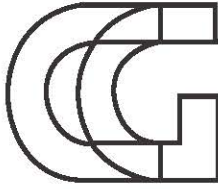


**CRESCENT GROUP**



**CRESCENT JUTE  
PRODUCTS LTD.**

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**Reviewed Condensed Interim Financial Statements  
For The Half Year Ended 31 December 2017**

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**CRESCENT JUTE  
PRODUCTS LTD.**

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**CRESCENT JUTE  
PRODUCTS LTD.**

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## **COMPANY INFORMATION**

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### **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**

1st Floor, 65-XX, Khayaban-e-Iqbal Road,  
Phase - III, DHA, Lahore - 54792, Pakistan.  
Tel: + 92-42-37186438-9

### **REGISTRAR**

Corptec Associate (Pvt.) Ltd.  
503-E, Johar Town, Lahore  
Tel : +92-42-35170336-7



**CRESCENT JUTE  
PRODUCTS LTD.**

## **DIRECTORS REPORT TO THE SHAREHOLDERS**

Accounts for the Half Year ended December 31, 2017 show a loss of Rupees 28.88 million, as compared to loss of Rupees 21.86 million in the corresponding periods in 2016. 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, but the cheques having consolidate amount of Rs. 86.67 million were dishonored by the buyer's bank due to the insufficient funds. Our legal counsel has served legal notice for non-payment. However, 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 in 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 outcome in all pending cases the timeliness 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 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

Khuram Mazhar Karim  
Director

Lahore: February 28, 2018



**GREBENT JUTE  
PRODUCTS LTD.**

## شیئر ہولڈرز کے لیے ڈائریکٹرز رپورٹ

### گریبنٹ جیوٹ پراڈکٹس لمیٹڈ

31 دسمبر 2017 کا سالانہ رپورٹ ریفرف مال کے لئے کارٹریں میں 20.68 لاکھ روپے کا اضافہ دکھایا۔ جو کہ گزشتہ سال 2016 میں اس وقت میں 21.88 لاکھ روپے تھا۔ یہ اضافہ کاروباری امور اور نکلنے کے 19.99 لاکھ روپے کی مدد سے کیا گیا۔ جو کہ اس سال کے لئے کم از کم ملے ہوئے لاکھ کی وجہ سے قرار ملا ہے۔ لگاؤ اور ایکٹو شئرز ہولڈرز سے بطور شعبہ دیکھ کر اس کے نکلنے کے عمل میں ہے۔

عام فنڈنگ کا منصوبہ پر عمل درآمد سے متعلق پوزیشن برقرار ہے۔ اس منصوبہ کے تحت 2017-18 میں 19.99 لاکھ روپے کا اضافہ دکھایا گیا۔ جو کہ اس سال کے لئے کم از کم ملے ہوئے لاکھ کی وجہ سے قرار ملا ہے۔ لگاؤ اور ایکٹو شئرز ہولڈرز سے بطور شعبہ دیکھ کر اس کے نکلنے کے عمل میں ہے۔

جوں جوں مختلف کاموں کی کارروائیوں کا آغاز ہوا ہے۔ اس دوران میں اس سال کے لئے 19.99 لاکھ روپے کا اضافہ دکھایا گیا۔ جو کہ اس سال کے لئے کم از کم ملے ہوئے لاکھ کی وجہ سے قرار ملا ہے۔ لگاؤ اور ایکٹو شئرز ہولڈرز سے بطور شعبہ دیکھ کر اس کے نکلنے کے عمل میں ہے۔

اسی بات میں ہم اگرتھ کا کنٹرول کرنے پر توجہ مرکوز رکھ رہے ہیں اور اس بات کو یقین دلانے کے لئے ہر ممکن کوشش کرتے رہے۔

... کی جانب سے ملے

محمد منظور کریم  
2018

*Munir Raza*  
28 دسمبر 2018ء



**CRESCENT JUTE  
PRODUCTS LTD.**

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

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### **INTRODUCTION**

We have reviewed the accompanying condensed interim balance sheet of CRESCENT JUTE PRODUCTS LIMITED ("the Company") as at 31 December 2017 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 2017 and 31 December 2016 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 2017.

### **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 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### **Emphasis of Matter**

We draw attention to the following matters:

- 1 (Note 1.1 to the condensed interim financial information, which states that the Company is no longer a going concern, therefore, this condensed interim financial information has been prepared on the basis of estimated realizable / settlement values of assets and liabilities respectively. Estimated realizable / settlement values are based on the management's best estimate. Estimation involves judgements based on the latest available, reliable information, historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In future, these estimates may need revision if



**CRESCENT JUTE  
PRODUCTS LTD.**

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

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changes occur in the circumstances on which the estimates are based or as a result of new information. Hence, the ultimate values at which assets will be realized and liabilities will be settled may be different from those carried in this condensed interim financial information.

- 2) Based on advice of the legal counsel, the Company has not recognized excess amounts of principal and mark-up confirmed by the bank against borrowings (Note 4.1 to this condensed interim financial information).
- 3) Note 7 to the condensed interim financial information, which fully explains the status of dishonoured cheques of the last instalment amounting to Rupees 66.686 million on account of sale of freehold land of the Company alongwith the status of legal notice served by the Company on the Buyer in this regard.

Our report is not qualified in respect of above matters.

**RIAZ AHMAD & COMPANY**  
Chartered Accountants

Name of engagement partner:  
Mubasher Mehmood

Date: February 28, 2018

FAISALABAD



**CRESCENT JUTE  
PRODUCTS LTD.**

## **CONDENSED INTERIM BALANCE SHEET**

**AS AT 31 DECEMBER 2017**

	NOTE	Un-audited 31 December 2017 RUPEES	Audited 30 June 2017 RUPEES
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
80 000 000 (30 June 2017: 80 000 000) ordinary shares of Rupees 10 each			
		<u>800,000,000</u>	<u>800,000,000</u>
Issued, subscribed and paid-up share capital			
		237,034,080	237,034,080
Capital reserve			
		36,787,684	36,787,684
Accumulated loss			
		(864,070,808)	(867,188,079)
		<u>(410,008,245)</u>	<u>(363,785,815)</u>
Surplus on revaluation of freehold land			
		181,783,274	181,783,274
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables			
	3	183,068,268	180,882,068
Accrued mark-up			
		181,083,793	163,297,481
Borrowings			
	4	215,710,608	211,404,745
Provision for taxation			
		1,001	2,708
		<u>580,867,669</u>	<u>558,586,017</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	6		
		<u>510,882,888</u>	<u>523,588,478</u>
<b>TOTAL EQUITY AND LIABILITIES</b>			
		<u>510,882,888</u>	<u>523,588,478</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Operating fixed assets			
	8	3,790,808	4,007,488
<b>CURRENT ASSETS</b>			
Loans and advances			
		1,018,218	956,180
Security deposits			
		120,037,600	120,037,600
Prepayments			
		216,705	9,850
Other receivables			
		12,866	78,888
Short term investments			
		3,584,554	4,295,598
Cash and bank balances			
		438,107	12,343,888
		<u>125,906,079</u>	<u>157,880,067</u>
Non-current asset held for sale			
	7	181,888,000	181,888,000
		<u>807,192,079</u>	<u>819,549,067</u>
		<u>510,882,888</u>	<u>523,588,478</u>
<b>TOTAL ASSETS</b>			
		<u>510,882,888</u>	<u>523,588,478</u>

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

  
Humayun Mischler  
Chief Executive Officer

  
Khuram Mischler Karim  
Director

  
Saif Ullah  
Chief Financial Officer





**GREBCENT JUTE  
PRODUCTS LTD.**

## **CONDENSED INTERIM PROFIT AND LOSS ACCOUNT**

FOR THE HALF YEAR ENDED 31 DECEMBER 2017 (UN-AUDITED)

	Half year ended		Quarter ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
<b>—RUPEES—</b>				
INCOME	181,312	1,806,489	57,577	881,113
ADMINISTRATIVE EXPENSES	(13,840,148)	(13,208,906)	(8,864,764)	(8,174,900)
OTHER EXPENSES	(5,252,996)	(89,506)	(4,996,666)	(89,506)
FINANCE COST	(7,938,597)	(8,805,735)	(8,970,105)	(4,797,124)
LOSS BEFORE TAXATION	<u>(28,851,429)</u>	<u>(21,298,668)</u>	<u>(16,796,868)</u>	<u>(10,140,867)</u>
TAXATION	(1,001)	(565,455)	(1,001)	(565,455)
LOSS AFTER TAXATION	<u>(28,882,430)</u>	<u>(21,864,123)</u>	<u>(15,796,869)</u>	<u>(10,706,322)</u>
LOSS PER SHARE - BASIC AND DILUTED	<u>(1.13)</u>	<u>(0.92)</u>	<u>(0.88)</u>	<u>(0.45)</u>

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

  
Humayun Misher  
Chief Executive Officer

  
Khuram Misher Karim  
Director

  
Saif Ullah  
Chief Financial Officer



**CRESCENT JUTE  
PRODUCTS LTD.**

**CONDENSED INTERIM STATEMENT OF  
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2017 (UN-AUDITED)**

	Half year ended		Quarter ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	(RUPEES)			
<b>LOSS AFTER TAXATION</b>	<b>(20,882,432)</b>	<b>(21,681,118)</b>	<b>(15,798,658)</b>	<b>(16,705,892)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b><u>(20,882,432)</u></b>	<b><u>(21,681,118)</u></b>	<b><u>(15,798,658)</u></b>	<b><u>(16,705,892)</u></b>

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

  
Humayun Mischar  
Chief Executive Officer

  
Khuram Mischar Karim  
Director

  
Saif Ullah  
Chief Financial Officer



**GREBENT JUTE  
PRODUCTS LTD.**

## **CONDENSED INTERIM CASH FLOW STATEMENT**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2017 (UN-AUDITED)**

NOTE	Half year ended		
	31 December 2017	31 December 2016	
	RUPEES	RUPEES	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (used in) / generated from operations	8	(11,898,486)	28,382,124
Finance cost paid		(137,286)	(4,880)
Income tax paid		(32,270)	(666,210)
Net cash (used in) / generated from operating activities		(11,828,021)	27,688,984
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Dividend received		8,852	20,134
Investment made		(288,080)	-
Profit on bank deposits received		211,531	918,416
Net cash (used in) / from investing activities		(79,807)	838,560
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Borrowings repaid		-	(46,000,000)
Net cash used in financing activities		-	(46,000,000)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		(11,907,826)	(17,572,828)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		12,943,985	43,248,907
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		436,107	25,676,081

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

  
Humayun Mechar  
Chief Executive Officer

  
Humayun Mechar Karim  
Director

  
Saif Ullah  
Chief Financial Officer



**GREBCENT JUTE  
PRODUCTS LTD.**

## **CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2017 (UN-AUDITED)**

	SHARE CAPITAL	CAPITAL RESERVE Share premium	ACCUMULATED LOSS	TOTAL EQUITY
	(PLP/BD)			
<b>Balance as at 30 June 2016 - (Audited)</b>	227,894,880	36,787,594	(208,498,301)	(203,925,927)
<b>Loss for the half year ended 31 December 2016</b>	-	-	(21,861,113)	(21,861,113)
<b>Other comprehensive income for the half year ended 31 December 2016</b>	-	-	-	-
<b>Total comprehensive loss for the half year ended 31 December 2016</b>	-	-	(21,861,113)	(21,861,113)
<b>Balance as at 31 December 2016 - (Un-audited)</b>	227,894,880	36,787,594	(230,359,414)	(265,696,980)
<b>Loss for the half year ended 30 June 2017</b>	-	-	(41,888,085)	(41,888,085)
<b>Other comprehensive income for the half year ended 30 June 2017</b>	-	-	-	-
<b>Total comprehensive loss for the half year ended 30 June 2017</b>	-	-	(41,888,085)	(41,888,085)
<b>Balance as at 30 June 2017 - (Audited)</b>	227,894,880	36,787,594	(272,247,500)	(207,565,126)
<b>Loss for the half year ended 31 December 2017</b>	-	-	(28,882,430)	(28,882,430)
<b>Other comprehensive income for the half year ended 31 December 2017</b>	-	-	-	-
<b>Total comprehensive loss for the half year ended 31 December 2017</b>	-	-	(28,882,430)	(28,882,430)
<b>Balance as at 31 December 2017 - (Un-audited)</b>	227,894,880	36,787,594	(301,129,930)	(136,447,556)

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

  
Humayun Mischar  
Chief Executive Officer

  
Khuram Mischar Karim  
Director

  
Saif Ullah  
Chief Financial Officer



**CRESCENT JUTE  
PRODUCTS LTD.**

## **SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2017 (UN-AUDITED)**

### **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 Act, 2017) and is listed on Pakistan Stock Exchange Limited. Its registered office is situated at 1st Floor, 65-XX, Khayaban-e-Iqbal Road, Phase-III, DHA, Lahore. The Company was engaged in manufacturing and sale of jute products including jute bags.

Executive Director, Corporate Supervision Department, Company Law Division, Securities and Exchange Commission of Pakistan (SECP) has issued Order under section 309 read with Section 305 of the repealed Companies Ordinance, 1984 and in exercise of the powers conferred on him under Section 309 of the repealed Companies Ordinance, 1984 have authorized the Registrar, Company Registration Office, SECP, Lahore to present a petition before Lahore High Court, Lahore for winding up of the Company on the ground that the Company's business has been suspended since 02 May 2011. The Company's appeal before the Appellate Bench, SECP against the aforesaid Order was unsuccessful and now the Company has appealed against the aforesaid Order in Lahore High Court, Lahore. Moreover as per the notice no. PSX/N-7699 dated 15 December 2017 issued by Pakistan Stock Exchange Limited (PSX), the Company is placed in the Defaulters' Segment and the trading of its shares has been suspended from 18 December 2017 due to the issuance of the Order by SECP as mentioned above.

#### **1.1 Non-going concern basis of accounting**

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 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 upto 30 June 2015. Freehold land is also under the process of disposal. During the period ended 31 December 2017, the Company has loss after taxation of Rupees 26.882 million. The Company has suffered accumulated loss of Rupees 684.071 million as on 31 December 2017 which has turned equity into negative balance of Rupees 410.668 million.

In view of the aforesaid reasons, the Company is not considered a going concern. This condensed interim financial information has been prepared using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the audited annual financial statements of the Company for the year ended 30 June 2017.

#### **2.1 Basis of preparation**

##### **2.1.1 Statement of compliance**

- a) As per the requirements of Circular No. 23 of 2017 dated 04 October 2017 issued by the SECP and clarification issued by the Institute of Chartered Accountants of Pakistan via Circular No. 17 of 2017, companies whose financial year, including quarterly and other interim periods, closes on or before 31 December 2017, shall prepare their financial statements, including interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.



**CRESCENT JUTE  
PRODUCTS LTD.**

Accordingly, this condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting' and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed.

- b) This condensed interim financial information does not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 30 June 2017.
- c) The figures included in the condensed interim profit and loss account for the quarters ended 31 December 2017 and 31 December 2016 along with the notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended 31 December 2017 and 31 December 2016.

**2.1.2 Accounting convention**

This condensed Interim financial information has been prepared using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the 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.

**2.1.3 Accounting estimates, judgments and financial risk management**

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that effect the application of accounting policies and the reported amounts. Actual results may differ from these judgments, estimates and assumptions.

However, the management believes that the change in outcome of judgments, estimates and assumptions would not have a material impact on the amounts disclosed in this condensed interim financial information.

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those applied in Company's annual audited financial statements for the year ended 30 June 2017.

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual audited financial statements for the year ended 30 June 2017.

Analysis of upside not recognized in the profit or loss on assets during the period:

As stated in Note 7, the Company through an agreement dated 17 July 2014 agreed to sell complete freehold land of the Company for Rupees 220.000 million to Mrs. Saima Yousaf. Carrying value of freehold land as at 31 December 2017 is Rupees 181.886 million. Hence, there is an upside of Rupees 38.114 million not recognized in the profit or loss on freehold land. Moreover, expected profit on disposal of operating fixed assets (Note 6) of the Company shall be Rupees 0.085 million. Hence, there is an upside of Rupees 0.085 million not recognized in the profit or loss on operating fixed assets.

The Company have no items that it plans to sell that the Company have not previously recognized in this condensed interim financial information.



**CRESCENT JUTE  
PRODUCTS LTD.**

**3. TRADE AND OTHER PAYABLES**

These include Rupees 153.334 million (30 June 2017: Rupees 153.334 million) received as advance against sale of land from Mrs. Saima Yousaf.

	Un-audited 31 December 2017	Audited 30 June 2017
	RUPEES	RUPEES

**4. BORROWINGS**

From banking company and  
financial institution - secured

The Bank of Punjab (Note 4.1)	104,216,933	99,913,069
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

<b>215,710,609</b>	<b>211,406,745</b>
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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, Lahore against the Company for the recovery of principal amount and accrued mark-up of these facilities. However with reference to Note 7.1, the Bank has provided No Objection Certificate (NOC) for vacation of charge on assets. Moreover the Bank in its direct balance confirmation letter to the auditors as at 30 June 2017 claimed principal balance outstanding of Rupees 103,418,329 against Rupees 99,913,069 appearing in books of account of the Company as at 30 June 2017 and claimed mark-up payable on borrowings of Rupees 65,422,562 against Rupees 56,873,876 appearing in books of account of the Company as at 30 June 2017. Hence, the Bank claimed Rupees 3,505,260 excess on account of principal outstanding and Rupees 8,548,686 on account of mark-up payable from the Company. The Company has not recognized the excess claims of the Bank in this condensed interim financial information based on the opinion of its legal advisor. As per legal advisor of the Company, even in worst scenario, if the suit of Bank is decreed, even then the same cannot be decreed beyond the claimed amount of Bank as stated in the Bank's recovery suit. Furthermore, the Bank is not entitled to any mark-up from the date of default as alleged in the plaint of its recovery suit and at the most Bank can be granted cost of funds at the rate of State Bank of Pakistan's provided rate of cost of funds. Therefore any exaggerated claim of Bank more than its claimed amount in suit, is untenable at this moment.

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 up till the expiry of the prescribed date. As the Company is at default, mark-up at the rate of 18 percent per annum is being charged on the outstanding balance. Moreover CSM 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, Lahore against the Order of Modaraba Tribunal. Furthermore CSM has obtained a decree for the attachment of the freehold land of the Company from the Banking Court, Lahore against the principal and mark-up mentioned above.

**5. CONTINGENCIES AND COMMITMENTS**

**5.1 Contingencies**

There are no changes in status of contingencies as reported in Note 8 to the annual audited financial statements of the Company for the year ended 30 June 2017.



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5.2 Commitments

There was no capital or other commitment as at 31 December 2017 (30 June 2017: Rupees Nil).

	Un-audited 31 December 2017 RUPEES	Audited 30 June 2017 RUPEES
<b>6. OPERATING FIXED ASSETS</b>		
Opening book value	4,007,469	4,504,634
Less: Depreciation charged for the period / year	216,860	497,165
	<u>3,790,609</u>	<u>4,007,469</u>

7. NON-CURRENT ASSET HELD FOR SALE

The Company through an agreement dated 17 July 2014 agreed to sell complete freehold land of the Company for Rupees 220.000 million to Mrs. Saima Yousaf (the "Buyer"). The Company has received Rupees 153.334 million as advance in this regard as shown in Note 3. Remaining Rupees 66.666 million have to be received from the Buyer in single installment on 24 December 2017. The Company has given the possession of the land to the Buyer for development purposes. However the cheques having consolidated amount of Rupees 66.666 million dated 24 December 2017 were dishonored by the Bank due to the insufficiency of funds. As per the agreement, if any of the given cheques by the Buyer are not encashed in time, the agreement shall be considered as rescinded, the whole amount already paid by the Buyer shall be forfeited and the Company shall be entitled to get back the possession of total property from the Buyer. Keeping in view of the provisions of the agreement, the Company through its legal counsel served a legal notice on the Buyer on 27 December 2017 to return the possession of total property to the Company within 15 days of the date of the issuance of notice. The management is pursuing this matter with the Buyer to settle it as soon as possible.

7.1 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, Lahore 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, Lahore.

(Un-audited)	
Half year ended	
31 December 2017	31 December 2016

8. CASH (USED IN) / GENERATED FROM OPERATIONS

	RUPEES	RUPEES
Loss before taxation	(26,881,429)	(21,295,658)
Adjustments for non-cash charges and other items:		
Depreciation	216,860	248,582
Dividend income	(6,652)	(20,074)
Loans and advances written off	-	14,000
Profit on bank deposits	(144,660)	(959,483)
Exchange loss	4,303,864	75,506
Net un-realized loss / (gain) on remeasurement of investments at fair value through profit or loss	949,132	(628,932)
Finance cost	7,939,597	9,605,735
Working capital changes (Note 8.1)	1,964,822	41,322,448
	<u>(11,658,466)</u>	<u>28,362,124</u>





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	(Un-audited)	
	Half year ended	
	31 December 2017	31 December 2016
<b>8.1 Working capital changes</b>	<b>RUPEES</b>	<b>RUPEES</b>
(Increase) / decrease in current assets:		
Loans and advances	(32,490)	37,465
Prepayments	(206,855)	(86,025)
	(239,345)	(48,560)
Increase in trade and other payables	2,204,167	41,371,008
	<u>1,964,822</u>	<u>41,322,448</u>

**9. TRANSACTIONS WITH RELATED PARTIES**

The related parties of the Company comprise of 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 2017	31 December 2016	31 December 2017	31 December 2016
	----- (RUPEES) -----			
<b>i) Transactions</b>				
Associated companies				
Service charges paid	137,154	137,154	-	137,154
Transactions with key management personnel				
Remuneration to Chief Executive Officer, Director and Executive	4,485,000	4,242,000	2,242,500	2,121,000
			Un-audited 31 December 2017	Audited 30 June 2017
			RUPEES	RUPEES
<b>ii) Period end balances</b>				
Trade and other payables			6,986,586	6,851,364

**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:

	Level 1	Level 2	Level 3	Total
	----- RUPEES -----			
<b>Recurring fair value measurements</b>				
At 31 December 2017 (Un-audited)				
Financial assets				
At fair value through profit or loss	3,450,054	-	-	3,450,054
<b>Total financial assets</b>	<u>3,450,054</u>	<u>-</u>	<u>-</u>	<u>3,450,054</u>
At 30 June 2017 (Audited)				
Financial assets				
At fair value through profit or loss	4,101,096	-	-	4,101,096
<b>Total financial assets</b>	<u>4,101,096</u>	<u>-</u>	<u>-</u>	<u>4,101,096</u>



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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 2017. 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.

**(B) 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 authorized for issue on February 26, 2018 by the Board of Directors of the Company.

**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.

**19 GENERAL**

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

**Humayun Muzhar**  
Chief Executive Officer

**Khuram Muzhar Karim**  
Director

**Saif Ullah**  
Chief Financial Officer

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