

CRESCENT GROUP



CRESCENT JUTE
PRODUCTS LTD.

**Condensed Interim Financial Statements
For The Nine Months Ended 31 March, 2016
(Un-Audited)**



**CRESCENT JUTE
PRODUCTS LTD.**

**CRESCENT JUTE PRODUCTS LTD
FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED
31 MARCH 2016**

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**CRESCENT JUTE
PRODUCTS LTD.**

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 Non-Executive Director
Syed Raza Abbas Jaffery (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 nine months ended March 31, 2016 show a loss of Rupees 35.22 million, as compared to profit of Rupees 4.23 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 Mill is closed down and the management in proceeding ahead with the closure plan approved by the BOD and Shareholders.

Negotiations are underway to settle bank liabilities but so far no terms of settlement have been finalized with banks and financial institutions.

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. Investment in real estate, renewable energy, low cost rural housing development, corporate farming and small scale manufacturing seem to be areas of growth in Pakistan and 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.

For and on behalf of the Board

(Humayun Mazhar)
Chief Executive Officer

Lahore: April 22, 2016.



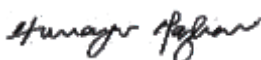
**CRESCENT JUTE
PRODUCTS LTD.**

CONDENSED INTERIM BALANCE SHEET

AS AT 31 MARCH 2016

NOTE	Un-Audited		Audited	
	31 March 2016		30 June 2015	
	Estimated realizable value	Book value	Estimated realizable value	Book value
	Rupees	Rupees	Rupees	Rupees
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized share capital				
30 000 000 (30 June 2015: 30 000 000)				
ordinary shares of				
Rupees 10 each	<u>300,000,000</u>	<u>300,000,000</u>	<u>300,000,000</u>	<u>300,000,000</u>
Issued, subscribed and paid-up share capital	237,634,680	237,634,680	237,634,680	237,634,680
Capital reserve	35,767,584	35,767,584	35,767,584	35,767,584
Accumulated loss	(581,790,085)	(581,790,085)	(546,567,278)	(546,567,278)
Total equity	<u>(308,387,821)</u>	<u>(308,387,821)</u>	<u>(273,165,014)</u>	<u>(273,165,014)</u>
Net surplus on estimated realizable / settlement values	202,266,420	-	193,779,274	-
Surplus on revaluation of property, plant and equipment - net of deferred income tax	-	181,783,274	-	181,783,274
Trade and other payables	3 95,305,831	95,305,831	28,962,326	28,962,326
Accrued mark-up	156,111,967	156,111,967	141,421,300	141,421,300
Borrowings	4 258,124,056	258,124,056	254,915,034	254,915,034
Deferred income tax liability	-	-	-	-
Provision for taxation	3,732	3,732	2,171	2,171
CONTINGENCIES AND COMMITMENTS				
	5	-	-	-
TOTAL EQUITY AND LIABILITIES	<u>403,424,184</u>	<u>382,941,039</u>	<u>345,915,091</u>	<u>333,919,091</u>
ASSETS				
Cash and bank balances	48,968,106	48,968,106	1,826,795	1,826,795
Investments	1,377,501	1,377,501	1,583,232	1,583,232
Other receivables	5,690,882	5,690,882	5,690,882	5,690,882
Prepayments	115,213	115,213	15,443	15,443
Loans and advances	20,071,141	20,071,141	17,139,553	17,139,553
Security deposits	120,037,500	120,037,500	120,538,230	120,538,230
Property, plant and equipment	6 207,163,842	186,680,696	199,120,956	187,124,956
TOTAL ASSETS	<u>403,424,184</u>	<u>382,941,039</u>	<u>345,915,091</u>	<u>333,919,091</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 PROFIT AND LOSS ACCOUNT

FOR THE NINE MONTHS ENDED 31 MARCH 2016 (UNAUDITED)

	Nine months ended		Quarter ended	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	-----Rupees-----			
SALES	-	3,865,155	-	-
COST OF SALES	-	(4,943,141)	-	(215,537)
GROSS LOSS	-	(1,077,986)	-	(215,537)
DISTRIBUTION COST	-	(54,150)	-	-
ADMINISTRATIVE EXPENSES	(17,468,559)	(17,870,404)	(6,344,440)	(6,603,694)
OTHER OPERATING EXPENSES	(3,414,754)	(928,542)	96,923	(37,300)
	(20,883,313)	(18,853,097)	(6,247,517)	(6,640,995)
	(20,883,313)	(19,931,083)	(6,247,517)	(6,856,532)
OTHER OPERATING INCOME	463,521	40,619,940	361,336	771,321
PROFIT / (LOSS) FROM OPERATIONS	(20,419,792)	20,688,857	(5,886,181)	(6,085,211)
FINANCE COST	(14,799,284)	(15,650,703)	(4,832,440)	(5,136,245)
PROFIT / (LOSS) BEFORE TAXATION	(35,219,075)	5,038,153	(10,718,621)	(11,221,456)
TAXATION	(3,732)	(807,009)	(193)	1,907,646
PROFIT / (LOSS) AFTER TAXATION	(35,222,807)	4,231,146	(10,718,813)	(9,313,810)
EARNINGS PROFIT / (LOSS) PER SHARE - BASIC AND DILUTED	(1.48)	0.18	(0.45)	(0.39)

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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED 31 MARCH, 2016 (UN-AUDITED)

	Nine month ended		Quarter ended	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	----- (Rupees) -----			
PROFIT / (LOSS) AFTER TAXATION	(35,222,807)	4,231,146	(10,718,813)	(9,313,810)
OTHER COMPREHENSIVE INCOME	-	-	-	-
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	(35,222,807)	4,231,146	(10,718,813)	(9,313,810)

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 NINE MONTHS ENDED 31 MARCH 2016 (UNAUDITED)

	NOTE	Nine months ended	
		31 March 2016 Rupees	31 March 2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	7	43,596,855	7,166,522
Finance cost paid		(108,618)	(86,752)
Income tax paid		(86,531)	(92,905)
(Increase)/Decrease in long term deposits		500,730	0
Net cash generated from operating activities		43,902,435	6,986,865
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		-	(1,864,303)
Proceeds from sale of property, plant and equipment		-	42,541,230
Dividend received		29,854	18,619
Net cash from investing activities		29,854	40,695,546
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings-net		3,209,006	(48,431,926)
Net cash used in financing activities		3,209,006	(48,431,926)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		47,141,295	(749,515)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		1,826,795	8,262,139
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		48,968,106	7,512,624

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

Humayun Mazhar
CHIEF EXECUTIVE OFFICER

Khurram Mazhar Karim
DIRECTOR



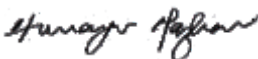
**CRESCENT JUTE
PRODUCTS LTD.**

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 31 MARCH 2016 (UNAUDITED)

	SHARE CAPITAL	CAPITAL RESERVE Share premium	ACCUMULATED LOSS	TOTAL EQUITY
	----- (Rupees) -----			
Balance as at 30 June 2014 - Audited	237,634,680	35,767,584	(539,631,021)	(266,228,757)
Transfer from surplus on revaluation of property, plant and equipment - net of deferred income tax	-	-	-	-
Loss for the nine months ended 31 March 2015	-	-	(539,631,021)	(539,631,021)
Other comprehensive income for the nine months ended 31 March 2015	-	-	4,231,146	4,231,146
Total comprehensive loss for the nine months ended 31 March 2015	-	-	4,231,146	4,231,146
Balance as at 31 March 2015 - Un-audited	237,634,680	35,767,584	(535,399,875)	(261,997,611)
Transfer from surplus on revaluation of property, plant and equipment - net of deferred income tax	-	-	-	-
Loss for the year ended 30 June 2015	-	-	(11,167,403)	(11,167,403)
Other comprehensive income for the year ended 30 June 2015	-	-	-	-
Total comprehensive loss for the year ended 30 June 2015	-	-	(11,167,403)	(11,167,403)
Balance as at 30 June 2015 - Audited	237,634,680	35,767,584	(546,567,278)	(273,165,014)
Transfer from surplus on revaluation of property, plant and equipment - net of deferred income tax	-	-	-	-
Loss for the nine months ended 31 March 2016	-	-	(35,222,807)	(35,222,807)
Other comprehensive income for the nine months ended 31 March 2016	-	-	-	-
Total comprehensive loss for the nine months ended 31 March 2016	-	-	(35,222,807)	(35,222,807)
Balance as at 31 March 2016 - Un-audited	237,634,680	35,767,584	(581,790,085)	(308,387,821)

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.**

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED 31 MARCH, 2016 (UNAUDITED)

1. THE COMPANY AND ITS OPERATIONS

Crescent Jute Products Limited is a public limited company incorporated on 19 September 1964 under the Companies Act, 1913 (Now Companies Ordinance, 1984) and listed on stock exchange in Pakistan. Its registered office is situated at 10th Floor, BOP Tower, 10-B, 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 off the property, plant and equipment of the Company. Whole of the plant and machinery and building of freehold land have been disposed off. Moreover the Company has suffered accumulated losses of Rupees 581.790 million as on 31 March 2016 which has turned equity into negative balance of Rupees 308.388 million.

Keeping in view the above factors the management of the Company to prepared this condensed financial statements 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 2015.

2.1 Basis of preparation

2.1.1 Statement of compliance

This condensed interim financial information is un-audited 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 nine month ended 31 March 2016 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 Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information should be read in conjunction with the audited annual published financial statements of the Company for the year ended 30 June 2015.

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.



**CRESCENT JUTE
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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 2015.

3. TRADE AND OTHER PAYABLES

These include Rupees 86.667 million (30 June 2015: Rupees 20 M) received as advance against disposal of land from Mrs. Saima Yousaf.

	Un-audited 31 March 2016 Rupees	Audited 30 June 2015 Rupees
4. BORROWINGS		
From banking companies and financial institutions - secured		
Cash finances:		
The Bank of Punjab (Note 4.1)	100,630,380	97,421,358
Murabaha facility (Note 4.2)	33,810,398	33,810,398
Unsecured		
Innovative Investment Bank Limited	18,083,326	18,083,326
Loans from sponsors	4,461,237	4,461,237
Crescent Jute Mills Limited	55,138,715	55,138,715
Others	46,000,000	46,000,000
	<u>258,124,056</u>	<u>254,915,034</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 7.2, 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 up till 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 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 of by CSM.



**CRESCENT JUTE
PRODUCTS LTD.**

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

The Commissioner Inland Revenue raised demand for sales tax amounting to Rupees 37.699 million (30 June 2015: 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 been established by FBR to resolve the matter. Pending decisions of the Supreme Court and Committee, 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 March 2016 (30 June 2015: Rupees Nil).

6. PROPERTY, PLANT AND EQUIPMENT

	Un-audited 31 March 2016 Rupees	Audited 30 June 2015 Rupees
Opening book value	187,124,956	213,659,786
Cost of additions during the period	-	1,864,303
	<u>187,124,956</u>	<u>215,524,089</u>
Less:		
Book value of deletions during the period / year	-	27,689,605
Depreciation charged during the period / year	444,260	709,528
	444,260	28,399,133
	<u>186,680,696</u>	<u>187,124,956</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. The Company has recovered Rupees 86.667 million as advance in this regard as shown in Note 3. Remaining Rupees 133.333 million will be received from the buyer in two equal installments of Rupees 66.667 million each uptill 24 December 2017. Proportionate freehold land will be transferred to the buyer on the clearance of each installment mentioned above. In view of the aforesaid agreement dated 17 July 2014, estimated realizable value of freehold land has been calculated by the management using the discount rate of 10 percent per annum, which comes to Rupees 202.730 Million. Remaining fixed assets of the Company are not significant and as per the management's best estimate, the book value of such assets approximate their estimated realizable value. Hence, the difference between book value of property, plant and equipment and estimated realizable value of property, plant and equipment as at 31 March 2016 is due to discounting of agreed sale amount of freehold land.

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.



**CRESCENT JUTE
PRODUCTS LTD.**

(Un-audited)	
Nine months ended	
31 March 2016	31 March 2015
Rupees	Rupees

7. CASH GENERATED FROM OPERATIONS

Profit/ (Loss) before taxation	(35,219,075)	5,038,155
Adjustments for non-cash charges and other items:		
Depreciation	444,262	611,470
Gain on sale of property, plant and equipment	-	(40,085,499)
Net un-realized (gain) / loss on remeasurement of investments at fair value through profit or loss	205,731	(78,730)
Dividend income	(29,854)	(18,619)
Debit balances written back	-	(37,300)
Finance cost	14,799,284	15,650,703
Working capital changes (Note 7.1)	63,396,507	26,086,342
	<u>43,596,855</u>	<u>7,166,522</u>

7.1 Working capital changes

Decrease / (increase) in current assets:

Stores and spare parts	-	1,405,284
Stock in trade	-	3,612,357
Trade debts	-	506,064
Loans and advances	(2,847,228)	(234,912)
Prepayments	(99,770)	(96,477)
Other receivables	-	1,075,963
	<u>(2,946,998)</u>	<u>6,268,279</u>
Increase / (decrease) in trade and other payables	66,343,505	19,818,063
	<u>63,396,507</u>	<u>26,086,342</u>

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 are as follows:

(Un-audited)		(Un-audited)	
Nine month ended		Quarter ended	
31 March 2016	31 March 2015	31 March 2016	31 March 2015

------(Rupees)-----

i) Transactions

Associated companies

Service charges paid 142,847 974,339 22,716 182,237

Directors and key management personnel

Repayment of Director's loan 5,500,000 48,431,925 - 23,431,925

Remuneration paid to CEO and Director 5,742,000 5,616,000 1,950,000 1,896,000



**CRESCENT JUTE
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	Un-audited 31 March 2016 Rupees	Audited 30 June 2015 Rupees
ii) Period end balances		
Trade and other payables	6,861,941	6,884,657
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 2015.

10. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved and authorized for issue on 22 April, 2016 by the Board of Directors of the Company.

11. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", 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 profit or loss and other 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.

12. GENERAL

The 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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PRODUCTS LTD.

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