# CONTENTS

# COMPANY INFORMATION

**BOARD OF DIRECTORS**

| | |
|---|---|
| Mrs. Abida Mazhar | Chairman - Non-Executive Director |
| Mr. Humayun Mazhar | Chief Executive Officer - Executive Director |
| (In alphabetic order) | |
| Mrs. Ayesha Khurram Mazhar | Non-Executive Director |
| Mr. Khurram Mazhar Karim | Non-Executive Director |
| Mrs. Mehreen Humayun Mazhar | Non-Executive Director |
| Mr. Saif Ullah | Executive Director |
| Syed Raza Abbas Jaffery | Nominee NIT - Independent Director |

**AUDIT COMMITTEE**

| | |
|---|---|
| Mr. Khurram Mazhar Karim | Chairman - Non-Executive Director |
| Mrs. Mehreen Humayun Mazhar | Member - Non-Executive Director |
| Syed Raza Abbas Jaffery | Member - Nominee NIT - Independent Director |

**HUMAN RESOURCE & REMUNERATION COMMITTEE**

| | |
|---|---|
| Mr. Khurram Mazhar Karim | Chairman - Non-Executive Director |
| Syed Raza Abbas Jaffery | Member - Nominee NIT - Independent Director |
| Mr. Saif Ullah | Member - Executive Director |

**CHIEF FINANCIAL OFFICER**

Mr. Saif Ullah

**COMPANY SECRETARY**

Mr. Shafiq Anwar

**HEAD OF INTERNAL AUDIT**

Mr. Tahir Hussain

**AUDITORS**

M/s Riaz Ahmad & Company
Chartered Accountants Faisalabad
Name of Engagement Partner: Mubashar Mehmood

**LEGAL ADVISOR**

Mr. Shahid Mahmood Baig
Advocate High Court

**BANKERS**

The Bank of Punjab
Crescent Standard Modaraba
MCB Bank Limited
Bank Alfalah Limited (Islamic Banking)
United Bank Limited
National Bank of Pakistan
Dubai Islamic Bank

**REGISTERED OFFICE**

10th Floor, BOP Tower,
10-B, Block E-2, Gulberg-III, Lahore,
Tel: (042) 35783801 Fax: (042) 35783811

**WORKS**

Unit, Jaranwala

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given to all the shareholders of Crescent Jute Products Limited (the "Company") that Annual General Meeting of the Company will be held on Friday, October 31, 2014 at 11.00 a.m. at 503-E, Johar Town, Lahore to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Directors' and Auditors' reports and Audited Accounts for the year ended June 30, 2014.
2. To appoint auditors and fix their remuneration.

**REGISTERED OFFICE:**

**10th Floor, BOP TOWER,**
10-B, Block E-2, Gulberg-III, Lahore,
Telephone No. (042) 35783801,
Fax No. (042) 35783811

**BY ORDER OF THE BOARD**

**SHAFIQ ANWAR**
**COMPANY SECRETARY**

Dated: September 26, 2014.

**Notes:**

1. The Members' Register will remain closed from October 25, 2014 to October 31, 2014 (both days inclusive). Transfers received at the Registered Office of the Company by the close of business on October 24, 2014.

2. 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 Registered Office not later than 48 hours before the time for holding the Meeting.

3. CDC account holders will further have to follow the guidelines as laid down in circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

   **a. For attending the meeting**

   i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

   ii) In case of corporate entity, the Board of directors' resolution/power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

   **b. For Appointing Proxies**

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

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

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

iv) The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.

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

# DIRECTORS' REPORT TO THE SHAREHOLDERS

Accounts for the year ended June 30, 2014 show a profit of Rupees 165.03 million, as compared to loss of Rupees 63.69 million in the corresponding periods in 2013. This profit is mainly attributed to the sale of plant and machinery. The Mills is closed down and the management in proceeding ahead with the closure plan approved by the BOD and Shareholders.

We are also pleased to report that the next phase of the closure plan i.e. sale of Land and Building has also been finalized, at a significantly higher price than the approved by the BOD and Shareholders, subsequent to June 30, 2014. Negotiations are underway to settle bank liabilities; however so far no terms of settlement have been finalized.

The management is in the process of preparing a restructuring plan for the revival of your Company and is doing due diligence on various business options for the future. Renewable energy, Low cost rural housing development, Corporate Farming and small scale manufacturing seem to be areas of growth in Pakistan and of interest to us.

In the meanwhile, we remain focused on cost controls and every possible effort is being made to curtail and keep the expenses to a minimum level.

***STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK***

1. These financial statements prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards, as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.

***KEY OPERATING AND FINANCIAL DATA***

Key operating and financial data of the Company for the last six years in summarized from is annexed.

***DIVIDEND***

Due to continued losses it was not possible for the Company to declare and pay any dividend to its shareholders.

***STATUTORY PAYMENTS***

No statutory payments on account of taxes, duties, levies and charges other than those under appeals are outstanding

***SIGNIFICANT PLANS AND DECISIONS***

Mills operations has been stoped since May 02, 2011 due to lack of liquidity as approved by shareholders in Annual General Meeting held October 31, 2011 and decided to dispose off property, plant and equipment of the Company to pay off liabilities.

***CHANGES IN THE BOARD OF DIRECTORS***

Company has fixed seven Directors on its Board. New board elected during the year as under:-

| S.No. | Name of Director | |
|---|---|---|
| 1. | Mrs. Ayesha Khurram Mazhar | Non-Executive Director |
| 2. | Mr. Humayun Mazhar | Chief Executive Officer Executive Director |
| 3. | Mr. Khurram Mazhar Karim | Non-Executive Director |
| 4. | Mrs. Mehreen Humayun | Non-Executive Director |
| 5. | Syed Raza Abbas Jaffery | (Nominee NIT) Independent Director |
| 6. | Mr. Saif Ullah | Executive Director |
| 7. | Mr. Shafiq Anwar | Non-Executive Director |

The term of office of present Board will be expired on March 25, 2017.

Mr. Shafiq Anwar resigned on April 29, 2014. Mrs. Abida Mazhar co-opted and appointed Chairman with effect from April 29, 2014.

***BOARD MEETINGS AND ATTENDANCE BY DIRECTORS***

During the year, four meetings of the Board of Directors were held. Attendance by each director was as follows:

| | Names of Directors in alphabetic order | Meetings held in their tenure. | No of Meetings attended |
|---|---|---|---|
| 1. | Mrs. Abida Mazhar | 1 | 1 |
| 2. | Mrs. Ayesha Khurram Mazhar | 1 | 0 |
| 3 | Mr. Ahmad Rashid Muhammad Hanif | 3 | 2 |
| 4 | Mr. Humayun Mazhar | 4 | 4 |
| 5 | Mr. Khurram Mazhar Karim | 4 | 3 |
| 6. | Mrs. Mehreen Humayun Mazhar | 1 | 1 |
| 7 | Mr. Qamar Nawaz Qureshi | 3 | 2 |
| 8 | Syed Raza Abbas Jaffery | 4 | 3 |
| 9 | Mr. Saif Ullah | 4 | 4 |
| 10 | Mr. Shafiq Anwar | 4 | 4 |

The Board granted Leave to Directors who could not attend some of the Board Meetings.

***PATTERN OF SHAREHOLDING***

Pattern of Shareholding is attached to the report.

***TRADES IN THE SHARES OF THE COMPANY***

Mr. Humayun Mazhar, CEO – 2,954,902 shares received on the death of his Father Mr. Mazhar Karim through succession certificate and further transferred to Mr. Khurram Mazhar Karim son of Mr. Mazhar Karim – 861,846 shares, Mrs. Abida Mazhar wife of Mr. Mazhar Karim 369,364 shares, Mrs. Noureen Nasir daughter of Mr. Mazhar Karim 430,923 shares and Mrs. Negeen Faiq daughter of Mr. Mazhar Karim 430,923 shares.

Mr. Khurram Mazhar Karim, Director - 861,846 shares received from Mr. Humayun Mazhar portion of shares on the death of his Father Mr. Mazhar Karim.

The spouses and minor children did not carry out any transaction in the shares of the Company during the year.

***DEFAULT IN DEBTS, IF ANY***

Negotiations are underway to settle bank liabilities, so far no term of settlement have been finalized.

***AUDITORS***

The auditors M/s Riaz Ahmad & Company retire and being eligible offers for re-appointment. As required by Code of Corporate Governance, the Audit Committee has recommended appointment of M/s Riaz Ahmad & Company, Chartered Accountants as auditors of the Company for ensuing year.

***ACKNOWLEDGEMENT***

The Directors thank the Shareholders, Bankers and Customers for their continued patronage, understanding and co-operation. We also assure them that the confidence and the trust they have reposed in Cres Jute is appreciated and we will endeavor to come up to their expectations.

For and on behalf of the Board

**(Humayun Mazhar)**
**Chief Executive Officer**
**Lahore**
**Dated: September 26, 2014**

# KEY OPERATING AND FINANCIAL DATA OF LAST SIX YEARS

| | Year ending 30th June | | | | | |
|---|---|---|---|---|---|---|
| | **2013** | **2012** | **2011** | **2010** | **2009** | **2008** |
| **PRODUCTION CAPACITY BASED ON SHIFT WORKING IN METRIC TONS** | | | | | | |
| Jute Unit | **Operation closed** | 23,000 | 23,000 | 23,000 | 23,000 | 23,000 |
| **ACTUAL PRODUCTION IN METRIC TONS** | | | | | | |
| Jute Unit | **Operation closed** | **Operation closed** | 3,675 | 6,519 | 12,775 | 14,229 |
| **OPERATING RESULTS - RUPEES IN 000** | | | | | | |
| Net Sales | 18,677 | 28,640 | 453,768 | 566,002 | 999,999 | 710,864 |
| Cost of Sales | 39,023 | 127,321 | 524,173 | 525,658 | 871,654 | 657,281 |
| Operating Expenses | 47,927 | 61,612 | 82,701 | 85,834 | 95,006 | 92,949 |
| Other Income | (25,598) | (3,874) | (111,655) | (605) | (2,535) | (81,384) |
| Financial Charges | 23,925 | 40,174 | 55,081 | 39,183 | 30,776 | 17,619 |
| Taxation | (2,906) | (5,135) | (11,714) | (1,305) | (9,032) | (1,996) |
| **Net Income / (Loss)** | (63,693) | (191,458) | (84,818) | (82,764) | 14,130 | 26,397 |
| **Earning per share - Rupees** | (2.68) | (8.06) | (3.57) | (3.48) | 0.59 | 1.39 |
| **FINANCIAL POSITION - RUPEES IN 000** | | | | | | |
| Shareholders Equity | (434,351) | (376,394) | (194,639) | (132,331) | (57,434) | (80,527) |
| Net Surplus on estimated realizable / settlement values | 286,305 | 294,997 | 666,034 | 790,784 | 455,060 | 471,092 |
| Participatory redeemable capital | - | - | - | - | - | - |
| Trade and other payables | 53,054 | 13,379 | 17,973 | 35,932 | 32,388 | 56,104 |
| Accrued mark-up | 100,976 | 82,764 | 59,633 | 39,566 | 30,852 | 22,801 |
| Borrowings | 352,376 | 386,629 | 469,878 | 551,040 | 272,303 | 351,698 |
| Provision for taxation | 49 | 90 | 412 | 2,931 | 333 | 2,262 |
| | **358,409** | **401,464** | **1,019,292** | **1,287,922** | **733,501** | **823,430** |
| Cash and bank balances | 6,922 | 4,137 | 7,722 | 14,778 | 25,249 | 2,955 |
| Investments | 1,463 | 749 | 1,659 | 1,066 | 1,695 | 4,258 |
| Other receivables | 5,691 | 7,927 | 10,234 | 90,315 | 13,641 | 15,780 |
| Prepayments | 28 | 149 | 372 | 525 | 487 | 464 |
| Loans and advances | 16,378 | 16,498 | 17,398 | 17,989 | 8,675 | 23,562 |
| Trade debts | 618 | - | 116,059 | 142,284 | 29,113 | 84,713 |
| Stock-in-trade | 14,822 | 47,410 | 148,795 | 255,897 | 143,146 | 158,192 |
| Stores and spares parts | 2,918 | 3,658 | 8,252 | 7,796 | 7,053 | 8,459 |
| Long Term Security deposits | 992 | 992 | 14,674 | 12,266 | 15,968 | 11,816 |
| Property, plant and equipment | 308,576 | 319,945 | 694,126 | 745,006 | 488,474 | 513,232 |
| | **358,409** | **401,464** | **1,019,292** | **1,287,922** | **733,501** | **823,430** |

**The Companies Ordinance 1984**
**(Section 236(1) and 464)**
**Pattern Of Shareholding (Form - 34)**

1. Incorporation Number : **0001959**
2. Name of The Company: **Crescent Jute Products Limited**
3. Pattern of Holding of the Shares held by the Shareholders as at : **June 30, 2014**

| 4. | No. of Shareholders | Shareholding | | Total Shares held |
|---|---|---|---|---|
| | | From | To | |
| | 660 | 1 | 100 | 21,260 |
| | 544 | 101 | 500 | 149,099 |
| | 243 | 501 | 1,000 | 186,194 |
| | 335 | 1,001 | 5,000 | 899,998 |
| | 108 | 5,001 | 10,000 | 840,740 |
| | 47 | 10,001 | 15,000 | 596,726 |
| | 18 | 15,001 | 20,000 | 330,996 |
| | 17 | 20,001 | 25,000 | 400,557 |
| | 12 | 25,001 | 30,000 | 342,981 |
| | 10 | 30,001 | 35,000 | 322,001 |
| | 5 | 35,001 | 40,000 | 186,580 |
| | 7 | 40,001 | 45,000 | 295,952 |
| | 9 | 45,001 | 50,000 | 432,509 |
| | 2 | 50,001 | 55,000 | 105,102 |
| | 3 | 55,001 | 60,000 | 172,500 |
| | 1 | 65,001 | 70,000 | 67,823 |
| | 3 | 70,001 | 75,000 | 213,229 |
| | 3 | 75,001 | 80,000 | 235,855 |
| | 2 | 90,001 | 95,000 | 181,422 |
| | 1 | 125,001 | 130,000 | 129,337 |
| | 1 | 135,001 | 140,000 | 136,113 |
| | 1 | 150,001 | 155,000 | 151,577 |
| | 1 | 155,001 | 160,000 | 157,314 |
| | 2 | 195,001 | 200,000 | 400,000 |
| | 3 | 200,001 | 205,000 | 607,861 |
| | 1 | 205,001 | 210,000 | 208,975 |
| | 1 | 215,001 | 220,000 | 218,570 |
| | 1 | 235,001 | 240,000 | 237,000 |
| | 1 | 370,001 | 375,000 | 373,925 |
| | 1 | 430,001 | 435,000 | 430,923 |
| | 1 | 450,001 | 455,000 | 450,459 |
| | 1 | 625,001 | 630,000 | 627,489 |
| | 1 | 1,485,001 | 1,490,000 | 1,488,718 |
| | 1 | 1,715,001 | 1,720,000 | 1,716,683 |
| | 1 | 2,735,001 | 2,740,000 | 2,738,487 |
| | 1 | 3,845,001 | 3,850,000 | 3,848,013 |
| | 1 | 3,860,001 | 3,865,000 | 3,860,500 |
| | | | | |
| | | | | |
| | | | | |
| | **2,050** | | | **23,763,468** |

**Crescent Jute Products Limited** **As On: June 30, 2014**

| Categories of Shareholder | Physical | CDC | Total | % age |
|---|---|---|---|---|
| **Directors, Chief Executive Officer, Their Spouses and Minor Childern** | | | | |
| **Chief Executive** | | | | |
| Mr. Humayun Mazhar | 3,848,013 | - | 3,848,013 | 16.19 |
| **Directors** | | | | |
| Mr. Khurram Mazhar Karim | 3,860,500 | - | 3,860,500 | 16.25 |
| Mr. Saifullah | 2,500 | - | 2,500 | 0.01 |
| Mrs. Abida Mazhar | 373,925 | - | 373,925 | 1.57 |
| Mrs. Ayesha Khurram Mazhar | 2,475 | - | 2,475 | 0.01 |
| Mrs. Mehreen Humayun Mazhar | 47,474 | - | 47,474 | 0.20 |
| | **8,134,887** | **-** | **8,134,887** | **34.23** |
| **Associated Companies, Undertakings & Related Parties** | | | | |
| Crescent Group (Pvt) Limited | 79 | - | 79 | 0.00 |
| Crescent Powertec Limited | 80,000 | - | 80,000 | 0.34 |
| The Crescent Textile Mills Limited | 8,671 | 2,738,487 | 2,747,158 | 11.56 |
| | **88,750** | **2,738,487** | **2,827,237** | **11.90** |
| **NIT & ICP (Name Wise Detail)** | | | | |
| National Bank of Pakistan - Trustee Wing | **2,156** | **-** | **2,156** | **0.01** |
| **Banks, NBFCs, DFIs, Takaful, Pension Funds** | **1,040,379** | **336,949** | **1,377,328** | **5.80** |
| **Modarabas** | **57,453** | **-** | **57,453** | **0.24** |
| **Insurance Companies** | **273,663** | **167,420** | **441,083** | **1.86** |
| **Other Companies,Corporate Bodies, Trust etc.** | **1,927,089** | **1,847,168** | **3,774,257** | **15.88** |
| **General Public** | **2,867,588** | **4,281,479** | **7,149,067** | **30.08** |
| | **14,391,965** | **9,371,503** | **23,763,468** | **100.00** |
| **Shareholders More Than 5.00%** | | | | |
| Khurram Mazhar Karim | | | 3,860,500 | 16.25 |
| Humayun Mazhar | | | 3,848,013 | 16.19 |
| The Crescent Textile Mills Limited | | | 2,747,158 | 11.56 |
| Jubilee Spinning & Weaving Mills Limited | | | 1,716,683 | 7.22 |
| Cdc - Trustee National Investment (unit) Trust | | | 1,488,718 | 6.26 |

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERANCE

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

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors (The Board). At present the Board includes:

   **Independent Director**

   i) Syed Raza Abbas Jaffery

   **Executive Directors**

   i) Mr. Humayun Mazhar

   ii) Mr. Saif Ullah

   **Non-Executive Directors**

   i) Mrs. Abida Mazhar

   ii) Mrs. Ayesha Khurram Mazhar

   iii) Mr. Khurram Mazhar Karim

   vi) Mrs. Mehreen Humayun Mazhar

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

3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or being a member of a Stock Exchange has been declared as a defaulter by that stock exchange.

4. One casual vacancy had occurred during the period in the Board during the year ended 30 June 2014. This vacancy was filled up within stipulated time.

5. The Company has prepared a 'Code of Conduct', and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

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

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive and non-executive directors, have been taken by the Board / shareholders.

8. All the meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board met at least once in each quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days prior to the meetings. The minutes of the meetings were appropriately recorded and circulated in time.

9. The Board arranges orientation course for its directors as and when needed to apprise them of their duties and responsibilities. The incoming directors are also provided with appropriate briefing and orientation material to enable them updated knowledge on the working of the Company. Three directors were either exempted from the requirement or has attended training program already. During the year one more Director

has attended the training program.

10. The Board has approved appointment of CFO/Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The Directors' Report for the year ended 30 June 2014 has been prepared in compliance with the requirements of the CCG and it fully describes the salient matters required to be disclosed.

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

15. The Board has formed an Audit Committee. It comprises of three members, all are non-executive directors.

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 CCG. The terms of reference of the Committee have been framed and advised to the Committee for compliance.

17. The Board has formed an HR and Remuneration Committee. It comprises three members, majority of the members are non-executive directors.

18. The Board has set-up an effective internal audit function.

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

20. 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.

21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all other material principles enshrined in the CCG have been complied with.

**By Order of the Board.**

**(Humayun Mazhar)**

**Chief Executive Officer**

**Date: September 26, 2014.**

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **CRESCENT JUTE PRODUCTS LIMITED** ("the Company") for the year ended 30 June 2014 to comply with the requirements of Listing Regulations of the respective Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2014.

**Riaz Ahmad & Company**
Chartered Accountants

Name of engagement partner:
**Mubashar Mehmood**

**Faisalabad: September 26, 2014.**

# AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of CRESCENT JUTE PRODUCTS LIMITED as at 30 June 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2014 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

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

We draw attention to Note No. 1.1 to the financial statements, which states that these financial statements have been prepared on the basis of estimated realizable / settlement values of assets and liabilities respectively in addition to historical cost convention as the Company is no longer a going concern for the reasons stated in the aforesaid note. Our report is not qualified in respect of this matter.

**Riaz Ahmad & Company**
Chartered Accountants

Name of engagement partner:
**Mubashar Mehmood**

**Faisalabad:** September 26, 2014.

CRESCENT JUTE
PRODUCTS LTD.

# CRESCENT JUTE PRODUCTS LTD.

## Audited Financial Statements

**For the Year Ended June 30, 2014**

# BALANCE SHEET

| | NOTE | 2014 | | 2013 | |
|---|---|---|---|---|---|
| | | Estimated settlement value | Book value | Estimated settlement value | Book value |
| | | Rupees | Rupees | Rupees | Rupees |
| **EQUITY AND LIABILITIES** | | | | | |
| **SHARE CAPITAL AND RESERVES** | | | | | |
| **Authorized share capital** | | | | | |
| 30 000 000 (2013: 30 000 000) ordinary shares of Rupees 10 each | | 300,000,000 | 300,000,000 | 300,000,000 | 300,000,000 |
| **Issued, subscribed and paid up share capital** | 3 | 237,634,680 | 237,634,680 | 237,634,680 | 237,634,680 |
| Capital reserve | 4 | 35,767,584 | 35,767,584 | 35,767,584 | 35,767,584 |
| Accumulated loss | | (539,631,021) | (539,631,021) | (707,753,254) | (707,753,254) |
| **Total equity** | | (266,228,757) | (266,228,757) | (434,350,990) | (434,350,990) |
| Net surplus on estimated realizable / settlement values | | 207,017,150 | - | 286,304,547 | - |
| **Surplus on revaluation of property, plant and equipment - net of deferred income tax** | 5 | - | 198,699,971 | - | 250,767,314 |
| Trade and other payables | 6 | 9,310,592 | 9,310,592 | 53,053,888 | 53,053,888 |
| Accrued mark-up | | 121,715,703 | 121,715,703 | 100,975,894 | 100,975,894 |
| Borrowings | 7 | 301,119,520 | 301,119,520 | 352,375,931 | 352,375,931 |
| Deferred income tax liability | 8 | - | 8,317,179 | - | 35,537,233 |
| Provision for taxation | | 2,635,449 | 2,635,449 | 49,293 | 49,293 |
| **CONTINGENCIES AND COMMITMENTS** | 9 | | | | |
| **TOTAL EQUITY AND LIABILITIES** | | 375,569,657 | 375,569,657 | 358,408,563 | 358,408,563 |

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

**Humayun Mazhar**
Chief Executive Officer

# AS AT 30 JUNE, 2014

| | NOTE | 2014 | | 2013 | |
|---|---|---|---|---|---|
| | | Estimated settlement value | Book value | Estimated settlement value | Book value |
| | | Rupees | Rupees | Rupees | Rupees |
| **ASSETS** | | | | | |
| Cash and bank balances | 10 | 8,262,142 | 8,262,142 | 6,921,860 | 6,921,860 |
| Investments | 11 | 1,308,630 | 1,308,630 | 1,463,130 | 1,463,130 |
| Loans and advances | 12 | 19,410,319 | 19,410,319 | 16,378,391 | 16,378,391 |
| Prepayments | | - | - | 28,170 | 28,170 |
| Other receivables | 13 | 6,866,845 | 6,866,845 | 5,690,883 | 5,690,883 |
| Trade debts | 14 | 506,064 | 506,064 | 618,290- | 618,290 |
| Stock-in-trade | 15 | 3,612,357 | 3,612,357 | 14,822,476 | 14,822,476 |
| Stores and spare parts | 16 | 1,405,284 | 1,405,284 | 2,917,802 | 2,917,802 |
| Security deposits | 17 | 120,538,230 | 120,538,230 | 991,548 | 991,548 |
| Property, plant and equipment | 18 | 213,659,786 | 213,659,786 | 308,576,013 | 308,576,013 |
| **TOTAL ASSETS** | | 375,569,657 | 375,569,657 | 358,408,563 | 358,408,563 |

**Khurram Mazhar Karim**
Director

# PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

| | NOTE | 2014 RUPEES | 2013 RUPEES |
|---|---|---|---|
| SALES | 19 | 21,617,783 | 18,676,864 |
| COST OF SALES | 20 | (21,482,463) | (39,022,755) |
| GROSS PROFIT / (LOSS) | | 135,320 | (20,345,891) |
| DISTRIBUTION COST | | (50,581) | (127,550) |
| ADMINISTRATIVE EXPENSES | 21 | (28,592,809) | (35,274,704) |
| OTHER EXPENSES | 22 | (242,440) | (12,524,443) |
| | | (28,885,830) | (47,926,697) |
| | | (28,750,510) | (68,272,588) |
| OTHER INCOME | 23 | 215,693,165 | 25,598,300 |
| PROFIT / (LOSS) FROM OPERATIONS | | 186,942,655 | (42,674,288) |
| FINANCE COST | 24 | (20,798,028) | (23,925,205) |
| PROFIT / (LOSS) BEFORE TAXATION | | 166,144,627 | (66,599,493) |
| TAXATION | 25 | (1,109,841) | 2,906,061 |
| PROFIT / (LOSS) AFTER TAXATION | | 165,034,786 | (63,693,432) |
| EARNING / (LOSS) PER SHARE - BASIC AND DILUTED | 26 | 6.94 | (2.68) |

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

**Humayun Mazhar**
Chief Executive Officer

**Khurram Mazhar Karim**
Director

# STATEMENT OF COMPREHENSIVE INCOME

**FOR THE YEAR ENDED JUNE 30, 2014**

| | 2014 RUPEES | 2013 RUPEES |
|---|---|---|
| PROFIT / (LOSS) AFTER TAXATION | 165,034,786 | (63,693,432) |
| OTHER COMPREHENSIVE INCOME | - | - |
| Items that will not be reclassified subsequently to profit or loss | - | - |
| Items that may be reclassified subsequently to profit or loss | - | - |
| TOTAL COMPREHENSIVE LOSS FOR THE YEAR | 165,034,786 | (63,693,432) |

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

**Humayun Mazhar**
Chief Executive Officer

**Khurram Mazhar Karim**
Director

# CASH FLOW STATEMENT

**FOR THE YEAR ENDED JUNE 30, 2014**

| | NOTE | 2014 RUPEES | 2013 RUPEES |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Cash (utilized in) / generated from operations** | 27 | (172,468,916) | 18,349,469 |
| Finance cost paid | | (58,219) | (3,088,944) |
| Income tax paid | | (3,090,838) | (137,402) |
| **Net cash (utilized in) / generated from operating activities** | | (175,617,973) | 15,123,123 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Capital expenditure on property, plant and equipment | | - | (35,000) |
| Proceeds from sale of property, plant and equipment | | 228,183,177 | 935,000 |
| Dividends received | | 31,489 | 20,796 |
| **Net cash from investing activities** | | 228,214,666 | 920,796 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Borrowings - net | | (51,256,411) | (13,259,157) |
| **Net cash used in financing activities** | | (51,256,411) | (13,259,157) |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | | 1,340,282 | 2,784,762 |
| **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR** | | 6,921,860 | 4,137,098 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 10)** | | 8,262,142 | 6,921,860 |

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

**Humayun Mazhar**
Chief Executive Officer

**Khurram Mazhar Karim**
Director

# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED JUNE 30, 2014

| | SHARE CAPITAL | CAPITAL RESERVE Share premium | ACCUMULATED LOSS | TOTAL EQUITY |
|---|---|---|---|---|
| | (RUPEES) | | | |
| **Balance as at 30 June 2012** | 237,634,680 | 35,767,584 | (649,796,687) | (376,394,423) |
| Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax | - | - | 5,736,865 | 5,736,865 |
| Loss for the year | - | - | (63,693,432) | (63,693,432) |
| Other comprehensive income for the year | - | - | - | - |
| Total comprehensive loss for the year ended 30 June 2013 | - | - | (63,693,432) | (63,693,432) |
| **Balance as at 30 June 2013** | 237,634,680 | 35,767,584 | (707,753,254) | (434,350,990) |
| Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax | - | - | 3,087,447 | 3,087,447 |
| Profit for the year | - | - | 165,034,786 | 165,034,786 |
| Other comprehensive income for the year | - | - | - | - |
| Total comprehensive income for the year ended 30 June 2014 | - | - | 165,034,786 | 165,034,786 |
| **Balance as at 30 June 2014** | 237,634,680 | 35,767,584 | (539,631,021) | (266,228,757) |

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

**Humayun Mazhar**
Chief Executive Officer

**Khurram Mazhar Karim**
Director

# NOTES TO THE FINANCIAL STATEMENTS
**FOR THE YEAR ENDED JUNE 30, 2014**

## 1. THE COMPANY AND ITS OPERATIONS

Crescent Jute Products Limited is a public limited company incorporated in Pakistan on 19 September 1964 under the Companies Act, 1913 (Now Companies Ordinance, 1984) and listed on all stock exchanges in Pakistan. Its registered office is situated at 10-B, 10th Floor, BOP Tower, Block E-2, Main Boulevard, Gulberg, Lahore. The Company is engaged in manufacturing and sale of jute products including jute bags.

### 1.1 Going concern assumption

Shortage of working capital and reduction in demand of finished goods resulted in the closure of Company's operations since 02 May 2011. The Company in its Annual General Meeting on 31 October 2011 has decided to dispose of the property, plant and equipment of the Company. Moreover the Company has suffered accumulated losses of Rupees 539.631 million as on 30 June 2014 which has turned equity into negative balance of Rupees 266.229 million.

Keeping in view the above factors the management of the Company decided to prepare these financial statements on the basis of estimated realizable / settlement values of the assets and liabilities respectively in addition to historical cost convention. All assets and liabilities in these financial statements have been presented in order of liquidity.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 2.1 Basis of preparation

#### a) Statement of compliance

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

#### b) Accounting convention

Keeping in view the fact that the Company may not be able to continue as going concern, these financial statements are prepared on the basis of realizable / settlement values of assets and liabilities respectively. In realizable / settlement value basis, assets are carried at amount of cash and cash equivalents that could currently be obtained by selling the assets in an orderly disposal. Liabilities are carried at their settlement values, that is the undiscounted amounts of cash or cash equivalents expected to be paid to satisfy the liabilities in the normal course of business.

Realizable / settlement values of assets and liabilities respectively as disclosed in the balance sheet are based on the management's best estimate.

In addition to the accounting convention of realizable / settlement values of assets and liabilities, these financial statements have also been prepared under the historical cost convention except for certain operating fixed assets which are carried at revalued amounts and certain financial instruments which are carried at fair value. Accounting policies of this accounting convention are disclosed, in detail, in Notes 2.2 to 2.18 to these financial statements.

**c) Critical accounting estimates and judgments**

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

i. Realizable / settlement values of assets and liabilities respectively

ii. Useful lives, patterns of economic benefits and impairments

iii. Taxation

iv. Provision for doubtful debts

v. Inventories

**d) Amendments to published approved standards that are effective in current year and are relevant to the Company**

Following amendments to published approved standards are mandatory for the Company's accounting periods beginning on or after 01 July 2013:

IFRS 7 (Amendment) 'Financial Instruments: Disclosures' (effective for annual periods beginning on or after 01 January 2013). The IASB has amended the accounting requirements and disclosures related to offsetting of financial assets and financial liabilities by issuing amendments to IAS 32 'Financial Instruments: Presentation' and IFRS 7. These amendments are the result of IASB and US Financial Accounting Standard Board undertaking a joint project to address the differences in their respective accounting standards regarding offsetting of financial instruments. The application of the amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

On 17 May 2012, IASB issued Annual Improvements to IFRS: 2009 – 2011 Cycle, incorporating amendments to five IFRS more specifically in IAS 1 'Presentation of Financial Statements' and IAS 32 'Financial instruments: Presentation' that are considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 January 2013. The application of the amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

**e) Standards, interpretation and amendments to published standards that are effective in current year but not relevant to the Company**

There are other standards, new interpretation and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2013 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

**f) Standards, interpretation and amendments to published standards that are not yet effective but relevant to the Company**

Following standards, interpretation and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2014 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 ‘Financial Instruments: Recognition and Measurement’. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company’s financial statements.

IFRS 13 ‘Fair value Measurement’ (effective for annual periods beginning on or after 01 January 2015). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard is not expected to have a material impact on the Company’s financial statements.

IFRS 15 ‘Revenue from Contracts with Customers’ (effective for annual periods beginning on or after 01 January 2017). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset. However, the amendments are not expected to have a material impact on the Company's financial statements.

IAS 32 (Amendments) 'Financial Instruments: Presentation' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off'; the application of simultaneous realization and settlement; the offsetting of collateral amounts and the unit of account for applying the offsetting requirements. However, the amendments are not expected to have a material impact on the Company's financial statements.

IAS 36 (Amendments) 'Impairment of Assets' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made in IAS 36 to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. However, the amendments are not expected to have a material impact on the Company's financial statements.

On 12 December 2013, IASB issued Annual Improvements to IFRSs: 2010 – 2012 Cycle, incorporating amendments to seven IFRSs more specifically in IFRS 8 'Operating Segments' and IFRS 13 'Fair Value Measurement', which are considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 July 2014. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.

On 12 December 2013, IASB issued Annual Improvements to IFRSs: 2011 – 2013 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 13 'Fair Value Measurement', that is considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 July 2014. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.

IFRIC 21 'Levies' (effective for annual periods beginning on or after 01 January 2014). The interpretation provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and those where the timing and amount of the levy is certain. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. However, the interpretation is not expected to have a material impact on the Company's financial statements.

**g) Standard and amendments to published standards that are not yet effective and not considered relevant to the Company**

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2014 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

**2.2 Employees' retirement benefits**

The Company curtailed its employees' retirement benefit scheme effective from 01 November 2002. Since February 2003, the Company started hiring of employees on contractual basis. Now, the contract of service is renewable at the option of the Company.

**2.3 Taxation**

**Current**

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

**Deferred**

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

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

**2.4 Foreign currencies**

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currencies during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in the profit and loss account.

**2.5 Property, plant, equipment and depreciation**

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss, except those subject to revaluation which are stated at revalued amount less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any identified impairment loss. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the assets to working condition.

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

Increase in the carrying amount arising on revaluation of property, plant and equipment are credited to surplus on revaluation of property, plant and equipment. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to income. Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the income) and depreciation based on the assets' original cost is transferred from surplus on revaluation of property, plant and equipment to unappropriated profit / (accumulated loss). All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred taxation.

**Depreciation**

Depreciation on property, plant and equipment is charged to profit and loss account applying the reducing balance method at the rates given in Note 18 except for computers which are depreciated on the straight line method at the rate of 33.33 percent per annum to write off the cost / depreciable amount of the assets over their estimated useful lives. The Company charges the depreciation on additions from the month when the asset is available for use and no depreciation is charged in the month of disposal. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

**Capital work-in-progress**

Capital work-in-progress is stated at cost less identified impairment losses and is transferred to the operating fixed assets as and when asset is available for use.

**De-recognition**

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

**2.6 Investments**

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

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

The Company assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the Company applies the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' to all investments.

**a) Investments at fair value through profit or loss**

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

**b) Held to maturity**

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

**c) Available for sale**

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

**Quoted**

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

**Unquoted**

The investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, subsequent to initial recognition are carried at cost less any identified impairment loss.

**2.7 Inventories**

Inventories, except for stock in transit and waste materials, are stated at lower of cost and net realizable value. Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale. Cost is determined as follows:

**Stores and spare parts**

Usable stores and spare parts are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items-in-transit are stated at invoice amount plus other charges paid thereon.

**Stock-in-trade**

Stock of raw materials, except for stock-in-transit, is valued principally at the lower of weighted average cost and net realizable value.

Stock-in-transit is valued at cost comprising invoice value plus other charges paid thereon.

Cost of work-in-process and finished goods comprises of cost of direct materials, labour and appropriate manufacturing overheads.

Stock of waste materials is stated at net realizable value.

**2.8 Borrowing cost**

Interest, mark-up and other charges on long-term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long-term finances. All other interest, mark-up and other charges are recognized in profit and loss account.

**2.9 Revenue recognition**

Revenue from different sources is recognized as under:

- Revenue from sale of goods is recognized on dispatch of goods to customers.
- Dividend on equity investments is recognized when right to receive the dividend is established.
- Profit on deposits with banks is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon.

**2.10 Financial instruments**

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

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

**2.11 Trade and other receivables**

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

**2.12 Borrowings**

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

**2.13 Trade and other payables**

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

**2.14 Provisions**

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.

**2.15 Impairment**

The carrying amounts of assets are reviewed at each balance sheet date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amounts. The resulting impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

**2.16 Off setting**

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

**2.17 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

**2.18 Dividend and other appropriations**

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

## 3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

| 2014 | 2013 | | 2014 | 2013 |
|---|---|---|---|---|
| (NUMBER OF SHARES) | | | RUPEES | RUPEES |
| 15 723 741 | 15 723 741 | Ordinary shares of Rupees 10 each fully paid in cash | 157,237,410 | 157,237,410 |
| 8 039 727 | 8 039 727 | Ordinary shares of Rupees 10 each issued as fully paid bonus shares | 80,397,270 | 80,397,270 |
| 23 763 468 | 23 763 468 | | 237,634,680 | 237,634,680 |

**3.1 Ordinary shares of the Company held by the associated companies:**

| | 2014 | 2013 |
|---|---|---|
| | (NUMBER OF SHARES) | |
| Crescent Group (Private) Limited | 79 | 79 |
| Crescent Powertec Limited | 80 000 | 80 000 |
| The Crescent Textile Mills Limited | 2 747 158 | 2 747 158 |
| | 2 827 237 | 2 827 237 |

| | 2014 | 2013 |
|---|---|---|
| | RUPEES | RUPEES |
| **4. CAPITAL RESERVES** | | |
| Share premium (Note 4.1) | 35,767,584 | 35,767,584 |

**4.1** This reserve can be utilized by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

| | | 2014 RUPEES | 2013 RUPEES |
|---|---|---|---|
| **5.** | **SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF DEFERRED INCOME TAX** | | |
| | Surplus on revaluation of property, plant and equipment as at 01 July | 250,767,314 | 255,372,044 |
| | **Add:** Adjustment of change in deferred tax rate | 298,570 | 1,132,135 |
| | | 251,065,884 | 256,504,179 |
| | **Less:** | | |
| | Adjustment of surplus on sale of plant and machinery - net of deferred income tax | 49,278,466 | - |
| | Transferred to accumulated loss in respect of incremental depreciation charged during the year - net of deferred income tax | 3,087,447 | 5,736,865 |
| | | 52,365,913 | 5,736,865 |
| | | 198,699,971 | 250,767,314 |

**5.1** Freehold land, building thereon, plant and machinery of the Company was revalued by an independent valuer, Messrs Saleem Engineers on 28 September 2011. Previously these assets were revalued by independent valuers on 30 June 1996, 30 June 2005, 31 December 2007 and 28 June 2010.

| | | 2014 RUPEES | 2013 RUPEES |
|---|---|---|---|
| **6.** | **TRADE AND OTHER PAYABLES** | | |
| | Creditors (Note 6.1) | 7,329,715 | 7,248,506 |
| | Accrued liabilities | 1,642,158 | 4,467,768 |
| | Unclaimed dividend | 337,312 | 337,312 |
| | Advance against sale of land | - | 40,800,000 |
| | Income tax deducted at source | 1,407 | 200,302 |
| | | 9,310,592 | 53,053,888 |

**6.1** This includes Rupees 370,246 (2013: Rupees Nil) due to Crescent Socks (Private) Limited, an associated company.

| | 2014 RUPEES | 2013 RUPEES |
|---|---|---|
| **7. BORROWINGS** | | |
| **From banking companies and financial institutions - secured** | | |
| The Bank of Punjab (Note 7.1) | 95,193,919 | 95,382,685 |
| Crescent Standard Modaraba (Note 7.2) | 33,810,398 | 33,810,398 |
| **Unsecured** | | |
| Innovative Investment Bank Limited (Note 7.3) | 18,083,326 | 18,083,326 |
| Loans from directors and sponsors (Note 7.4) | 52,893,162 | 103,960,807 |
| Crescent Jute Mills Limited (Note 7.5) | 55,138,715 | 55,138,715 |
| Crescent Foundation (Note 7.6) | 46,000,000 | 46,000,000 |
| | 301,119,520 | 352,375,931 |

**7.1** This includes cash finance, FIM-180 days and FE-25 obtained from The Bank of Punjab. Cash finance was provided under mark-up arrangement at the rate of average 3 months KIBOR plus 3 percent per annum (2013: Average 3 months KIBOR plus 3 percent per annum) with no floor or cap. The rate of mark-up for cash finance ranges from 12.03 percent to 13.18 percent per annum (2013: 12.28 percent to 14.95 percent per annum). The rate of mark-up for FIM-180 days and FE-25 ranges from 6.45 percent to 16.52 percent (2013: 6.45 percent to 16.52 percent). These finances were secured against effective pledge of finished goods with 25% margin and first pari passu charge over present and future fixed assets (including land, building, plant and machinery) for Rupees 300 million through registered mortgage, first pari passu charge over present and future current assets for Rupees 293.340 million, pledge of shares owned by Company and sponsors / directors of various companies keeping 30 percent margin, effective pledge of raw jute at invoice value and personal guarantee of the directors of the Company. As per the terms of the respective sanction advice, these borrowing facilities were expired on 31 July 2011 and not renewed.

The Bank has filed a suit in Lahore High Court against the Company for the recovery of principal amount and accrued mark-up of these facilities. However with reference to Note 18.3, the Bank has provided No Objection Certificate (NOC) for vacation of charge on assets.

**7.2** This facility was obtained from Crescent Standard Modaraba (CSM) which was repayable upto 30 June 2012, but the Company could not pay the balance uptill the expiry of the prescribed date. This facility was secured with demand promissory notes of Rupees 49.500 million, pledge of stocks of raw jute and hessian cloth and in case of default carried mark-up at the rate of 18% per annum (2013: 18% per annum) on the outstanding balance. As per agreement, CSM agreed to waive off mark up on default amounting to Rupees 15.290 million subject to liquidation of entire murabaha facility by 30

June 2012. However as the Company failed to pay the entire facility uptill agreed date, the waiver of the above mentioned mark-up was withdrawn by CSM.

CSM has filed a suit in Modaraba Tribunal against the Company for the recovery of above mentioned principal amount and mark-up amounting to Rupees 15.290 million previously waived off by CSM.

**7.3** This represents interest free loan obtained from Innovative Investment Bank Limited with sixty equal monthly installments commenced on 01 January 2009 uptill 01 December 2013. According to the loan agreement, in case the Company fails to pay any one of the installment, the entire outstanding amount on that date would be reinstated and immediately fell due carrying mark-up at the rate of 14 percent per annum. Due to non-payment of installments since more than two years, entire outstanding amount of the loan has become immediately due.

**7.4** This represents interest free loans obtained from director / sponsor of the Company repayable on demand.

**7.5** This represents interest free loan obtained from Crescent Jute Mills Limited (CJML) with whom the Company had approved the scheme of merger in the annual general meeting held on 31 October 2005. The time limit allowed in the scheme of merger has lapsed on 01 January 2008, and no agreement for further period has been executed by the Company with CJML. However, CJML showed its interest to convert this loan into equity on 28 November 2008. But the matter is still pending on behalf of the Company.

**7.6** This represents loan obtained from Crescent Foundation. It carries mark up at the rate of 10 percent per annum (2013: 12 percent per annum).

| | 2014 RUPEES | 2013 RUPEES |
|---|---|---|
| **8. DEFERRED INCOME TAX LIABILITY** | | |
| Opening balance | 35,537,233 | 39,624,722 |
| **Less:** | | |
| Adjustment of deferred income tax liability due to sale of plant machinery | 25,395,876 | - |
| Adjustment of change in deferred tax rate | 298,570 | 1,132,135 |
| Deferred income tax liability on incremental depreciation charge during the year transferred to profit and loss account | 1,525,608 | 2,955,354 |
| | 27,220,054 | 4,087,489 |
| | 8,317,179 | 35,537,233 |

The Company has accumulated tax losses of Rupees 426.796 million including unabsorbed depreciation as at 30 June 2014 (2013: Rupees 542.152 million). The related deferred income tax asset amounting to Rupees 140.878 million (2013: Rupees 145.207 million) has not been recognized in these financial statements as sufficient tax profits would not be probably available to set off these in the foreseeable future.

## 9. CONTINGENCIES AND COMMITMENTS

### a) Contingencies

i) The Commissioner Inland Revenue raised demand for sales tax amounting to Rupees 37.699 million (2013: Rupees 37.699 million) along with additional tax and penalty in respect of sales tax not charged on sale of fixed assets, sale of scrap, disputed inputs claimed, etc. Then Company filed appeals before the Appellate Tribunal Inland Revenue and subsequently in Lahore High Court which were decided against the Company. Now the Company has filed an appeal in Supreme Court of Pakistan against the decision of Lahore High Court. Moreover, the Company also approached FBR for a decision by Alternate Dispute Resolution Committee (ADRC). The Committee has given its recommendations to FBR. Pending decisions of the Supreme Court and FBR, no provision has been made in these financial statements. Based on the advice of legal counsel, the management is of the view that there are strong grounds about the decision of the case in favour of the Company.

ii) Bank guarantee of Rupees Nil (2013: Rupees 4.043 million) was given to Sui Northern Gas Pipelines Limited against gas connection.

### b) Commitments

There was no capital or other commitment of the Company as at 30 June 2014 (2013: Rupees Nil).

## 10. CASH AND BANK BALANCES

| | 2014 RUPEES | 2013 RUPEES |
|---|---|---|
| **With banks:** | | |
| On current accounts | 3,299,844 | 2,363,178 |
| Term deposit (Note 10.1) | 4,440,000 | 4,440,000 |
| On PLS saving accounts (Note 10.2) | 430,460 | 68,444 |
| | 8,170,304 | 6,871,622 |
| **Cash in hand** | 91,838 | 50,238 |
| | 8,262,142 | 6,921,860 |

10.1 This represents deposit with banking company and carry rate of profit of 8.30% (2013: 8.10%) per annum.

10.2 Rate of profit on PLS saving accounts ranges from 6% to 7 % (2013: 5%) per annum.

## 11. INVESTMENTS

| | 2014 RUPEES | 2013 RUPEES |
|---|---|---|
| **Available for sale** | | |
| **Associated Company:** | | |
| **Un-quoted** | | |
| **Crescent Group (Private) Limited** | | |
| 220 000 (2013: 220 000) fully paid ordinary shares of Rupees 10 each (Note 11.1) Equity held: 1.03% (2013: 1.03%) | - | - |
| **Others:** | | |
| **Un-quoted** | | |
| **Crescent Modaraba Management Company Limited** | | |
| 100 000 (2013: 100 000) fully paid ordinary shares of Rupees 10 each Equity held: 5.45% (2013: 5.45%) | 134,500 | 134,500 |
| **Investments at fair value through profit or loss** | | |
| **Quoted - Others:** | | |
| **Shakarganj Mills Limited** | | |
| 33 440 (2013: 33 440) fully paid ordinary shares of Rupees 10 each Equity held: 0.05% (2013: 0.05%) | 730,999 | 430,707 |
| **Crescent Fibres Limited** | | |
| 17 499 (2013: 17 499) fully paid ordinary shares of Rupees 10 each Equity held: 0.14% (2013: 0.14%) | 543,344 | 148,742 |
| **Shahzad Textile Mills Limited** | | |
| 60 (2013: 60) fully paid ordinary shares of Rupees 10 each | 1,761 | 300 |
| **Thal Limited** | | |
| 412 (2013: 412) fully paid ordinary shares of Rupees 10 each | 52,526 | 34,875 |
| | 1,328,630 | 614,624 |
| Net unrealized (loss) / gain on remeasurement of investments | (154,500) | 714,006 |
| | 1,174,130 | 1,328,630 |
| | 1,308,630 | 1,463,130 |

**11.1** Full amount of impairment has been provided against investment in Crescent Group (Private) Limited.

| | 2014 RUPEES | 2013 RUPEES |
|---|---|---|

## 12. LOANS AND ADVANCES

| | 2014 RUPEES | 2013 RUPEES |
|---|---|---|
| **Considered good:** | | |
| Employees - interest free (Note 12.1) | 92,788 | 102,405 |
| Income tax | 19,317,531 | 16,275,986 |
| | 19,410,319 | 16,378,391 |
| **Considered doubtful:** | | |
| Advances to employees / suppliers | - | 1,191,667 |
| Less: Provision for doubtful debts as at 01 July | 1,191,667 | 1,191,667 |
| Less: Provision written off during the year | (1,191,667) | - |
| As at 30 June | - | (1,191,667) |
| | 19,410,319 | 15,186,724 |

**12.1** These represent loans given to employees against their salaries. All loans are recoverable in equal monthly installments.

## 13. OTHER RECEIVABLES

| | 2014 RUPEES | 2013 RUPEES |
|---|---|---|
| **Considered good:** | | |
| Sales tax refundable | 5,832-845 | 5,690,883 |
| Others | 1,034,000 | - |
| | 6,866,845 | 5,690,883 |

## 14. TRADE DEBTS

| | 2014 RUPEES | 2013 RUPEES |
|---|---|---|
| **Considered good:** | | |
| Un-secured (Note 14.1) | 506,064 | 618,290 |

**14.1** As at 30 June 2014, all trade debts were past due but not impaired. These relate to an independent customer from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:

| | 2014 RUPEES | 2013 RUPEES |
|---|---|---|
| 1 to 6 months | 506,064 | 618,290 |

| | 2014 RUPEES | 2013 RUPEES |
|---|---|---|
| **15. STOCK-IN-TRADE** | | |
| Raw materials | - | 14,521,779 |
| Work-in-process | 2,318,180 | 5,274,165 |
| Finished goods | 1,294,177 | 4,707,718 |
| | 3,612,357 | 24,503,662 |
| Less: Provisions for obsolescence (Note 15.3) | - | 9,681,186 |
| | 3,612,357 | 14,822,476 |

**15.1** Whole of the stock-in-trade is being carried at net realizable value (2013: Rupees 9.982 million).

**15.2** The aggregate amount of write-down of inventories to net realizable value recognized as expense during the year was Rupees 2.792 million (2013: Rupees 4.139 million)

| **15.3 Provision for obsolescence** | | |
|---|---|---|
| Balance as on 01 July | 9,681,186 | 2,178,267 |
| Provision made during the year | - | 7,502,919 |
| Provision written off during the year | (9,681,186) | - |
| | (9,681,186) | 7,502,919 |
| Balance as on 30 June | - | 9,681,186 |

| **16. STORES AND SPARE PARTS** | | |
|---|---|---|
| Stores | 150,742 | 313,444 |
| Spare parts | 2,864,110 | 5,945,154 |
| | 3,014,852 | 6,258,598 |
| Less: Provision for obsolete store and spare parts (Note 16.1) | 1,609,568 | 3,340,796 |
| | 1,405,284 | 2,917,802 |

| **16.1 Provision for obsolete stores and spare parts** | | |
|---|---|---|
| Balance as on 01 July | 3,340,796 | 2,610,566 |
| Provision (reversed) / made during the year | (897,032) | 730,230 |
| Provision written off during the year | (834,196) | - |
| | (1,731,228) | 730,230 |
| Balance as on 30 June | 1,609,568 | 3,340,796 |

## 17. SECURITY DEPOSITS

These include Rupees 120 million (2013: Nil) deposited with Deputy Registrar (Judicial) of the Lahore High Court as per its order dated 09 October 2013 regarding the issuance of NOC by The Bank of Punjab.

## 18. PROPERTY, PLANT AND EQUIPMENT

| | Freehold land | Buildings on freehold land | Plant and machinery | Electric installations | Furniture and fittings | Computers | Vehicles | Non-operating looms | Total |
|---|---|---|---|---|---|---|---|---|---|
| | ----- | ----- | ----- | ----- | RUPEES | ----- | ----- | ----- | ----- |
| **At 30 June 2012** | | | | | | | | | |
| Cost / revalued amount | 181,886,000 | 43,344,341 | 161,102,220 | 298,363 | 21,338,347 | 6,249,191 | 9,717,770 | 1,497,611 | 425,433,843 |
| Accumulated depreciation | - | (14,507,311) | (61,407,323) | (243,077) | (16,135,040) | (6,170,102) | (5,528,449) | (1,497,611) | (105,488,913) |
| Net book value | 181,886,000 | 28,837,030 | 99,694,897 | 55,286 | 5,203,307 | 79,089 | 4,189,321 | - | 319,944,930 |
| **Year ended 30 June 2013** | | | | | | | | | |
| Opening net book value | 181,886,000 | 28,837,030 | 99,694,897 | 55,286 | 5,203,307 | 79,089 | 4,189,321 | - | 319,944,930 |
| Additions | - | - | - | - | - | 35,000 | - | - | 35,000 |
| Disposals: | | | | | | | | | |
| Cost | - | - | - | - | - | - | (1,679,000) | - | (1,679,000) |
| Accumulated depreciation | - | - | - | - | - | - | 1,288,515 | - | 1,288,515 |
| | - | - | - | - | - | - | (390,485) | - | (390,485) |
| Depreciation charge | - | (1,441,852) | (8,358,467) | (5,529) | (520,330) | (71,124) | (616,130) | - | (11,013,432) |
| Closing net book value | 181,886,000 | 27,395,178 | 91,336,430 | 49,757 | 4,682,977 | 42,965 | 3,182,706 | - | 308,576,013 |
| **At 30 June 2013** | | | | | | | | | |
| Cost / revalued amount | 181,886,000 | 43,344,341 | 161,102,220 | 298,363 | 21,338,347 | 6,284,191 | 8,038,770 | 1,497,611 | 423,789,843 |
| Accumulated depreciation | - | (15,949,163) | (69,765,790) | (248,606) | (16,655,370) | (6,241,226) | (4,856,064) | (1,497,611) | (115,213,830) |
| Net book value | 181,886,000 | 27,395,178 | 91,336,430 | 49,757 | 4,682,977 | 42,965 | 3,182,706 | - | 308,576,013 |
| **Year ended 30 June 2014** | | | | | | | | | |
| Opening net book value | 181,886,000 | 27,395,178 | 91,336,430 | 49,757 | 4,682,977 | 42,965 | 3,182,706 | - | 308,576,013 |
| Disposals: | | | | | | | | | |
| Cost / revalued amount | - | - | (161,102,220) | - | (944,440) | - | (2,397,500) | (1,497,611) | (165,941,771) |
| Accumulated depreciation | - | - | 73,547,929 | - | 628,847 | - | 1,454,280 | 1,497,611 | 77,128,667 |
| | - | - | (87,554,291) | - | (315,593) | - | (943,220) | - | (88,813,104) |
| Depreciation charge | - | (1,369,759) | (3,782,139) | (4,976) | (465,401) | (18,942) | (461,906) | - | (6,103,123) |
| Closing net book value | 181,886,000 | 26,025,419 | - | 44,781 | 3,901,983 | 24,023 | 1,777,580 | - | 213,659,786 |
| **At 30 June 2014** | | | | | | | | | |
| Cost / revalued amount | 181,886,000 | 43,344,341 | - | 298,363 | 20,393,907 | 6,284,191 | 5,641,270 | - | 257,848,072 |
| Accumulated depreciation | - | (17,318,922) | - | (253,582) | (16,491,924) | (6,260,168) | (3,863,690) | - | (44,188,286) |
| Net book value | 181,886,000 | 26,025,419 | - | 44,781 | 3,901,983 | 24,023 | 1,777,580 | - | 213,659,786 |
| **Annual rate of depreciation (%)** | - | 5 | 10 | 10 | 10 | 33.33 | 20 | - | |

**18.1** Had there been no revaluation, the cost, accumulated depreciation and book value of the revalued assets as at 30 June 2014 would have been as follows:

| | Cost | Accumulated depreciation | Book value |
|---|---|---|---|
| | RUPEES | | |
| Freehold land | 102,726 | - | 102,726 |
| Buildings on freehold land | 2,998,058 | 2,206,515 | 791,543 |

**18.2** Depreciation charge for the year has been allocated as follows:

| | 2014 RUPEES | 2013 RUPEES |
|---|---|---|
| Cost of sales (Note 20) | 5,156,874 | 9,805,848 |
| Administrative expenses (Note 21) | 946,249 | 1,207,584 |
| | **6,103,123** | **11,013,432** |

**18.3** The Bank of Punjab had previously first pari passu charge over land, building, plant and machinery of the Company for Rupees 300 million through registered mortgage. However as per the order of Lahore High Court dated 09 October 2013, NOC was given by the bank on deposit of Rupees 120 million with the Deputy Registrar (Judicial) of the Lahore High Court.

**18.4** Detail of property, plant and equipment, exceeding the book value of Rupees 50,000 disposed of during the year is as follows:

| Description | Quantity | Cost / revalued amount | Accumulated depreciation | Net book value | Sale proceeds | Gain / (loss) | Mode of disposal | Particulars of purchasers |
|---|---|---|---|---|---|---|---|---|
| | Nos | ----------------------- | ----------------------- | RUPEES | ----------------------- | ----------------------- | | |
| **Plant and Machinery** | | | | | | | | |
| Rapisonic Machine | 2 | 585,913 | 264,542 | 321,371 | 374,760 | 53,389 | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |
| Waste Cleaner | 2 | 387,446 | 173,526 | 213,920 | 772,247 | 558,327 | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |
| Bale Squeezer | 1 | 302,957 | 136,124 | 166,833 | 386,223 | 219,390 | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |
| Softener Machine | 3 | 1,445,039 | 766,398 | 678,641 | 3,309,625 | 2,630,984 | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |
| Softener Machine HY | 2 | 1,267,982 | 570,981 | 697,001 | 2,206,416 | 1,509,415 | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |
| Breaker Card JC1 Hy | 9 | 4,657,819 | 2,215,199 | 2,442,620 | 12,907,536 | 10,464,916 | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |
| Short Fiber Breaker Card JF2 with Feeder | 8 | 4,051,394 | 1,947,606 | 2,103,788 | 12,355,932 | 10,252,144 | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |
| Finisher Card | 3 | 1,707,740 | 774,363 | 933,377 | 8,274,062 | 7,340,685 | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |
| Finisher Card JC3 | 1 | 3,769,351 | 1,902,346 | 1,867,005 | 1,103,209 | (763,796) | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |
| Hard Waste Card | 1 | 1,012,850 | 458,133 | 554,717 | 1,103,209 | 548,492 | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |
| Teaser Card | 2 | 2,234,676 | 1,006,479 | 1,228,197 | 1,544,491 | 316,294 | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |
| Finisher Card JC3 | 13 | 5,959,125 | 2,683,940 | 3,275,185 | 19,864,371 | 16,589,186 | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |
| Long Fibre First Drawing Hy | 11 | 6,346,286 | 2,765,173 | 3,581,113 | 5,240,239 | 1,659,126 | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |
| Second Drawing Light | 7 | 825,697 | 453,956 | 371,741 | 5,791,843 | 5,420,102 | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |
| Finisher Drawing Hy | 8 | 5,146,353 | 2,307,319 | 2,839,034 | 9,266,949 | 6,427,915 | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |
| First Drawing Light | 8 | 4,051,394 | 1,832,529 | 2,218,865 | 4,412,825 | 2,193,960 | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |
| Finisher Drawing Light | 11 | 5,649,238 | 2,504,999 | 3,144,239 | 9,156,627 | 6,012,388 | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |
| Spinning Frames 4.25 Lt. | 37 | 5,265,533 | 2,387,619 | 2,877,914 | 61,921,972 | 59,044,058 | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |
| Spinning Frames Apron 4.75 Lt. | 2 | 496,594 | 223,662 | 272,932 | 6,012,484 | 5,739,552 | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |
| Spinning Frames 5.5 , 6.0 Hy | 15 | 5,336,689 | 2,419,883 | 2,916,806 | 24,822,184 | 21,905,378 | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |
| Twisting Frames | 5 | 5,242,041 | 2,305,791 | 2,936,250 | 3,088,983 | 152,733 | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |
| Closing Roping Machine | 1 | 186,224 | 84,873 | 101,351 | 1,103,208 | 1,001,857 | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |
| Roll Winding Machine Lt | 9 | 4,960,520 | 2,353,650 | 2,606,870 | 3,419,945 | 813,075 | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |
| Cop Winding Machine | 2 | 907,003 | 409,107 | 497,896 | 1,103,208 | 605,312 | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |
| Roll Winding Machine Hy | 4 | 1,707,741 | 774,363 | 933,378 | 1,985,774 | 1,052,396 | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |
| Sacking Looms 37.5" | 46 | 2,205,585 | 994,786 | 1,210,799 | 4,059,805 | 2,849,006 | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |
| Dry Beaming Machines | 2 | 434,935 | 196,673 | 238,262 | 1,103,209 | 864,947 | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |
| Printing Machine | 1 | 91,861 | 41,454 | 50,407 | 330,962 | 280,555 | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |

**18.4** Detail of property, plant and equipment, exceeding the book value of Rupees 50,000 disposed of during the year is as follows:

| Description | Quantity | Cost / revalued amount | Accumulated depreciation | Net book value | Sale proceeds | Gain / (loss) | Mode of disposal | Particulars of purchasers |
|---|---|---|---|---|---|---|---|---|
| | Nos | ---------------- | -------- | RUPEES | -------- | ---------------- | | |
| Calendaring Machine | 4 | 439,435 | 198,406 | 241,029 | 4,196,604 | 3,955,575 | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |
| Cloth Measure Machine with accessories | 2 | 109,234 | 49,361 | 59,873 | 1,818,292 | 1,758,419 | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |
| Cutting Machine | 3 | 297,957 | 134,200 | 163,757 | 1,588,621 | 1,424,864 | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |
| Bailing Press With Hydraulic Pump | 2 | 1,232,393 | 523,308 | 709,085 | 2,206,416 | 1,497,331 | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |
| Overhead Sewing Machine | 16 | 238,366 | 107,358 | 131,008 | 1,434,171 | 1,303,163 | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |
| Lapping Machine | 1 | 161,351 | 73,074 | 88,277 | 277,236 | 188,959 | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |
| Damping Machine | 1 | 585,914 | 264,542 | 321,372 | 220,642 | (100,730) | Negotiation | Aman Jute Fibrous Limited, Narikel Bari, Pora Rajshahi, Bangladesh |
| Water turbines, overhead tanks, hydrant engine and accessories | 6 | 842,532 | 732,597 | 109,935 | 2,066,000 | 1,956,065 | Negotiation | Crescent Steel and Allied Products Limited (associated company) |
| Finisher Card JC4 with accessories | 74 | 32,304,463 | 15,216,788 | 17,087,675 | 639,825 | (16,447,850) | Negotiation | Muhammad Amjad and Brothers, Samundri Road, Faisalabad |
| Sacking Looms 37.5" with accessories | 503 | 34,468,890 | 14,492,166 | 19,976,724 | 863,343 | (19,113,381) | Negotiation | Muhammad Amjad and Brothers, Samundri Road, Faisalabad |
| Bailing Press with Hydraulic Pump and accessories | 59 | 5,006,958 | 2,307,109 | 2,699,849 | 122,417 | (2,577,432) | Negotiation | Muhammad Amjad and Brothers, Samundri Road, Faisalabad |
| Boiler | 1 | 2,159,676 | 1,125,974 | 1,033,702 | 52,803 | (980,899) | Negotiation | Muhammad Amjad and Brothers, Samundri Road, Faisalabad |
| Water Turbines (30 Hp) with accessories | 4 | 139,555 | 64,907 | 74,648 | 3,412 | (71,236) | Negotiation | Muhammad Amjad and Brothers, Samundri Road, Faisalabad |
| Transformers with accessories | 8 | 3,934,057 | 1,892,595 | 2,041,462 | 96,186 | (1,945,276) | Negotiation | Muhammad Amjad and Brothers, Samundri Road, Faisalabad |
| Fork Lifter with accessories | 38 | 440,455 | 215,171 | 225,284 | 10,768 | (214,516) | Negotiation | Muhammad Amjad and Brothers, Samundri Road, Faisalabad |
| Humidification Unit (Weaving/Finishing) with accessories | 46 | 1,158,317 | 565,619 | 592,698 | 28,320 | (564,378) | Negotiation | Muhammad Amjad and Brothers, Samundri Road, Faisalabad |
| Lath Machine (12Ft) with accessories | 36 | 652,474 | 305,889 | 346,585 | 15,953 | (330,632) | Negotiation | Muhammad Amjad and Brothers, Samundri Road, Faisalabad |
| Moisture Content Tester (Portable) with accessories | 15 | 682,900 | 318,005 | 364,895 | 16,665 | (348,230) | Negotiation | Muhammad Amjad and Brothers, Samundri Road, Faisalabad |
| | | 161,090,913 | 73,542,543 | 87,548,370 | 226,522,972 | 138,974,602 | | |
| **Furniture and fixtures** | | | | | | | | |
| Generator 25KV | 1 | 390,000 | 199,994 | 190,006 | 190,006 | - | Negotiation | Crescent Socks (Private) Limited, Lahore (associated company) |
| **Vehicles** | | | | | | | | |
| Suzuki Cultus FDB-10-181 | 1 | 878,000 | 439,140 | 438,860 | 499,000 | 60,140 | Negotiation | Crescent Socks (Private) Limited, Lahore (associated company) |
| Honda Civic LHN - 3244 | 1 | 1,519,500 | 1,015,140 | 504,360 | 579,000 | 74,640 | Negotiation | Crescent Socks (Private) Limited, Lahore (associated company) |
| | | 2,397,500 | 1,454,280 | 943,220 | 1,078,000 | 134,780 | | |
| Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 50,000 | | 2,063,358 | 1,931,850 | 131,508 | 4,235,199 | 4,103,691 | | |
| | | 165,941,771 | 77,128,667 | 88,813,104 | 228,183,177 | 139,370,073 | | |

**18.5** Operating fixed assets having cost of Rupees 6.249 million (2013: Rupees 6.100 million) have been fully depreciated and are still in use of the Company.

| | | 2014 RUPEES | 2013 RUPEES |
|---|---|---|---|
| **19.** | **SALES** | | |
| | **Local** | | |
| | Main products | 6,006,175 | 18,665,987 |
| | Raw material | 10,904,871 | - |
| | Work-in-process | 2,901,517 | 890,886 |
| | Waste | - | 3,825 |
| | Others | 2,319,506 | - |
| | | 22,132,069 | 19,560,698 |
| | Less: Sales tax | 514,286 | 883,834 |
| | | 21,617,783 | 18,676,864 |
| **20.** | **COST OF SALES** | | |
| | Salaries, wages and other benefits | 1,426,294 | 2,146,113 |
| | Carrying value of raw material sold | 4,840,593 | - |
| | Stores and spare parts consumed | 200 | 10,440 |
| | Repair and maintenance | 14,000 | 18,890 |
| | Fuel and power | 1,166,552 | 1,501,080 |
| | Insurance | 190,790 | 404,530 |
| | Other factory overheads | 43,608 | 51,340 |
| | Depreciation (Note 18.2) | 5,156,874 | 9,805,848 |
| | | 12,838,911 | 13,938,241 |
| | **Work-in-process** | | |
| | Opening stock | 5,274,165 | 6,634,619 |
| | Closing stock | (2,318,180) | (5,274,165) |
| | | 2,955,985 | 1,360,454 |
| | Cost of goods manufactured | 15,794,896 | 15,298,695 |
| | **Finished goods** | | |
| | Opening stock | 4,707,718 | 28,431,778 |
| | Closing stock | (1,294,177) | (4,707,718) |
| | | 3,413,541 | 23,724,060 |
| | | 19,208,437 | 39,022,755 |
| | Cost of goods - purchased for resale | 2,274,026 | - |
| | | 21,482,463 | 39,022,755 |

| | | 2014 RUPEES | 2013 RUPEES |
|---|---|---|---|
| **21.** | **ADMINISTRATIVE EXPENSES** | | |
| | Salaries, allowances and other benefits | 19,268,313 | 22,960,493 |
| | Rent, rates and taxes | 1,676,131 | 1,928,270 |
| | Legal and professional | 2,770,237 | 3,141,130 |
| | Insurance | 336,956 | 352,547 |
| | Travelling and conveyance | 360,823 | 780,625 |
| | Vehicles' running | 672,236 | 1,694,690 |
| | Entertainment | 261,008 | 298,567 |
| | Auditors' remuneration (Note 21.1) | 215,000 | 215,000 |
| | Advertisement | 135,750 | 40,800 |
| | Postage and telephone | 875,908 | 972,828 |
| | Electricity, gas and water | 615,941 | 1,190,641 |
| | Printing and stationery | 147,447 | 151,809 |
| | Repair and maintenance | 45,764 | 72,321 |
| | Fee and subscription | 35,264 | 37,129 |
| | Depreciation (Note 18.2) | 946,249 | 1,207,584 |
| | Miscellaneous | 229,782 | 230,270 |
| | | 28,592,809 | 35,274,704 |
| **21.1** | **Auditors' remuneration:** | | |
| | Audit fee | 150,000 | 150,000 |
| | Half yearly review | 50,000 | 50,000 |
| | Reimbursable expenses | 15,000 | 15,000 |
| | | 215,000 | 215,000 |
| **22.** | **OTHER EXPENSES** | | |
| | Exchange loss | - | 3,473,294 |
| | Loans and advances written off | 15,000 | - |
| | Security deposits written off | 72,940 | 2,000 |
| | Commission for sale of property, plant and equipment | - | 816,000 |
| | Net un-realized loss on re-measurement of investments at fair value through profit or loss | 154,500 | - |
| | Provision for obsolete stores and spare parts | - | 730,230 |
| | Provision for obsolescence of stock-in-trade | - | 7,502,919 |
| | | 242,440 | 12,524,443 |
| **23.** | **OTHER INCOME** | | |
| | **Income from financial assets** | | |
| | Profit on deposits with banks | 463,118 | 472,191 |
| | Exchange gain | 188,766 | - |
| | Dividend income on investments in other than associated companies | 31,489 | 20,796 |
| | Net un-realized gain on re-measurement of investments at fair value through profit or loss | - | 714,006 |

| | 2014 RUPEES | 2013 RUPEES |
|---|---|---|
| **Income from non-financial assets** | | |
| Gain on sale of property, plant and equipment | 214,044,415 | 544,515 |
| Credit balances written back | 68,345 | 23,843,407 |
| Reversal of provision for obsolete stores and spare parts (Note 16.1) | 897,032 | - |
| Others | - | 3,385 |
| | 215,009,792 | 24,391,307 |
| | 215,693,165 | 25,598,300 |

**24. FINANCE COST**

| | 2014 RUPEES | 2013 RUPEES |
|---|---|---|
| Mark-up on borrowings | 20,739,809 | 23,577,173 |
| Bank charges and commission | 58,219 | 348,032 |
| | 20,798,028 | 23,925,205 |

**25. TAXATION**

| | 2014 RUPEES | 2013 RUPEES |
|---|---|---|
| Current (Note 25.1) | 2,635,449 | 49,293 |
| Deferred (Note 8) | (1,525,608) | (2,955,354) |
| | (1,109,841) | 2,906,061 |

**25.1** Provision for current taxation represents minimum tax on local sales and tax on other income under the relevant provisions of the Income Tax Ordinance, 2001. Reconciliation of tax expenses and product of accounting profit multiplied by the applicable tax rate is not required in view of accumulated tax losses of the Company.

**26. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED**

There is no dilutive effect on the basic earnings / (loss) per share which is based on:

| | | 2014 | 2013 |
|---|---|---|---|
| Loss for the year | (Rupees) | 165,034,786 | (63,693,432) |
| Weighted average number of ordinary shares | (Numbers) | 23 763 468 | 23 763 468 |
| Earning / (loss) per share | (Rupees) | 6.94 | (2.68) |

## 27. CASH GENERATED FROM OPERATIONS

| | 2014 RUPEES | 2013 RUPEES |
|---|---|---|
| **Profit / (oss) before taxation** | 166,144,627 | (66,599,493) |
| **Adjustments for non-cash charges and other items:** | | |
| Depreciation | 6,103,123 | 11,013,432 |
| Gain on sale of property, plant and equipment | (214,044,415) | (544,515) |
| Credit balances written back | (68,345) | (23,843,407) |
| Loans and advances written off | 15,000 | 2,000 |
| Security deposits written off | 72,940 | - |
| Net un-realized loss / (gain) on re-measurement of investments at fair value through profit or loss | 154,500 | (714,006) |
| Dividend income | (31,489) | (20,796) |
| Provision for obsolete stores and spare parts | - | 730,230 |
| Provision for obsolescence of stock-in-trade | - | 7,502,919 |
| Reversal of provision for obsolete stores and spare parts | (897,032) | - |
| Finance cost | 20,798,028 | 23,925,205 |
| Working capital changes (Note 27.1) | (150,715,853) | 66,897,900 |
| | (172,468,916) | 18,349,469 |

### 27.1 Working capital changes

| | 2014 RUPEES | 2013 RUPEES |
|---|---|---|
| Decrease / (increase) in current assets: | | |
| - Stores and spare parts | 2,409,550 | 10,441 |
| - Stock in trade | 11,210,119 | 25,084,514 |
| - Trade debts | 112,226 | (618,290) |
| - Loans and advances | (5,383) | 165,000 |
| - Security deposits | (119,619,622) | - |
| - Prepayments | 28,170 | 120,712 |
| - Other receivables | (1,175,962) | 2,235,919 |
| | (107,040,902) | 26,998,296 |
| (Decrease) / Increase in trade and other payables | (43,674,951) | 39,899,604 |
| | (150,715,853) | 66,897,900 |

## 28. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

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

| | Chief Executive Officer | | Directors | | Executives | |
|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| | RUPEES | | | | | |
| **Managerial remuneration** | 4,000,800 | 4,000,800 | 3,683,778 | 4,478,251 | 390,000 | 2,340,000 |
| **Allowances** | | | | | | |
| House rent | 1,999,200 | 1,999,200 | 1,524,983 | 1,903,276 | - | - |
| Medical | - | 13,100 | 88,478 | 77,491 | - | - |
| Utilities | - | - | 88,478 | 74,626 | - | 594,021 |
| Servant's salary | - | 60,000 | - | 32,000 | - | 54,480 |
| Others | - | 58,400 | - | 67,031 | - | 28,856 |
| | **6,000,000** | **6,131,500** | **5,385,717** | **6,632,675** | **390,000** | **3,017,357** |
| **Number of persons** | **1** | **1** | **2** | **2** | **1** | **1** |

**28.1** Aggregate amount charged in these financial statements for meeting fee to three directors (2013: one director) was Rupees 12,500 (2013: Rupees 5,000).

**28.2** One director is provided with free use of Company's maintained car.

**28.3** No remuneration was paid to non-executive directors of the Company.

## 29. TRANSACTIONS WITH RELATED PARTIES

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

| | 2014 RUPEES | 2013 RUPEES |
|---|---|---|
| **Associated companies** | | |
| Service charges paid | 672,540 | 653,430 |
| Service charges received | - | 1,936,953 |
| Goods purchased | 2,274,026 | - |
| Sale of operating fixed assets | 7,418,897 | - |
| **Directors** | | |
| Loan received | 170,800,000 | 7,667,515 |
| Loan repaid | 207,077,010 | - |
| Company’s expenses paid by CEO | - | 39,664,709 |
| Company's expenses reimbursed to CEO | 14,790,635 | 41,045,362 |

## 30. NUMBER OF EMPLOYEES

| | 2014 | 2013 |
|---|---|---|
| | (Number of Persons) | |
| Number of employees as on 30 June | 55 | 57 |
| Average number of employees during the year | 57 | 57 |

## 31. PLANT CAPACITY AND ACTUAL PRODUCTION

The Company has ceased its production activities since May 2011.

## 32. FINANCIAL RISK MANAGEMENT

### 32.1 Financial risk factors

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

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

**(a) Market risk**

**(i) Currency risk**

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

The Company is exposed to currency risk arising from United States Dollar (USD). The Company's exposure to currency risk was as follows:

| | 2014 | 2013 |
|---|---|---|
| Borrowings - FE-25 - USD | 755,064 | 755,064 |

Following exchange rate was applied during the year:

| **Rupees per US Dollar** | | |
|---|---|---|
| Average rate | 102.70 | 98.02 |
| Reporting date rate | 98.55 | 98.60 |

**Sensitivity analysis**

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, with all other variables held constant, the impact on profit / (loss) after taxation for the year would have been Rupees 3.534 million higher / lower (2013: Rupees 3.722 million lower / higher), mainly as a result of exchange loss / gain on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

**(ii) Other price risk**

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

**Sensitivity analysis**

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

| Index | Impact on loss after taxation | | Impact on other comprehensive loss | |
|---|---|---|---|---|
| | 2014 RUPEES | 2013 RUPEES | 2014 RUPEES | 2013 RUPEES |
| KSE 100 (5% increase) | 55,771 | 66,431 | - | - |
| KSE 100 (5% decrease) | (55,771) | (66,431) | - | - |

**(iii) Interest rate risk**

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

The Company has no interest-bearing assets except for term deposit and bank balances in saving accounts. The Company's interest rate risk arises from borrowings, term deposit and bank balances in saving accounts. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

At the balance sheet date, the interest rate profile of the Company's interest bearing financial instruments was:

| | 2014 RUPEES | 2013 RUPEES |
|---|---|---|
| **Fixed rate financial instruments:** | | |
| **Financial liabilities** | | |
| Borrowings | 97,893,724 | 97,893,724 |
| **Floating rate instruments:** | | |
| **Financial assets** | | |
| Term deposit | 4,440,000 | 4,440,000 |
| Bank balances- saving accounts | 430,460 | 68,444 |
| **Financial liabilities** | | |
| Borrowings | 95,193,919 | 95,382,685 |

**Fair value sensitivity analysis for fixed rate instruments**

The Company does not account for any fixed rate liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit / loss of the Company.

**Cash flow sensitivity analysis for variable rate instruments**

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit / (loss) after taxation for the year would have been Rupees 0.858 million lower / higher (2013: Rupees 0.909 million higher / lower), mainly as a result of higher / lower interest expense / income on floating rate financial instruments. This analysis is prepared assuming the amount of financial instruments outstanding at balance sheet date were outstanding for the whole year.

### (b) Credit risk

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

| | 2014 RUPEES | 2013 RUPEES |
|---|---|---|
| Investments | 1,308,630 | 1,463,130 |
| Loans and advances | 92,788 | 102,405 |
| Deposits | 120,538,230 | 991,548 |
| Trade debts | 506,064 | 618,290 |
| Other receivables | 1,034,000 | - |
| Bank balances | 8,170,304 | 6,871,622 |
| | 131,650,016 | 10,046,995 |

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

| | Rating | | | 2014 | 2013 |
|---|---|---|---|---|---|
| | Short Term | Long term | Agency | RUPEES | RUPEES |
| **Banks** | | | | | |
| MCB Bank Limited | A1+ | AAA | PACRA | 4,899,599 | 4,537,084 |
| United Bank Limited | A-1+ | AA+ | JCR-VIS | 24,862 | 50,477 |
| National Bank of Pakistan | A-1+ | AAA | JCR-VIS | 1,277 | 1,952 |
| Bank Alfalah Limited | A1+ | AA | PACRA | 2,370 | 2,991 |
| The Bank of Punjab | A1+ | AA- | PACRA | 152 | 148 |
| Faysal Bank Limited | A1+ | AA | PACRA | 215 | - |
| Dubai Islamic Bank Pakistan Limited | A-1 | A+ | JCR-VIS | 3,241,829 | 2,278,970 |
| | | | | 8,170,304 | 6,871,622 |

Due to the Company's long standing business relationships with these counterparties, the management does not expect non-performance by these counterparties on their obligations to the Company. Accordingly, the credit risk is minimal.

### (c) Liquidity risk

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

As at 30 June 2014, the Company had not any unavailed borrowing limits from financial institutions and Rupees 8.262 million (2013: Rupees 6.922 million) cash and bank balances. The management believes the liquidity risk to be high. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2014:

| | Carrying Amount | Contractual Cash Flows | 6 month or less | 6-12 month | 1-2 Year | More than 2 Years |
|---|---|---|---|---|---|---|
| | RUPEES | | | | | |
| **Non-derivative financial liabilities:** | | | | | | |
| Borrowings | 301,119,520 | 311,990,828 | 311,990,828 | - | - | - |
| Trade and other payables | 9,30 9,185 | 9,309,185 | 9,309,185 | - | - | - |
| Accrued markup | 121,715,703 | 121,715,703 | 121,715,703 | - | - | - |
| | 432,144,408 | 443,015,716 | 443,015,716 | - | - | - |

Contractual maturities of financial liabilities as at 30 June 2013

| | | | | | | |
|---|---|---|---|---|---|---|
| **Non-derivative financial liabilities:** | | | | | | |
| Borrowings | 352,375,931 | 363,859,746 | 363,859,746 | - | - | - |
| Trade and other payables | 12,053,586 | 12,053,586 | 12,053,586 | - | - | - |
| Accrued markup | 100,975,894 | 100,975,894 | 100,975,894 | - | - | - |
| | 465,405,411 | 476,889,226 | 476,889,226 | - | - | - |

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

### 32.2 Fair values of financial assets and liabilities

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

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | RUPEES | | | |
| **As at 30 June 2014** | | | | |
| **Assets** | | | | |
| Financial assets at fair value through profit or loss | 1,174,130 | - | - | 1,174,130 |
| **As at 30 June 2013** | | | | |
| **Assets** | | | | |
| Financial assets at fair value through profit or loss | 1,328,630 | - | - | 1,328,630 |

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

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value a financial instrument are observable, those financial instruments are classified under level 2 in above referred table. The Company has no such type of financial instruments as on 30 June 2014.

If one or more of the significant inputs is not based on observable market data, the financial instrument is classified under level 3. The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

## 32.3 Financial instruments by categories

| | Loans and receivables | At fair value through profit or loss | Available for sale | Total |
|---|---|---|---|---|
| | ----------RUPEES---------- | | | |
| **As at 30 June 2014** | | | | |
| **Assets as per balance sheet** | | | | |
| Investments | - | 1,174,130 | 134,500 | 1,308,630 |
| Loans and advances | 92,788 | - | - | 92,788 |
| Deposits | 120,538,230 | - | - | 120,538,230 |
| Trade debts | 506,064 | - | - | 506,064 |
| Other receivables | 1,034,000 | - | - | 1,034,000 |
| Cash and bank balances | 8,262,142 | - | - | 8,262,142 |
| | 130,433,224 | 1,174,130 | 134,500 | 131,741,854 |

| | Financial liabilities at amortized cost |
|---|---|
| | RUPEES |
| **Liabilities as per balance sheet** | |
| Borrowings | 301,119,520 |
| Trade and other payables | 9,309,185 |
| Accrued mark-up | 121,715,703 |
| | 432,144,408 |

| | Loans and receivables | At fair value through profit or loss | Available for sale | Total |
|---|---|---|---|---|
| | ----------RUPEES---------- | | | |
| **As at 30 June 2013** | | | | |
| **Assets as per balance sheet** | | | | |
| Investments | - | 1,328,630 | 134,500 | 1,463,130 |
| Loans and advances | 102,405 | - | - | 102,405 |
| Deposits | 991,548 | - | - | 991,548 |
| Other receivables | 618,290 | - | - | 618,290 |
| Cash and bank balances | 6,921,860 | - | - | 6,921,860 |
| | 8,634,103 | 1,328,630 | 134,500 | 10,097,233 |

| | Financial liabilities at amortized cost |
|---|---|
| | RUPEES |
| **Liabilities as per balance sheet** | |
| Borrowings | 352,375,931 |
| Trade and other payables | 12,053,586 |
| Accrued mark-up | 100,975,894 |
| | 465,405,411 |

**32.4 Capital risk management**

The Company has ceased its all production activities and the management concludes that the Company is not a going concern. Therefore, there is no need to maintain and adjust the capital structure and monitor the issues pertaining to the capital risk management of the Company.

**33. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on September 26, 2014 by the Board of Directors of the Company.

**34. CORRESPONDING FIGURES**

Corresponding figures have been re-arranged, wherever necessary for the purpose of comparison. However, no significant re-arrangements have been made.

**35. GENERAL**

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

| | |
|---|---|
| **Humayun Mazhar** | **Khurram Mazhar Karim** |
| Chief Executive Officer | Director |

# FORM OF PROXY

I/We ______________________________________________________________________

of ______________________________________________ a member/members of Crescent Jute

Products Limited and holder of ____________________ shares as per Registered Folio #/CDC Participant ID # / Sub A/C # / Investor A/C # ____________________ do hereby appoint ______________________________ of ____________________ or failing

him / her ______________________________ of ____________________

who is also member of the Company vide Registered Folio # / CDC Participant ID # / Sub A/C # / Investor A/C # ____________ as my / our Proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of the shareholders of CRESCENT JUTE PRODUCTS LIMITED to be held on Friday the October 31, 2014 at 11:00 a.m. at 503 - E, Johar Town, Lahore and at any adjournment thereof.

As witness my hand this ______________________ day of ____________ 2014.

**Member's Signature**

Please affix here Revenue Stamp

**Witness Signature**

Place ______________________________

Date: ______________________________

**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 of the Company not later than 48 hours before the time for holding the meeting.

Proxies of the member (s) through CDC shall be accompanied with attested copies of the CNIC(s). The shareholders through CDC are requested to bring original CNIC, Account Number and participant Account Number to be produced at the time of attending the meeting.