2235
JUBS
Don
To scan

Jubilee Spinning & Weaving Mills Ltd

Annual Report 2010

Contents

Company Information

Board of Directors

Mr. Shams Rafi (Chief Executive)
Mr. Shaukat Shafi
Mr. Ahmed Shafi
Mr. Salman Rafi
Mr. Umer Shafi
Mr. Abdullah Zakaria
Mr. Muhammad Arshad

Audit Committee

Mr. Shaukat Shafi (Chairman)
Mr. Salman Rafi (Member)
Mr. Abdullah Zakaria (Member)

Company Secretary

Mr. Masood A. Sheikh

Auditors

Riaz Ahmed & Company
Chartered Accountants

Legal Advisor

Ghani Law Associate
Mr. Anser Mukhtar

Bankers

Habib Bank Limited
National Bank of Pakistan
Bank Al-Habib Limited
Standard Chartered Bank (Pakistan) Limited
Habib Metropolitan Bank Limited
NIB Bank Limited
Emirates Global Islamic Bank Limited
Faysal Bank Limited
The Royal Bank of Scotland
United Bank Limited
Allied Bank Limited

Registered Office

40-A, Zafar Ali Road, Gulberg-V,
Lahore, Pakistan.

Mills

B-28, Manghopir Road, S.I.T.E
Karachi.

Notice of Annual General Meeting

Notice is hereby given that the 37th annual general meeting of members of **Jubilee Spinning & Weaving Mills Limited** will be held at 40-A, off: Zafar Ali Road, Gulberg-V, Lahore, on Thursday October 30, 2010 at 10:00 A.M., to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of last Annual General Meeting of the shareholders held on October 29, 2009.
2. To receive, consider and adopt the audited accounts of the company for the year ended June, 30 2010 together with the directors' and auditors' reports thereon.
3. To appoint auditors of the company and fix their remuneration for the year ending June, 30, 2011. Present auditors M/s. Riaz Ahmad & Co., Chartered Accountants, retire and being eligible, offer themselves for re -appointment.
4. To transact any other business with permission of the chair.

By Order of The Board

Masood A. Sheikh
Corporate Secretary

Registered Office:
40-A. Off: Zafar Ali Road, Gulberg-V, Lahore:
T # (042) 111-245-245
F # (042) 111-222-245
Dated: October 05, 2010

Notes:

1. The Members' Register will remain closed from October 22, 2010 to October 30, 2010 (both days inclusive).Transfers received at the Registered Office of the company by the close of business on October 21, 2010.
2. A member eligible to attend and vote at this meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the company at the Registered Office not later than 48 hours before the time for holding the meeting.
3. Shareholders are requested to immediately notify the change in address, if any.
4. CDC account holders will further have to follow the guidelines as laid down in circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan:
   a. For attending the meeting
      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 authenticate his/her identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
      ii). In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting
   b. 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 CNIC numbers shall be mentioned on the form.
      iii). Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
      iv). The proxy shall produce his original CNIC or original passport at the time of the Meeting.
      v). In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures shall be submitted (unless it has been provided earlier) along with proxy form to the company.

Director's Report To The Shareholders

Directors' Report To The Shareholders

The Directors of your Company feel pleasure in presenting the annual report together with audited financial statements for the period ended 30 June 2010.

1. Financial Results

The Company made a Pre tax Profit of Rs. 22,441,250 after charging costs, expenses and provisions for the year.

	Rupees June 30, 2010	Rupees June 30, 2009
Pre Tax Profit for the year	22,441,250	24,158,056
Taxation	4,746,560	1,303,357
Profit after taxation	17,694,690	22,854,699
Accumulated Loss brought forward	(221,724,453)	(268,141,031)
Effect of Incremental depreciation arising due to surplus on revaluation of fixed assets	8,045,068	8,938,964
Net Capital acquired on account of merger	-	14,622,915
Accumulated Loss carried to Balance Sheet	(195,984,695)	(221,724,453)

2. Auditors

The present auditors Messrs Riaz Ahmad & Company, Chartered Accountants retire and being eligible offer themselves for re-appointment. The Board of Directors on the suggestion of Audit Committee has recommended the appointment of Messrs Riaz Ahmad and Company, Chartered Accountants as statutory auditors of the company till the conclusion of next Annual General Meeting.

3. Review of financial Affairs and Future Prospects

The Board of Directors of the company endorses the contents of the Chief Executive's Review, which is deemed to be the part of directors' report.

4. Pattern of Shareholding

The statement of pattern of shareholding of the company as at June 30, 2010 is annexed. This statement is prepared in accordance with Code of Corporate Governance.

5. Earning per shares

The earning per share for the period under review is 0.54 (2009: 0.70)

6. Statement pursuant to clause XIX of Corporate Governance

a) The financial statements of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
b) Proper books of account of the Company have been maintained.
c) Appropriate accounting policies have been consistently applied in the preparation of financial statements except for the changes as described in note 2.1(e) (i) to the financial statements; and accounting estimates are based on reasonable and prudent judgment.
d) International accounting standards as applicable in Pakistan have been followed in the preparation of financial statements. The departure there-from (if any) is disclosed adequately.
e) The system of internal control is sound in design and is being consistently monitored by the internal audit department and through other such monitoring procedures. The process of monitoring internal controls will continue as an on-going process with the objective to further strengthen the controls and eliminate the weaknesses in the system, if any.
f) The fundamentals of the Company are strong and there are no doubts about its ability to continue as a going concern.
g) There has been no material departure from the best practices of Corporate Governance as detailed in listing regulations.
h) Key operating and financial data for last six years in summarized form is attached.

i) Details of operating results of the Company as compared to last year have been explained in Chief Executive's Review as endorsed by Board of Directors.

j) Although the company is in profit for the year under review, the accumulated losses have prevented the company from declaring dividend or issuing the bonus shares.

k) Information about taxes and levies is given in the notes to the financial statements.

l) The company is in the process of BMR of its yarn production facilities. In this connection, the company replaced certain ring frames during the year ended June 30, 2010 while some further replacements will be made in the ensuing year. The BMR of production facilities will be helpful in improving the production quality and efficiency. However, the impact of replacements on production capacity was insignificant till June 30, 2010.

m) Transactions with Related Parties have been approved by the Audit Committee and the Board of Directors.

n) The company operates unfunded gratuity scheme for its eligible employees. The carrying value of liability as at June 30, 2010 was Rupees 30.595 million.

o) Attendance at 4 meetings of the Board of Directors held during the year under review were as under:

Name of Director	Meetings attended
Mr. Salman Rafi	4
Mr. Shams Rafi	4
Mr. Shaukat Shafi	4
Mr. Masood A. Sheikh	3
Mr. Muhammad Arshad	4
Mr. Abdullah Zakaria	1
Mr. Ahmed Shafi	-
Mr. Umer Shafi	-

Mr. Ahmed Shafi and Mr. Umer Shafi had expressed their inability to attend the meetings and requested for leave of absence which was granted by the Board of Directors. Mr. Masood A. Sheikh resigned as director on 19 April 2010. The casual vacancy was filled on 19 April 2010 by appointing Mr. Abdullah Zakaria.

p) During the year under review, the change in the shareholding of Directors, CEO, CFO and Company Secretary and their spouses were as under:

	Opening Balance As on 30-06-09	Change	Closing Balance As on 30-6-10
Mr. Shams Rafi	689,348	-	689,348
Mr. Ahmed Shafi	861,242	-	861,242
Mr. Salman Rafi	591,979	-	591,979
Mr. Shaukat Shafi	3,937,529	-	3,937,529
Mr. Umer Shafi	606,073	-	606,073
Mr. Abdullah Zakaria	-	3,725	3,725
Mr. Muhammad Arshad	3,462	-	3,462
Mr. Masood A. Shiekh	3,725	(3,725)	-

q) Following associated companies have the investments as under:

Crescent Sugar and Distillery Limited	474,323
The Crescent Textile Mills Limited	182,629

r) The holdings of NIT, ICP and IDBP are as under:

Investment Corporation of Pakistan	1891
IDBP	90
NIT	NIL

For and on behalf of the Board of Directors

Shams Rafi
Chief Exective

Karachi
October 05, 2010

Key Operating and Financial Ratios

For The Period From 2004 To 2010

Operating Information		2010	2009	2008 (restated)	2007	2006	2005 (9 months)	2004
Sales - Net	Rs. In Mln	703.59	763.28	751.88	648.43	578.11	381.70	465.67
Cost of Goods Sold	Rs. In Mln	665.91	707.36	733.37	656.07	553.04	358.19	449.15
Gross Profit/(Loss)	Rs. In Mln	37.68	55.92	18.51	(7.64)	25.07	23.51	16.52
Operating Profit/(Loss)	Rs. In Mln	6.47	22.68	17.65	(20.69)	10.56	12.49	3.12
Profit/(Loss) befor taxation	Rs. In Mln	22.44	24.16	18.68	9.09	(4.79)	5.13	24.99
Profit/(Loss) after taxation	Rs. In Mln	17.69	22.85	16.02	4.32	1.83	3.21	22.29
Financial Information								
Paid up Capital	Rs. In Mln	324.91	324.91	70.17	70.17	70.17	70.17	70.17
Equity Balance	Rs. In Mln	179.94	142.89	(28.75)	(115.73)	(214.94)	(227.16)	(223.36)
Fixed Assets	Rs. In Mln	636.68	649.73	666.48	692.09	712.84	334.27	338.64
Current Assets	Rs. In Mln	104.96	141.53	160.96	97.21	129.21	123.77	145.64
Current Liabilities	Rs. In Mln	127.90	151.39	146.69	145.83	191.65	171.48	157.89
Key Ratios								
Gross Margin	percent	5.36	7.33	2.46	(1.18)	4.34	6.16	3.55
Operating Margin	percent	0.92	2.97	2.35	(3.19)	1.83	3.27	0.67
Net Profit/(Loss) after tax	percent	2.51	2.99	2.13	0.67	0.32	0.84	4.79
Return on Capital Employed	percent	2.76	3.05	2.80	1.38	(0.76)	1.76	8.78
Current Ratio	Times	0.82	0.93	1.10	0.67	0.67	0.72	0.92
Earning Per Share	Rs.	0.54	0.70	2.28	0.62	0.26	0.46	3.18
Production Statistics								
Number of Spindle		8840	8,840	8,840	13,548	22,388	22,388	22,388
Production converted into 20/s Count (kgs)		1,506,193	1,390,622	1,439,436	3,271,940	7,184,322	5,840,955	7,536,591

Chief Executive's Review

I welcome you to the 37th Annual General Meeting of Jubilee Spinning & Weaving Mills Limited. It is my pleasure to present the audited financial statements of the company for the year ended June 30, 2010.

This year saw unprecedented rises in all raw material costs, specially raw cotton. Some of this increase was offset by higher demand for yarn resulting in satisfactory performance during the first half of the financial year. However, misguided interference by the Government in the form of restrictions on export of yarn resulted in substantial losses for part of the third and fourth quarters. Such haphazard policy changes are disastrous for any business, specially a capital intensive one like textiles. Politically motivated meddling in economic affairs can never lead to any improvements and changing a long-standing free market policy for the benefit of a few results in losses for the many. We sincerely hope that good sense prevails during this financial year and that the textile industry is allowed to operate in a free world market without any interference.

Sales of the company reduced by Rs. 59.70 million (-7.82%) as compared to the same period of the previous financial year. This was due to curtailment in trading activities, excluding which sales actually increased by Rs. 115.2 m (+20.67%). Gross profit at Rs. 37.7 m decreased by Rs. 18.2 m (-32.6%) due to sharp increase in raw cotton prices. Although some of this cost enhancement was passed on to in the form of increased yarn prices, not all of it could be adjusted in this manner and caused a fall in gross profit. Distribution and administration costs were held at similar levels to the previous financial year, the result of continued focus on ongoing cuts in the face of high inflation. Financial costs were reduced by Rs. 1.3 m (-12.42%) due to prudent management of cash flow. Profit before tax was Rs. 22.4 m, Rs. 1.7 less than last year (-7.1%).

The new cotton season has started on an extremely bullish note and it is imperative that we continue to focus on improvements in quality and customer service and reduction of costs in all departments. The world market is resisting any further increases in the prices of finished products and the spinning sector is precariously poised.

This scenario is unsustainable and unless raw cotton prices decrease substantially, major harm can be caused to the textile industry as a whole.

On behalf of the Board of Directors, I would like to thank all our stakeholders for their continued support.

Shams Rafi
Chief Executive

Karachi
October 05, 2010

Vision statement

Jubilee Spinning & Weaving Mills Limited is a manufacturing concern produces high quality of cotton and polyester carded and combed yarn. The company is committed to make sustained efforts towards optimum utilization of its resources and intends to play a pivotal role in the economic and social development of Pakistan thereby improving the quality of life of its people.

Mission Statement

To achieve a leadership position in providing high quality products in all sector of operations.

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

To be an equal opportunity employer and to motivate every employee to strive for excellence in meeting and exceeding customers' needs to ensure the company's future prosperity.

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

Statement of Compliance With The Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.37 of listing regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a 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 the Board of Directors. At present the Board includes at least 06 independent non-executive directors and no directors representing minority shareholder.

2. The Directors have confirmed that none of them is serving as a Director in more than ten listed companies, including this Company.

3. 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 or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred in the Board after date of director's election.

5. The company has prepared a 'Statement of Ethics and Business Practices.' which has been signed by all the directors and employees of the company.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies are being developed having regard to the level of materiality.

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

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the 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.

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

10. The directors' 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 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 03 members, all are non-executive directors including the chairman of the committee.

15. The meetings of the audit committee were held once every quarter prior to approval of interim and final results of the company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

16. The Board has set-up an effective internal audit department with qualified and experienced persons and they are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a full time basis.

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 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.

SHAMS RAFI
Chief Executive

Karachi.
October 05, 2010

Review Report To The Members On Statement of Compliance With The 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 prepared by the Board of Directors of JUBILEE SPINNING & WEAVING MILLS LIMITED ("the Company") for the year ended 30 June 2010, to comply with the Listing Regulations of the respective Stock Exchanges, 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.

As part of our audit of 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 are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges 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 as applicable to the Company for the year ended 30 June 2010.

Riaz Ahmed & Company
Chartered Accountant

Name of Engagement Partner:
Muhammad Kamran Nasir

Karachi
October 05, 2010

Auditors' Report To The Members of Jubilee Spinning & Weaving Mills Limited

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

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

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

(a) in our opinion, proper books of account 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 account and are further in accordance with accounting policies consistently applied except for the changes as stated in Note 2.1(e)(i) with which we concur;

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

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

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

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

Riaz Ahmed & Company
Chartered Accountant

Name of Engagement Partner:
Muhammad Kamran Nasir

Karachi
Date: October 05, 2010

BALANCE SHEET

	Note	2010 Rupees	2009 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
34,000,000 (2009: 34,000,000) ordinary shares of Rupees 10 each		**340,000,000**	340,000,000
Issued, subscribed and paid up share capital	3	**324,912,050**	324,912,050
Reserves	4	**(144,972,695)**	(182,017,639)
Total equity		**179,939,355**	142,894,411
Surplus on revaluation of property, plant and equipment-net of tax	5	**488,075,061**	495,117,639
Surplus on revaluation of investment property-net of tax		**19,208,728**	19,208,728
NON-CURRENT LIABILITIES			
Long term financing	6	**37,702,957**	56,548,561
Liabilities against assets subject to finance lease	7	**818,418**	679,234
Deferred liabilities	8	**66,797,054**	66,654,107
		105,318,429	123,881,902
CURRENT LIABILITIES			
Trade and other payables	9	**46,935,409**	72,282,025
Accrued mark-up		**29,324,005**	27,331,793
Short term borrowings	10	**15,891,378**	8,720,243
Current portion of long term liabilities	11	**21,076,356**	31,828,144
Provisions	12	**9,928,940**	9,928,940
Provision for taxation		**4,746,560**	1,303,357
		127,902,648	151,394,502
TOTAL LIABILITIES		**233,221,077**	275,276,404
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		**920,444,221**	932,497,182

Shams Rafi
Chief Executive

Shaukat Shafi
Director

AS AT JUNE 30, 2010

	Note	2010 Rupees	2009 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating assets	14	**636,687,626**	649,734,819
Capital work in progress - plant and machinery		**10,897,143**	-
Investment property	15	**23,434,645**	23,339,950
Long term investments	16	**139,308,663**	113,903,143
Long term loans	17	**2,443,641**	1,774,120
Long term deposits	18	**710,722**	2,210,722
		813,482,440	790,962,754
CURRENT ASSETS			
Stores and spares	19	**1,967,872**	2,074,134
Stock in trade	20	**32,152,965**	28,617,937
Trade debts	21	**13,223,194**	22,719,426
Loans and advances		**7,774,061**	26,046,631
Short term deposits and prepayments		**970,855**	4,917,781
Other receivables		**4,632,678**	3,830,493
Advance income tax and refund		**20,286,679**	20,250,573
Short term investments	22	**19,978,423**	25,111,921
Cash and bank balances	23	**3,975,054**	7,965,532
		104,961,781	141,534,428
Non-current assets held for sale	24	**2,000,000**	-
TOTAL ASSETS		**920,444,221**	932,497,182

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

Shams Rafi
Chief Executive

Shaukat Shafi
Director

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

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

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

Shams Rafi
Chief Executive

Shaukat Shafi
Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

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

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

Shams Rafi
Chief Executive

Shaukat Shafi
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2010

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

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

Shams Rafi
Chief Executive

Shaukat Shafi
Director

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

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

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

Shams Rafi
Chief Executive

Shaukat Shafi
Director

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2010

1. THE COMPANY AND ITS OPERATIONS

Jubilee Spinning & Weaving Mills Limited (the Company) was incorporated in Pakistan as a public limited company on 12 December 1973 under the Companies Act, 1913 (Now The Companies Ordinance, 1984). The Company obtained certificate of commencement of business in January 1974. Shares of the Company are listed on all Stock Exchanges in Pakistan. Its registered office is situated at 40-A, Off: Zafar Ali Khan Road, Gulberg V, Lahore whereas the production facilities are located at B-28, Manghopir Road, S.I.T.E, Karachi. The Company is engaged in the business of manufacturing and selling of yarn, buying, selling and otherwise dealing in yarn and raw cotton. The Company also operates electric power generation facilities which generate electricity primarily for the Company's own requirements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation

a) 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 (IFRSs) issued by the International Accounting Standards 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.

b) Accounting convention

These financial statements have been prepared under the historical cost convention except for certain fixed assets and financial assets and liabilities which have been stated at revalued amounts, fair values, cost, amortized cost and present value as mentioned in respective policy notes. Accrual basis of accounting has been used in these financial statements except for the cash flow information.

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Post employment gratuity - defined benefit plan

The provision for gratuity has been accounted for based on independent actuarial valuation as at the balance sheet date which depends upon certain actuarial assumptions and judgments made by the actuary.

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

Current taxation

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Provision for doubtful debts

The Company reviews its receivable against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

Impairment of investments in associated companies

In making an estimate of future cash flows from the company's investments in associated companies, the management considers future dividend stream and an estimate of the terminal value of these investments.

Classification of investments

Classification of an investment is made on the basis of intended purpose for holding such investment. The classification of investments is re-evaluated on regular basis.

d) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

e) Standards and amendments to published approved accounting standards that are effective in current year

i) Changes in accounting policies and disclosures arising from standards and amendments to published approved accounting standards those are effective in the current year

'IAS 1 (Revised) 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2009).The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Company presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

'IFRS 7 (Amendment) 'Financial instruments: Disclosures' (effective for annual periods beginning on or after 01 January 2009). This amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value asurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

'IFRS 8 'Operating Segments' (effective for annual periods beginning on or after 01 January 2009). It introduces the "management approach" to segment reporting. IFRS 8 requires presentation and disclosure of segment information based on the internal reports regularly reviewed by the Company's chief operating decision makers in order to assess each segment's performance and to allocate resources to them. As a result of Company's merger during the last year, it also owns the power generation facilities which generate electricity primarily for Company's own operations. Accordingly, under the management approach, the Company has determined operating segments on the basis of these activities i.e. Spinning and Power Generation. As the change in accounting policy only results in additional disclosures of segment information, there is no impact on earnings per share.

ii) Other amendment to published approved accounting standards that are effective in the current year

IAS 23 (Amendment) 'Borrowing Costs' (effective for annual periods beginning on or after 01 January 2009). It requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The Company's accounting policy on borrowing cost, as disclosed in note 2.8, complies with the above mentioned requirements to capitalize borrowing cost and hence this change has not impacted the Company's accounting policy.

f) Standards, interpretations and amendments to published approved accounting standards that are effective in current year but not relevant

There are other new standards, interpretations and amendments to the published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2009 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

g) Standards and amendments to published approved accounting standards that are not yet effective but relevant

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2010 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2013). IFRS 9 has superseded the IAS 39 'Financial Instruments: Recognition and Measurement'. It requires that all equity investments are to be measured at fair value while eliminating the cost model for unquoted equity investments. Certain categories of financial instruments available under IAS 39 will be eliminated. Moreover, it also amends certain disclosure requirements relating to financial instruments under IFRS 7. The management of the Company is in the process of evaluating impacts of the aforesaid standard on the Company's financial statements.

There are other amendments resulting from annual Improvements projects initiated by International Accounting Standards Board in April 2009 and May 2010, specifically in IFRS 7 'Financial Instruments: Disclosures', IAS 1 'Presentation of Financial Statements', IAS 7 'Statement of Cash Flows', IAS 24 'Related Party Disclosures', and IAS 36 'Impairment of Assets' that are considered relevant to the Company's financial statements. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.

h) Standards, interpretations and amendments to published approved accounting standards that are not effective in current year and not considered relevant

There are other accounting standards, amendments to published approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after 01 July 2010 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Employee Benefits

The company operates an unfunded gratuity scheme for its permanent employees who complete the eligible period of service. Provision has been made in accordance with actuarial recommendations using the projected unit credit method. Actuarial gains and losses are recognized as income or expense when the cumulative unrecognized actuarial gains or losses at the end of the previous reporting period exceeded ten percent of the higher of defined benefit obligation and fair value of the planed assets at that date. These gains or losses are recognized over the expected remaining working lives of the employees participating in the plans.

2.3 Taxation

a) Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted, after taking into account the applicable rebates and credits, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

b) Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.4 Foreign currencies

All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currency during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. The Company charges all the exchange differences to profit and loss account.

2.5 Property, plant, equipment and depreciation

a) Owned

Initial recognition

An item of property, plant and equipment is initially recognized at cost which is equal to the fair value of consideration paid at the time of acquisition or construction of the asset.

Measurement subsequent to initial recognition

Revaluation model

Leasehold Land, Building on Leasehold Land and Plant and Machinery, are stated at revalued amounts, being the fair values at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses (if any). Surplus on revaluation is credited to "surplus on revaluation of property, plant and equipment", net of related deferred tax liability, except in case of surplus on leasehold land where deferred tax is not recognized. Revaluation is carried out by independent valuers with sufficient regularity so that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

To the extent of incremental depreciation charged on the revalued assets, the related surplus on revaluation of property, plant and equipment alongwith related deferred tax is transferred directly to retained earnings (accumulated loss account) in statement of changes in equity.

Cost model

Property, plant and equipment other than those mentioned above are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss account during the year in which they are incurred.

Depreciation

Depreciation on property, plant and equipment is charged to profit and loss account applying the reducing balance method so as to write off the depreciable amount of the assets over their estimated useful lives at the rates given in Note 14. The Company charges the depreciation on a proportionate basis from the date when the asset is available for use till the date when the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit and loss account in the year the asset is de-recognized.

b) Assets subject to finance lease

Assets acquired under 'Finance Lease' are stated at cost less accumulated depreciation at the rates and basis applicable to the company's owned assets. The outstanding obligation under 'Finance Lease' less finance charges allocated to future periods is shown as liability. The finance charges are calculated at the interest rates implicit in the lease and are taken to profit and loss account. Depreciation is charged on the basis consistent with that of company's owned assets.

c) Intangibles

Acquired computer software and licenses are capitalized on the basis of cost incurred to acquire and bring to use the specific software. Intangible fixed assets are stated at cost less amortization and impairment losses, if any. Cost is amortized on a proportionate basis on an estimated useful life of three years commencing from the date when such cost is capitalized.

d) Capital Work in progress

Capital work-in-progress is stated at cost and represents expenditure incurred on Property, plant and equipment in the course of construction. These expenditures are transferred to relevant fixed assets category as and when the assets start operation.

2.6 Investments

Classification of an investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "Investment at fair value through profit or loss" which is measured initially at fair value.

The Company assess at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the Company applies the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' to all investments, except investments in associates, which are tested for impairment in accordance with the provisions of IAS 36 'Impairment of Assets'.

a) Investment at fair value through profit or loss

Investment classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if these are acquired for the purpose of selling in the short term. Gains or losses on investments held-for-trading are recognized in profit and loss account.

b) Held-to-maturity

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in profit and loss account when the investments are de-recognized or impaired, as well as through the amortization process.

c) Investment in associates - (with significant influence)

Investments in associates are recorded under equity method as required by International Accounting Standard (IAS)-28 'Investments in Associates'.

d) Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for-sale. After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in statement of other comprehensive income until the investment is sold, de-recognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in statement of other comprehensive income is included in profit and loss account. These are sub-categorized as under:

Quoted

For investments that are actively traded in organized capital markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the balance sheet date.

Unquoted

Available for sale investments" in unquoted investments are carried at cost less impairment in value, if any.

e) De-recognition of investments

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

2.7 Inventories

Inventories, except for stock in transit and waste stock/rags are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spare parts and loose tools

Useable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon till the reporting date.

Stock-in-trade

Cost of raw material, work-in-process and finished goods are determined as follows:

(i) For raw materials	Weighted average cost
(ii) For work-in-process	Weighted average cost of raw material plus proportion of the factory overhead expenses
(iii)Finished goods	Weighted average manufacturing cost.

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stock/rags are valued at net realizable value.

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

2.8 Borrowing cost

The borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) is capitalized as part of the cost of that asset. All other interest, mark-up and other charges are recognized in profit and loss account.

2.9 Revenue recognition

Revenue and income from different sources is recognized as under:

- Sales are recognized on the basis of dispatch of goods to customers, which is invoice date.
- Profit on bank deposits is recognized on accrual basis.
- Dividend income is recognized when the company's right to receive the dividend has been established.
- In case of investments in associates stated using equity method under IAS-28, Company's share in the post acquisition profits of the associates is recognized in profit and loss account there-by adjusting the carrying amounts of related investments. The dividend received from such associates is deducted from the carrying value of the related investments.

2.10 Share Capital

Ordinary shares are classified as equity.

2.11 Financial instruments

Financial instruments carried on the balance sheet include investments, deposits, trade debts, loans and advances, other receivables, cash and bank balances, long-term financing, liabilities against assets subject to finance lease, short-term borrowings, accrued mark-up and trade and other payables etc. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instrument at fair value through profit or loss" which is measured initially at fair value.

Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and de-recognition is charged to the profit or loss currently. The particular measurement methods adopted are disclosed in the following individual policy statements associated with each item and in the accounting policy of investments (Note 2.6).

a) **Trade and other receivables**

Trade debts and other receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

b) **Borrowings**

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method.

c) **Trade and other payables**

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

2.12 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

2.13 Impairment

a) **Financial assets**

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on a individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) **Non financial assets**

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account except in case of revalued property, plant and machinery in which case these are first adjusted against related revaluation surplus and remaining loss, if any, are taken to profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account except where revaluation surplus was previously reduced in which case such reversal is credited to revaluation surplus.

2.14 Off setting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the Company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

2.15 Investment properties

Properties comprising leasehold land and building which are not occupied by the company and are held for capital appreciation or to earn rental income are classified as investment property in accordance with the requirements of International Accounting Standard (IAS)-40 'Investment Property'. These properties are carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The valuation of the properties is carried out with sufficient regularity.

Gain or losses arising from a change in fair value of investment property are included in the profit and loss account currently.

2.16 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cheques in hand and deposit with banks net off short term finances/borrowings maturing within one year from the date of acquisition, if any.

2.17 Segment reporting

Segment reporting is based on the operating segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief executive officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief executive officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has two reportable business segments. Spinning (Producing different quality of yarn using natural and artificial fibers), and Power Generation.

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

2.18 Non-current assets held-for-sale

Non-current assets classified as held-for-sale are stated at the lower of carrying amount and the 'fair value less costs to sell' if their carrying amount is recoverable principally through a sale transaction rather than through a continuing use.

2.19 Related party transactions and transfer pricing

Transactions and contracts with the related parties are carried out at an arm's length price determined in accordance with comparable uncontrolled price method.

2.20 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are approved and other appropriations are recognized in the period in which these are approved by the Board of Directors.

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

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

3.1 Movement during the year

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

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

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

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

3.5. As at 30, June 2010 crescent sugar mills & distillery limited and the crescent textile mills limited associated undertakings held 474,323 (2009: 474,323) and 182,629 (2009: 189,629) respectively ordinary shares of rupees 10 each.

3.6 Capital risk management policies and procedures

The company's objective when managing the capital are:

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

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

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

4. RESERVES

	2010 Rupees	2009 Rupees
Composition of reserves is as follows:		
Capital		
Fair value reserve (Note 4.1)	-	(11,305,186)
Revenue		
General	51,012,000	51,012,000
Accumulated loss	(195,984,695)	(221,724,453)
	(144,972,695)	(170,712,453)
	(144,972,695)	(182,017,639)
4.1 Balance as at 01 July	(11,305,186)	9,616,264
Loss on fair value adjustment	-	(9,616,264)
	(11,305,186)	-
Impairment loss taken to equity as at 31 December 2008	-	(22,610,371)
Less: Impairment loss charged to profit and loss account till 30 June 2010	11,305,186	11,305,185
	11,305,186	(11,305,186)
	-	(11,305,186)

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

5. SURPLUS ON REVALUATION

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

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

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

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

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

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

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

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

6.1 Rescheduled demand finance

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

Details of this facility are as under:

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

6.2 Demand finance - I (Frozen mark-up)

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

KIBOR Karachi interBank offer Rate

Details of this facility are as under:

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

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

6.3 National Bank of Pakistan

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

Details of this facility are as under:

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

	2010 Rupees	2009 Rupees
7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Lease for vehicles (Note 7.1 & 7.2)	818,418	679,234

7.1 Analysis of minimum lease payments and present value

	2010		2009	
	Minimum lease payments	Present value	Minimum lease payments	Present value
	Rupees			
Period				
Up to one year	1,342,567	1,127,560	6,094,756	4,713,914
Over one to five years	920,196	818,417	734,063	679.234
Over five years	-	-	-	-
	2,262,763	1,945,977	6,828,819	5,393,148
Financial charges allocated to future periods	(316,786)	-	(1,435,671)	-
	1,945,977	1,945,977	5,393,148	5,393,148
Current maturity (Note 11)	1,127,559	1,127,559	4,713,914	4,713,914
	818,418	818,418	679,234	679,234

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

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

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

8. DEFERRED LIABILITY

	2010	2009
Provision for gratuity (Note 8.1 & 37)	30,594,680	26,309,063
Deferred tax liability on revaluation of property, plant and equipment (Note 5 & 32.2)	35,072,133	39,214,803
Deferred tax liability on revaluation of investment property (Note 32.2)	1,130,241	1,130,241
	66,797,054	66,654,107

8.1 Provision for gratuity

	2010	2009
Balance at beginning of the year	26,309,063	23,030,586
Add: Provided during the year	6,094,105	5,772,088
	32,403,168	28,802,674

	2010 Rupees	2009 Rupees
Less: Paid during the year	(1,808,488)	(2,493,611)
Balance at end of the year (Note 37)	30,594,680	26,309,063

9. TRADE AND OTHER PAYABLES

	2010 Rupees	2009 Rupees
Creditors	7,065,969	8,475,336
Accrued liabilities	4,760,164	13,145,133
Advances from customers	8,109,384	27,579,957
Income tax deducted at source	12,515,278	12,453,208
Dividend payable	578,302	578,302
Workers' profit participation fund (Note 9.1)	1,672	1,182,840
Workers' welfare fund	458,732	239,074
Due to director, associates and others	1,820,620	2,820,620
Other liabilities	11,625,288	5,807,555
	46,935,409	72,282,025

9.1 Workers' profit participation fund

	2010 Rupees	2009 Rupees
Balance as on 01 July	1,182,840	541,114
Add: Provision for the year (Note 29)	-	641,726
	1,182,840	1,182,840
Less: Paid during the year	1,181,168	-
	1,672	1,182,840

9.1.1 The Company retains workers' profit participation fund for its business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers. The balance represents the unclaimed balances of workers who left the company .

10. SHORT TERM BORROWINGS

From banking companies - secured

	2010 Rupees	2009 Rupees
Habib Bank Limited		
Cash finance (Note 10.1)	15,891,378	8,720,243

10.1 Maximum limit under this facility is Rupees 50 million (2009: 50 million) with sublimit of cash in transit Rupees 12 million (2009: Rupees 12 million). Unused credit facility as at the balance sheet date was Rupees 34.11 million.

Details of this facility are as under:

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

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

12 PROVISIONS

Provision for penalty on account of non-deposition of withholding tax	9,928,940	9,928,940

This represents provision made for penalty against non-deposition of withholding tax in prescribed time as per the Income Tax Ordinance, 2001.

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

Bank Guarantee from:

Royal Bank of Scotland (formerly ABN Amro Bank) (Note 13.1.1)	8,600,000	8,600,000
Faysal Bank Limited	-	3,000,000
Standard Chartered Bank Limited (Note 13.1.2)	793,800	793,800
Habib Bank Limited (Note 13.1.3)	2,000,000	-
	11,393,800	12,393,800

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

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

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

13.2 Commitments

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

14 OPERATING ASSETS

	Owned										Leased			
	Lease hold land	Building on lease hold land	Plant and machinery	Installation and equipment	Factory tools and equipment	Vehicles	Office equipment	Furniture & fixture	Office machines and electrical appliances	Sub total	Vehicles	Generators	Sub total	Total
	Rupees													
As at 30 June 2008														
Cost / Re-assessed value	457,349,050	116,302,927	242,102,210	8,613,452	350,277	5,295,159	1,304,752	841,301	8,735,261	841,294,359	4,575,221	20,844,998	25,420,219	866,714,608
Accumulated depreciation	-	(51,186,930)	(123,313,528)	(5,108,860)	(282,266)	(2,505,955)	(711,093)	(702,731)	(7,288,031)	(191,459,354)	(1,964,240)	(7,030,450)	(8,994,690)	(200,494,084)
	457,349,050	**65,115,997**	**118,788,682**	**3,504,592**	**68,011**	**2,789,204**	**593,659**	**138,570**	**1,447,230**	**649,734,935**	**2,610,981**	**13,814,548**	**16,425,529**	**666,220,524**
As at 30 June 2009														
Opening net book amount	457,349,050	65,115,997	118,788,652	3,504,592	68,011	2,789,204	593,659	138,570	1,447,230	649,734,935	2,610,981	13,814,548	16,425,529	666,220,524
Additions	-	-	4,612,078	-	-	517,804	145,000	-	-	5,274,882	-	-	-	5,274,882
Disposals - net	-	-	-	-	-	(77,279)	-	-	-	(77,279)	-	-	-	(77,279)
Depreciation charge	-	(6,511,600)	(11,974,900)	(350,459)	(10,201)	(588,122)	(113,433)	(13,857)	(217,085)	(19,779,657)	(522,196)	(1,381,455)	(1,903,651)	(21,683,308)
Closing net book amount	**457,349,050**	**58,604,397**	**111,425,860**	**3,154,133**	**57,810**	**2,641,607**	**625,226**	**124,713**	**1,230,145**	**635,212,941**	**2,088,785**	**12,433,093**	**14,521,878**	**649,734,819**
Cost / Re-assessed value	457,349,050	116,332,927	246,714,288	8,613,452	350,277	6,212,963	1,449,752	841,301	8,735,261	846,569,271	4,575,221	20,844,998	25,420,219	871,989,490
Accumulated depreciation	-	(57,628,530)	(135,288,428)	(5,459,319)	(292,467)	(3,571,356)	(824,526)	(716,588)	(7,505,116)	(211,356,330)	(2,486,436)	(8,411,905)	(10,898,341)	(222,254,671)
Net book amount (Rs.)	**457,349,050**	**58,604,397**	**111,425,860**	**3,154,133**	**57,810**	**2,641,607**	**625,226**	**124,713**	**1,230,145**	**635,212,941**	**2,088,785**	**12,433,093**	**14,521,378**	**649,734,819**
As at 30 June 2010														
Opening net book amount	457,349,050	58,604,397	111,425,860	3,154,133	57,810	2,641,607	625,226	124,713	1,230,145	635,212,941	2,088,785	12,433,093	14,521,878	649,734,819
Additions	-	1,753,714	21,549,089	-	102,565	-	287,320	-	-	23,692,688	1,922,450	-	1,922,450	25,615,338
Effect of revaluation	650,950	-	-	-	-	-	-	-	-	650,950	-	-	-	650,950
Transfers / disposals														
Cost Note (14.1)	-	-	14,705,572	-	-	-	222,373	-	-	14,927,945	-	20,844,998	20,844,998	35,772,943
Accumulated depreciation	-	-	(7,947,581)	-	-	-	(167,917)	-	-	(8,115,798)	-	(8,411,905)	(8,411,905)	(16,527,703)
	-	-	6,757,991	-	-	-	54,456	-	-	6,812,147	-	12,433,093	12,433,093	19,245,240
Depreciation charge	-	(5,860,440)	(12,401,168)	(315,413)	(13,434)	(528,322)	(120,374)	(12,471)	(184,522)	(19,436,544)	(631,597)	-	(631,597)	(20,068,241)
Closing net book amount	**456,000,000**	**54,497,671**	**113,616,090**	**2,838,720**	**146,941**	**2,113,285**	**737,416**	**112,242**	**1,045,623**	**633,307,988**	**3,379,638**	-	**3,379,638**	**636,687,626**
Cost / Re-assessed value	456,000,000	118,056,641	253,357,805	8,613,452	452,842	6,212,963	1,514,899	841,301	8,735,261	855,985,164	6,497,671	-	6,497,671	862,482,835
Accumulated depreciation	-	(63,558,970)	(139,741,715)	(5,774,732)	(305,901)	(4,099,678)	(777,483)	(729,059)	(7,689,638)	(222,677,176)	(3,118,033)	-	(3,118,033)	(225,795,209)
Net book amount (Rs.)	**456,000,000**	**54,497,671**	**113,616,090**	**2,838,720**	**146,941**	**2,113,285**	**737,416**	**112,242**	**1,045,623**	**633,307,988**	**3,379,638**	-	**3,379,638**	**636,687,626**
Rate of depreciation (%)	5	10	10	10	15	20	15	10	15		20			

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

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

Description	Qty	Cost	Accumulated depreciation	Net book value	Sale proceed	Particulars of purchasers
		Rupees				
Air Conditioner	3	222,373	167,917	54,456	60,345	Mr.Faisal, North Nazimabad, Karachi.

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

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

15. INVESTMENT PROPERTY

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

16. LONG TERM INVESTMENTS

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

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

16.2 Name of Associate	**Basis of significant influences**
Premier Insurance Limited	Common directorship
Crescent Industrial Chemical Limited	Common directorship
Renfro Crescent (Private) Limited	Shareholding

	2010 Rupees	2009 Rupees
16.3 Premier Insurance Company Limited		
The movement is as follows:		
Opening balance of investment	-	45,062
Share of (loss) / profit of associate for the year	52,889	(68,340)
Share of loss of previous years - unrecognized	(60,623)	-
	(19,714)	(37,345)
Dividend income	(27,448)	(60,623)
Closing balance as at 30 June 2010	27,448	60,623
Unrecognised loss	-	-
Net closing balance		

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

16.3.2 Summarized finance position of Premier Insurance company Limited

	2010	2009
Total assets	3,078,814,000	2,774,354,000
Total Liabilities	1,299,151,000	1,126,824,000
Net Assets	1,779,663,000	1,647,530,000
Profit / (loss) after tax	184,798,000	(73,467,000)
Cost of investment	134	134
Market value	162,940	117,181
Ownership interest	0.0286%	0.0286%

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

16.4 Renfro Crescent (Private) Limited

	2010	2009
The movement is as follows:		
Opening balance of investment	113,383,143	101,133,736
Share of profit of associate	25,405,520	12,249,407
	138,788,663	113,383,143

16.4.1 Summarized financial statements of Renfro Crescent (Private) Limited

	2010	2009
Total assets	1,868,557,247	1,607,278,554
Total Liabilities	1,288,690,117	1,130,130,727
Net Assets	579,867,130	477,147,827
Profit after tax	101,907,419	49,133,745
Cost of investment	89,821,600	89,821,600
Ownership interest	24.93%	24.93%

Number of ordinary shares held 8,982,160 (2009 : 8,982,160) of Rupees 10 each.

	2010 Rupees	2009 Rupees
Market value	Un-quoted	Un-quoted

16.5 This investment was fully impaired in previous years.

17. LONG TERM LOANS

	2010 Rupees	2009 Rupees
Due from executives/directors (Note 17.1)	486,250	486,250
Due from employees	3,227,835	2,661,870
	3,714,085	3,148,120
Less: Current portion	1,270,444	1,374,000
	2,443,641	1,774,120

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

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

18. LONG TERM DEPOSITS

	2010 Rupees	2009 Rupees
Security deposits	710,722	4,105,722
Less: Current portion	-	(1,895,000)
	710,722	2,210,722

18.1 This includes cash deposit of Rupees Nil (2009: Rupees 1.5 million given to Faysal Bank Limited against guarantee).

19. STORES AND SPARES

	2010 Rupees	2009 Rupees
Stores	881,248	1,719,545
Spare parts	1,086,624	354,589
	1,967,872	2,074,134

20. STOCK IN TRADE

	2010 Rupees	2009 Rupees
Raw materials	19,250,085	17,397,574
Work in process	9,932,202	4,923,713
Finished goods	2,470,346	5,220,195
Packing material	15,476	12,536
Waste stock	484,856	1,063,919
	32,152,965	28,617,937

21. TRADE DEBTS

	2010 Rupees	2009 Rupees
Considered good:		
Unsecured	13,223,194	22,719,426
Considered doubtful:		
Others - unsecured	20,552,792	21.163,577

	2010 Rupees	2009 Rupees
Less: Provision for doubtful debts		
As at 01 July	21,163,577	21,163,577
Less: Reversal due to recovery	(610,785)	-
As at 30 June	20,552,792	21,163,577
	-	-

21.1 As at 30 June 2010, trade debts of Rupees 0.0103 million (30 June 2009 : Rupees 0.0149 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of trade debts considered good is as follows:

Upto three months	13,212,834	22,704,466
3 months to one year	10,360	14,960
	13,223,194	22,719,426

21.2 Trade debts of Rupees 20.553 million (2009 : Rupees 21.164 million) were impaired and provided for in previous years. The ageing of these trade debts was more than one year.

22. SHORT TERM INVESTMENTS

Available for sale (Note 22.1)	18,327,893	24,001,648
Investment at fair value through profit or loss in listed securities (Note 22.2)	1,650,530	1,110,273
	19,978,423	25,111,921

22.1 Investments available for sale
Related parties - Qouted

The Crescent Textile Mills Limited 827 (2009: 827) fully paid ordinary shares of Rupees 10 each	-	-
Crescent Sugar Mills & Distllery Limited 510,600 (2009: 510,600) fully paid ordinary shares of Rupees 10 each	3,150,402	3,150,402
Other than related parties - Qouted		
Samba Bank Limited 5,240,737 (2009: 5,240,737) fully paid ordinary shares of Rupees 10 each	37,311,525	37,311,525
Crescent Jute Products Limited 1,716,683 (2009: 1,716,683) fully paid ordinary shares of Rupees 10 each	13,732,069	13,732,069
Crescent Spinning Mills Limited 290,000 (2009: 290,000) fully paid ordinary shares of Rupees 10 each	362,500	362,500
Shakarganj Mills Limited 39,138 (2009: 39,138) fully paid ordinary shares of Rupees 10 each	228,175	228,175
Crescent Steel and Alllied Products Limited 36,253 (2009: 36,253) fully paid bonus ordinary shares of Rupees 10 each	-	-

	2010 Rupees	2009 Rupees
Shakarganj Mills Limited (Prefer. Shares) 184,335 (2009: 184,335) fully paid preference shares of Rupees 10 each	1,843,350	1,843,350
PICIC Insurance Company Limited 11,658 (2009: 11,658) fully paid ordinary shares of Rupees 10 each	116,580	116,580
	56,744,601	56,744,601
Opening balance of recognized impairment loss	(21,437,767)	-
Impairment loss charged during the year	(16,978,941)	(21,437,767)
	(38,416,708)	(21,437,767)
	18,327,893	35,306,834
Closing balance of fair value adjustment reserve	-	(11,305,186)
	18,327,893	24,001,648

22.2 Investment at fair value through profit or loss in listed securities

	2010 Rupees	2009 Rupees
Nishat Mills Limited 6,525 (2009: 4,500) fully paid ordinary shares of Rupees 10 each	281,358	170,190
Oil & Gas Development Company Limited 3,800 (2009: 3,800) fully paid ordinary shares of Rupees 10 each	538,422	298,832
Pakistan Oilfield Limited 1,680 (2009: 1,680) fully paid ordinary shares of Rupees 10 each	362,712	245,112
Pakistan Petroleum Limited 2,508 (2009: 2,090) fully paid ordinary shares of Rupees 10 each	461,773	396,139
Fatima Fertilizer Company Limited 500 (2009: Nil) fully paid ordinary shares of Rupees 10 each	6,265	-
	1,650,530	1,110,273

23. CASH AND BANK BALANCES

	2010 Rupees	2009 Rupees
Cash in hand	520,626	464,141
Cash at bank at current account (Note 23.1)	3,454,428	7,501,391
	3,975,054	7,965,532

23.1 This includes an amount of Rupees. 0.794 million (2009:Rupees 0.794 million) under lien with Standard Chartered Bank Limited against the guarantee issued on behalf of the company.

24. NON-CURRENT ASSETS HELD-FOR-SALE

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

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

	2010 Rupees	2009 Rupees
25. SALES		
Local sales		
Yarn	657,723,700	546,190,365
Cotton	30,777,750	205,700,559
Waste	14,559,962	11,393,891
Scrap	527,769	-
	703,589,181	763,284,815
26. COST OF SALES		
Finished stock - opening	6,284,114	7,340,320
Add: Cost of goods manufactured	662,579,591	706,306,818
	668,863,705	713,647,138
Less: Finished stock - closing	2,955,202	6,284,114
	665,908,503	707,363,024
Cost of goods manufactured		
Raw material consumed (Note 26.1)	557,618,871	595,663,567
Packing materials consumed	3,597,838	3,589,823
Stores and spares	9,745,150	5,371,331
Salaries, wages and other benefits	49,059,963	47,471,260
Repair and maintenance	880,371	350,978
Rent, rates and taxes	275,376	47,800
Fuel and power	24,000,769	31,332,956
Insurance	1,520,025	1,531,836
Depreciation (Note 14.3)	18,787,449	18,827,708
Other factory overheads	2,102,268	2,008,244
	667,588,080	706,195,502
Work-in-process		
Opening stock	4,923,713	5,035,029
Closing stock	(9,932,202)	(4,923,713)
	(5,008,489)	111,316
Cost of goods manufactured	662,579,591	706,306,818
26.1 Raw material consumed		
Opening stock	17,397,574	17,937,215
Add: Purchased during the year	559,471,382	595,123,926
	576,868,956	613,061,141
Less: Closing stock	19,250,085	17,397,574
	557,618,871	595,663,567
27. DISTRIBUTION COST		
Salaries and other benefits	146,400	132,800
Outward freight and handling	1,170,322	1,090,373
	1,316,722	1,223,173
28. ADMINISTRATIVE EXPENSES		
Salaries, allowances and benefits	14,382,447	12,542,845

	2010 Rupees	2009 Rupees
Traveling, conveyance and entertainment	4,064,592	2,474,416
Rent, rates and taxes	50,000	50,000
Printing and stationery	343,098	362,466
Communication	768,426	614,887
Insurance	229,223	82,065
Subscription and periodicals	818,752	1,174,068
Repairs and maintenance	-	17,000
General expenses	1,045,582	1,491,538
Auditors' remuneration (Note 28.1)	395,000	395,000
Advertisement	47,600	486,650
Legal and professional charges	479,600	1,804,500
Depreciation (Note 14.3)	1,280,792	954,345
Amortization of intangible assets	-	266,667
	23,905,112	22,716,447

28.1 Auditors' remuneration

Riaz Ahmad & Company

	2010 Rupees	2009 Rupees
Audit fee	275,000	275,000
Half yearly review	70,000	70,000
Reimbursable expenses	50,000	50,000
	395,000	395,000

29. OTHER OPERATING EXPENSES

	2010 Rupees	2009 Rupees
Workers' profit participation fund	-	641,726
Workers' welfare fund	457,985	239,074
Impairment loss on operating fixed assets classified as assets held for sale	966,561	-
Impairment loss on equity investments	16,978,941	21,437,767
Unrealized loss on remeasurement of investments through profit or loss	-	727,317
	18,403,487	23,045,884

30. OTHER OPERATING INCOME

	2010 Rupees	2009 Rupees
Income from financial assets		
Dividend income (30.1)	131,939	124,040
Income from non financial assets		
Gain on sale of property, plant and equipment	5,889	22,721
Reversal of provision for doubtful trade debts	610,785	-
Commission	5,213,083	6,394,232
Rental income	4,803,900	4,785,300
Gain on remeasurement of invetment property	94,695	150,000
Creditors written back no longer payable	893,964	1,994,387
Unrealized gain on re-measurement of investments at fair value through profit or loss	452,507	-
Others	203,269	275,979
	12,278,092	13,622,619
	12,410,031	13,746,659

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

	2010 Rupees	2009 Rupees

31. FINANCE COST

	2010 Rupees	2009 Rupees
Mark-up on:		
Long term financing	5,065,971	8,802,740
Short term borrowings	2,158,754	331,102
Finance charges on lease liabilities	1,759,475	1,333,953
Bank charges and commission	445,458	298,785
	9,429,658	10,766,580

32. PROVISION FOR TAXATION

	2010 Rupees	2009 Rupees
Current (Note 32.1)	4,746,560	1,303,357

32.1 Current

The tax liability of the company for the year has been calculated under the normal provisions of the Income Tax Ordinance, 2001. The income tax assessments of the company have been finalized up to and including tax year 2009. Due to available tax losses of Rupees 38.171 million, no provision for tax is required except for income changable to final taxation and minimum taxation on turnover. Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not required in view of final and minimum taxation.

32.2 Deferred

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

33. EARNINGS PER SHARE - BASIC AND DILUTED

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

		2010	2009
Profit attributable to ordinary shares	(Rupees)	17,694,690	22,854,699
Weighted average number of ordinary shares	(Numbers)	32,491,205	32,491,205
Earnings per share	(Rupees)	0.54	0.70

34. CASH GENERATED FROM OPERATIONS

	2010 Rupees	2009 Rupees
Profit before taxation	22,441,250	24,158,056
Adjustments for non-cash charges and other items:		
Depreciation	20,068,241	21,683,308
Provision for gratuity	6,094,105	5,771,388
Share of profit from associate	(25,405,520)	(12,241,690)
Dividend income	(131,939)	(124,040)
Unrealized (gain) / loss on remeasurement of investments	(452,507)	727,317
Amortization of intangible assets	-	266,667
Impairment loss on available for sale investment	16,978,941	21,437,767

	2010 Rupees	2009 Rupees
Impairment loss on property palnt and equipment	966,561	-
Provisions, write offs and write backs	(893,964)	(1,994,387)
Gain on disposal of property, plant and equipment	(5,889)	(22,721)
Gain on remeasurement of investment property	(94,695)	(150,000)
Finance cost	9,429,658	10,766,580
	26,552,992	46,120,189
Net cash from operating activities before working capital changes	48,994,242	70,278,245
Working capital changes		
(Increase) / Decrease in current assets		
Stores and spares	106,262	(150,648)
Stock-in-trade	(3,535,028)	2,069,159
Trade debts	9,496,232	(13,252,192)
Loans and advances	18,272,570	(12,759,275)
Short term deposits and prepayments	3,946,926	(956,350)
Other receivables	(802,185)	(687,816)
Increase / (Decrease) in current liabilities		
Trade and other payables	(24,452,652)	8,272,088
Working capital changes	**3,032,125**	**(17,465,034)**
Net cash from operating activities after working capital changes	52,026,367	52,813,211

35. CASH AND CASH EQUIVALENTS

Cash and bank balance	3,975,054	7,965,532
Short term borrowings	(15,891,378)	(8,720,243)
	(11,916,324)	(754,711)

36. CHIEF EXECUTIVE OFFICER'S, DIRECTORS' AND EXECUTIVES' REMUNERATION

Chief Executive Officer		
Managerial remuneration and other benefits	3,300,000	3,000,000
House rent and utilities	1,815,000	1,650,000
Gratuity	362,313	310,000
	5,477,313	4,960,000
Number of executive	1	1
Directors/Executives		
Managerial remuneration	3,525,203	2,156,844
Housing and utilities	1,803,495	1,083,564
Gratuity	463,871	229,526
	5,792,569	3,469,934
Number of executives	4	2

36.1 The chief executive officer is provided with free use of company maintained cars. Two (2009: Two) other executives are also provided with the company maintained cars.

37. DEFINED BENEFIT PLAN

37.1 General description

The scheme provides for retirement benefits for all permanent employees who complete qualifying period of services with the company at varying percentages of last drawn salary. The percentage depends on the number of service years with the company. Annual provision is based on actuarial valuation, which was carried out as on 30 June 2010.

37.2 Principal actuarial assumption

Following principal actuarial assumptions were used for the valuation:	2010	2009
Estimated rate of increase in salary of the employees	11% per annum	11% per annum
Discount rate	12% per annum	12% per annum

	Rupees	Rupees
37.3 Movement in present value of defined benefit obligation		
Balance at beginning of the year	24,478,876	22,529,340
Current service cost	3,156,640	3,094,043
Interest cost	2,937,465	2,678,045
Benefits paid during the year	(1,808,488)	(2,493,611)
Actuarial (gain) / loss	209,722	(1,328,941)
Balance as at end of the year	28,974,215	24,478,876
37.4 Balance sheet liability as at 30 June 2010		
Present value of defined benefit obligation	28,974,215	24,478,876
Add: Unrecognized actuarial gain	1,620,465	1,830,187
	30,594,680	26,309,063
37.5 Movement in balances		
Balance at beginning of the year	26,309,063	23,031,286
Expense during the year	6,094,105	5,772,088
	32,403,168	28,803,374
Benefits paid during the year	(1,808,488)	(2,493,611)
Balance at the end of the year	30,594,680	26,309,763

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

37.7 Experience Adjustments

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

38. TRANSACTIONS WITH RELATED PARTIES

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

	2010		2009	
	Associates	Other related parties	Associates	Other related parties
Transactions				
Insurance premium	2,250,846	-	2,209,731	-
Rental income	4,785,300	-	4,785,300	-
Sale of cotton	30,777,750	-	205,700,559	-
Sale of yarn	657,723,700	-	546,190,365	-
Service charges	-	-	250,000	-
Insurance commission	5,036,671	-	6,394,232	-
Dividend income	19,714	-	37,345	-
Purchase of machinery	-	-	4,411,710	-
Balances as at 30 June				
Insurance premium payable	(5,802,846)	-	(8,021,925)	-
Advance from customers	(7,892,894)	-	(27,166,391)	-
Receivable from customer	12,921,280	-	22,093,500	-

39. PLANT CAPACITY AND ACTUAL PRODUCTION

	2010	2009
Spinning		
Total number of spindles available for production	8,840	8,840
Total number of spindles worked during the year	8,137	6,748
Number of shifts per day	3	3
Plant capacity of yarn (Kg.)	2,108,583	2,258,179
Actual production of yarn (Kg.)	3,512,348	3,281,958
Actual production in 20 / s (Kg.)	1,506,193	1,390,622
Total shifts worked	888	951
Power plant		
Generation Capacity (KW)	1,053	1,053
Actual generation (KW)	614	654

39.1 Reasons for low production

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

40. SEGMENT INFORMATION

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

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

Power Generation: Generation and distribution of power.

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

40.2 Segment results

	Spinning		Power Generation		Elimination of Inter-segment transactions		Total - Company	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Sales	703,569,181	763,284,815	37,386,782	30,302,938	(37,386,782)	(30,302,938)	703,569,181	763,284,815
Cost of sales	(674,474,634)	(709,168,923)	(28,820,651)	(28,497,039)	37,386,782	30,302,938	(665,908,503)	(707,363,024)
Gross profit	29,094,547	54,115,892	8,566,131	1,805,899	-	-	37,660,678	55,921,791
Distribution cost	(1,316,722)	(1,223,173)	-	-	-	-	(1,316,722)	(1,223,173)
Administrative expenses	(23,644,304)	(22,037,839)	(260,808)	(678,608)	-	-	(23,905,112)	(22,716,447)
	(24,961,026)	(23,261,012)	(260,808)	(678,608)	-	-	(25,221,834)	(23,939,620)
Profit before taxation and unallocated expenses and income	4,133,521	30,854,880	8,305,323	1,127,291	-	-	12,438,844	31,982,171
Unallocated income and expenses:								
Finance cost							(9,429,658)	(10,766,580)
Other operating expenses							(18,403,487)	(23,045,884)
Other operating income							12,410,031	13,746,659
Share of profit in associated companies							25,405,520	12,241,690
Taxation							(4,746,560)	(1,303,357)
Profit after taxation							17,674,690	22,854,699

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

40.3 Segment Assets

	Spinning		Power Generation		Total - Company	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Segment assets	624,440,969	629,672,360	18,353,398	20,062,459	642,794,367	649,734,819
Unallocated assets					277,649,854	282,762,333
					920,444,221	932,497,152
Segment liabilities	194,866,783	233,315,133	2,151,920	1,616,227	197,018,703	234,931,360
Unallocated liabilities					36,202,374	40,345,044
					233,221,077	275,276,404

41. FINANCIAL RISK MANAGEMENT

41.1 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

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

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

	2010	2009
	Rupees per dollar	
Average rate	84.27	79.09

Sensitivity analysis

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

(ii) Other price risk

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

Sensitivity analysis

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

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

(iii) Interest rate risk

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

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

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

	2010 Rupees	2009 Rupees
Floating rate instruments		
Financial liabilities		
Long term financing	45,516,629	72,630,859
Liabilities against assets subject to finance lease	1,945,977	5,393,148
Short term borrowings	15,891,378	8,720,243

Cash flow sensitivity analysis for variable rate instruments

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

(b) Credit risk

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

Investments	19,978,423	25,111,921
Loans and advances	10,217,702	27,820,751
Deposits	1,210,722	4,105,722
Trade debts	13,223,194	22,719,426
Other receivables	4,632,678	3,830,493
Bank balances	3,454,428	7,501,391
	52,717,147	91,089,704

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

	Rating Short Term	Long term	Agency	2010 Rupees	2009 Rupees
Banks					
National Bank of Pakistan	A-1+	AAA	JCR-VIS	40,658	40,658
Allied Bank Limited	A1+	AA	PACRA	(100,526)	53,021
Faysal Bank Limited	A-1+	AA	PACRA	5,392	5,392
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	2,339,571	5,740,861
The Royal Bank of Scotland Limited	A1+	AA	PACRA	21,241	15,953
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	829,164	829,164
United Bank Limited	A-1+	AA+	JCR-VIS	211,236	705,264
Bank Al-Habib Limited	A1+	AA+	PACRA	18,248	47,748
Emirates Global Islamic Bank Limited	A2	A-	PACRA	89,444	63,330
				3,454,428	7,501,391
Investments					
Samba Bank Limited	A-1	A	JCR-VIS	11,896,473	15,617,396
				15,350,901	23,118,787

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

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

(c) Liquidity risk

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

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

Contractual maturities of financial liabilities as at 30 June 2010

	Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Long term financing	45,516,629	56,895,786	14,760,668	6,308,963	23,042,230	12,783,925
Liabilities against assets subject to finance lease	1,945,977	2,262,763	1,342,567	613,464	306,732	-
Trade and other payables	25,857,469	25,857,469	18,100,238	7,757,231	-	-
Short term borrowings	15,891,378	17,122,960	17,122,960	-	-	-
Accrued Markup	29,324,005	29,324,005	29,324,005	-	-	-
	118,535,458	131,462,983	80,650,438	14,679,658	23,348,962	12,783,925

Contractual maturities of financial liabilities as at 30 June 2009

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

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

41.2 Fair values of financial assets and liabilities

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

	Level 1	Level 2	Level 3	Level 4
	Rupees	Rupees	Rupees	Rupees
As at 30 June 2010				
Assets				
Available for sale financial assets	19,978,423	-	-	19,978,423
As at 30 June 2009				
Assets				
Available for sale financial assets	25,111,921	-	-	25,111,921

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

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

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

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

	Loans and receivables	Assets at fair value through profit or loss	Available for sale	Total
	Rupees	Rupees	Rupees	Rupees
As at 30 June 2010				
Assets as per balance sheet				
Investments	-	1,650,530	18,327,893	19,978,423
Loans and advances	10,217,702	-	-	10,217,702
Deposits	1,210,722	-	-	1,210,722
Trade debts	13,223,194	-	-	13.223,194
Other receivables	4,632,678	-	-	4,632,678
Cash and bank balances	3,975,054	-	-	3,975,054
	33,259,350	1,650,530	18,327,893	53,237,773

	Financial liabilities at amortized cost
	Rupees
Liabilities as per balance sheet	
Long term financing	45,516,629
Liabilities against assets subject to finance lease	1,945,977
Accrued mark-up	29,324,005
Short term borrowings	15,891.378
Trade and other payables	25,857,469
	118,535,458

	Loans and receivables Rupees	Assets at fair value through profit or loss Rupees	Available for sale Rupees	Total Rupees
As at 30 June 2009				
Assets as per balance sheet				
Investments	-	1,110,273	24,001,648	25,111,921
Loans and advances	27,820,751	-	-	27,820,751
Deposits	4,105,722	-	-	4,105,722
Trade debts	22,719,426	-	-	22,719,426
Other receivables	3,830,493	-	-	3,830,493
Cash and bank balances	7,965,532	-	-	7,965,532
	66,441,924	1,110,273	24,001,648	91,553,845

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

42. DATE OF AUTHORIZATION FOR ISSUE

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

43. CORRESPONDING FIGURES

During the year no significant reclassification has been made.

44. GENERAL

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

Shams Rafi
Chief Executive

Shaukat Shafi
Director

Form 34
Pattern of Share Holding
As on June 30, 2010

Shareholders	From	To	Total Shares
431	1	100	15,922
427	101	500	111,044
108	501	1,000	79,862
185	1,001	5,000	425,421
27	5,001	10,000	212,003
25	10,001	15,000	341,434
21	15,001	20,000	386,410
11	20,001	25,000	251,999
12	25,001	30,000	343,087
5	30,001	35,000	157,119
2	35,001	40,000	78,344
5	40,001	45,000	214,819
6	45,001	50,000	282,482
2	50,001	55,000	108,835
2	55,001	60,000	114,139
4	70,001	75,000	284,625
3	75,001	80,000	232,424
1	80,001	85,000	80,630
1	85,001	90,000	88,673
1	95,001	100,000	98,500
1	100,001	105,000	101,639
1	115,001	120,000	116,623
1	145,001	150,000	150,000
1	155,001	160,000	159,560
1	165,001	170,000	167,899
1	175,001	180,000	179,921
1	180,001	185,000	182,629
1	195,001	200,000	199,146
2	200,001	205,000	405,287
1	225,001	230,000	225,855
1	265,001	270,000	266,450
1	285,001	290,000	285,357
1	345,001	350,000	346,955
1	455,001	460,000	456,073
1	470,001	475,000	474,323
2	495,001	500,000	993,590
1	510,001	515,000	512,462
1	685,001	690,000	689,348
1	860,001	865,000	860,742
1	1,560,001	1,565,000	1,560,920
1	2,390,001	2,395,000	2,391,204
1	3,935,001	3,940,000	3,937,529
1	4,225,001	4,230,000	4,228,922
1	4,405,001	4,410,000	4,405,768
1	5,285,001	5,290,000	5,285,231
1,306			**32,491,205**

Categories of Shareholders	Numbers	Shares held	% age
Financial Institution	5	3,742	0.01
Individual	1,252	13,398,226	41.24
Insurance Companies	2	80,630	0.25
Joint Stock companies	35	454,786	1.40
Associated Companies	2	656,952	2.02
More than 10%	4	17,882,790	55.04
Modaraba	1	9,127	0.03
Investment Companies	2	1,981	0.01
Other	3	2,971	0.01
Total	**1,306**	**32,491,205**	**100**
Others			
Abondand Property	1	353	0.00
Trust	2	2,618	0.01
Total	**3**	**2,971**	**0.01**

Pattern of Share Holding
As on June 30, 2010

Categories of Shareholder	Number of shares held
Directors, Chief Executive Officer, their spouse and minor children	
Chief Executive/Director	
Shams Rafi	689,348
Directors	
Shaukat Shafi	3,937,529
Ahmad Shafi	861,242
Umer Shafi	606,073
Salman Rafi	591,979
Muhammad Arshad	3,462
Abdullah Zakaria	3,725
Directors' Spouse and their minor children	
Zahida Shaukat	42,859
Associated companies, undertakings and related parties	
Crescent Sugar Mills & Distillery Ltd.	474,323
The Crescent Textile Mills Ltd	182,629
NIT & ICP	
Investment Corporation Of Pakistan	1,891
Idbp (Icp Unit)	90
Banks, DFI, NBFIs	**3,742**
Insurance Companies	**80,630**
Modaraba and Mutual Funds	**9,127**
Others	**2,971**
Public sector companies and corporations (Joint Stock Companies)	**454,786**
Shareholders mor than 10%	**17,882,790**
General Public	**6,662,009**
Grand Total	**32,491,205**

37th Annual General Meeting
Form of Proxy

I/We ____

of ____

member/members of Jubilee Spinning & Weaving Mills Limited and holder of =______

__________= shares as per Registered Folio No.____________ do hereby appoint

______________________________of ____________of failing him

________________ of ______________ who is also member of the company

vide Registered Folio No. ____________ as my / our Proxy to attend, speak and vote for

me / us and on my / our behalf at the 36th Annual General Meeting of the Company to be held

on ________ the October ________ at _______ a.m. at the registered office, 40-A, Zafar

Ali Road, Gulberg V, Lahore and at any adjournment thereof.

As witness my hand this ________________ day of ____________ 2010.

Please
Affix Here
Revenue Stamp.

(Member's Signature)

(Witness's Signature)

Date:

Place:

Note:

The Form of Proxy should be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting.