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COMPANY INFORMATION

Board of Directors

Mr. Muhammad Anwar	Chairman & Chief Executive
Mr. Anjum M. Saleem	Director
Mr. Javed Omer Vohra	Director
Mr. Khalid Bashir	Director
Mr. Maqbool H.H. Rahimtoola (Nominee: NIT)	Director
Mr. Muhammad Arshad	Director
Mr. Nasir Shafi	Director
Mr. Saeed Ahmed Butt	Director

Audit Committee

Mr. Khalid Bashir	Chairman
Mr. Nasir Shafi	Member
Mr. Anjum M. Saleem	Member

Chief Financial Officer

Mr. Sadiq Saleem	Vice President Finance
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Corporate Secretary

4 Mr. Haroon Adeel

Head of Internal Audit

Mr. Qaiser Ahmad

Auditors

Ford Rhodes Sidat Hyder & Company
Chartered Accountants

Legal Advisor

Mr. Fazal Din Faiz Hassan & Hassan	Advocate Advocates
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Stock Exchange Listing

The Crescent Textile Mills Limited is a listed company and its shares are traded on all three Stock Exchanges in Pakistan.

The company's shares are quoted in leading dailies under textile composite sector.

Bankers

Al Baraka Investment Bank B.S.C (E.C)
Allied Bank of Pakistan Limited
Askari Commercial Bank Limited
Bank Al-Falah Limited
Crescent Commercial Bank Limited
Faysal Bank Limited
Habib Bank Limited
Industrial Development Bank of Pakistan
KASB Bank Limited
Meezan Bank Limited
Muslim Commercial Bank Limited
National Bank of Pakistan
Pakistan Industrial Credit & Investment Corporation Limited
PICIC Commercial Bank Limited
Saudi Pak Agricultural & Investment Company (Private) Limited
Saudi Pak Commercial Bank Limited
Union Bank Limited
United Bank Limited

Registered office & Share Department

40-A, Off: Zafar Ali Road,
Gulberg-V, Lahore, Pakistan
T + 92-42-111-245-245
F + 92-42-111-222-245
E-mail: mailho@crescentbahuman.com

Mills

Sargodha Road,
Faisalabad, Pakistan
T + 92-41-111-105-105
F + 92-41-111-103-104
E-mail: crestex@ctm.com.pk
Web Site: www.crescenttextile.com

Liaison office

8th Floor, Sidco Avenue Centre,
Stratchen Road,
Karachi. Pakistan
T + 92-21-111-105-105
F + 92-21-111-103-104
E-mail: ctmkhi@fascom.com

Notice of Annual General Meeting

Notice is hereby given that the 56th Annual General Meeting of the shareholders of **The Crescent Textile Mills Limited** will be held on Friday the October 28, 2005 at 09:30 a.m. at the Registered Office of the company at 40-A, Off: Zafar Ali Road, Gulberg-V, Lahore to transact the following business:-

1. To confirm the minutes of Extra-Ordinary General Meeting of the Shareholders held on May 14, 2005.
2. To receive, consider and adopt the Audited Accounts of the company for the year ended June 30, 2005 together with the Directors' and Auditors' Reports thereon.
3. To consider and approve, as recommended by the Directors, the payment of cash dividend @ 10% i.e. Rs. 1:00 per share for the year ended June 30, 2005.
4. To appoint Auditors of the company and fix their remuneration for the period ending June 30, 2006. Present Auditors M/s. Ford Rhodes Sidat Hyder & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.
5. To transact any other business with permission of the Chairman.

Registered Office:
40-A, Off: Zafar Ali Road, Gulberg-V, Lahore.
T # (042) 111-245-245
F # (042) 111-222-245
Dated: September 29, 2005

By Order of the Board 5

(Haroon Adeel)
Corporate Secretary

NOTES

1. The Members' Register will remain closed from October 20, 2005 to October 28, 2005 (both days inclusive). Transfers received at the Registered Office of the company by the close of business on October 19, 2005 will be considered in time for the purpose of payment of cash dividend to the transferees.
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 National Identity Card (NIC) 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 NIC numbers shall be mentioned on the form.
 - (iii) Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - (iii) The proxy shall produce his original NIC or original passport at the time of the meeting.
 - (iv) 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.

MISSION, VISION AND VALUES

Vision Statement

We, at Crescent Textile, will continue forever to excel in producing quality textile products while maintaining our position as industry leaders in setting standards for Professional, Human and Structural Capital.

Mission Statements

Our Mission as team of The Crescent Textile Mills Limited is to accomplish our vision through:

- Investment in new technologies for increase in production resources and consequently the profitability of the company for the benefit of the shareholders
- Creating new and exciting textile based products
- Training and retaining of Professionals to uphold a strong and healthy organizational set up
- Retaining of traditional customer base while exploring and expanding into new markets
- Helping the community to keep the environment clean and healthy, and
- Improving the quality of life of the community.

Directors' Report to the Shareholders

The directors of your company are pleased to present the 56th Annual Report along with audited accounts of the company for the year ended June 30, 2005. Under the Regulatory Directives the financial year of the company has changed from September 30 to June 30 so, the financial statements are being presented for nine (09) months period ended on June 30, 2005.

Under the 'Scheme of arrangement for Merger' approved by the Honourable Lahore High Court, Lahore for merger of wholly owned subsidiaries of the company, Crescent (Hattar) Limited and Crescent Energy Limited have merged into company effective October 01, 2004. Therefore, the accounts include financial results of merged companies but corresponding figures of the financial results are for company only.

Textile Industry Review for 2004-05:

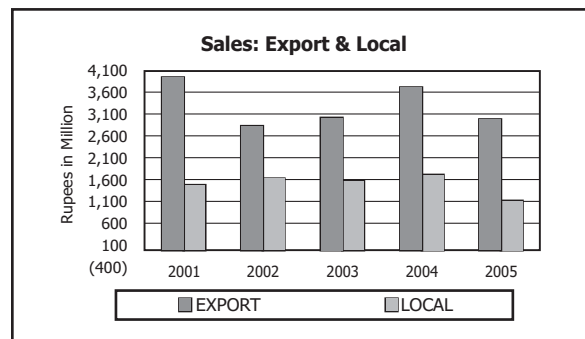
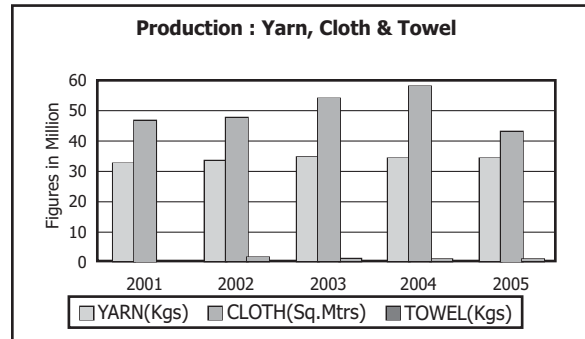
The unprecedented bumper cotton crop and Govt.'s budgetary measures have made positive impact on the industry but rapidly rising fuel prices and mark up rates have also adversely affected the bottom line results. Moreover, the fierce price competition in the international market and levy of dumping duty, GSP duty on bed linen exports to Europe and countervailing measures taken by the USA, have also substantially reduced the margins and volumes despite lower raw material prices. The textile sector has faced instable and inconsistent demand from the customers due to influx of Chinese and other countries' textile products.

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The utilization of enhanced capacities of the value added products of textile sector has remained low because of abundance of textile products to the international customers due to liberalization of international trade. Therefore, the removal of quota restrictions in WTO regime, have not contributed positively so far, as anticipated earlier, in improving the performance of textile sector in Pakistan. Increase in fuel, polyester prices, enhanced depreciation on new investment in plant and machinery and mark up rates have also reduced the margins of composite textile companies.

Company's Financial Performance

Gross margins of the company have shown improvement from 9.6% in the previous year to 13.13% this year. Export turnover has also increased from 70% (in financial year 2003-04) to 73% (in financial year 2004-05) on the back of improved marketing efforts. Despite a negative impact due to increase of financial cost from 2.14%, last year, to 4.25%, this year, the net margin has substantially improved to 1.93% of net sales as against 0.76% in the last financial year.



Summarized operating results:

	2005	2004
	Million Rs.	Million Rs.
Sales	4,117	5,403
Profit before tax	127	98
Taxation	47	57
Profit after tax	80	41

Operational Performance:

The company has already made substantial investments of Rs. 685 millions for the improvement of its asset base which included Ring Spinning Frames, Air Jet Looms, new Dyeing and Mercerizing Range for quality fabrics processing, various Stitching Machines for value added products and two new Gas fueled engines for cheaper energy cost. Except gas engines which are in the process of commissioning, the other machines have installed during the year and are working smoothly. A new Printing machine is also being imported to cater the export requirement of printed fabric orders. Upon strengthening of production capacities and improvement in export orders we may see an improvement in our export volumes which are subdued in the current recent months due to instability and uncertain international textile market conditions.

Future prospects:

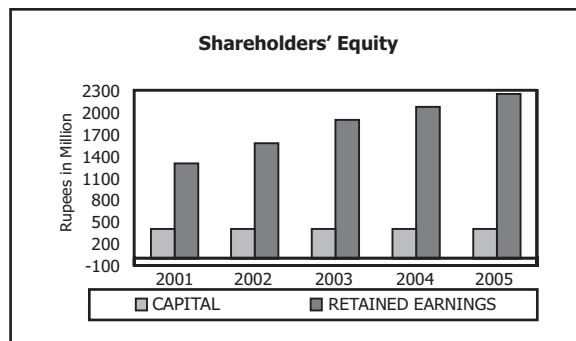
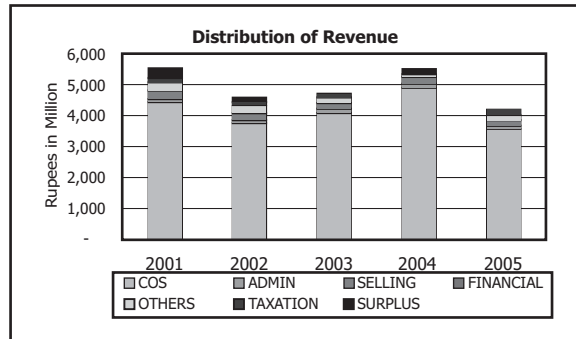
The cotton outlook for the ensuing year is also bright but keeping in view the price competitiveness and slackness in demand of textile exports we are uncertain about improvement of margins and volumes at least in the near future. However, your management is making strenuous efforts to make your company a profitable venture and to live up to the expectations of all the stakeholders.

Appropriations of available surplus:

	Million Rs.
Profit available for appropriation	79.622
Proposed dividend @ Rs. 1 per share (2004: Rs. 1 per share)	40.669
Transfer to general reserve	35.000
Unappropriated profit	3.953

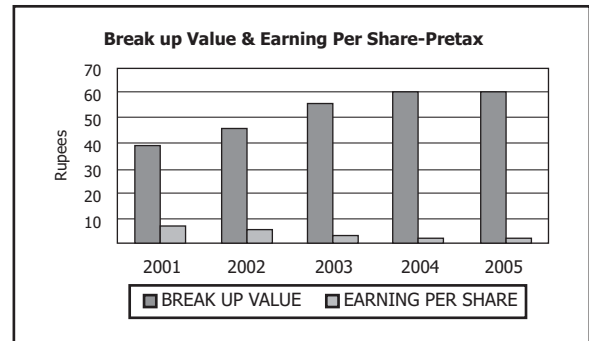
Corporate Governance:

Your company complies with the requirements of best practices of Code of Corporate Governance. In order to protect and enhance the long term value of shareholders the Board is responsible for the overall Corporate Governance of the company including approving strategic policies and decisions, capital expenditures, appointing, removing and creating succession policies. In compliance with Code of Corporate Governance following statements are given for corporate reporting frame work:



- a. Financial statements prepared by the management represent fairly and accurately company's state of affairs, results of its operation, cash flows and changes in equity.
- b. Proper books of accounts have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements.
- e. System of internal control is sound in design, has been effectively implemented & being monitored continuously. On-going review will continue in future for further improvement in controls.
- f. The company has sound potentials to continue as going concern.
- g. There has been no material departure from best practices of Corporate Governance.
- h. Transactions undertaken with related parties during the financial year have been ratified by the Audit Committee & approved by the Board.
- i. During the year under review, three meetings of the Board were held

Sr.	Director's	Meetings Attended
01	Mr. Muhammad Anwar	3
02	Mr. Ahmad Shafi	2
03	Mr. Anjum M. Saleem	2
04	Mr. Asif Jameel- Nominee NIT	1
05	Mr. Humayun Mazhar	1
06	Mr. Javed Omer Vohra	1
07	Mr. Khalid Bashir	3
08	Mr. Maqbool H H Rahimtoola- Nominee NIT	0
09	Mr. Muhammad Arshad	3
10	Mr. Nasir Shafi	3
11	Mr. Saeed Ahmad Butt	0



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- j. To the best of our knowledge, Directors, CEO, CFO and Company Secretary, company's auditors, their spouses and minor children have not undertaken any trading of company's shares.

Directors

The new Board of the company has been elected on May 14, 2005 for the next term of three years period commencing from May 17, 2005. The Board places on record its appreciation for the valuable advice and services rendered by the retired directors and welcomes the new directors.

Audit Committee:

The committee comprises of 03 members including Chairman. All members of the committee are independent non-executive directors. The committee meets at least every quarter for review of audit reports, interim and annual financial results prior to the approval of the Board.

Meetings of the shareholders:

A special meeting of the Members was held on January 08, 2005 under the direction of Honourable Lahore High Court to obtain approval for 'Scheme of arrangement of Merger' of Crescent Energy Limited (CEL) and Crescent (Hattar) Limited into the company.

An Extra Ordinary General meeting of members of the company was held on May 14, 2005 to elect the new Board of the company for the next term of three years period.

Change of Financial Year:

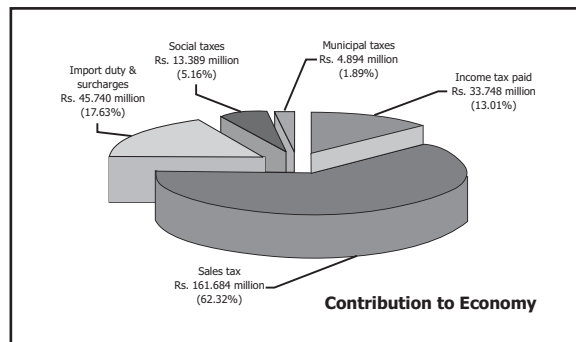
As per directions of the Central Board of Revenue (SRO 684 (1)/ 2004 August 10, 2004) the financial year of the company has been changed from September 30 to June 30.

Auditors

Present auditors, M/s. Ford Rhodes Sidat Hyder & Co., Chartered Accountants, retire and offer themselves for re-appointment. The Audit Committee has also recommended their re-appointment.

Acknowledgments

We express our appreciation for the co-operation and support of financial institutions, valued customers, vendors and dedication of entire management team and employees which enabled the company to improve its performance and financial results.



For and on behalf of the Board of Directors

Muhammad Anwar
Chief Executive Officer.

Operating Highlights

		2000	2001	2002	2003	2004	2005
KEY INDICATORS							
Operating							
Gross profit margin	%	18.22	18.88	16.24	11.84	9.60	13.13
Operating profit margin	%	11.35	11.94	9.07	5.23	3.96	7.33
Pre tax margin	%	7.11	6.50	5.50	2.67	1.82	3.03
Margin from ordinary activities	%	5.31	5.12	4.12	1.75	0.76	1.93
Performance							
Return on total assets	%	5.49	5.76	3.47	1.36	0.60	1.10
Total assets turnover	Times	1.03	1.12	0.84	0.78	0.79	0.57
Fixed assets turnover	Times	5.20	5.93	4.33	4.06	4.18	2.04
Inventory turnover	Days	49	44	58	54	65	81
Return on paid up share capital	%	60.50	68.90	45.58	20.06	10.11	19.58
Leverage							
Debt equity ratio	Times	0.22	0.19	0.26	0.33	0.37	0.37
Current ratio	Times	1.25	0.84	0.87	1.05	1.14	0.98
Quick ratio	Times	0.98	0.54	0.56	0.73	0.73	0.59
Valuation							
Earning per share	Rs	6.05	6.89	4.56	2.01	1.01	1.96
Earnings growth	%	69.47	13.88	(33.82)	(55.92)	(49.75)	94.06
Brake up value	Rs	35.06	39.15	46.63	56.72	61.08	65.46
Dividend per share	Rs	2.75	2.80	2.00	1.00	1.00	1.00
Dividend payout ratio	%	45.45	40.64	43.86	49.75	87.07	47.48
Price earning ratio	Times	-	2.03	4.71	12.14	30.89	27.96
Market price per share	Rs	-	14.00	21.50	24.40	31.20	54.80
Market capitalization	Rs(M)	-	569	874	992	1,269	2,229

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Historical Trends

Rupees in million

Trade results

Sales - net	4,633	5,470	4,496	4,661	5,403	4,117
Gross profit	844	1,033	730	552	519	541
Profit from operations	526	653	408	244	214	302
Profit before tax	329	355	247	125	98	127
Profit after tax	246	280	185	82	41	80

Financial position

Shareholders' equity	1,426	1,896	2,307	2,307	2,484	2,662
Property, plant and equipment	891	1,156	1,149	1,149	1,289	1,686
Working capital	644	(467)	(352)	173	407	407
Non current liabilities	289	526	1,007	1,007	1,277	1,373

Statement of Compliance with the Best practices of Corporate Governance

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

The Company has applied the principles contained in the code in the following manner:

1. The Company encourages representation of independent non-executive Directors and Directors representing minority interests on its Board of Directors. At present the Board includes one executive Director, six non-executive Directors and one independent non executive Director but no Director representing minority interest.
2. The Directors have confirmed that none of them is serving as a Director in more than ten listed companies.
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 NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancy occurred in the Board during the year 2005 was filled within the stipulated period of 30 days.
5. Statement of Ethics and Business Practices has been circulated to directors and employees.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration, terms and conditions of employment of the CEO have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman 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. Directors of the company have participated in Orientation Course at group level to apprise them of their duties and responsibilities. Director(s), who have not participated in these, have been apprised and adequately briefed.
10. The Board has approved the appointment of company CFO and Head of Internal Audit including their remuneration and the terms of appointment as directed by the CEO.
11. 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.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval by the Board.
13. 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.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an Audit Committee. It comprises 3 members, all three members are non-executive Directors including the Chairman of the Committee.
16. The meetings of the audit committee were held at least 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.
17. The Board has set-up an effective internal audit function manned by suitably qualified and experienced personnel who are conversant with the policies and procedures of the company and they are involved in the internal audit function on a full time basis.
18. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program 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.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. The company has fully complied with the best practices on transfer pricing as contained in the Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges.
- 14 21. We confirm that all other material principles contained in the Code have been complied with.

Sd/-

(Muhammad Anwar)
Chief Executive officer
NIC #: 331002-725450-1

**Review Report to the Members on Statement of
Compliance with Best Practices of Code of
Corporate Governance**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **The Crescent Textile Mills Limited** to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange, Chapter XIII of the Lahore Stock Exchange and Chapter XI of the Islamabad Stock Exchange 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

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 June 30, 2005.

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Ford Rhodes Sidat Hyder & Co.

(Ford Rhodes Sidat Hyder and Company)
Chartered Accountant

Lahore: September 29, 2005

**Pattern of Shareholding - (Form "34")
as at June 30, 2005**

No. of Shareholders	Shareholding		Total Shares held	No. of Shareholders	Shareholding		Total Shares held
	From	To			From	To	
474	1	100	17 528	3	180 001	185 000	548 546
551	101	500	150 175	4	185 001	190 000	754 095
226	501	1 000	166 223	1	190 001	195 000	190 998
381	1 001	5 000	896 804	1	210 001	215 000	213 277
107	5 001	10 000	750 541	1	230 001	235 000	232 088
29	10 001	15 000	354 954	1	240 001	245 000	244 083
22	15 001	20 000	391 096	2	245 001	250 000	498 518
15	20 001	25 000	337 880	1	270 001	275 000	274 522
10	25 001	30 000	280 636	1	275 001	280 000	278 783
13	30 001	35 000	416 533	2	325 001	330 000	652 423
5	35 001	40 000	179 290	3	335 001	340 000	1 009 184
9	40 001	45 000	374 574	2	360 001	365 000	725 163
9	45 001	50 000	430 606	1	365 001	370 000	366 500
6	50 001	55 000	317 251	1	370 001	375 000	373 868
3	55 001	60 000	169 982	1	390 001	395 000	394 500
5	60 001	65 000	309 104	1	415 001	420 000	417 996
3	65 001	70 000	198 997	1	435 001	440 000	435 629
3	70 001	75 000	215 726	2	440 001	445 000	883 713
4	75 001	80 000	310 435	1	455 001	460 000	456 401
3	80 001	85 000	250 541	1	495 001	500 000	500 000
2	85 001	90 000	179 900	1	555 001	560 000	558 252
3	90 001	95 000	278 335	1	590 001	595 000	591 000
2	95 001	100 000	194 913	1	850 001	855 000	851 952
1	100 001	105 000	102 189	1	895 001	900 000	900 000
2	110 001	115 000	220 951	1	975 001	980 000	978 602
3	130 001	135 000	396 754	1	1 000 001	1 005 000	1 005 000
1	135 001	140 000	136 211	1	1 050 001	1 055 000	1 050 937
4	140 001	145 000	570 278	1	1 480 001	1 485 000	1 482 500
3	145 001	150 000	444 449	1	1 500 001	1 505 000	1 504 118
1	150 001	155 000	150 418	1	2 215 001	2 220 000	2 216 427
1	155 001	160 000	158 206	1	3 455 001	3 460 000	3 456 253
5	160 001	165 000	810 000	1	5 590 001	5 595 000	5 593 357
1	165 001	170 000	168 927				
1	170 001	175 000	171 457				
3	175 001	180 000	529 379				
				<u>1 954</u>			<u>40 669 358</u>

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Categories of Shareholders	Number	Shares Held	Percentage
Financial Institutions	6	20 303	0.05
Individual	1 860	21 841 769	53.71
Insurance Companies	5	2 101 166	5.17
Investment Companies	2	1 483 537	3.65
Joint Stock Companies	47	13 866 120	34.09
Modarabas & Mutual Fund	12	358 005	0.88
Non Resident	14	992 146	2.44
Trust	5	5 725	0.01
Others	3	587	0.00
Total	1 954	40 669 358	100.00
Others			
Abandoned Property	2	576	0.00
Association	1	11	0.00
Total	3	587	0.00

**Pattern of Shareholding
as at June 30, 2005**

**Number of
shares held**

Categories of Shareholder

a) Directors, Chief Executive Officer, Their Spouse and Minor Children

Chief Executive/Director

Mr. Muhammad Anwar

74 111

Directors

Mr. Javed Omer Vohra

366 252

Mr. Anjum M. Saleem

326 140

Mr. Muhammad Arshad

175 217

Mr. Nasir Shafi

148 289

Mr. Khalid Bashir

4 998

Mr. Saeed Ahmed Butt

500

Mr. Maqbool H.H. Rahimtoola (Nominee NIT)

-

1 095 780

Directors' Spouse, Their Minor Children and Executives

Mrs. Salma Paveen

131 567

Mrs. Tanveer Khalid Bashir

48 598

Mrs. Shaheen Nasir

6 742

Mrs. Abida Anwar

4 234

Mrs. Fozia Parveen Vohra

500

Mr. Haroon Adeel

23

191 664

17

b) Associated Companies, Undertaking & Related Parties

Crescent Sugar Mills & Distillery Limited

2 216 427

Crescent Boards Limited

1 050 937

Crescent Foundation

851 952

Crescent Steel and Allied Products Limited

373 868

Jubilee Spinning & Weaving Mills Limited

150 856

Crescent Standard Investment Bank Limited

31 267

Shakarganj Mills Limited

4 875

Ahsan Associates (Pvt) Limited

1 292

Crescent Group Services (Pvt) Limited

57

4 681 531

c) NIT & ICP

National Bank of Pakistan, Trustee Department

3 456 253

Investment Corporation of Pakistan

16 744

3 472 997

**Pattern of Shareholding
as at June 30, 2005**

	Number of shares held
d) Banks, DFIs, NBFIs	20 303
e) Insurance Companies	2 101 166
f) Modarabas and Mutual Funds	358 005
g) Trusts	5 725
h) Other Companies (public Sector Companies & Corporations)	118 235
I) Non Residents	992 146
j) Investment Companies	1 483 537
k) Shareholders More than 10%	5 593 357
l) General Public	20 554 912
	<u>40 669 358</u>

Auditors' Report to the Members

We have audited the annexed balance sheet of **THE CRESCENT TEXTILE MILLS LIMITED** as at June 30, 2005 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control and prepare and present the above said statement 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 accessing the accounting policies and significant estimates made by managements, as well as, evaluating the over all 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;
 - 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, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2005 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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Ford Rhodes Sidat Hyder & Co.

(Ford Rhodes Sidat Hyder and Company)

Chartered Accountant

Lahore: September 29, 2005

Balance Sheet as at June 30, 2005

		(Rupees in thousand)	
	Note	2005	2004
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
100 000 000 ordinary shares (2004: 100 000 000) of Rupees 10 each		1,000,000	1,000,000
Issued, subscribed and paid up share capital		5	406,693
Reserves			
Dividend equalization		30,000	30,000
General		1,824,049	1,635,000
Unrealized gain on revaluation of investments		6	315,871
Accumulated profits		85,663	46,709
		2,255,583	2,077,565
		2,662,276	2,484,258
Deferred income on sale and lease back of operating fixed assets		1,230	1,640
Non-current liabilities			
Long term financing		7	754,167
Term finance certificates		8	499,925
Liabilities against assets subject to finance lease		9	118,929
Deferred tax		10	-
		1,373,021	1,276,977
Current liabilities			
Trade and other payables		11	396,443
Accrued interest on loans and other payables		12	48,724
Short term finances		13	2,412,501
Current portion of long term liabilities		14	170,130
Provision for taxation		166,312	126,252
		3,194,110	3,086,908
Contingencies and commitments		15	-
		7,230,637	6,849,783

The annexed notes form an integral part of these financial statements



(Muhammad Anwar)
Chairman & Chief Executive

Balance Sheet as at June 30, 2005

		(Rupees in thousand)	
	Note	2005	2004
ASSETS			
Property plant and equipment			
Operating fixed assets-tangible	16	1,427,518	1,077,219
Assets subject to finance lease-tangible	17	258,809	211,555
Capital work-in-progress	18	336,061	3,970
		<u>2,022,388</u>	<u>1,292,744</u>
Long term investments	19	751,593	827,744
Long term loans and advances	20	1,465,453	1,441,355
Long term security deposits		21,674	16,175
Deferred tax		10,081	-
		<u>4,271,189</u>	<u>3,578,018</u>
Current assets			
Stores, spares and loose tools	21	192,002	134,788
Stock in trade	22	980,284	1,034,119
Trade debts	23	1,061,382	1,237,984
Advances, deposits, prepayments and other receivables	24	590,869	744,507
Short term investments	25	99,219	88,212
Cash and bank balances	26	35,692	32,155
		<u>2,959,448</u>	<u>3,271,765</u>
		<u><u>7,230,637</u></u>	<u><u>6,849,783</u></u>


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(Khalid Bashir)
Director

Profit and Loss Account for the Year Ended June 30, 2005

		(Rupees in thousand)	
	Note	Nine months ended 2005	Year ended 2004
Sales	27	4,117,125	5,403,385
Cost of sales	28	3,576,400	4,884,461
Gross profit		<u>540,725</u>	<u>518,924</u>
Distribution and selling costs	29	198,147	241,811
Administrative expenses	30	97,397	128,188
Other operating expenses	31	24,924	31,518
		<u>320,468</u>	<u>401,517</u>
		<u>220,257</u>	<u>117,407</u>
Other operating income	32	81,349	96,712
22 Profit from operations		<u>301,606</u>	<u>214,119</u>
Finance cost	33	<u>174,984</u>	<u>115,823</u>
Profit before taxation		<u>126,622</u>	<u>98,296</u>
Taxation	34	47,000	57,198
Profit after taxation		<u><u>79,622</u></u>	<u><u>41,098</u></u>
Earning per share (in rupees)	38	<u><u>1.96</u></u>	<u><u>1.01</u></u>

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


(Muhammad Anwar)
Chairman & Chief Executive


(Khalid Bashir)
Director

Cash Flow Statement for the Year Ended June 30, 2005

	(Rupees in thousand)	
	Nine months ended 2005	Year ended 2004
Cash flows from operating activities		
Profit before taxation	126,622	98,296
Adjustments to reconcile profit to net cash provided by operating activities		
Depreciation	138,683	149,496
Credit balances added back	(10)	-
Debit balances written off	2	-
Gain on disposal of operating fixed assets	(24,053)	(20,991)
Amortization of deferred income on sale and lease back of operating fixed assets	(410)	(546)
Gain on sale of investments	(705)	-
Finance cost	174,984	84,305
Cash flows from operating activities before working capital changes	415,113	310,560
Cash flows from working capital changes		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(40,253)	(24,740)
Stock in trade	57,320	(322,923)
Trade debts	169,869	(103,515)
Advances, deposits, prepayments and other receivables	47,017	29,437
Increase / (decrease) in current liabilities		
Short term finances	180,610	251,406
Trade & other payables	(85,761)	(4,941)
Net cash generated from working capital changes	328,802	(175,276)
Cash generated from operating activities	743,915	135,284
Financial charges paid	(155,694)	(75,538)
Income tax paid	(31,374)	(75,283)
Dividend paid	(40,415)	(39,991)
Net cash generated from operating activities	(227,483)	(190,812)
Net cash generated from operating activities	516,432	(55,528)

Cash Flow Statement for the Year Ended June 30, 2005

(Rupees in thousand)

Nine months
ended 2005

Year ended
2004

Cash flows from investing activities

Operating fixed assets acquired	(696,366)	(303,124)
Proceeds from sale of operating fixed assets	36,155	31,221
Proceeds from sale of investment	745	-
Investments made	(27,087)	(31,186)
Long term loans and advances (given)	(24,098)	(29,624)
Long term security deposits	22	20,135
Cash used in investing activities	(710,629)	(312,578)

Cash flows from financing activities

Long term finances acquired	250,000	550,000
Repayment of long term finances	(55)	-
Repayment of finance lease liabilities	(52,575)	(170,468)

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Net cash flows from financing activities	197,370	379,532
Net increase in cash and cash equivalents	3,173	11,426
Cash and cash equivalents at the beginning of the year	32,519	20,729
Cash and cash equivalents at the end of the year	35,692	32,155

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



(Muhammad Anwar)
Chairman & Chief Executive




(Khalid Bashir)
Director

Statement of changes in equity for the Year Ended June 30, 2005

	(Rupees in thousand)						
	Share capital	General	Dividend equalization	Revenue Reserves Sub Total	Unrealized gain / (loss) on revaluations of investments	Accumulated profit	Total
Balance as on September 30, 2003-restated	406,693	1,595,000	30,000	1,625,000	188,659	86,279	2,306,631
Unrealized gain on revaluation of investments	-	-	-	-	177,197	-	177,197
Net profit for the year	-	-	-	-	-	41,098	41,098
Transfer to general reserve	-	40,000	-	40,000	-	(40,000)	-
Final dividend @ Rupees 1 per share	-	-	-	-	-	(40,668)	(40,668)
Balance as on September 30, 2004	406,693	1,635,000	30,000	1,665,000	365,856	46,709	2,484,258
Reserve arising on merger	-	189,049	-	189,049	-	-	189,049
Unrealized loss on revaluation investments	-	-	-	-	(49,985)	-	(49,985)
Net profit for the period	-	-	-	-	-	79,622	79,622
Final dividend @ Rupees 1 per share	-	-	-	-	-	(40,668)	(40,668)
Balance as on June 30, 2005	406,693	1,824,049	30,000	1,854,049	315,871	85,663	2,662,276

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


(Muhammad Anwar)
Chairman & Chief Executive


(Khalid Bashir)
Director

Notes to the Financial Statements for the Year Ended June 30, 2005

1. The Company and its activities

- 1.1 The Crescent Textile Mills Limited is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Ordinance, 1984). The registered office of the company is located at 40-A, Off: Zafar Ali Road, Gulberg-V, Lahore. Its shares are quoted on all the Stock Exchanges in Pakistan. The company is engaged in business of textile manufacturing comprising of spinning, combing, weaving, dyeing, bleaching, printing, buying, selling, and otherwise dealing in yarn, cloth and other goods and fabrics made from raw cotton and synthetic fiber(s). The Company also operates a cold storage.
- 1.2 The Scheme of Arrangement for Merger of Crescent (Hattar) Limited and Crescent Energy Limited (the wholly owned subsidiaries) into The Crescent Textile Mills Limited under section 284 to section 288 of the Companies Ordinance, 1984, has been approved by Lahore High Court effective October 01, 2004.

Following is the summary of assets and liabilities of the merging companies as on 01 October 01, 2004:

	Crescent (Hattar) Limited Rupees	Crescent Energy Limited Rupees
26 Non current assets	160,931,100	29,810,785
Current assets other than cash and bank balances	20,843,000	182,648,838
Cash and bank balances	197,000	167,238
	<u>181,971,000</u>	<u>212,626,861</u>
Non current liabilities	40,164,000	-
Current liabilities	141,370,000	1,357,584
	<u>181,534,000</u>	<u>1,357,584</u>

2. Statement of Compliance

These financial statements have been prepared in accordance with approved Accounting Standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved Accounting Standard comprise of such International Accounting Standards (IAS) as notified under the provisions of the companies Ordinance, 1984. Wherever, the requirements of The Companies Ordinance, 1984 or directives issued by the Securities and Exchanges Commission of Pakistan (SECP) differ with the requirements of the standards, the requirements of the Companies Ordinance, 1984 or the requirements of these said directives take precedence.

Notes to the Financial Statements for the Year Ended June 30, 2005

3. Basis of Measurement

These accounts have been prepared under the historical cost convention except to the extent of exchange differences as referred to in Note 4.4 and investments which are carried at fair value.

4. Summary of Significant accounting policies

4.1 Long term and short term finances

Loans and borrowings are recorded at the proceeds received. Finance charges are accounted for on accrual basis and are included in accrued liabilities to the extent of the amount remaining unpaid.

4.2 Employees retirement benefits

The company operates a funded Provident Fund Scheme for its permanent employees. Equal monthly contributions are made both by the company and employees at the rate of 6.25 percent of basic salary. The company's contribution to the fund is charged to income currently.

4.3 Taxation

Current

Charge for current taxation is based on taxable income at current tax rates after taking into account rebates and tax credits, if any, or minimum tax at the rate of 0.5 percent of the turnover, whichever is higher.

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Deferred

Deferred tax is accounted for by using the liability method on all timing differences between carrying amounts of assets and liabilities in the financial statements and their tax base. Deferred tax liabilities are recognized for all taxable temporary differences. The Company recognizes deferred tax assets on all deductible temporary differences to the extent it is probable that future taxable profits will be available against which these deductible temporary differences can be utilized. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or liability is settled. Deferred tax is charged to / credited in the income statement except in case of items credited or charged to equity in which case it is included in equity.

4.4 Foreign currency

Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange approximating those prevailing on the date of transaction. Assets and liabilities in foreign currency are translated into Pak Rupees at the rate of exchange ruling at the balance sheet date or at exchange rates contracted with commercial bank(s). Exchange risk fee and exchange gain or loss on translation of foreign bills under collection at the year end are charged to current year's income.

Notes to the Financial Statements for the Year Ended June 30, 2005

4.5 Tangible fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation except freehold land and capital work-in-progress which are stated at cost. Cost of tangible fixed assets consists of purchase cost, borrowing cost pertaining to the construction / erection period and directly attributable cost of bringing the assets to working condition.

Depreciation is charged to income on reducing balance method to write-off the cost of operating fixed assets over their expected useful lives at the rate mentioned in Note 16. Full year's depreciation is charged on additions while no depreciation is charged on the assets deleted during the year.

Land of Hatter unit has been acquired under two lease agreements with Sarhad Development Authority for a period of 99 years commencing from March 1988 and November 1993. Lease hold land has been amortized over lease term by charging to current year income.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gain or loss on disposal of operating fixed assets is included in current year's income.

28 4.6 Assets subject to finance lease

These are stated at lower of present value of minimum lease payments under the lease agreements and fair value of assets. Aggregate amount of obligations relating to assets subject to finance lease are accounted for at net present value of the liabilities. Assets so acquired are depreciated over their expected useful lives at the rate mentioned in Note 17. Amortization of leased assets is charged to current year's income.

4.7 Assets subject to operating lease

Land of cold storage has been acquired under lease agreement termed as operating lease for a period of 51 years commencing from August 1981. Lease rentals are charged to current year's income.

4.8 Investments

Investments are initially recognized on trade-date at cost, comprising of consideration paid and transaction cost. For listed securities, closing quotations of stock exchanges on last working day of the accounting year are considered for determining fair value, while for unquoted securities, fair value is determined considering break up value of the securities. The classification of investments is made on the basis of intended purpose for holding such investments. These are measured at the balance sheet date on the following basis:

Notes to the Financial Statements for the Year Ended June 30, 2005

Held to maturity

These are stated at amortized cost less impairment loss, if any, recognized to reflect irrecoverable amounts. Impairment losses are charged to profit and loss account.

Held for trading

These are recognized at fair value and changes in carrying values are included in profit and loss account.

Available for sale

These are stated at fair value and changes in carrying values are recognized in equity until investment is sold or determined to be impaired at which time the cumulative gain or loss previously recognized in equity is included in profit and loss account for the year.

4.9 Stores, spares and loose tools

These are valued at lower of moving average cost or net realizable value except for goods-in-transit which are stated at invoice amount plus other charges paid thereon upto balance sheet date.

4.10 Stock-in-trade

Stock-in-trade is valued at lower of average cost and net realizable value except waste which is valued at net realizable value determined on the basis of contract prices. Goods in transit are stated at invoice value plus other charges paid thereon upto date of balance sheet. Average cost and net realizable value are defined as under:

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Average cost

For raw materials

Weighted average cost. (monthly basis)

For work-in-progress and finished goods

production cost including appropriate overheads.

Net realizable value

Selling prices in the ordinary course of business less incidental selling expenses.

4.11 Trade debts

Trade debts originated by the company are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. Known bad debts are written off and provision is made against debts considered doubtful when collection of the full amount is no longer probable.

4.12 Cash and cash equivalents

Cash and cash equivalents of the company consists of cash in hand and balances with banks.

Notes to the Financial Statements for the Year Ended June 30, 2005

4.13 Revenue recognition

Revenue from sales is recognized on despatch of goods to customers. Dividend income is recognized when right to receive the dividend is established. Profit on bank deposit is recognized on accrual basis.

4.14 Borrowing cost

Interest, mark-up and other-charges on long term liabilities are capitalized upto the date of commissioning of respective fixed assets acquired out of the proceeds of such long term liabilities. All other interest, make-up and other charges are charged to income.

4.15 Provisions

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

4.16 Impairment

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 any such indication exists, the recoverable amount of the assets is estimated and impairment losses are recognized in the profit and loss account.

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4.17 Related party transactions

Transactions and contracts with related parties are carried out at arms length prices determined in accordance with comparable uncontrolled price method.

4.18 Financial instruments

Financial assets and liabilities are recognized at cost that is the fair value of the consideration given or received at the time when the company becomes a party to the contractual provisions of the instrument by the following trade date accounting.

A financial asset or part thereof is de-recognized when the company loses control of contractual right that comprises the financial asset or part thereof. Such control is deemed to be lost if the company realizes the rights to the benefits specified in the contracts, the rights expire or the company surrenders those rights. A financial liability or part thereof is removed from the balance sheet when it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

Any gain or loss on subsequent measurement and de-recognition is charged to income.

4.19 Off setting

Financial assets and liabilities are set off and the net amount is reported in the financial statements when there is 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.

Notes to the Financial Statements for the Year Ended June 30, 2005

(Rupees in thousand)

2005 2004

5. Issued, subscribed and paid up share capital

19 781 136 (2004: 19 781 136) ordinary shares of Rupees 10 each fully paid up in cash 197,811 197,811

20 888 222 (2004: 20 888 222) ordinary shares of Rupees 10 each issued as fully paid bonus shares 208,882 208,882

406,693 406,693

5.1 4 913 619 (2004: 3 663 171) ordinary shares of Rupees 10 each are held by related parties.

6. Unrealized gain on revaluation of investments

Long term investments

Quoted 468,140 400,022

Unquoted (273,204) (81,516)

Less: Deferred tax 71,716 9,138

(201,488) (72,378)

Short term investments

Quoted 49,219 38,212 31

315,871 365,856

7. Long term financing

Secured

Loan from banking company (7.1) 800,000 550,000

Unsecured

Loan from related party - 150,000

800,000 700,000

Less: Current portion

Loan from banking company 45,833 -

Loan from related party (7.2) - 150,000

45,833 150,000

754,167 550,000

7.1 The demand finance has been obtained to retire import letter of credits for Balancing, Modernization and Replacement (BMR) of the project. It carries mark-up at the rate of 6 month KIBOR to be determined half yearly in advance mode plus 2 percent per annum with a floor of 5% and is secured by way of first pari passu charge over fixed assets of the company. This loan is repayable in 12 equal half yearly instalments after grace period of one year.

7.2 Loan from related party has been adjusted during the year.

Notes to the Financial Statements for the Year Ended June 30, 2005

(Rupees in thousand)

2005 2004

8. Term finance certificates

Privately placed term finance certificates		549,945	550,000
Less: Current portion	(14)	50,020	55
		<u>499,925</u>	<u>549,945</u>

8.1 Syndicated loan facility of Rupees 550 million (2004: 550 million) obtained from United Bank Limited (UBL) for Balancing, Modernization and Replacement (BMR) of existing facilities of the company was converted to privately placed term finance certificate having face value of Rupee 5,000 each. It carries mark-up at the rate of 6 months KIBOR plus 1.45 percent per annum and is secured by way of first pari passu charge over fixed assets of the company excluding immovable property. The principal amount will be redeemed in 14 equal semi-annual installments.

9. Liabilities against assets subject to finance lease

The amount of future rentals and periods during which they fall due are as under:

Not later than one year		87,614	63,512
Later than one year and not later than five years		126,590	140,476
		<u>214,204</u>	<u>203,988</u>
32 Less: Future financial charges		20,998	14,845
		<u>193,206</u>	<u>189,143</u>
Net lease obligation	(9.1)	193,206	189,143
Less: Current portion taken as current liability	(14)	74,277	55,486
		<u>118,929</u>	<u>133,657</u>

9.1 Break up of net lease obligation

Within one year		74,277	55,486
Within two to five year		118,929	133,657
		<u>193,206</u>	<u>189,143</u>

9.2 The value of the minimum lease payments has been discounted at an implicit interest rate ranging from 6 month KIBOR plus 2.25 to 2.80 percent (2004: 6 month KIBOR plus 2.25 to 2.80 percent) per annum. The balance rentals are payable in quarterly installments and in case of default of any payment an additional charge at the rate of 1 to 2 percent per annum shall be paid. Taxes, repairs and insurance costs are to be born by the company. In case of termination of the agreement, the company shall pay entire amount of rentals for un-expired parried of lease agreement.

9.3 The lease agreements are renewable at the option of the lessor on such terms as may be agreed open. Liabilities are secured against deposit of Rupees 19.344 million (2004: Rupees 15.766 million) included in long term security deports.

Notes to the Financial Statements for the Year Ended June 30, 2005

(Rupees in thousand)
2005 **2004**

10. Deferred tax

Tax depreciation allowance	55,107	50,003
Finance lease arrangements	6,528	2,510
Unrealized gain on unquoted investments	(71,716)	(9,138)
	(10,081)	43,375
	(10,081)	43,375

11. Trade and other payables

Creditors	256,884	310,153
Accrued liabilities	79,679	116,709
Advances from customers	19,007	12,532
Retention money due to contractors	242	2,418
Excise duty on loans	8,343	8,343
Due to related parties	645	18,781
Worker's Profit participation Fund (11.1)	11,205	9,060
Worker's welfare fund	8,857	8,857
Income tax deducted at source	770	410
Due to Employees' Provident Fund Trust	4,093	72
Unclaimed dividend	6,718	6,465
	396,443	493,800
	396,443	493,800

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11.1. Worker's profit participation fund

Balance as at 1st October 2004	9,060	11,201
Allocation for the year	6,689	5,175
Interest accrued	465	214
	16,214	16,590
Less: payment made to fund during the year	5,009	7,530
	11,205	9,060
	11,205	9,060

Interest is paid at the prescribed rate under the Act on the funds unutilized by the company till the date of allocation to worker

12. Accrued interest on loans and other payables

Long term financing	27,262	14,101
Short term finances	20,619	14,675
Lease liabilities	843	648
	48,724	29,424
	48,724	29,424

Notes to the Financial Statements for the Year Ended June 30, 2005

(Rupees in thousand)
2005 2004

13. Short term finances

Banking companies			
Secured			
Cash finance	(13.1 & 13.2)	1,372,621	815,986
Export refinance	(13.1 & 13.3)	825,400	825,400
Foreign currency finance	(13.1 & 13.4)	-	473,509
Usance export bills	(13.1 & 13.5)	213,623	97,438
Unsecured - overdrawn	(13.6)	857	19,558
		2,412,501	2,231,891

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- 13.1 The aggregate short term finances are secured by way of charge on all present and future current assets of the company, wherever situated, lien on export letters of credit or firms contracts including but not limited to stores, spare and loose tools, stock-in-trade, trade debts, advances, deposits and prepayments, other receivables, cash and bank balances.
- 13.2 The finances aggregating to Rupees 2,533 million (2004: Rupees 1,690 million) are available under mark-up agreements and carry markup ranging from KIBOR plus 0.65 to 1.25 percent (2004: KIBOR/T-BILLS plus 0.50 to 1.75 percent) per annum.
- 13.3 Export refinances have been obtained from banking companies under State Bank of Pakistan's refinance scheme on which a service charges at the rate of 4.25 to 7.25 percent (2004: 2.40 to 4.0 percent) per annum are payable. These form part of aggregate borrowing limits of Rupees 2,376 million (2004: Rupees 940.4 million).
- 13.4 Limits of Rupees Nil (2004: Rupees 1,833.2 million) were availed during the year at mark up of LIBOR plus 1.00 to 1.50 percent (2004: LIBOR plus 1.00 to 1.75 percent) per annum on maturity of finance or at the time of adjustment of finance.
- 13.5 Limits of Rupees 700 million (2004: Rupees 655 million) were available during the year against usance export bills at markup of 6.78 percent (2004: 4 to 5 percent and T-BILLS plus 1.75 percent) per annum.
- 13.6 This outstanding balance is appearing due to issuance of cheques near balance sheet date. However, bank statement shows a favorable balance of Rupees 1.375 million (2004: 1.763 million).

14. Current Portion of long term liabilities

Long term financing	(7)	45,833	150,000
Term finance certificates	(8)	50,020	55
Liabilities against assets subject to finance lease	(9)	74,277	55,486
		170,130	205,541

Notes to the Financial Statements for the Year Ended June 30, 2005

15. Contingencies and commitments

Contingencies

The Company is contingently liable to the sum of US\$ 3.500 million to International Finance Corporation (IFC) and Euro 3.784 million (DM 7.400 million) to Deutsche Investitions UND Entwicklungs Gesellschaft MBH (DEG) in case of loan installment payment default by Crescent Bahuman Limited (CBL) under revised Project Finance Agreement (PFA) for restructuring of CBL (2004: US\$ 3.500 million to IFC and Euro 3.784 million (DM 7.400 million) to Deutsche Investitions UND Entwicklungs Gesellschaft MBH) (DEG).

Commitments

Contracts for capital expenditures are Rupees 54.842 million (2004: Rupees 296.737 million). Letters of credit other than for capital expenditure are Rupees 28.173 million (2004: Rupees 37.337 million).

16. Operating fixed assets-tangible

Description	(Rupees in thousand)									
	Cost				Depreciation				Book value as at June 30, 2005	Depreciation rate %
	As at October 01, 2004	Adjustment due to merger	Additions/ (Deletions)	As at June 30, 2005	As at October 01, 2004	Adjustments due to merger	Charge for the period / adjustment	As at June 30, 2005		
Land - Freehold	10,752	-	2,651	13,403	-	-	-	-	13,403	
Land - Leasehold	-	4,719	-	4,719	-	607	36	643	4,076	
Buildings on freehold land	219,422	-	-	219,422	144,668	-	4,459	149,127	70,295	5,10
Buildings on lease hold land	4,157	45,274	-	49,431	3,785	15,778	1,134	20,697	28,734	10
Plant and Machinery	1,764,035	256,121	348,247 (23,853)	2,344,550	816,415	177,326	102,252 (12,556)	1,083,437	1,261,113	10
Factory tools and equipment	19,312	916	36	20,264	12,489	614	1,052	14,155	6,109	20,10
Gas and electric installation	46,777	755	678 (57)	48,153	35,896	208	1,768 (11)	37,861	10,292	20,10
Vehicles	36,792	50	14,664 (1,695)	49,811	16,555	18	5,126 (936)	20,763	29,048	20
Furniture and fixtures	3,810	462	-	4,272	2,311	330	235	2,876	1,396	20,10
Office equipments	24,576	995	-	25,571	20,295	588	1,636	22,519	3,052	50,10
Rupees - 2005:	2,129,633	309,292	366,276 (25,605)	2,779,596	1,052,414	195,469	117,698 (13,503)	1,352,078	1,427,518	
Rupees - 2004:	1,714,204	-	435,849 (20,420)	2,129,633	936,613	-	125,990 (10,189)	1,052,414	1,077,219	

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(Rupees in thousand)

	Note	2005	2004
16.1	Depreciation charge for the year has been allocated as follows:		
	Cost of goods sold		
	Textile	(28.1) 109,597	114,584
	Cold Storage	(28.2) 55	82
	Administrative expenses - Textile	(30.1) 8,046	11,324
		<u>117,698</u>	<u>125,990</u>

Notes to the Financial Statements for the Year Ended June 30, 2005

16.2 Disposal of fixed assets

(Rupees in thousand)

Description	Qty.	Cost	Acc. dep.	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Plant & Machinery							
Ring Frame	1	137	64	73	1,200	Negotiation	Jubilee Spinning & Weaving Mills Limited, Karachi.
Drawing Frame	2	1,312	451	861	1,575	Negotiation	Muhammad Akram, Muzaffargarh.
Sulzar Loom 110"	10	275	94	181	300	Negotiation	Khurram Gull Weaving Factory, Jamia Ashrafia Street, Sargodha Road Faisalabad
Ring Frame	1	137	64	73	1,200	Negotiation	M.D. Spinning Mills, Sargodha Road, Faisalabad.
Stenter Machine	11	2,550	2,077	473	2,250	Negotiation	Abdul Razak, Karachi.
Ring Frame	1	480	225	255	2,800	Negotiation	Land Mark Spinning Industries Limited, I.I. Chundrigar Road, Karachi
Sanforizing Machine	11	10,973	7,874	3,099	4,500	Negotiation	Ahmad Textile Industry, Lahore
Sulzer Loom 153"	10	4,921	935	3,986	10,909	Negotiation	Tex Machine International, U.A.E.
Sulzer Loom 153"	10	2,833	538	2,295	6,362	Negotiation	Tex Machine International, U.A.E.
Vehicles							
Toyota Corolla	FDU 9795	407	240	167	700	Insurance claim	The Premier Insurance Co. of Pak Ltd. Faisalabad
Toyota Corolla	FDW 4925	282	102	180	640	Negotiation	Muhammad Akram, Sarfaraz Colony, Faisalabad
Suzuki Swift	FDX 1066	451	303	148	290	Negotiation	Ghulam Murtaza, The Crescent Textile Mills Limited Colony, Faisalabad
Honda City	FDV 7942	395	233	162	425	Negotiation	Rana Fayyaz Hussain, The Crescent Textile Mills Limited Colony, Faisalabad
Suzuki Mehran	ACL 143	160	58	102	160	Negotiation	Abdul Rehman, Sadar, Karachi

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17. Assets subject to finance lease - tangible

(Rupees in thousand)

Description	C o s t			D e p r e c i a t i o n				Book value as at June 30, 2005	Depreciation rate %	
	As at October 01, 2004	Adjustments due to merger	Additions/ (Deletions)	As at June 30, 2005	As at October 01, 2004	Adjustments due to merger	Charge for the period/ adjustment			As at June 30, 2005
Plant and machinery	282,754	84,246	-	367,000	71,199	16,007	20,985	108,191	258,809	10
2005	282,754	84,246	-	367,000	71,199	16,007	20,985	108,191	258,809	
2004	462,647	-	(179,893)	282,754	92,428	-	23,506 (44,735)	71,199	211,555	

Notes to the Financial Statements for the Year Ended June 30, 2005

(Rupees in thousand)

	2005	2004
18. Capital work-in-progress		
Building	1,696	-
Plant and machinery	323,682	308
Advances to suppliers	10,683	3,662
	<u>336,061</u>	<u>3,970</u>
19. Long term investments - available for sale		
Related parties		
Quoted		
Crescent Jute Products Limited 2 736 847 (2004: 2 736 847) fully paid ordinary shares of Rupees 10 each Equity held 18.17% (2004: 18.17%)	20,359	20,359
Crescent Sugar Mills and Distillery Limited 867 506 (2004: 867 506) fully paid ordinary shares of Rupees 10 each. Equity held 4.6% (2004: 4.6%)	5,854	5,854
Shams Textile Mills Limited 812 160 (2004: 406 080) fully paid ordinary shares of Rupees 10 each. Equity held 4.74% (2004: 4.74%) Add: advance for right issue 406 080 ordinary shares	15,181 - 15,181	5,029 10,152 15,181
Shakarganj Mills Limited 3 230 648 (2004: 3 230 648) fully paid ordinary shares of Rupees 10 each. Equity held 11.03% (2004: 11.03%) 2 746 050 (2004: Nil) fully paid preference shares of Rupees 10 each Equity held 11.03% (2004: Nil)	25,969 27,461	25,969 -
The Premier Insurance Company of Pakistan Limited 77 576 (2004: 64 647) fully paid ordinary shares of Rupees 5 each. Equity held 0.56% (2004: 0.56%)	35	35
Crescent Steel and Allied Products Limited 1 656 231 (2004: 1 505 665) fully paid ordinary shares of Rupees 10 each. Equity held 6.81% (2004: 6.81%)	7,200 <u>102,059</u>	7,200 <u>74,598</u>

Notes to the Financial Statements for the Year Ended June 30, 2005

		(Rupees in thousand)	
		2005	2004
Unquoted			
Crescent Ventures International Limited			
150 000 (2004: 150 000) fully paid ordinary shares of Rupees 10 each.			
		1,500	1,500
Equity held 30.03% (2004: 30.03%)			
Break-up value as per audited accounts for the year ended June 30, 2004 was Rupees zero per share.			
Crescent Group Services (Private) Limited			
220 000 (2004: 220 000) fully paid ordinary shares of Rupees 10 each.			
		2,200	2,200
Equity held 7.78% (2004: 7.78%)			
Break-up value as per audited accounts for the year ended June 30, 2004 was Rupees zero per share.			
Crescent Bahuman Limited			
26 826 433 (2004: 26 826 433) fully paid ordinary shares of rupees 10 each.			
		268,264	268,264
Equity held 19.57% (2004: 19.57%)			
Break-up value as per audited accounts for the year ended September 30, 2004 was Rupees zero per share.			
38	Elite Textile Mills Limited		
	Nil (2004: 8 400) fully paid ordinary shares of Rupees 10 each.	-	40
	Equity held Nil (2004: 0.43%)		
	Crescent Energy Limited		
	Nil (2004: 2 000 000) fully paid ordinary shares of rupees 10 each.	-	20,000
	Equity held Nil (2004: 100%)		
	Crescent (Hattar) Limited		
	Nil (2004: 5 700 000) fully paid ordinary shares of Rupees 10 each.	-	2,000
	Equity held Nil (2004: 100%)		
	Premier Financial Services (Private) Limited		
	500 (2004: 500) fully paid ordinary shares of Rupees 1,000 each.	500	500
		272,464	294,504
Others Quoted			
	Crescent Commercial Bank Limited		
	13 653 194 (2004: 12 632 485) fully paid ordinary shares of Rupees 10 each	(19.2) 93,160	93,160
	Crescent Boards Limited		
	334 912 (2004: 334 912) fully paid ordinary shares of Rupees 10 each.	3,130	3,130

Notes to the Financial Statements for the Year Ended June 30, 2005

	(Rupees in thousand)	
	2005	2004
Jubilee Spinning and Weaving Mills Limited 182 629 (2004: 182 629) fully paid ordinary shares of Rupees 10 each	702	702
Pakistan industrial Credit and Investment Corporation Limited 2 749 545 (2004: 2 115 035) fully paid ordinary shares of Rupees 10 each	26,476	26,476
Crescent Spinning Mills Limited 466 800 (2004: 466 800) fully paid ordinary shares of Rupees 10 each	4,668	4,668
Crescent Knitwear Limited 1 200 000 (2004: 1 200 000) fully paid ordinary shares of Rupees 10 each Equity held 12.50% (2004: 12.50%)	12,000	12,000
Unquoted	140,136	140,136
Renfro Crescent (Private) Limited 4 199 790 (2004: Nil) fully paid ordinary shares of Rupees 1,000 each.	41,998	-
	556,657	509,238
Add: Unrecognized gain on revaluation of investments	194,936	318,506
	751,593	827,744

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19.1 Aggregate market value of investments of quoted companies was Rupees 710.360 million (2004: Rupees 604.604 million).

19.2 Company received 1 020 709 fully paid ordinary shares of Crescent Commercial Bank Limited against 1 379 336 shares of Trust Commercial Bank Limited after merger of Trust Commercial Bank Limited into Crescent Commercial Bank Limited at the swap ratio of 0.74 shares of Crescent Commercial Bank Limited against 1 share of Trust Commercial Bank Limited.

20. Long term loans and advances

Considered good

Loans and advances to related parties

Crescent Bahuman Limited	(20.1)	1,464,143	1,439,334
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Other

Loans to employees	(20.2)	2,643	3,327
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Commission on bank guarantees		-	283
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Long term prepayments		305	501
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		1,467,091	1,443,445
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Less: Current portion

Loans to employees		1,377	1,628
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Commission on bank guarantees		-	201
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Long term prepayments		261	261
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		1,638	2,090
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		1,465,453	1,441,355
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Notes to the Financial Statements for the Year Ended June 30, 2005

- 20.1 This represents balance transferred from current account of CBL as at September 30, 2000 and further Long term loan contributed under the Restructuring of CBL, Memorandum of Understanding (MOU) signed on January 25, 2001 amongst The Crescent Textile Mills Limited (CTM), CBL, Investment Finance Corporation (IFC) and other Senior Lenders for revival of the project. Under the restructuring arrangements the company has provided the following advances to CBL:

	(Rupees in thousand)	
	2005	2004
(a) Principal (short term converted advance)	428,400	428,400
(b) Accrued mark up	504,000	504,000
(c) Long term convertible subordinated loan	342,000	342,000
(d) Mark up accrued on principal portion of short term converted advance	189,743	164,934
	<u>1,464,143</u>	<u>1,439,334</u>

The loan including accrued mark up are unsecured and subordinated to all loans owed by CBL or to be obtained by CBL under the Restructuring plan for repayment. The principal portion of Rupees 428.400 million short term converted advance carries mark up at the rate of 7.75 percent (2004: 6.75 percent) while all other advances are mark-up free. The advances are outstanding for period exceeding 3 years. During the year maximum aggregate amount at the end of any month is Rupees 1,629 million (2004: Rupees 1,439 million).

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Pursuant to the execution of the aforesaid agreement for restructuring of long term loans and advances and assumption of CBL's guarantees by the company as referred to in Note 15, Greenwood Mills Inc. surrendered 55.538 million shares of CBL which are in the possession of the company.

- 20.2 These interest free loans to company's employees against cycles, fans, sewing machines and computers are considered good and secured against provident fund contribution. Loans are recoverable in fortnightly/monthly installments. No amount is outstanding for period exceeding 3 years. No loan has been given to chief executive and executives.

21. Stores, spares and loose tools

Stores	146,337	119,624
Store-in-transit	30,476	-
Spares	15,105	15,080
Loose tools	84	84
	<u>192,002</u>	<u>134,788</u>

22. Stock-in-trade

Raw materials	191,003	190,003
Raw material in transit	13,114	33,797
Work-in-process	62,870	55,993
Finished goods	705,441	751,012
Waste	7,856	3,314
	<u>980,284</u>	<u>1,034,119</u>

Notes to the Financial Statements for the Year Ended June 30, 2005

(Rupees in thousand)

		2005	2004
23.	Trade debts		
	Considered good:		
	Secured against letters of credit	206,998	244,308
	Unsecured (23.1)	854,384	993,676
		<u>1,061,382</u>	<u>1,237,984</u>
	Considered doubtful (23.2)	29,677	29,677
	Less: Provision for doubtful	29,677	29,677
		<u>-</u>	<u>-</u>
		<u>1,061,382</u>	<u>1,237,984</u>

23.1 It includes Rupees 18.197 million (2004: Rupees 145.863 million) receivable from Crescent Bahuman Limited which is a related party.

23.2 This represents receivables from Crescent Knitwear Limited, a related party.

24. Advances, deposits, prepayments and other receivables

Loans and advances			
Considered good			
	Employees (24.1)	3,047	3,069
	Suppliers	74,770	34,024
		<u>77,817</u>	<u>37,093</u>
	Considered doubtful	2,596	2,596
	Less: Provision for doubtful	2,596	2,596
		<u>-</u>	<u>-</u>
		<u>77,817</u>	<u>37,093</u>
Balances with statutory authorities			
	Sales tax	93,324	122,790
	Income tax	348,900	315,151
		442,224	437,941
	Letters of credit	6,007	21,217
	Deposit		
	Securities-Trade & others	-	10,688
	Margin deposit	4,502	14,836
		4,502	25,524
	Short term prepayments	3,630	1,696
	Other receivables - considered good		
	Due from related parties (24.2)	8,285	168,475
	Export rebates	39,755	42,935
	Dividend receivable	4,124	5,603
	Miscellaneous	4,525	4,023
		<u>56,689</u>	<u>221,036</u>
		<u>590,869</u>	<u>744,507</u>

Notes to the Financial Statements for the Year Ended June 30, 2005

24.1 The maximum aggregate amount due from executives at the end of any month during the year was Rupees 2.101 million (2004: Rupees 5.311 million) and aggregate balances due at the end of financial year was Rupees 1.616 million (2004: Rupees 2.101 million).

		(Rupees in thousand)	
		2005	2004
24.2	Due from related parties		
	Crescent (Hattar) Limited	-	111,891
	Elite Textile Mills Limited (24.2.1)	744	42,741
	Crescent Bahuman Limited (24.2.1)	5,493	13,166
	Crescent Industrial Chemicals Limited	400	400
	Crescent Group Services (Pvt) Limited	278	277
	Renfro Crescent (Private) Limited	210	-
	Jubilee Energy Limited	1,160	-
		<u>8,285</u>	<u>168,475</u>

24.2.1 These balances represents accrued interest charges @ 7.75 percent on overdue invoices.

25. Short term investments - available for sale

Related parties

Quoted

42	Crescent Steel and Allied Products Limited 1 016 668 (2004: 924 244) fully paid ordinary shares of Rs. 10 each	33,105	33,105
	Equity held 4.18% (2004: 4.18%)		
	Crescent Commercial Bank Limited 2 022 790 (2004: 2 733 500 shares of Trust Commercial Bank Limited) fully paid ordinary shares of Rs. 10 each. (25.2)	16,895	16,895
	Equity held 1.85% (2004: 1.85%)		
		<u>50,000</u>	<u>50,000</u>
	Add: Unrecognised gain on revaluation of investments	<u>49,219</u>	<u>38,212</u>
		<u>99,219</u>	<u>88,212</u>

25.1 Aggregate market value of quoted investments as at June 30, 2005 was Rupees 99.219 million (2004: Rupees 88.212 million).

25.2 Company received 2 022 790 fully paid ordinary shares of Crescent Commercial Bank Limited against 2 733 500 shares of Trust Commercial Bank Limited after merger of Trust Commercial Bank Limited into Crescent Commercial Bank Limited at the swap ratio of 0.74 shares of Crescent Commercial Bank Limited against 1 share of Trust Commercial Bank Limited.

26. Cash and bank balances

	Cash in hand	807	402
	Deposit with banks on current accounts	34,885	31,753
		<u>35,692</u>	<u>32,155</u>

Notes to the Financial Statements for the Year Ended June 30, 2005

		(Rupees in thousand)	
		Nine months ended 2005	Year ended 2004
27.	Sales		
	Textile:		
	Local	1,203,833	1,802,565
	Export	3,025,433	3,806,644
	Waste	7,436	43,639
	Processing Income	57,751	70,918
		<u>4,294,453</u>	<u>5,723,766</u>
	Less:		
	Sales tax	141,986	244,520
	Commission paid to selling agents	39,015	81,895
		<u>181,001</u>	<u>326,415</u>
		4,113,452	5,397,351
	Cold Storage:		
	Ice	480	1,160
	Warehousing income	3,193	4,874
		<u>3,673</u>	<u>6,034</u>
		<u>4,117,125</u>	<u>5,403,385</u>
28.	Cost of goods sold		
	Textile (28.1)	3,573,959	4,880,636
	Cold storage (28.2)	2,441	3,825
		<u>3,576,400</u>	<u>4,884,461</u>
28.1	Cost of goods sold - textile		
	Raw materials		
	Opening stock	190,003	106,486
	Purchases	1,225,234	2,115,943
		<u>1,415,237</u>	<u>2,222,429</u>
	Closing stock	(191,003)	(190,003)
	Raw material consumed	<u>1,224,234</u>	<u>2,032,426</u>
	Cloth and yarn purchased	925,533	1,256,756
	Stores, spares and loose tools	255,789	285,490
	Packing materials	76,071	90,135
	Processing and weaving charges	244,105	507,721
	Salaries, wages and other benefits	230,399	275,770
	Fuel and power	401,440	445,809
	Repairs and maintenance	34,009	38,800
	Insurance	6,978	7,325
	Depreciation (16.1 & 17)	130,582	138,090
	Other factory overheads	7,182	7,923
		<u>2,312,088</u>	<u>3,053,819</u>
		<u>3,536,322</u>	<u>5,086,245</u>

Notes to the Financial Statements for the Year Ended June 30, 2005

(Rupees in thousand)

**Nine months
ended 2005**

**Year ended
2004**

Work-in-process

Opening stock

Closing stock

56,375
(63,781)

45,073
(55,993)

(7,406)

(10,920)

Cost of goods manufactured

3,528,916

5,075,325

Finished goods

Opening stock

Closing stock

757,429
(712,386)

559,637
(754,326)

(45,043)

(194,689)

3,573,959

4,880,636

44

28.2 Cost of goods sold - cold storage

Ammonia gas consumed

36

37

Stores

22

8

Salaries, wages and other benefits

185

240

Fuel and Power

1,976

3,298

Repairs and maintenance

141

125

Insurance

18

20

License fee and professional tax

3

10

Depreciation

(16.1)

55

82

Lease money

5

5

2,441

3,825

29. Distribution and selling costs

Textile:

Salaries, wages and other benefits

9,002

10,508

Freight and shipment

161,065

190,483

Distribution

23,660

37,034

Advertisement

4,420

3,786

198,147

241,811

Notes to the Financial Statements for the Year Ended June 30, 2005

(Rupees in thousand)

Nine months
ended 2005

Year ended
2004

30. Administrative expenses

Textile	(30.1)	97,077	127,766
Cold storage	(30.2)	320	422
		<u>97,397</u>	<u>128,188</u>

30.1 Administrative and general expenses - textile

Salaries, wages and other benefits		45,702	58,095
Directors' meeting fee		130	210
Traveling, conveyance and entertainment		6,181	8,594
Rent, rates and taxes		3,307	1,520
Repairs and maintenance		3,027	9,222
Insurance		1,427	1,447
Printing and stationery		6,554	8,073
Communication		3,993	5,803
Subscription		1,213	1,085
Software development expenses		3,824	2,853
Legal and professional charges	(30.1.1)	2,417	5,003
Depreciation	(16.1)	8,046	11,324
Advertisement		526	284
Other charges		10,730	14,253
		<u>97,077</u>	<u>127,766</u>

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30.1.1 Legal and professional charges include the following in respect of auditors' services for:

Statutory audit including half yearly review		400	325
Out of pocket expenses		100	25
		<u>500</u>	<u>350</u>

30.2 Administrative expenses - cold storage

Salaries, wages and other benefits		285	383
Traveling and conveyance		1	1
Communication		20	26
Others		14	12
		<u>320</u>	<u>422</u>

Notes to the Financial Statements for the Year Ended June 30, 2005

		(Rupees in thousand)	
		Nine months ended 2005	Year ended 2004
31.	Other operating expenses		
	Donations	(31.1) 1,415	7,140
	Loss on sale of investment	-	492
	Exchange loss	16,818	18,711
	Worker's profit participation fund	6,689	5,175
	Debit balances written off	2	-
		<u>24,924</u>	<u>31,518</u>

31.1 The directors and their spouse have no interest in donees' funds.

32.	Other operating income		
	Income from financial assets	(32.1) 16,610	17,857
	Income from investments in debts, loans, advances and receivables to related parties	(32.2) 31,054	44,948
46	Income from assets other than financials assets	(32.3) 33,685	33,907
		<u>81,349</u>	<u>96,712</u>

32.1 Income from financial assets:

Related parties:

The Premier Insurance Company of Pakistan Limited	65	81
Crescent Steel and Allied Products Limited	5,346	8,506
Shams Textile Mills Limited	1,421	507
Shakarganj Mills Limited	5,654	4,846
Other:		
Pakistan Industrial Credit & Investment Corporation Ltd	4,124	3,917
	<u>16,610</u>	<u>17,857</u>

32.2 Income from investments in debts, loans, advances
and receivables to related parties

Crescent Bahuman Limited	30,303	42,083
Jubilee Spinning and Weaving Mills Limited	751	-
Crescent (Hattar) Limited	-	1,850
Elite Textile Mills Limited	-	1,015
	<u>31,054</u>	<u>44,948</u>

Notes to the Financial Statements for the Year Ended June 30, 2005

		(Rupees in thousand)	
		Nine months ended 2005	Year ended 2004
32.3	Income from assets other than financial assets:		
	Sale of empties and scrap	8,249	9,919
	Rental income	258	314
	Gain on disposal of operating fixed assets	24,053	20,991
	Amortization of deferred income on sale and lease back of operating fixed assets	410	547
	Gain on sale of investments	705	-
	Credit balances added back	10	-
	Service charges	-	1,560
	Lease rent	-	576
		<u>33,685</u>	<u>33,907</u>
33.	Finance cost		
	Mark up on:		
	Long term finances	61,060	27,892
	Short term finances	90,096	62,348
	Provident Fund Trust	7,508	414
	Worker's Profit Participation Fund	465	143
		<u>159,129</u>	<u>90,797</u>
	Charges on finance lease liabilities	11,796	19,691
	Lease agreement fee	-	1,994
	Bank charges and commission	4,059	3,341
		<u>174,984</u>	<u>115,823</u>
34.	Taxation		
	Charge for the year:		
	Current (34.1)	37,878	43,273
	Deferred (34.2)	9,122	13,925
		<u>47,000</u>	<u>57,198</u>
34.1	This represents the minimum tax on turnover u/s 113, and tax on dividend income u/s 5 of Income Tax Ordinance, 2001. No other provision for the current tax is required keeping in view the presumptive and minimum tax. Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not required in view of minimum and presumptive taxation.		
34.2	Deferred tax effect due to temporary differences of:		
	Tax depreciation allowance	55,107	50,003
	Finance lease arrangements	6,528	2,510
		61,635	52,513
	Less: Opening balance	52,513	38,588
		<u>9,122</u>	<u>13,925</u>

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Deferred tax expense relates to origination and reversal of temporary differences.

Notes to the Financial Statements for the Year Ended June 30, 2005

35. Chief Executive, Directors and Executives' remuneration

The aggregate amount charged in the accounts for remuneration, allowances including all benefits to the Chief Executive and other Executives of the company are as follows:

Description	(Rupees in thousand)			
	2005		2004	
	Chief Executive	Executives	Chief Executive	Executives
Managerial remuneration	3,450	10,977	4,845	15,703
Contribution to employees' provident fund trust	131	437	169	629
Housing	945	1,966	1,215	2,736
Reimbursable expenses	468	549	659	630
	<u>4,994</u>	<u>13,929</u>	<u>6,888</u>	<u>19,698</u>
Number of persons	1	11	1	14

35.1 In addition, some of the executives are provided rent free furnished accommodation and free use of company maintained vehicles. The Chief Executive is provided free use of the company maintained vehicles and residential telephone.

35.2 The aggregate amount charged in the statements for the period for fees to eight directors for three Board meetings and four Audit Committee meetings was Rupees 130,000 (2004: Rupees 210,000).

36. Transactions with related parties

The company purchased from and sold to associated undertakings, material goods and services in the aggregate sum of Rupees 23.153 million (2004: Rupees 238.956 million) and Rupees 76.477 million (2004: Rupees 201.896 million) respectively. Purchases / sales of goods and services are made at prevailing market prices. Mark-up is received / paid on advances at rate of 7.75 percent (2004: 6.75 percent).

The maximum aggregate amount due from associated undertakings (2004: associated undertakings / subsidiary company) at the end of any month during the year was Rupees 49.403 million (2004: Rupees 163.466. million).

Notes to the Financial Statements for the Year Ended June 30, 2005

37. Financial instruments and related disclosures

37.1 Financial assets and liabilities

(Rupees in thousand)

	2 0 0 5								Total
	Interest/mark-up bearing					Non interest bearing			
	Interest rates range %	Maturity within one year	Maturity more than one year but less than five year	Maturity More than five years	Sub-total	Maturity within one year	Maturity more than one year but less than five year	Sub-total	
Financial Assets									
Long term investments	-	-	-	-	-	-	751,593	751,593	751,593
Long term loans and advances	7.75	-	-	428,400	428,400	1,638	1,037,053	1,038,691	1,467,091
Long term security deposits	-	-	-	-	-	-	21,674	21,674	21,674
Trade debts	-	-	-	-	-	1,061,382	-	1,061,382	1,061,382
Advances , deposits and other receivables	-	-	-	-	-	64,238	-	64,238	64,238
Short term investments	-	-	-	-	-	99,219	-	99,219	99,219
Cash and bank balances	-	-	-	-	-	35,692	-	35,692	35,692
	-	-	428,400	428,400	1,262,169	1,810,320	3,072,489	3,500,889	
Financial Liabilities									
Long term financing	6 month KIBOR + 2	45,833	754,167	-	800,000	-	-	-	800,000
Term finance certificates	6 month KIBOR +1.4	50,020	499,925	-	549,945	-	-	-	549,945
Liabilities against assets subject to finance lease	6 month KIBOR + 2.25 to 2.80	74,277	118,929	-	193,206	-	-	-	193,206
Short term finances		2,412,501	-	-	2,412,501	-	-	-	2,412,501
Trade and other payables		-	-	-	-	368,579	-	368,579	368,579
		2,582,631	1,373,021	-	3,955,652	368,579	-	368,579	4,324,231
Sensitivity Gap		(2,582,631)	(1,373,021)	428,400	(3,527,252)	893,590	1,810,320	2,703,910	(823,342)
Unrecognized financial instruments									
Contingencies	-	-	-	-	-	-	482,519	482,519	482,519
Commitments for capital expenditure	-	-	-	-	-	54,842	-	54,842	54,842
Other commitments	-	-	-	-	-	28,137	-	28,137	28,137

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(Rupees in thousand)

	2 0 0 4								Total
	Interest/mark-up bearing					Non interest bearing			
	Interest rates range %	Maturity within one year	Maturity more than one year but less than five year	Maturity More than five years	Sub-total	Maturity within one year	Maturity more than one year but less than five year	Sub-total	
Financial Assets									
Long term investments	-	-	-	-	-	-	615,706	615,706	615,706
Long term loans and advances	6.75	-	-	428,400	428,400	2,090	1,012,955	1,015,045	1,443,445
Long term security deposits	-	-	-	-	-	-	16,175	16,175	16,175
Trade debts	-	-	-	-	-	1,237,984	-	1,237,984	1,237,984
Advances , deposits and other receivables	-	-	-	-	-	249,629	-	249,629	249,629
Short term investments	-	-	-	-	-	88,212	-	88,212	88,212
Cash and bank balances	-	-	-	-	-	32,155	-	32,155	32,155
	-	-	428,400	428,400	1,610,070	1,644,836	3,254,906	3,683,306	
Financial Liabilities									
Long term financing		-	550,000	-	550,000	-	-	-	550,000
Term finance certificates	6 month KIBOR + 2	55	549,945	-	550,000	-	-	-	550,000
Liabilities against assets subject to finance lease	6 month KIBOR + 2.25 to 2.80	55,486	133,657	-	189,143	-	-	-	189,143
Short term finances		2,231,891	-	-	2,231,891	-	-	-	2,231,891
Trade and other payables		-	-	-	-	463,351	-	463,351	463,351
		2,287,432	1,233,602	-	3,521,034	463,351	-	463,351	3,984,385
Sensitivity Gap		(2,287,432)	(1,233,602)	428,400	(3,092,634)	1,146,719	1,644,836	2,791,555	(301,079)
Unrecognized financial instruments									
Contingencies	-	-	-	-	-	-	458,519	458,519	458,519
Commitments for capital expenditure	-	-	-	-	-	296,737	-	296,737	296,737
Other commitments	-	-	-	-	-	37,337	-	37,337	37,337

Notes to the Financial Statements for the Year Ended June 30, 2005

37.2 Financial instruments and risk management policies

The company issues financial instruments mainly to finance its operations. In addition, financial instruments such as trade receivables and trade payables arise directly from the company's operation.

The company finances its operations primarily by a mixture of issued share capital, retained profits, long term and short term loans and liabilities. The company borrows funds in local currency usually at fixed rate of interest.

Overall risks arising from the company's financial instruments are limited.

(a) Interest rate risk

Interest rate risk is the risk that the values of financial instruments will fluctuate due to change in market interest rates. The company usually manages such fluctuations through risk management strategies.

(b) Foreign exchange risk management

Foreign currency risk on financial instruments, receivables or payables in foreign currency is also not material as trend of devaluation of Pak Rupees on export based industry is positive. In case of appreciation of Pak Rupee the company recognizes the foreign receivables/payables at their fair values.

(c) Credit risk

The company deals mostly with regular and permanent customers who pay the instrument on due dates. Company considers the credit risk as minimal.

(d) Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values. Market value is also disclosed in Note 17.1.

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	2005	2004
38. Earning per share		
There is no dilutive effect on the basic earning per share, which is based on:		
Profit attributable to ordinary shareholders (Rupees in thousand)	79,622	41,098
Weighted average number of ordinary shares outstanding during the year	40,669,358	40,669,358
Earning per share - Basic (Rupees)	1.96	1.01

Notes to the Financial Statements for the Year Ended June 30, 2005

	(Rupees in thousand)	
	Nine months ended 2005	Year ended 2004
39. Employees retirement benefits		
Contribution to Employees' Provident Fund	7,699	7,916
Contribution to Employees' Old Age Benefit Institution	5,544	7,123
	13,243	15,039
	4,408	4,399
40. Plant capacity and actual production		
Spinning:		
Spindle installed (Numbers)	118 720	117 472
Murata Jet Spinning (MJS) Spindles (Numbers)	288	288
Rotar installed (Numbers)	1 000	1 000
Production at normal capacity in 20s count based on 3 shifts per day (kgs.)	25 847	34 121
Actual production converted to 20s count based on 3 shifts per day (kgs.)	24 986	34 002
		51
Weaving:		
Sulzer looms installed (Numbers)	167	187
Air jet looms installed (Numbers)	116	-
Production at normal capacity in 50 picks based on 3 shifts per day (Sqr. Mtrs.)	49 735	39 161
Actual production at normal capacity converted to 50 picks based on 3 shifts per day (Sqr. Mtrs.)	42 902	34 424
Towel:		
Towel air jet looms (Numbers)	12	12
Production at normal capacity based on 3 shifts per day (Kgs.)	491	654
Actual production at normal capacity based on 3 shifts per day (Kgs.)	376	424

40.1 Reason for low production

Under utilization of available capacity of weaving section is due to normal maintenance down time and narrower width fabric orders. Production of towel is low due to short orders.

Notes to the Financial Statements for the Year Ended June 30, 2005

(Rupees in thousand)

	Nine months ended 2005	Year ended 2004
41. Segment assets		
The composition of assets of textile and cold storage units as follows:		
Textile	7,223,653	6,843,932
Cold storage	6,984	5,851
	<u>7,230,637</u>	<u>6,849,783</u>

42. Date of authorization

These financial statements have been authorized for issue by Board of Directors of the company on September 29, 2005.

43. Non adjusting events after the balance sheet date

Dividend declared after the balance sheet date amounts to Rupees 40,669 thousand (Rupee 1 per share) (2004: Rupees 40,669 thousand (Rupee 1 per share)) while appropriation to general reserve made after the balance sheet date amounts to Rupees 35,000 thousand (2004: Rupees Nil).

44. Corresponding figures

Corresponding figures have been rearranged and reclassified wherever necessary for the purpose of comparison. Following rearrangements have been made in these financial statements:

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Amount payable to Workers Profit Participation Fund has been reclassified from face of balance sheet to Trade and other Payables.

Salaries, wages and other benefits amounting Rupees 5,961 thousand and 4,547 thousand have been excluded from administration expenses and cost of sales respectively and included in distribution and selling costs.

Free electricity supplied to employees amounting Rupees 8,626 thousand included in cost of sales has been reclassified as administrative expenses.

Corresponding figures are not comparable as to comply with the Circular No 29 dated November 05, 2004 of Security and Exchange Commission of Pakistan. The current year's figures comprise of nine months period, from October 01, 2004 to June 30, 2005, whereas the corresponding figures are for the period from October 01, 2003 to September 30, 2004 hence not comparable. Further the current year figures reflect the amalgamated financial position and operation of the company on acquisition of Crescent (Hattar) Limited and Crescent Energy Limited with effect from October 01, 2004.

Figures have rounded off to the nearest thousand rupees.



(Muhammad Anwar)
Chairman & Chief Executive



(Khalid Bashir)
Director

56th Annual General Meeting

The Corporate Secretary,
The Crescent Textile Mills Limited,
40-A, Off: Zafar Ali Road, Gulberg-V,
Lahore.

PROXY FORM

I/We _____ of _____
a member/members of **The Crescent Textile Mills Limited** and holder of _____
shares as per Registered Folio No./CDC A/C No. _____
do hereby appoint _____ of _____
or failing him _____ of _____
who is also member of the company vide Registered Folio No./CDC A/C No. _____
as my/our Proxy to attend, speak and vote for me/us and on my/our behalf at the 56th Annual
General Meeting of the company to be held on Friday, October 28, 2005 at 09:30 a.m. at
Registered Office, 40-A, Off: Zafar Ali Road, Gulberg-V, Lahore and at any adjournment thereof.

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As witness my hand this _____ day of _____ 2005.

Member's: _____

Witness's: _____

Date: _____

Place: _____

Signature on
Rs. 5/-
Revenue Stamp

Note: A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company at the Registered Office not less than 48 hours before the time for holding the Meeting.