

CRESCENT GROUP



CRESCENT JUTE
PRODUCTS LTD.

**Condensed Interim Financial Statements
For The Nine Months Ended 31 March, 2017
(Un-Audited)**



**CRESCENT JUTE
PRODUCTS LTD.**

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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

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



CRESCENT JUTE
PRODUCTS LTD.

DIRECTORS REPORT TO THE SHAREHOLDERS

Accounts for the nine months ended March 31, 2017 show a loss of Rupees 32.79 million, as compared to loss of Rupees 35.22 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, 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 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 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: April 24, 2017.



CRESCENT JUTE
PRODUCTS LTD.

CONDENSED INTERIM BALANCE SHEET

AS AT 31 MARCH 2017

NOTE	Un-Audited		Audited	
	31 March 2017		30 June 2016	
	Book value	Estimated Settlement value	Book value	Estimated Settlement value
	Rupees	Rupees	Rupees	Rupees
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized share capital				
30 000 000 (30 June 2016: 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	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	(626,224,878)	(626,224,878)	(593,438,901)	(593,438,901)
Total equity	(352,822,614)	(352,822,614)	(320,036,637)	(320,036,637)
Net surplus on estimated realizable / settlement values	-	207,913,274	-	207,913,274
Surplus on revaluation of freehold land	207,913,274	-	207,913,274	-
LIABILITIES				
Trade and other payables 3	162,306,653	162,306,653	94,268,854	94,268,854
Accrued mark-up	149,464,259	149,464,259	160,896,099	160,896,099
Borrowings 4	212,614,848	212,614,848	257,180,226	257,180,226
Provision for taxation	2,509	2,509	3,743	3,743
CONTINGENCIES AND COMMITMENTS 5				
TOTAL EQUITY AND LIABILITIES	379,478,926	379,478,926	400,225,559	400,225,559

	Un-Audited		Audited	
	31 March 2017		30 June 2016	
	Book value	Estimated realizable value	Book value	Estimated realizable value
	Rupees	Rupees	Rupees	Rupees
ASSETS				
Cash and bank balances	20,889,122	20,889,122	43,248,907	43,248,907
Investments	3,431,120	3,431,120	1,472,907	1,472,907
Loans and advances	17,227,973	17,227,973	17,132,048	17,132,048
Prepayments	54,569	54,569	23,112	23,112
Other receivables	5,690,882	5,690,882	5,790,451	5,790,451
Security deposits	120,037,500	120,037,500	120,037,500	120,037,500
Property and equipment 6	212,147,760	212,147,760	212,520,634	212,520,634
TOTAL ASSETS	379,478,926	379,478,926	400,225,559	400,225,559

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 2017 (UNAUDITED)

	Nine Months ended		Quarter ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	-----RUPEES-----			
INCOME	3,334,652	463,521	1,726,163	361,336
ADMINISTRATIVE EXPENSES	(20,208,982)	(17,468,559)	(7,000,076)	(6,344,440)
OTHER EXPENSES	(1,448,622)	(3,414,754)	(1,359,116)	96,923
FINANCE COST	(13,761,857)	(14,799,284)	(4,156,122)	(4,832,440)
LOSS BEFORE TAXATION	<u>(32,084,809)</u>	<u>(35,219,075)</u>	<u>(10,789,151)</u>	<u>(10,718,621)</u>
TAXATION	(701,168)	(3,732)	(135,713)	(193)
LOSS AFTER TAXATION	<u><u>(32,785,977)</u></u>	<u><u>(35,222,807)</u></u>	<u><u>(10,924,864)</u></u>	<u><u>(10,718,813)</u></u>
LOSS PER SHARE - BASIC AND DILUTED	<u>(1.38)</u>	<u>(1.48)</u>	<u>(0.46)</u>	<u>(0.45)</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 NINE MONTHS ENDED 31 MARCH 2017

Nine months ended		Quarter ended	
31March 2017	31March 2016	31March 2017	31March 2016

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

LOSS AFTER
TAXATION (32,785,977) (35,222,807) (10,924,864) (10,718,813)

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

(32,785,977) (35,222,807) (10,924,864) (10,718,813)

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

Humayun Mazhar
CHIEF EXECUTIVE OFFICER

Khurram Mazhar Karim
DIRECTOR



CRESCENT JUTE
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CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE NINE MONTHS ENDED 31 MARCH 2017 (UNAUDITED)

NOTE	Nine months ended		
	31 March 2017 RUPEES	31 March 2016 RUPEES	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	7	48,238,512	43,596,855
Finance cost paid		(25,193,697)	(108,618)
Income tax paid		(859,292)	(86,531)
(Increase)/Decrease in Long Term Deposit		-	500,730
Net cash generated from operating activities		22,185,523	43,902,435
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received		20,074	29,854
Profit on bank deposits received		-	-
Net cash from investing activities		20,074	29,854
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings-net		(44,565,378)	3,209,006
Net cash (used in) / from financing activities		(44,565,378)	3,209,006
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(22,359,781)	47,141,295
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		20,889,122	48,968,106

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

Humayun Mazhar
CHIEF EXECUTIVE OFFICER

Khurram Mazhar Karim
DIRECTOR



**CRESCENT JUTE
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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 31 MARCH 2017 (UNAUDITED)

	SHARE CAPITAL	CAPITAL RESERVE <small>Share premium</small>	ACCUMU- LATED LOSS	TOTAL EQUITY
----- (RUPEES) -----				
Balance as at 30 June 2015 - (Audited)	237,634,680	35,767,584	(546,567,278)	(273,165,014)
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)
Loss for the year ended 30 June 2016	-	-	(11,648,816)	(11,648,816)
Other comprehensive income for the year ended 30 June 2016	-	-	-	-
Total comprehensive loss for the year ended 30 June 2016	-	-	(11,648,816)	(11,648,816)
Balance as at 30 June 2016 - (Audited)	237,634,680	35,767,584	(593,438,901)	(320,036,637)
Loss for the nine months ended 31 March 2017	-	-	(32,785,977)	(32,785,977)
Other comprehensive income for the nine months ended 31 March 2017	-	-	-	-
Total comprehensive loss for the nine months ended 31 March 2017	-	-	(32,785,977)	(32,785,977)
Balance as at 31 March 2017 - (Un-audited)	237,634,680	35,767,584	(626,224,878)	(352,822,614)

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 NINE MONTHS ENDED 31 MARCH 2017 (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 First 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.

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 March 2017, the Company has reported loss after taxation of Rupees 32.786 million. The Company has suffered accumulated loss of Rupees 626.225 million as on 31 March 2017 which has turned equity into negative balance of Rupees 352.823 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 nine months ended 31 March 2017 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)	101,121,172	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>212,614,848</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 March 2017 (30 June 2016: Rupees Nil).

	Un-audited 31 March 2017 RUPEES	Audited 30 June 2016 RUPEES
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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	372,874	588,545
	<u>372,874</u>	<u>734,322</u>
	<u>212,147,760</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 153.334 million as advance in this regard as shown in Note 3. Remaining Rupees 66.666 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)	
Nine Months ended	
31 MARCH 2017	31 MARCH 2016
RUPEES	RUPEES

7. CASH GENERATED FROM OPERATIONS

Loss before taxation	(32,084,809)	(35,219,075)
Adjustments for non-cash charges and other items:		
Depreciation	372,874	444,262
Dividend income	(20,074)	(29,854)
Net un-realized (gain) / loss on remeasurement of investments at fair value through profit or loss	(1,958,212)	205,731
Finance cost	13,761,857	14,799,284
Working capital changes (Note 7.1)	68,166,876	63,396,507
	<u>48,238,512</u>	<u>43,596,855</u>

(Un-audited)	
Nine Months ended	
31 March 2017	31 March 2016
RUPEES	RUPEES

7.1 Working capital changes

Decrease / (increase) in current assets:

Loans and advances	60,965	(2,847,228)
Other Receivable	99,569	-
Prepayments	(31,457)	(99,770)
	129,077	(2,946,998)

Increase in trade and other payables

	68,037,799	66,343,505
	<u>68,166,876</u>	<u>63,396,507</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 is as follows:



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(Un-audited)		(Un-audited)	
Nine Months ended		Nine Months ended	
31 March 2017	31 March 2016	31 March 2017	31 March 2016

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

i) Transactions

Associated companies

Service charges paid 137,154 142,847 - 22,716

Other related parties

Loan received from Director - 5,500,000 - -
Remuneration paid to
Chief Executive Officer,
Director and Executive 6,592,500 5,742,000 2,350,500 1,950,000

Un-audited **Audited**
31 March **30 June**
2017 **2016**
RUPEES **RUPEES**

ii) Period end balances

Trade and other payables 6,851,363 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. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors and authorized for issue on 24 April, 2017.

11. 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.

12. GENERAL

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

Humayun Mazhar
CHIEF EXECUTIVE OFFICER

Khurram Mazhar Karim
DIRECTOR

BOOK POST

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please return to



CRESCENT JUTE
PRODUCTS LTD.

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