Crescent Fibres

Annual Report 2009

CONTENTS

COMPANY INFORMATION

Board of Directors	Khawar Maqbool	(Chairperson)
	Imran Maqbool	(Chief Executive)
	Iqbal Ismail	(Representative NIT)
	Humayun Maqbool	
	Nadeem Maqbool	
	Riaz Masood	
	Shahid Riaz	
Chief Financial Officer	Kamran Rasheed	
Company Secretary	Javaid Hussain	
Audit Committee	Iqbal Ismail	(Chairman)
	Humayun Maqbool	(Member)
	Nadeem 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 32nd Annual General Meeting of the shareholders of **Crescent Fibres Limited** will be held on Saturday the 31st October, 2009 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 30th June, 2009 together with Auditors and Directors reports thereon.

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

October 08, 2009
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 20th October, 2009 to 31st October, 2009 (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 pre-tax profit of Rs.13.2 million for the year ended June 30, 2009 as compared to a pre-tax profit of Rs. 17.5 million for the twelve months ended June 30, 2008. The decreased profitability is mainly attributable to higher raw material and input costs and severe recessionary conditions in global markets. The earnings per share for the period under review was Rs.1.00.

Crescent Fibres Limited

Summarized Financial Results

Rupees in millions	Year Ended 30-Jun-09		Year Ended 30-Jun-08	
	Rs.	% of Sales	Rs.	% of Sales
Sales	1,427.5	100.0%	1,237.6	100.0%
Cost of Sales	(1,318.4)	92.4%	(1,150.9)	93.0%
Gross Profit	109.0	7.6%	86.6	7.0%
Administrative Expenses	(43.8)	3.1%	(41.4)	3.3%
Distribution Cost	(5.9)	0.4%	(8.2)	0.7%
Other Income	9.7	0.7%	12.9	1.0%
Other Expenses	(1.0)	0.1%	(0.9)	0.1%
Profit from Operations	68.1	4.8%	49.1	4.0%
Financial Charges / Other	(54.8)	3.8%	(31.6)	2.6%
Profit before Taxation	13.2	0.9%	17.5	1.4%
Taxations	(0.8)	0.1%	(6.2)	0.5%
Profit/(Loss) After Taxes	12.5	0.9%	11.3	0.9%
Earnings per Share	1.00		0.91	

Owing to slightly higher unit values and better marketing, the Company was able to increase sales by 15.3% in a very difficult selling environment. This increase was just sufficient to offset increases in the cost of raw materials, energy, financial charges and other inputs. As a result, gross margin increased slightly to 7.6% as compared to 7.0% for the year ended June 30, 2008. In spite of inflationary pressures, distribution, administrative and other expenses were controlled and were nominally lower as a percentage of sales. The operating margin in the period under review was 4.8% as compared to 4.0% for the year ended June 30, 2008. During the year, interest rates maintained their high levels and even though long term borrowing was reduced, financial charges increased to 3.8% of sales as compared to 2.6% last year. Overall, the net margin was maintained at 0.9%.

In the financial statements for the year ended June 30, 2009, 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.

Future Outlook: Last year was an exceptionally difficult one for the textile industry as all major markets went into a recession leading to severe demand destruction. However, it seems that efforts undertaken by Governments to bailout their economies are beginning to bear fruit and markets have stabilized. However, several challenges remain. The industry is faced with high cost of raw materials, other inputs and energy. Further cost pressure is being exerted by extensive load shedding of both gas and electricity which has hurt operational efficiencies, productivity and downstream demand.

The Management is making every effort to minimize the impact through improved efficiency and better marketing and hopes to maintain profitability.

In light of the difficult and volatile textile industry environment, the Company is unable to declare any dividend.

Corporate Governance and 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, 2009 was Rs. 45.849 million.
(k) During the year 4 meetings of the Board of Directors were held. Attendance was as follows:
    1. Imran Maqbool, Chief Executive Officer (4)
    2. Khawar Maqbool (3)
    3. Humayun Maqbool (2)
    4. Nadeem Maqbool (4)
    5. Iqbal Ismail, Director, Representative NIT (2)
    6. Riaz Masood (1)
    7. Shahid Riaz (2)
(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 72,000 shares
Imran Maqbool , CEO/Director, Purchased 500 shares
Humayun Maqbool, Director, Purchased 59,000 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
Chief Executive Officer

October 08, 2009

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, 2009 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, 2009.

KARACHI

DATED: OCTOBER 08, 2009

CHARTERED ACCOUNTANTS
Engagement partner: Qasim E. Causer

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

3. 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.

4. 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.

5. 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.

6. 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.

7. 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.

8. The Directors have been provided with copies of the Listing Regulations of the Karachi Stock Exchange, Company' Memorandum and Articles of Association and the Code of Corporate Governance and they are well conversant with their duties and responsibilities.

9. The Board has approved appointments of CFO; Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment, as determined by CEO.

10. 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.

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

12. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

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

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

15. 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.

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

17. 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.

18. 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.

19. 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

8th October, 2009

FINANCIAL SUMMARY

	JUNE 2009	JUNE 2008	JUNE 2007	JUNE 2006-Restated	JUNE 2005	SEPTEMBER 2004
OPERATING RESULTS:						
Net Sales	1,427,452,866	1,237,568,671	1,179,651,638	1,085,919,003	828,523,068	1,022,704,413
Cost of Sales	1,318,432,874	1,150,932,206	1,063,071,594	948,216,181	718,152,062	955,810,850
Distribution and admin. Expenses	49,659,317	49,547,859	46,985,373	42,557,195	30,795,271	37,975,576
Financial Charges	54,524,472	32,037,671	36,773,875	31,508,588	13,863,167	45,510,588
Other operating expenses	1,016,980	895,799	1,992,687	3,569,632	9,115,214	-
Other operating income - Net	9,720,926	12,897,912	7,032,934	7,716,973	15,188,345	5,470,275
Share of associate profit / (Loss)	(307,537)	473,423	973,904	614,827	-	
Pre-Tax Profit/ (Loss)	13,232,612	17,526,473	38,834,949	68,399,207	71,785,699	(11,122,326)
Taxation	772,533	6,234,224	5,087,517	7,082,827	(2,439,944)	(2,708,045)
Net Income	12,460,079	11,292,249	33,747,432	61,316,380	74,225,643	(8,414,281)
PER SHARE RESULTS AND RETURN:						
Earning Per Share	1.00	0.91	2.72	5.18	6.28	(0.71)
Dividend Per Share			-	-	-	-
Net Income Sales Percent	0.87%	0.91%	2.86%	5.65%	8.96%	-0.82%
Return on Average Assets Percent	1.52%	1.52%	4.60%	6.79%	6.79%	8.56%
Return on Average Equity Percent	4.50%	4.50%	16.24%	20.61%	17.07%	25.93%
FINANCIAL POSITION:						
Current Assets	342,589,416	401,686,714	448,794,315	364,651,316	393,929,518	319,475,893
Current Liabilities	386,290,983	384,328,681	363,649,060	371,507,991	376,202,011	406,336,512
Operating Fixed Assets	282,340,414	300,962,706	310,947,544	319,571,981	647,501,424	630,282,426
Total Assets	635,048,098	711,823,443	774,443,547	694,711,597	1,074,915,131	968,775,225
Long Term Debt	29,482,313	61,537,754	103,555,574	145,273,130	169,622,282	122,144,048
Shareholders Equity	180,225,355	229,579,421	271,855,206	143,840,164	451,147,857	361,420,627
Break-up Value Per Share	14.51	18.48	23.03	12.63	38.15	30.56
FINANCIAL RATIOS:						
Current Ratio	0.89	1.05	1.23	0.982	1.047	0.786
Total Debt to Total Assets Percent	71.62%	67.75%	64.90%	79.29%	58.03%	62.69%
Interest Charges Cover (Times)	1.248	1.547	2.056	3.171	6.178	0.756
Inventory Turnover (Times)	10.35	8.75	8.62	7.51	5.69	10.92
Fixed Assets Turnover (Times)	5.056	4.112	3.794	3.398	1.280	1.623
Total Assets Turnover (Times)	2.248	1.739	1.523	1.563	0.771	1.056
OTHER DATA:						
Depreciation and Amortization	29,842,625	31,263,483	32,759,733	30,634,562	27,342,683	34,976,490
Capital Expenditure	9,141,345	14,543,689	20,601,351	38,660,850	86,197,109	30,883,400

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **CRESCENT FIBRES LIMITED** as at June 30, 2009 and the related profit and loss account, 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 financing includes an amount of Rs. 12.000 million and mark up accrued thereon amounting to Rs. 18.465 million for which supporting information has not been furnished to us. These balances have been presented in the financial statements as per the books of accounts. In the absence of any supporting information, we are unable to confirm the existence and completeness of these balances and the related mark up expenses.

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;

   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, 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, 2009 and of the profit, 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.

The financial statements of the Company for the year ended June 30, 2008 was audited by another firm of chartered accountants who had expressed their unqualified opinion thereon vide their report dated October 04, 2008.

KARACHI: October 08, 2009

BDO EBRAHIM & COMPANY
CHARTERED ACCOUNTANTS

BALANCE SHEET
AS AT JUNE 30, 2009

	Note	June 30, 2009 Rupees	June 30, 2008 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	5	282,340,414	300,962,706
Capital work-in-progress	6	884,161	-
		283,224,575	300,962,706
Intangible assets	7	1,544,880	1,931,100
Long term investment	8	2,298,304	2,672,622
Long term loans	9	5,000	-
Long-term deposits	10	5,385,923	4,570,300
		292,458,682	310,136,728
CURRENT ASSETS			
Stores, spares and loose tools	11	26,891,702	24,573,883
Stock-in-trade	12	101,268,957	153,456,256
Trade debts	13	118,979,377	86,505,624
Loans and advances	14	5,785,854	10,057,345
Trade deposits and short term prepayments	15	6,512,896	3,486,890
Other receivables	16	3,283,997	2,042,763
Short term investments	17	41,350,779	103,161,318
Tax refund due from Government	18	5,428,680	5,342,707
Taxation - net	19	3,189,197	363,554
Cash and bank balances	20	29,897,977	1,544,538
		342,589,416	390,534,878
TOTAL ASSETS		635,048,098	700,671,606
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
15,000,000 (2008: 15,000,000) ordinary shares of Rs. 10/- each		150,000,000	150,000,000
Issued, subscribed and paidup capital	21	124,178,760	124,178,760
Reserves	22	56,046,595	105,400,661
		180,225,355	229,579,421
NON-CURRENT LIABILITIES			
Long term financing	23	29,482,313	61,537,754
Liabilities against assets subject to finance leases	24	9,439,101	6,063,474
Deferred taxation	25	29,610,346	30,314,112
		68,531,760	97,915,340
CURRENT LIABILITIES			
Trade and other payables	26	151,070,054	152,328,034
Financial charges payable	27	28,125,128	25,781,629
Short-term financing	28	164,637,312	150,373,008
Current portion of long term liabilities	29	42,458,489	44,694,174
		386,290,983	373,176,845
CONTINGENCIES AND COMMITMENTS	30		
TOTAL EQUITY AND LIABILITIES		635,048,098	700,671,606

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, 2009

	Note	For the year ended June 2009 Rupees	For the year ended June 2008 Rupees
Sales - net	31	1,427,452,866	1,237,568,671
Cost of sales	32	(1,318,432,874)	(1,150,932,207)
Gross profit		109,019,992	86,636,464
General and administrative expenses	33	(43,771,504)	(41,057,609)
Distribution cost	34	(5,887,813)	(4,762,238)
Other operating income	35	9,720,926	12,897,912
Other operating expenses	36	(1,016,980)	(1,214,799)
		(40,955,371)	(34,136,734)
Operating profit		68,064,621	52,499,730
Financial charges	37	(54,524,472)	(35,446,693)
Share of (loss) / profit of associate	8.1	(307,537)	473,423
		(54,832,009)	(34,973,270)
Profit before taxation		13,232,612	17,526,460
Taxation	38	(772,533)	(6,234,224)
Profit after taxation		12,460,079	11,292,236
Earning per share - basic and diluted	39	1.00	0.91

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

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	For the year ended June 30, 2009 Rupees	For the year ended June 30, 2008 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	40	113,518,340	59,601,646
Finance cost paid		(52,180,973)	(39,127,234)
Taxes paid		(4,301,942)	(6,910,496)
Long term deposits		(815,623)	54,759
Net cash generated from operating activities		56,219,802	13,618,675
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(9,141,345)	(14,543,689)
Dividend received		66,781	55,651
Investments		(3,606)	-
Proceeds from disposal of operating fixed assets		5,179,269	12,304,000
Net cash (used in) investing activities		(3,898,901)	(2,184,038)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		3,550,000	-
Repayments of long term financing		(38,535,691)	(41,520,259)
Repayments of liabilities against assets subject to finance leases		(3,246,075)	(2,295,898)
Short term borrowings		14,264,304	31,861,965
Net cash (used in) financing activities		(23,967,462)	(11,954,192)
Net increase / (decrease) in cash and cash equivalents		28,353,439	(519,555)
Cash and cash equivalent at the beginning of the year		1,544,538	2,064,093
Cash and cash equivalent at the end of the year		29,897,977	1,544,538

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, 2009

	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, 2007	118,265,490	115,554,147	38,035,568	153,589,715	271,855,205
Bonus share issued at the rate 5% Rs. 0.5 per share	5,913,270	-	(5,913,270)	(5,913,270)	-
Diminution in the value of investments classified as available for sale	-	(53,568,020)	-	(53,568,020)	(53,568,020)
Net profit for the year ended June 30, 2008	-	-	11,292,236	11,292,236	11,292,236
Balance as at June 30, 2008	124,178,760	61,986,127	43,414,534	105,400,661	229,579,421
Diminution in the value of investments classified as available for sale	-	(61,814,145)	-	(61,814,145)	(61,814,145)
Net profit for the year ended June 30, 2009	-	-	12,460,079	12,460,079	12,460,079
Balance as at June 30, 2009	124,178,760	171,982	55,874,613	56,046,595	180,225,355

IMRAN MAQBOOL
CHIEF EXECUTIVE

NADEEM MAQBOOL
DIRECTOR

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for the measurement of derivative financial instruments at fair value.

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 and rounded off to the nearest rupee.

3 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT HAVE BEEN OR ARE NOT YET EFFECTIVE:

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

- IFRS 7 – Financial Instruments: Disclosures (effective for annual periods beginning on or after 28 April 2008) supersedes IAS 30 – Disclosures in the Financial Statements of Banks and Similar Financial Institutions and the disclosure requirements of IAS 32 – Financial Instruments: Disclosure and Presentation. The application of the standard did not have significant impact on the Company's financial statements other than increase in disclosures.

- IAS 29 – Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 28 April 2008). The Company does not have any operations in Hyperinflationary Economies and, therefore, the application of the standard did not affect the Company's financial statements.

- IFRIC 13 – Customer Loyalty Programmes (effective for annual periods beginning on or after 01 July 2008) addresses the accounting by entities that operate or otherwise participate in customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. The application of IFRIC 13 did not affect the Company's financial statements.

- IFRIC 14 – IAS 19- The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective for annual periods beginning on or after 1 January 2008) clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on minimum funding requirements for such assets.

3.2 Standards, interpretations and amendments to the published approved accounting standards that are relevant but not yet effective:

The following standards, interpretations and amendments to approved accounting standards, effective for accounting periods beginning as mentioned there against 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:

Revised IAS 1 - Presentation of Financial Statements	(effective 1, January 2009)
Revised IAS 23 - Borrowing Costs	(effective 1, January 2009)
Amended IAS 27 - Consolidated and Separate Financial Statements	(effective 1, July 2009)
Amendments to IAS 32 - Financial Instruments	(effective 1, January 2009)
Amendments to IAS 39 - Financial Instruments: Recognition and Measurement	(effective 1, July 2009)
Amendment to IFRS 2 - Share-based Payment	(effective 1, January 2009)
Revised IFRS 3 - Business Combinations	(effective 1, July 2009)
IFRS 8 - Operating Segments	(effective 1, January 2009)
IFRIC 15 - Agreement for the Construction of Real Estate	(effective 1, January 2009)
IFRIC 16 - Hedge of Net Investment in a Foreign Operation	(effective 1, October 2008)
IFRIC 17 - Distribution of Non-Cash Assets to Owners	(effective 1, July 2009)

The IASB's annual improvements project published in May 2008, contains a number of amendments which would generally be applicable for financial periods beginning on or after January 1, 2009. These amendments extend to 35 standards and include changes in terminology and accounting requirements.

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 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 losses, 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 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 of losses

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount to which the asset belongs recoverable amount is the greater of net selling price and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

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 sales 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 future 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 debt considered irrecoverable are written off.

4.8 Taxation

a) Current

Provision for current taxation is based on taxable income for the year at the current rates of taxation after taking into account tax credits, tax rebates and exemption available, if any, and tax paid on presumptive basis. The charge for current tax includes any adjustment to past years liabilities.

b) 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 period, 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 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.

4.21 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.

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, 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 (at 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%	
Net carrying value basis year ended June 30, 2008															
Opening net book value (NBV)	2,896,444	2,942,422	26,779,504	10,121,953	244,456,517	1,923,607	5,940,297	1,596,341	1,634,311	5,050,675	205,634	-	7,399,839	-	310,947,544
Additions (Cost)	-	-	9,324,617	-	10,019,129	-	383,750	243,644	12,600	-	-	-	5,120,800	-	25,104,540
Transfer from leased assets to own assets (NBV)	-	-	-	-	-	-	2,105,661	-	-	-	-	-	(2,105,661)	-	-
Disposals (NBV)	-	-	-	-	(2,379,699)	(27,439)	(889,061)	(21)	(149,266)	(380,407)	-	-	-		(3,825,893)
Depreciation charge	-	(34,131)	(458,906)	(1,804,296)	(24,697,474)	(190,886)	(1,436,425)	(346,902)	(156,915)	(485,047)	(41,127)	-	(1,611,376)	-	(31,263,485)
Closing net book value	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
Gross carrying value basis year ended June 30, 2008															
Cost	2,896,444	3,378,976	84,936,461	31,641,118	655,139,328	6,117,550	17,105,956	6,306,958	4,529,549	24,053,649	1,033,627	-	11,234,300	-	848,373,916
Accumulated depreciation/impairment	-	(470,685)	(49,291,246)	(23,323,461)	(427,740,855)	(4,412,268)	(11,001,734)	(4,813,896)	(3,188,819)	(19,868,428)	(869,120)	-	(2,430,698)	-	(547,411,210)
Net book value	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
Depreciation rate (% per annum)	-	1%	5%	5%	10%	10%	20%	20%	10%	10%	20%	10%	20%	20%	

5.2 In previous year financial statements, the cost and accumulated depreciation were both inadvertently overstated by Rs. 1.767 million. This effect has been rectified in the comparative figures.

5.3 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						
Plant and machinery	5,000,000	725,000	4,275,000	4,254,369	Insurance claim	Premier Insurance Limited (an associated company)	5th Floor, State Life Building No. 2A, Wallace Road, Karachi - 74000, Pakistan.
Vehicle	354,000	258,688	95,312	100,000	Negotiation	Mr. Iqbal Lalani (Ex employee)	Plot No. 11, Alyabad Colony, Block 8, F.B. Area, Karachi.
	955,000	697,041	257,959	350,000	Negotiation	Mr. Javed Roshan Ali	Plot No. 9, Al-Mehar Society, Garden East, Karachi.
	625,000	562,545	62,455	325,000	Negotiation	Mr. Raheel Safdar Bhatti (Employee)	Flat No. 10, KDA Overseas Banglows Block - 16A, Gulistan-e-Jauhar, Karachi.
	99,000	98,634	366	50,000	Negotiation	Mr. Shahid Hussain	Chak # 197, R.B. Bagaywal, Faisalabad.
	118,270	117,858	412	40,000	Negotiation	Mr. Tariq Mehmood	Chak # 202, R.B. Gatti, Faisalabad
	2,151,270	1,734,766	416,504	865,000			
Office equipment	95,000	70,304	24,696	30,000	Negotiation	Shirazi Trading Co. (Pvt) Ltd.	8th Floor, Adamjee House, I.I.Chundrigar Road, Karachi 74000
Tools and equipment	12,600	2,016	10,584	10,000	Insurance claim	Premier Insurance Limited (an associated company)	5th Floor, State Life Building No. 2A, Wallace Road, Karachi - 74000, Pakistan.
	30,000	22,446	7,554	19,900	Negotiation	Ghulam Rasool & Co.	Shop # 5, Kacheri Bazar, Faisalabad.
	42,600	24,462	18,138	29,900			
Total - 2009	7,288,870	2,554,532	4,734,338	5,179,269			
Total - 2008	43,287,559	39,461,666	3,825,893	12,304,000			

	Note	2009 Rupees	2008 Rupees
5.4 The depreciation charge for the year has been allocated as follows:			
Cost of sales	32	25,564,660	27,397,497
General and administrative expenses	33	3,891,745	3,865,986
		29,456,405	31,263,483

6 CAPITAL WORK-IN-PROGRESS

Description	Cost			
	As at July 01, 2008	Additions during the year	Transferred to operating fixed assets	As at June 30, 2009
	Rupees			
Building / improvements on leasehold land	-	884,161	-	884,161
Total - 2009	-	884,161	-	884,161
Total - 2008	-	-	-	-

7 INTANGIBLE ASSETS

Net carrying value basis			
Opening book value		1,931,100	-
Addition		-	1,931,100
		1,931,100	1,931,100
Amortization charge	7.1	(386,220)	-
Closing net book value		1,544,880	1,931,100
Gross carrying value basis			
Cost		1,931,100	1,931,100
Accumulated amortization		(386,220)	-
Net book value		1,544,880	1,931,100
Amortization rate per annum		20%	-
7.1 The amortization charge for the year has been allocated as follows:			
General and administrative expenses	33	386,220	-

8 LONG TERM INVESTMENT

In associated undertaking	8.1	2,298,304	2,672,622

	Note	2009 Rupees	2008 Rupees
8.1 In associated undertaking			
Premier Insurance Limited			
73,459 shares of Rs. 5 each (2008 : 66,781 shares)			
Cost of investment		930	930
Accumulated share of post acquisition profit - net of dividend received		2,671,692	2,253,920
Share of (loss) / profit for the year net of previous adjustment		(307,537)	473,423
Dividend received during the year		(66,781)	(55,651)
		2,297,374	2,671,692
		2,298,304	2,672,622

Fair value of investment in associate was Rs. 598,691 (2008: Rs 1,903,259).

Interim financial statement of associated company for the year ended June 30, 2009 (Reviewed) have been used for the purpose of application of equity method.

The percentage of equity held in associate is 0.1395% (2008: 0.1395%).

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

Total assets	2,774,354,000	2,925,132,000
Total liabilities	1,126,824,000	1,009,274,000
Net assets	1,647,530,000	1,915,858,000
Underwriting results	(10,978,000)	31,970,000
Investment income	141,835,000	405,435,000
(Loss) / profit after tax	(220,451,000)	339,408,000
Company's share of associate's net assets	2,298,304	2,672,622

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 These 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.

	Note	2009 Rupees	2008 Rupees
10 LONG-TERM DEPOSITS			
Deposits			
Security deposits			
Leases		3,950,323	3,134,700
Others		1,435,600	1,435,600
		5,385,923	4,570,300
11 STORES, SPARES AND LOOSE TOOLS			
Stores		13,315,072	13,486,121
Spares		13,528,922	11,059,417
Loose tools		47,708	28,345
		26,891,702	24,573,883

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

12 STOCK IN TRADE			
Raw material			
In hand		63,884,570	116,343,612
In transit		2,604,346	-
		66,488,916	116,343,612
Work-in-process		23,655,615	22,097,717
Finished goods		11,124,426	15,014,927
		101,268,957	153,456,256
13 TRADE DEBTS			
(Secured - considered good)			
Others		6,096,707	-
(Unsecured - considered good)			
Due from associated undertakings	13.1	-	800,000
Others		117,487,564	90,310,518
		117,487,564	91,110,518
Provision for doubtful debts		(4,604,894)	(4,604,894)
		112,882,670	86,505,624
		118,979,377	86,505,624

13.1 This represents amount receivable from Suraj Cotton Mills Limited, in respect of sale of yarn.

	Note	2009 Rupees	2008 Rupees
14 LOANS AND ADVANCES			
Loans to staff			
(Secured - considered good)	9	41,000	-
(Unsecured - considered good)		92,740	20,290
		133,740	20,290
Advances (Unsecured - considered good)			
To suppliers'/contractors		2,137,504	2,934,094
Against imports		3,485,610	7,077,961
Against expenses		29,000	25,000
		5,652,114	10,037,055
		5,785,854	10,057,345

15 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Short term deposits		1,723,050	1,248,550
Bank guarantee and LC margin		3,485,592	1,616,611
Short term prepayments		1,304,254	621,729
		6,512,896	3,486,890

16 OTHER RECEIVABLES

(Considered good)			
Due from associated undertakings	16.1	43,027	-
Against utilities of rental parties		2,610,619	1,413,451
Others		630,351	629,312
		3,283,997	2,042,763

16.1 This represents amount receivable from Premier Insurance Limited, in respect of insurance claim.

17 SHORT TERM INVESTMENTS - AVAILABLE FOR SALE

Available for sale	17.1		
In shares		41,178,797	41,175,191
Add: Cumulative fair value gain		171,982	61,986,127
		41,350,779	103,161,318

17.1 Available for sale

Number of shares 2009	Number of shares 2008		Market value 2009	Market value 2008
		Quoted - At fair value		
1,271,633	1,271,633	The Crescent Textile Mills Limited	31,155,009	67,650,876
1,031	1,031	Crescent Sugar Mills & Distillery Limited	5,413	10,527
285,357	285,357	Jubilee Spinning and Weaving Mills Limited	853,217	1,426,785
1,289,278	1,289,278	Shakarganj Mills Limited	6,575,318	24,895,958
50,060	50,060	Crescent Jute Products limited	75,090	139,167
850,855	849,645	Samba Bank Limited	2,535,548	8,963,755
		Unquoted - At breakup value		
		Crescent Modaraba Management Company		
25,000	25,000	Limited	151,184	74,250
533,653	533,653	Crescent Bahuman Limited	-	-
			41,350,779	103,161,318

	Note	2009 Rupees	2008 Rupees
18 TAX REFUND DUE FROM GOVERNMENT			
Sales tax receivable		5,428,680	5,342,707
19 TAXATION - NET			
Advance income tax		4,068,404	6,910,496
Provision for taxation		(879,207)	(6,546,942)
		3,189,197	363,554
20 CASH AND BANK BALANCES			
Cash in hand		280,894	310,270
Cash with banks			
In current accounts		23,384,051	36,428
In saving accounts	20.1	6,233,032	1,197,840
		29,617,083	1,234,268
		29,897,977	1,544,538

20.1 The balance in saving accounts carry profit at rate of 5% (2008: 5%) per annum.

			Note	2009 Rupees	2008 Rupees

21 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Number of ordinary Shares of Rs. 10/- each 2009	2008		2009 Rupees	2008 Rupees
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	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

22 RESERVES

	2009 Rupees	2008 Rupees
Revenue		
Un-realized gain on available for sale investment	171,982	61,986,127
Unappropriated profit	55,874,613	43,414,534
	56,046,595	105,400,661

23 LONG TERM FINANCING

	Note	2009 Rupees	2008 Rupees
From banking companies - secured			
Term loan	23.1	37,500,000	67,500,000
Term finance 1	23.2	10,207,733	15,261,298
Term finance 2	23.3	12,187,441	15,669,566
		59,895,174	98,430,864
Less: Current portion shown under current liabilities	29	39,087,575	42,017,825
		20,807,599	56,413,039
From director - unsecured	23.4	8,674,714	5,124,715
		29,482,313	61,537,754

23.1 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 quarterly.

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.

23.2 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.

23.3 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.

During the year, State Bank of Pakistan through its SMEFD Circular No. 1 of 2009 dated January 22, 2009 has granted a grace period of one year in payment of principal outstanding under SBP LTF-EOP scheme commencing from January 1, 2009 to December 31, 2009. The finance facility is repayable in twenty quarterly installments commencing from June 2006. Accordingly installment due from January 1, 2009 to December 31, 2009 has been deferred for one year.

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

	Note	2009 Rupees	2008 Rupees
24 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES			
Secured			
Balance as July 01		8,739,823	7,021,586
Additions during the year		7,534,575	5,120,800
		16,274,398	12,142,386
Payments/adjustments during the year		(3,464,383)	(3,402,563)
		12,810,015	8,739,823
Less: Payable within one year shown under current liabilities	29	(3,370,914)	(2,676,349)
		9,439,101	6,063,474

This represents finance leases entered into with financial institutions for plant and machinery, vehicles and office equipment. Financing rates ranging from 12.90% to 24.20% (2008: 12.95% to 21.00%) 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:

	2009			2008		
	Upto one year	One to five years	**Total**	Upto one year	One to five years	**Total**
	Rupees			Rupees		
Minimum lease payments outstanding	4,593,921	11,108,092	**15,702,013**	3,371,929	6,852,829	**10,224,758**
Financial charges not due	(1,223,007)	(1,668,991)	**(2,891,998)**	(695,580)	(789,355)	**(1,484,935)**
Presentvalue of minimum lease payments	3,370,914	9,439,101	**12,810,015**	2,676,349	6,063,474	**8,739,823**
Payable within one year shown under current liabilities	(3,370,914)	-	**(3,370,914)**	(2,676,349)	-	**(2,676,349)**
	-	9,439,101	**9,439,101**	-	6,063,474	**6,063,474**

	Note	2009 Rupees	2008 Rupees
25 DEFERRED TAXATION			
Deferred taxation is composed of:			
Taxable temporary differences:			
Accelerated tax depreciation allowance		59,916,925	60,289,133
Deductible temporary differences:			
Lease rentals		(4,483,504)	(2,332,003)
Tax losses		(25,823,075)	(27,643,018)
		(30,306,579)	(29,975,021)
		29,610,346	30,314,112
26 TRADE AND OTHER PAYABLES			
Creditors		103,214,578	90,033,517
Accrued liabilities	26.1	40,836,459	57,211,578
Payable to provident fund		2,577,596	2,042,081
Workers' profit participation fund	26.2	696,980	895,799
Due to chief executive and directors		1,373,413	1,663,620
Unclaimed dividend		194,377	194,377
Withholding tax payable		2,012,411	287,062
Other liabilities		164,240	-
		151,070,054	152,328,034

26.1 This includes balance amounting to Rs. 12.792 million (2008: Rs. 10.199 million) due to associated undertaking.

26.2 Workers' profit participation fund balance comprises as follows:

Balance as at July 01,	895,799	1,992,687
Add: Allocation for the year	696,980	895,799
Interest on funds utilized in the Company's business	77,021	138,680
	1,669,800	3,027,166
Less: Amount paid during the year	(972,820)	(2,131,367)
	696,980	895,799

	Note	2009 Rupees	2008 Rupees
27 FINANCIAL CHARGES PAYABLE			
Mark-up accrued on secured:			
Long-term financing		1,762,785	2,454,491
Short-term financing		26,362,343	23,327,138
		28,125,128	25,781,629
28 SHORT-TERM FINANCING			
From banking companies - secured			
Running / cash finance	28.1	152,637,312	138,373,008
Bills discounting	28.2	12,000,000	12,000,000
		164,637,312	150,373,008

28.1 The Company has obtained short term finance facilities from various commercial banks. The aggregate facilities under mark-up arrangements amount to Rs. 209.152 million (2008: Rs. 300.000 million). The rate of mark up on these finance facilities ranges between 3 months KIBOR plus 1.5% to 4.5% per annum (2008: 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 as at June 30, 2009 amounting to Rs. 50.000 million (2008: Rs. 50.000 million) from various commercial banks. The unutilized balance at the end of the year was Rs. 42.757 million (2008: Rs. 39.013 million).

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

28.2 Facility amounting to Rs. 12.00 million (2008: Rs. 12.00 million) is subject to discounting charges at the rate of 8 percent (2008: 8 percent) per annum and is secured against personal guarantee of directors and demand promissory note.

29 CURRENT PORTION OF LONG TERM LIABILITIES			
Long term financing	23	39,087,575	42,017,825
Liabilities against assets subject to finance leases	24	3,370,914	2,676,349
		42,458,489	44,694,174

30 CONTINGENCIES AND COMMITMENTS

30.1 Contingencies

a) Guarantees have been issued by banking companies in normal course of business amounting to Rs. 37.190 million (2008: 18.254 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. 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 amounting to Rs. 7.309 million (2008: Rs. 10.987 million).

	Note	2009 Rupees	2008 Rupees
31 SALES - NET			
Export - yarn		1,202,637	5,026,677
Local			
Yarn		1,408,458,110	1,231,352,387
Waste		9,558,791	10,465,746
		1,418,016,901	1,241,818,133
		1,419,219,538	1,246,844,810
Brokerage and commission		(12,093,522)	(9,276,139)
		1,407,126,016	1,237,568,671
Trading - local		20,326,850	-
		1,427,452,866	1,237,568,671
32 COST OF SALES			
Material consumed	32.1	957,336,969	870,769,694
Salaries, wages and other benefits	32.2	105,112,335	91,360,366
Packing material consumed		19,182,738	16,171,269
Stores, spares and loose tools consumed		32,102,011	26,652,028
Power and fuel		138,603,457	106,443,534
Depreciation	5.4	25,564,660	27,397,497
Repairs and maintenance		7,047,659	8,503,732
Insurance		4,550,102	3,174,012
Other manufacturing overheads		7,364,661	8,000,468
Manufacturing cost		1,296,864,592	1,158,472,600
Opening work-in-process		22,097,717	21,956,293
Closing work-in-process		(23,655,615)	(22,097,717)
		(1,557,898)	(141,424)
Cost of goods manufactured		1,295,306,694	1,158,331,176
Cost of goods purchased for trading		19,235,679	-
		1,314,542,373	1,158,331,176
Opening stock of finished goods		15,014,927	7,615,958
Closing stock of finished goods		(11,124,426)	(15,014,927)
		3,890,501	(7,398,969)
		1,318,432,874	1,150,932,207

	Note	2009 Rupees	2008 Rupees
32.1 Material consumed			
Opening stock		116,343,612	80,184,770
Purchases including related expenses		916,895,902	908,890,140
		1,033,239,514	989,074,910
Raw material trading		(9,413,629)	(1,961,604)
Closing stock		(66,488,916)	(116,343,612)
		957,336,969	870,769,694

32.2 Salaries, wages and other benefits include Rs. 2.814 million (2008: Rs. 2.424 million) in respect of staff retirement benefits.

33 GENERAL AND ADMINISTRATIVE EXPENSES

Directors remuneration		8,799,135	8,162,357
Staff salaries and other benefits	33.1	14,968,825	14,781,478
Repairs and maintenance		1,246,645	1,074,693
Vehicles running and maintenance		3,529,652	2,667,046
Insurance		956,834	970,614
Printing and stationery		766,767	481,852
Telephone and postage		1,369,933	1,305,764
Traveling and conveyance		1,706,105	2,537,887
Fees and subscription		1,091,925	295,092
Legal and professional		468,060	266,186
Depreciation	5.4	3,891,745	3,865,986
Amortization	7.1	386,220	-
Utilities		1,730,113	1,615,096
Rent, rates and taxes		135,528	188,515
Entertainment		936,416	917,677
Others		1,787,601	1,927,366
		43,771,504	41,057,609

33.1 Salaries and other benefits include Rs.1.142 million (2008: Rs.1.014 million) in respect of staff retirement benefits.

34 DISTRIBUTION COST

Ocean freight	24,172	99,426
Local freight and insurance	5,782,149	4,515,479
Shipping expenses	7,059	66,620
Other	74,433	80,713
	5,887,813	4,762,238

35 OTHER OPERATING INCOME

Dividend	-	1,074,499
Gain on disposal of fixed assets	444,931	8,478,108
Loss on sale of stores	-	(4,501,610)
Interest on bank deposits	230,170	70,650
Gain on sale of share	-	234,828
Rental income	9,030,027	7,541,437
Others	15,798	-
	9,720,926	12,897,912

	Note	2009 Rupees	2008 Rupees
36 OTHER OPERATING EXPENSES			
Auditors' remuneration:			
Statutory audit		223,000	222,000
Half yearly review		75,000	75,000
Special reports and sundry services		22,000	22,000
		320,000	319,000
Workers' profit participation fund		696,980	895,799
		1,016,980	1,214,799
37 FINANCIAL CHARGES			
Mark-up / interest on:			
Long-term financing		12,537,346	9,737,094
Lease finances		1,297,046	572,653
Short-term financing		28,544,221	18,655,100
Workers' profit participation fund		77,021	138,680
		42,455,634	29,103,527
Bank charges and commission		3,406,191	2,934,144
LC discounting charges		8,662,647	3,409,022
		54,524,472	35,446,693
38 TAXATION			
Current		879,207	6,234,224
Prior		597,092	-
		1,476,299	6,234,224
Deferred		(703,766)	-
	38.1	772,533	6,234,224

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

Profit before taxation	13,232,612	17,526,460
Tax at the applicable tax rate	4,631,414	-
Tax effect of expenses not allowed for tax	10,656,070	-
Tax effect of expenses allowed for tax	(13,403,749)	-
Tax effect of FTR income	879,207	-
Tax effect of loss adjustment	(2,587,501)	-
Effect of prior years	597,092	-
	772,533	-

The numerical reconciliation of corresponding year between the tax amount and the applicable tax amount has not been presented in these financial statements as the total tax liability of the Company is covered under section 113, minimum tax on turnover of the Income Tax Ordinance, 2001.

	Note	2009 Rupees	2008 Rupees
39 EARNINGS PER SHARE - BASIC AND DILUTED			
Profit after taxation for the year		12,460,079	11,292,236
Weighted average number of ordinary shares outstanding		12,417,876	12,417,876
Earnings per share - basic and diluted		1.00	0.91
40 CASH GENERATED FROM OPERATIONS			
Profit before taxation		13,232,612	17,526,460
Adjustment for non-cash charges and other items:			
(Gain) on disposal of operating fixed assets		(444,931)	(8,478,108)
Financial charges		54,524,472	35,446,693
Depreciation		29,456,405	31,263,485
Amortization		386,220	-
Loss / (gain) on share of profit of associate		307,537	(473,423)
		84,229,703	57,758,647
Profit before working capital changes		97,462,315	75,285,107
Working capital changes	40.1	16,056,025	(15,683,461)
		113,518,340	59,601,646
40.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores, spares and loose tools		(2,317,819)	7,272,292
Stock in trade		52,187,299	(43,699,234)
Trade debts		(32,473,753)	25,565,906
Loans and advances		4,271,491	3,573,673
Trade deposits and short term prepayments		(3,026,006)	(245,305)
Other receivables		(1,241,234)	(323,873)
Tax refund due from the Government		(85,973)	757,361
		17,314,005	(7,099,180)
(Decrease) / increase in trade and other payables		(1,257,980)	(8,584,281)
		16,056,025	(15,683,461)

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:

	2009				2008			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	Rupees				Rupees			
Managerial remuneration	996,660	4,199,664	1,882,765	**7,079,089**	906,048	3,866,148	2,506,920	**7,279,116**
House rent	448,500	1,889,849	847,233	**3,185,582**	407,724	1,739,767	1128114	**3,275,605**
Company's contribution to Provident Fund Trust	99,666	440,978	188,276	**728,920**	90,600	386,615	250,692	**727,907**
Motor vehicle expenses Reimbursable expenses	265,411	999,044	242,201	**1,506,656**	231,386	921,130	-	**-**
Total	1,810,237	7,529,535	3,160,475	**12,500,247**	1,635,758	6,913,659	3,885,726	**11,282,627**
Number of persons	1	4	2	**7**	1	4	3	**8**

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

41.1 Chief Executive, three Directors and some Executives are provided free use of company maintained cars.

41.2 Aggregate amount charged in these financial statements in respect of Directors Fee is Rs. 20,000 (2008: 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	2009 Rupees	2008 Rupees
Associated companies	Sales of yarn	5,780,000	13,590,000
	Insurance premium	6,886,436	4,480,951
	Insurance claim received	4,461,620	902,742
	Dividend received	66,780	55,651
Relation with the Company	**Nature of transaction**		
Retirement benefit plan	Contribution to provident fund	3,905,216	3,437,497
Directors	Long term financing	3,550,000	-

42.1 All transactions with associated companies and undertakings are an arms length basis.

42.2 The status of outstanding balances of related parties as at June 30, 2009 are included in "Trade debts" (note 13), "Other receivables" (note 16) and "Trade and other payables" (note 26) respectively.

43 CAPACITY AND PRODUCTION

Spinning units	2009			2008		
	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	6,324,846	7,086,857	13,411,703
Actual production of yarn after conversion into 20/s count - kgs	8,834,634	3,132,683	11,967,317	8,385,150	3,010,449	11,395,599

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:

2009

	Effective yield / mark-up rate	Total	Exposed to yield / mark-up rate risk: Maturity upto one year	Maturity over one year to five years	Maturity over five years	Sub- total	Not exposed to yield / mark-up rate risk
	%	Rupees					
Financial assets							
Investments	-	41,350,779	-	-	-	-	41,350,779
Long-term deposits	-	1,435,600	-	-	-	-	1,435,600
Trade debts	-	118,979,377	-	-	-	-	118,979,377
Trade deposits	-	3,485,592	-	-	-	-	3,485,592
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	12.9% - 24.2%	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% - 19.2%	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							
Guarantees on behalf of the Company		37,189,810	-	-	-	-	37,189,810
Stores, spare 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)

2008

	Effective yield / mark-up rate	Total	Exposed to yield / mark-up rate risk: Maturity upto one year	Maturity over one year to five years	Maturity over five years	Sub- total	Not exposed to yield / mark-up rate risk
	%	Rupees					
Financial assets							
Investments	-	105,833,940	-	-	-	-	105,833,940
Trade deposits	-	8,057,190	-	-	-	-	8,057,190
Trade debts	-	86,505,624	-	-	-	-	86,505,624
Other receivables	-	2,042,763	-	-	-	-	2,042,763
Cash and bank balances	-	1,544,538	-	-	-	-	1,544,538
		203,984,055	-	-	-	-	203,984,055
Financial liabilities							
Long-term financing	7% - 14.5%	103,555,579	42,017,825	56,413,039	-	98,430,864	5,124,715
Liabilities against assets subject to fiance leases	8.5% - 16%	7,294,180	2,676,349	4,617,831	-	7,294,180	-
Trade and other payables		152,040,972	-	-	-	-	152,040,972
Financial charges payable		25,781,629	-	-	-	-	25,781,629
Short-term financing	10.72% - 14.92%	150,373,008	150,373,008	-	-	150,373,008	-
		(439,045,368)	(195,067,182)	(61,030,870)	-	(256,098,052)	(182,947,316)
On balance sheet gap		(235,061,313)	(195,067,182)	(61,030,870)	-	(256,098,052)	21,036,739
Off balance sheet items							
Guarantee issued on behalf of Company		18,254,000	-	-	-	-	18,254,000
Letter of credit for consumption		10,987,181	-	-	-	-	10,987,181
		29,241,181	-	-	-	-	29,241,181
Total gap		(205,820,132)	(195,067,182)	(61,030,870)	-	(256,098,052)	50,277,920

45 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

45.1 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.

45.2 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:

	2009 Rupees	2008 Rupees
Deposits	1,435,600	1,435,600
Trade debts	123,584,271	91,110,518
Other receivables	3,283,997	2,042,763
Cash and bank balances	29,897,977	1,544,538

The aging of trade receivables at the reporting date is:

Not past due	98,571,708	72,670,408
Past due 1-30 days	13,466,506	9,927,965
Past due 30-90 days	6,548,029	4,827,429
Past due 90 days	4,998,028	3,684,716
	123,584,271	91,110,518

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 limited 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.

45.3 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			
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	(251,844,972)	(319,139,568)	25,487,804	24,095,396	9,036,682	8,674,714

	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			
2008							
Long term financing	112,295,402	133,305,634	28,701,530	27,461,319	48,953,186	23,064,884	5,124,715
Trade and other payables	152,040,972	(152,040,972)	(152,040,972)	-	-	-	-
Financial charges payable	25,781,629	(25,781,629)	(25,781,629)	-	-	-	-
Short-term financing	150,373,008	(150,373,008)	(150,373,008)	-	-	-	-
	440,491,011	(194,889,975)	(299,494,079)	27,461,319	48,953,186	23,064,884	5,124,715

45.4 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 does not have any exposure to foreign currency risk as at the balance sheet date.

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:

	2009	2008	2009	2008
	Effective Rate	Effective Rate	Carrying amount	
Financial liabilities	(In percent)	(In percent)	Rupees	
Flat rate instrument				
Long term finance	7%	7%	12,187,441	15,669,566
Short term borrowings	8% - 17%	8% - 17%	46,507,192	33,237,205
Variable rate instruments				
Long term finance	7% - 18.5%	7%-14.5%	60,517,748	91,501,121
Short term borrowings	12.13% - 19.2%	10.72%-14.92%	118,130,120	117,135,802

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 2008.

	Profit and loss	
	100 bp increase	100 bp decrease
As at June 30, 2009		
Cash flow sensitivity - Flat rate financial liabilities	(586,946)	586,946
Cash flow sensitivity - Variable rate financial	(1,786,479)	1,786,479
As at June 30, 2008		
Cash flow sensitivity - Flat rate financial liabilities	(489,068)	489,068
Cash flow sensitivity - Variable rate financial	(2,086,369)	2,086,369

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

46 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.

47 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.

48 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 08, 2009 by the Board of Directors of the Company.

49 CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison. Significant changes made during the year for more appropriate presentation were as follows:

Balance sheet

From	To	Rupees
Accrued expenses (trade and other payables)	Provision for doubtful debts (trade debts)	4,604,894
To suppliers'/contractors (loans and advances)	Against imports (loans and advances)	7,077,961
To suppliers'/contractors (loans and advances)	Other receivables	2,042,763
Short term prepayment (Trade deposits and short term prepayments)	Short term deposits (Trade deposits and short term prepayments)	700,000
Sales tax refundable (other receivables)	Sales tax receivable (tax refund due from the Government)	5,342,707
Income tax (loans and advances)	Advance tax (taxation - net)	6,910,496
Provision for taxation	Provision for taxation (taxation - net)	6,546,942
Creditors (trade and other payables)	Payable to provident fund (trade and other payables)	2,042,081
Accrued expenses (trade and other payables)	Unclaimed dividend (trade and other payables)	194,377

Profit and loss account

From	To	
Audit fee (general and administrative expenses)	Auditors remuneration (other operating expenses)	319,000
Bank charges (distribution cost)	LC discounting charges (financial	3,409,022

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, 2009

SHAREHOLDERS	FROM	TO	TOTAL SHARES	PERCENTAGE
646	1	100	22,148	0.18
481	101	500	106,774	0.86
126	501	1,000	83,013	0.67
179	1,001	5,000	361,750	2.91
39	5,001	10,000	276,274	2.22
18	10,001	15,000	219,093	1.76
15	15,001	20,000	249,426	2.01
7	20,001	25,000	146,852	1.18
11	25,001	30,000	305,329	2.46
5	30,001	35,000	163,923	1.32
4	35,001	40,000	145,258	1.17
1	40,001	45,000	44,073	0.35
4	45,001	50,000	182,929	1.47
2	50,001	55,000	102,884	0.83
3	55,001	60,000	171,407	1.38
1	60,001	65,000	62,500	0.50
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
2	150,001	155,000	304,026	2.45
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	525,001	530,000	525,500	4.23
1	760,001	765,000	760,600	6.13
1	1,090,001	1,095,000	1,090,732	8.78
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	1,520,001	1,525,000	1,522,012	12.26
1	1,805,001	1,810,000	1,808,814	14.57
1,560			**12,417,876**	**100**

Categories of Shareholder	Number of Shares Held	Percentage
Directors, Chief Executive Officer, Their Spouse and Childern		
Chief Executive		
IMRAN MAQBUL	1,164,375	9.38
Directors		
HUMAYUN MAQBUL	1,192,400	9.60
KHAWAR MAQBUL	1,522,012	12.26
NADEEM MAQBUL	1,090,732	8.78
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
	5,294,069	**42.63**
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		
Banks, DFI's, NBFI's	1,872,170	15.08
Insurance Companies		
Insurance Companies	371,191	2.99
Modaraba and Mutual Funds		
Modaraba and Mutual Funds	21,971	0.18
Other Companies		
Other Companies	589,614	4.75
General Public		
Local	4,203,149	33.85
TOTAL NUMBER OF SHARES	**12,417,876**	**100**
Shareholders More Than 10%		
KHAWAR MAQBUL	1,522,012	12.26
NATIONAL BANK OF PAKISTAN	1,808,814	14.57

Crescent Fibres

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 32nd Annual General Meeting of the Company to be held on Saturday the 31st October, 2009 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.

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