

CRESCENT GROUP



CRESCENT JUTE
PRODUCTS LTD.

**Reviewed Condensed Interim Financial Statements
For The Half Year Ended 31 December, 2016**



**CRESCENT JUTE
PRODUCTS LTD.**

**CRESCENT JUTE PRODUCTS LTD.
FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED
31 DECEMBER 2016**

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CRESCENT JUTE
PRODUCTS LTD.

COMPANY INFORMATION

COMPANY INFORMATION

BOARD OF DIRECTORS

| | |
|-----------------------------|----------------------------------------------|
| Mrs. Abida Mazhar | Chairperson - 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, Main Boulevard Gulberg-III, Lahore-54660
Tel: (042) 35783801 Fax: (042) 35783811



**CRESCENT JUTE
PRODUCTS LTD.**

DIRECTORS REPORT TO THE SHAREHOLDERS

Accounts for the Half Year ended December 31, 2016 show a loss of Rupees 21.861 million, as compared to loss of Rupees 24.504 million in the corresponding periods in 2015. The loss is attributed mainly due to the cost minimum staff required for managing the corporate affairs and safe guarding the remaining assets of the company. The management is in the process of implementing the closure plan approved by the BOD and Shareholders.

However, there has been significant delay in implementation of the above said plan. There were two parts of this plan i.e. Disposal of Assets and Future Business plan. As far as the Disposal Of Assets is concerned, significant progress has been made in this regard i.e. not only majority of payments against disposal of fixed assets have been realized, except the last installment against sale of land amounting to Rs. 66.67 million due in December, 2017, but these assets have also been disposed off at a significantly higher value than the amount approved by the Shareholders.

As far as the Future Business Plan is concerned it was contingent upon settlement of liabilities with financial institutions and any surplus realized thereof. In this regard the progress has been very slow as we are still under litigation with the concerned financial institutions. This inordinate delay in settlement of liabilities has not only resulted non- implementation of the business plan but has also resulted in additional operational costs without any business activity. Although, our Legal advisors are fairly optimistic on a favorable outcomes in all pending cases the timelines for the same are very difficult to predict. In view the same, the implementation of any future business plan will be explored on realization of any surplus of funds, after full and final settlement all outstanding liabilities with the financial institutions.

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.

For and on behalf of the Board

(Humayun Mazhar)
Chief Executive Officer

Lahore: February 27, 2017.



**CRESCENT JUTE
PRODUCTS LTD.**

AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

INTRODUCTION

We have reviewed the accompanying condensed interim balance sheet of CRESCENT JUTE PRODUCTS LIMITED ("the Company") as at 31 December 2016 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2016 and 31 December 2015 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2016.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended 31 December 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting..



**CRESCENT JUTE
PRODUCTS LTD.**

**AUDITOR'S REPORT TO THE MEMBERS ON REVIEW
OF CONDENSED INTERIM FINANCIAL INFORMATION**

EMPHASIS OF MATTER

We draw attention to Note No. 1.1 to the condensed interim financial information, which states that this condensed interim financial information has 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 Mahmood

Date: February 27, 2017

FAISALABAD



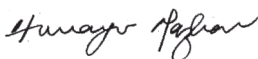
CRESCENT JUTE
PRODUCTS LTD.

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE HALF YEAR ENDED 31 DECEMBER 2016 (UNAUDITED)

| | Half year ended | | Quarter ended | |
|------------------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 31 December 2016 | 31 December 2015 | 31 December 2016 | 31 December 2015 |
| INCOME | 1,608,489 | 102,185 | 861,113 | - |
| ADMINISTRATIVE EXPENSES | (13,208,906) | (11,124,119) | (6,174,990) | (5,865,936) |
| OTHER EXPENSES | (89,506) | (3,511,677) | (89,506) | (3,511,677) |
| FINANCE COST | (9,605,735) | (9,966,844) | (4,737,124) | (5,031,333) |
| LOSS BEFORE TAXATION | <u>(21,295,658)</u> | <u>(24,500,455)</u> | <u>(10,140,507)</u> | <u>(14,408,946)</u> |
| TAXATION | (565,455) | (3,539) | (565,455) | - |
| LOSS AFTER TAXATION | <u>(21,861,113)</u> | <u>(24,503,994)</u> | <u>(10,705,962)</u> | <u>(14,408,946)</u> |
| LOSS PER SHARE - BASIC AND DILUTED | <u>(0.92)</u> | <u>(1.03)</u> | <u>(0.45)</u> | <u>(0.61)</u> |

The annexed notes form an integral part of this condensed interim financial information.


Humayun Mazhar
CHIEF EXECUTIVE OFFICER


Khurram Mazhar Karim
DIRECTOR



CRESCENT JUTE
PRODUCTS LTD.

**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME**

FOR THE HALF YEAR ENDED 31 DECEMBER 2016 (UNAUDITED)

| Half year ended | | Quarter ended | |
|---------------------|---------------------|---------------------|---------------------|
| 31 December 2016 | 31 December 2015 | 31 December 2016 | 31 December 2015 |

----- (RUPEES) -----

LOSS AFTER TAXATION (21,861,113) (24,503,994) (10,705,962) (14,408,946)

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 PERIOD (21,861,113) (24,503,994) (10,705,962) (14,408,946)

The annexed notes form an integral part of this condensed interim financial information.

Humayun Mazhar
CHIEF EXECUTIVE OFFICER

Khurram Mazhar Karim
DIRECTOR



CRESCENT JUTE
PRODUCTS LTD.

CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE HALF YEAR ENDED 31 DECEMBER 2016 (UNAUDITED)

| NOTE | Half year ended | | |
|-------------------------------------------------------------|---------------------|---------------------|------------|
| | 31 December 2016 | 31 December 2015 | |
| | RUPEES | RUPEES | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 7 | 28,362,124 | 55,490,924 |
| Finance cost paid | | (6,990) | (64,080) |
| Income tax paid | | (666,210) | (46,997) |
| Net cash generated from operating activities | | 27,688,924 | 55,379,847 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Dividends received | | 20,134 | 28,309 |
| Profit on bank deposits received | | 918,416 | 73,876 |
| Net cash from investing activities | | 938,550 | 102,185 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Borrowings-net | | (46,000,000) | 5,500,000 |
| Net cash (used in) / from financing activities | | (46,000,000) | 5,500,000 |
| NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS | | (17,372,526) | 60,982,032 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | | 43,248,907 | 1,826,795 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | | 25,876,381 | 62,808,827 |

The annexed notes form an integral part of this condensed interim financial information.

Humayun Mazhar
CHIEF EXECUTIVE OFFICER

Khurram Mazhar Karim
DIRECTOR



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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2016 (UNAUDITED)

| | SHARE CAPITAL | CAPITAL RESERVE | ACCUMU- LATED LOSS | TOTAL EQUITY |
|---------------------------------------------------------------------------|------------------|--------------------|--------------------------|-----------------|
| | | Share premium | | |
| ----- (RUPEES) ----- | | | | |
| Balance as at 30 June 2015 - (Audited) | 237,634,680 | 35,767,584 | (546,567,278) | (273,165,014) |
| Loss for the half year ended 31 December 2015 | - | - | (24,503,994) | (24,503,994) |
| Other comprehensive income for the half year ended 31 December 2015 | - | - | - | - |
| Total comprehensive loss for the half year ended 31 December 2015 | - | - | (24,503,994) | (24,503,994) |
| Balance as at 31 December 2015 - (Un-audited) | 237,634,680 | 35,767,584 | (571,071,272) | (297,669,008) |
| Loss for the half year ended 30 June 2016 | - | - | (22,367,629) | (22,367,629) |
| Other comprehensive income for the half year ended 30 June 2016 | - | - | - | - |
| Total comprehensive loss for the half year ended 30 June 2016 | - | - | (22,367,629) | (22,367,629) |
| Balance as at 30 June 2016 - (Audited) | 237,634,680 | 35,767,584 | (593,438,901) | (320,036,637) |
| Loss for the half year ended 31 December 2016 | - | - | (21,861,113) | (21,861,113) |
| Other comprehensive income for the half year ended 31 December 2016 | - | - | - | - |
| Total comprehensive loss for the half year ended 31 December 2016 | - | - | (21,861,113) | (21,861,113) |
| Balance as at 31 December 2016 - (Un-audited) | 237,634,680 | 35,767,584 | (615,300,014) | (341,897,750) |

The annexed notes form an integral part of this condensed interim financial information.

Humayun Mazhar
CHIEF EXECUTIVE OFFICER

Khurram Mazhar Karim
DIRECTOR



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SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE HALF YEAR ENDED 31 DECEMBER 2016 (UNAUDITED)

1. THE COMPANY AND ITS ACTIVITIES 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 Pakistan Stock Exchange Limited. Its registered office is situated at 10-B, 10th Floor, BOP Tower, Block E-2, Main Boulevard, Gulberg, Lahore. The Company was 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. Whole of the plant and machinery and buildings on freehold land have been disposed of uptill 30 June 2015. Moreover during the period ended 31 December 2016, the Company has reported loss after taxation of Rupees 21.861 million. The Company has suffered accumulated loss of Rupees 615.300 million as on 31 December 2016 which has turned equity into negative balance of Rupees 341.898 million. Hence, the Company is not considered a going concern.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2016.

2.1 Basis of preparation

2.1.1 Statement of compliance

This condensed interim financial information is un-audited but subject to limited scope review by the statutory auditors and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This condensed interim financial information of the Company for the half year ended 31 December 2016 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives of the Companies Ordinance, 1984. In case where requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail. This condensed interim financial information should be read in conjunction with the preceding audited annual published financial statements of the Company for the year ended 30 June 2016.

2.1.2 Accounting convention

Keeping in view the fact that the Company may not be able to continue as going concern, this condensed interim financial information is prepared on the basis of realizable / settlement values of assets and liabilities respectively in addition to the historical cost convention. 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.



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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 freehold land which is carried at revalued amount and certain financial instruments which are carried at fair value.

2.1.3 Critical accounting estimates and judgments

The preparation of this condensed interim financial information 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.

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2016.

3. TRADE AND OTHER PAYABLES

These include Rupees 126.667 million (30 June 2016: Rupees 86.667 million) received as advance against sale of land from Mrs. Saima Yousaf.

| | Un-audited 31 December 2016 RUPEES | Audited 30 June 2016 RUPEES |
|----------------------------------------------------------|-------------------------------------------------------|------------------------------------------------|
| 4. BORROWINGS | | |
| From banking company and financial institution - secured | | |
| The Bank of Punjab (Note 4.1) | 99,762,056 | 99,686,550 |
| Crescent Standard Modaraba (Note 4.2) | 33,810,398 | 33,810,398 |
| Unsecured | | |
| Innovative Investment Bank Limited | 18,083,326 | 18,083,326 |
| Loan from sponsor | 4,461,237 | 4,461,237 |
| Crescent Jute Mills Limited | 55,138,715 | 55,138,715 |
| Crescent Foundation (Note 4.3) | - | 46,000,000 |
| | <u>211,255,732</u> | <u>257,180,226</u> |

4.1 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 6.2, the Bank has provided No Objection Certificate (NOC) for vacation of charge on assets.

4.2 This facility was obtained from Crescent Standard Modaraba (CSM) which was repayable up to 30 June 2012, but the Company could not pay the balance uptill the expiry of the prescribed date. As the Company is in default, mark-up at the rate of 18 percent per annum is being charged on the outstanding balance. Moreover, CSM also filed



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two criminal complaints against the management of the Company before Special Judge (Offences in respect of Banks), Punjab for lifting the pledged stock. Furthermore 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. The case has been decided against the Company. Now the Company has filed an appeal in Lahore High Court against the Order of Modaraba Tribunal.

4.3 This loan has been repaid on 27 December 2016 by the Company.

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

The Commissioner Inland Revenue raised demand for sales tax amounting to Rupees 37.699 million (30 June 2016: 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. Due to pending decisions of Supreme Court and FBR, no provision has been made in this condensed interim financial information. 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.

5.2 Commitments

There is no capital or other commitment as at 31 December 2016 (30 June 2016: Rupees Nil).

| | Un-audited 31 December 2016 RUPEES | Audited 30 June 2016 RUPEES |
|--|---------------------------------------------|--------------------------------------|
|--|---------------------------------------------|--------------------------------------|

6. PROPERTY AND EQUIPMENT

| | | |
|----------------------------------------------------------------------------|--------------------|--------------------|
| Opening book value | 212,520,634 | 187,124,956 |
| Effect of surplus on revaluation of freehold land during the period / year | - | 26,130,000 |
| | <u>212,520,634</u> | <u>213,254,956</u> |
| Less: | | |
| Book value of disposal during the period / year - vehicle | - | 145,777 |
| Depreciation charged during the period / year | 248,582 | 588,545 |
| | 248,582 | 734,322 |
| | <u>212,272,052</u> | <u>212,520,634</u> |

6.1 The Company through an agreement dated 17 July 2014 agreed to sell complete freehold land of the Company against Rupees 220.000 million to Mrs. Saima Yousaf. Rupees 20 million was paid as down payment while remaining 200 million has to be paid in three equal installments of Rupees 66.667 million each uptill 24 December 2017. The Company has received Rupees 126.667 million as advance in this regard as shown in Note 3. Remaining Rupees 93.333 million will be received from the buyer uptill 24 December 2017. As per the agreement, proportionate freehold land has to be transferred to the buyer on the clearance of each installment mentioned above.



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6.2 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.

| (Un-audited) | |
|---------------------|---------------------|
| Half year ended | |
| 31 December 2016 | 31 December 2015 |
| RUPEES | RUPEES |

7. CASH GENERATED FROM OPERATIONS

| | | |
|----------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Loss before taxation | (21,295,658) | (24,500,455) |
| Adjustments for non-cash charges and other items: | | |
| Depreciation | 248,582 | 296,900 |
| Dividend income | (20,074) | (28,309) |
| Loans and advances written off | 14,000 | - |
| Profit on bank deposits | (959,483) | (73,876) |
| Exchange loss | 75,506 | 3,511,048 |
| Net un-realized (gain) / loss on remeasurement of investments at fair value through profit or loss | (628,932) | 629 |
| Finance cost | 9,605,735 | 9,966,844 |
| Working capital changes (Note 7.1) | 41,322,448 | 66,318,143 |
| | <u>28,362,124</u> | <u>55,490,924</u> |

| (Un-audited) | |
|---------------------|---------------------|
| Half year ended | |
| 31 December 2016 | 31 December 2015 |
| RUPEES | RUPEES |

7.1 Working capital changes

Decrease / (increase) in
current assets:

| | | |
|-----------------------------------------|-------------------|-------------------|
| Loans and advances | 37,465 | 75,000 |
| Security deposits | - | 2,000 |
| Prepayments | (86,025) | (177,209) |
| | (48,560) | (100,209) |
| Increase in trade and other payables | 41,371,008 | 66,418,352 |
| | <u>41,322,448</u> | <u>66,318,143</u> |



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8. 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 and balances with related parties is as follows:

| (Un-audited) | | (Un-audited) | |
|-----------------|-------------|---------------|-------------|
| Half year ended | | Quarter ended | |
| 31 December | 31 December | 31 December | 31 December |
| 2016 | 2015 | 2016 | 2015 |

------(RUPEES)-----

i) Transactions

Associated companies

| | | | | |
|----------------------|---------|---------|---------|--------|
| Service charges paid | 137,154 | 151,073 | 137,154 | 60,106 |
|----------------------|---------|---------|---------|--------|

Other related parties

| | | | | |
|-----------------------------|---|-----------|---|---|
| Loan received from Director | - | 5,500,000 | - | - |
|-----------------------------|---|-----------|---|---|

| | | | | |
|----------------------------------------------------------------------------|-----------|-----------|-----------|-----------|
| Remuneration paid to Chief Executive Officer, Director and Executive | 4,242,000 | 3,792,000 | 2,121,000 | 1,860,000 |
|----------------------------------------------------------------------------|-----------|-----------|-----------|-----------|

| | |
|--------------------|----------------|
| Un-audited | Audited |
| 31 December | 30 June |
| 2016 | 2016 |
| RUPEES | RUPEES |

ii) Period end balances

| | | |
|--------------------------|-----------|-----------|
| Trade and other payables | 6,986,586 | 6,851,364 |
|--------------------------|-----------|-----------|

| | | |
|------------|-----------|-----------|
| Borrowings | 4,461,237 | 4,461,237 |
|------------|-----------|-----------|

9. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2016.

10. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

The judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in this condensed interim financial information. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels. An explanation of each level follows underneath the table.



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| Recurring fair value measurements At 31 December 2016 (Un-audited) | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------------------------------------------------|---------|---------|---------|-------|
|--------------------------------------------------------------------------|---------|---------|---------|-------|

----- RUPEES -----

Financial assets

| | | | | |
|--------------------------------------|-----------|---|---|-----------|
| At fair value through profit or loss | 1,967,339 | - | - | 1,967,339 |
|--------------------------------------|-----------|---|---|-----------|

| | | | | |
|------------------------|------------------|----------|----------|------------------|
| Total financial assets | <u>1,967,339</u> | <u>-</u> | <u>-</u> | <u>1,967,339</u> |
|------------------------|------------------|----------|----------|------------------|

| Recurring fair value measurements At 30 June 2016 (Audited) | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------------------------------------|---------|---------|---------|-------|
|----------------------------------------------------------------|---------|---------|---------|-------|

----- RUPEES -----

Financial assets

| | | | | |
|--------------------------------------|-----------|---|---|-----------|
| At fair value through profit or loss | 1,338,407 | - | - | 1,338,407 |
|--------------------------------------|-----------|---|---|-----------|

| | | | | |
|------------------------|------------------|----------|----------|------------------|
| Total financial assets | <u>1,338,407</u> | <u>-</u> | <u>-</u> | <u>1,338,407</u> |
|------------------------|------------------|----------|----------|------------------|

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the half year ended 31 December 2016. Further there was no transfer in and out of level 3 measurements.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available for sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.



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(ii) **Valuation techniques used to determine fair values**

Valuation technique used to value financial instruments includes the use of quoted market prices.

11. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors and authorized for issue on 27-02-2017.

12. CORRESPONDING FIGURES

In order to comply with the requirements of IAS 34, the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

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

13. GENERAL

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

Humayun Mazhar
CHIEF EXECUTIVE OFFICER

Khurram Mazhar Karim
DIRECTOR

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