilities of the Company.

c) Market risk

Market price risk

The risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

	2010 Rupees	2009 Rupees

Exposure

The Company has exposure to market price risk in available for sale securities.

Risk management

The Company’s policy is to manage price risk through diversification and selection of financial instruments within specified limits.

As at June 30, 2010, the fair value of equity securities exposed to price risk were as follows:

Available for sale investment	35,384,809	41,350,779

The following table illustrates the sensitivity of the profit for the year and the share holders' equity to an increase or decrease of 5% in the fair values of the Company’s equity securities. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Company's equity securities at each statement of assets and liabilities date, with all other variables held constant.

Investment available for sale	1,769,240	2,067,539

47 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transaction.

48 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitor the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

49 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 06, 2010 by the Board of of Directors of the Company.

50 GENERAL

Figures have been rounded off to the nearest rupee.

IMRAN MAQBOOL
CHIEF EXECUTIVE

NADEEM MAQBOOL
DIRECTOR

PATTERN OF SHARE HOLDING AS AT JUNE 30, 2010

FORM-34

SHAREHOLDERS	FROM	TO	TOTAL SHARES	PERCENTAGE
652	1	100	22,043	0.18
466	101	500	104,055	0.84
115	501	1,000	76,702	0.62
167	1,001	5,000	345,643	2.78
36	5,001	10,000	256,932	2.07
17	10,001	15,000	212,691	1.71
16	15,001	20,000	268,891	2.17
5	20,001	25,000	104,537	0.84
11	25,001	30,000	308,344	2.48
5	30,001	35,000	163,923	1.32
5	35,001	40,000	181,353	1.46
1	40,001	45,000	44,073	0.35
3	45,001	50,000	136,834	1.10
1	50,001	55,000	51,173	0.41
4	55,001	60,000	229,088	1.84
2	65,001	70,000	136,106	1.10
2	70,001	75,000	145,945	1.18
1	75,001	80,000	79,321	0.64
1	115,001	120,000	115,819	0.93
1	150,001	155,000	153,580	1.24
1	185,001	190,000	187,711	1.51
1	255,001	260,000	258,558	2.08
1	315,001	320,000	318,378	2.56
1	350,001	355,000	351,657	2.83
1	435,001	440,000	438,443	3.53
1	590,001	595,000	594,269	4.79
1	760,001	765,000	760,600	6.13
1	1,030,001	1,035,000	1,033,608	8.32
1	1,155,001	1,160,000	1,156,831	9.32
1	1,160,001	1,165,000	1,164,375	9.38
1	1,190,001	1,195,000	1,192,400	9.60
1	1,820,001	1,825,000	1,823,993	14.69
1,523			**12,417,876**	**100**

Categories of Shareholder		

Directors, Chief Executive Officer, Their Spouse and Childern

Chief Executive		
IMRAN MAQBOOL	1,164,375	9.38
Directors		
HUMAYUN MAQBOOL	1,192,400	9.60
KHAWAR MAQBOOL	1,823,993	14.69
NADEEM MAQBOOL	1,156,831	9.32
NAILA HUMAYUN MAQBOOL	500	0.00
RIAZ MASOOD	258,558	2.08
SHAHID RIAZ MASOOD	10,151	0.08
ASMA ANWAR W/O. IMRAN MAQBOOL	6,501	0.05
NAZIA MAQBOOL W/O. NADEEM MAQBOOL	3,399	0.03
SHAHEEN RIAZ W/O. RIAZ MASOOD	45,941	0.37
	5,662,649	**45.60**
Associated Companies, Undertakings & Related Parties		
CRESCENT POWER TEC LIMITED	27,825	0.22
SHAMS TEXTILE MILLS LIMITED	31,920	0.26
	59,745	**0.48**
NIT & ICP (Name Wise Detail)		
INVESTMENT CORPORATION OF PAKISTAN	5,967	0.05
Banks, DFI's, NBFI's	1,278,947	10.30
Insurance Companies	319,480	2.57
Modaraba and Mutual Funds	21,971	0.18
Other Companies	582,698	4.69
General Public		
LOCAL	4,486,419	36.13
TOTAL NUMBER OF SHARES	**12,417,876**	**100**

Shareholder More Than 10%		
KHAWAR MAQBOOL	1,823,993	14.69

FORM OF PROXY

CDC Participant ID #	Sub Account # / Folio #	NIC No.	Share Holding

I/We ____

of ____

being a member of **CRESCENT FIBRES LIMITED**, hereby appoint______________________
____ or
failing him____(being a member of the Company) as my/our proxy to attend, act and vote for me/us and on my/our behalf at the 33rd Annual General Meeting of the Company to be held on Saturday the 30th October, 2010 at 9.30 a.m. at Registered office of the Company 104 -Shadman-1, Lahore and at any adjournment thereof.

Witnesses:

1. Signature: ____________________
   Name : ____________________
   N.I.C. : ____________________
   Address: ____________________
   ____

2. Signature: ____________________
   Name : ____________________
   N.I.C. : ____________________
   Address: ____________________
   ____

Please affix here Revenue Stamps of Rs. 5/-

____
Members' Signature

Date:

Notes:

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy.
2. The instruments appointing a proxy, together with the power of attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited at the Registered Office, 104 -Shadman-1, Lahore, not less than 48 hours before the time of holding the Meeting.
3. CDC account holders will further have to follow the under mentioned guidelines as laid down in circular # 1 dated January 26, 2000 of the Securities & Exchange Commission of Pakistan for appointing Proxies:

i) In case of individuals, the account holder or sub account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.

ii) The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.

iii) Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv) The proxy shall produce his original NIC or original passport at the time of the meeting.

v) In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures of the proxy holder shall be submitted (unless it has been provided earlier) alongwith proxy form to the company.