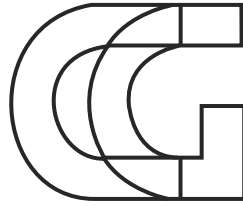


CRESCENT GROUP



ANNUAL REPORT
2018



CRESCENT JUTE PRODUCTS LIMITED

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given to all the shareholders of Crescent Jute Products Limited (the "Company") that Annual General Meeting of the Company will be held on Friday, October 26, 2018 at 11.00 a.m. at 503-E, Johar Town, Lahore to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' and Auditors' reports and Audited Accounts for the year ended June 30, 2018.
2. To appoint auditors and fix their remuneration.
3. Updating on approval obtained for sale of Company's entire assets.

REGISTERED OFFICE:

1st Floor, 65-XX, Khayaban-e-Iqbal Road,
Phase-III, DHA, Lahore,
Telephone No. (042) 37186438-39,

BY ORDER OF THE BOARD



SAIF ULLAH
Company Secretary

Dated: October 02, 2018.

Notes:

1. The Members' Register will remain closed from October 20, 2018 to October 26, 2018 (both days inclusive). Transfers received at the Registered Office of the Company by the close of business on October 19, 2018.
2. A member eligible to attend and vote at this Meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company Registered Office not later than 48 hours before the time for holding the Meeting.
3. CDC account holders will further have to follow the guidelines as laid down in circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
 - a. For attending the meeting
 - i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
 - ii) In case of corporate entity, the Board of directors' resolution/power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

- b. For Appointing Proxies
- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
 - ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iv) The proxy shall produce his original CNIC or original passport at the time of the Meeting.
 - v) In case of corporate entity, the Board of directors' resolution/power of attorney with specimen signatures shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

Updating of Status of Sale of Assets

The shareholders had given their approval in their meeting held on October 31, 2011 for disposal of entire assets of the Company. The Company had sold all assets as per schedule mentioned below in line with shareholders approval and received all amounts except final payment of land which was due on December 24, 2017 but not received so far, however civil suit has been filed against the buyer.

(Rs. In Million)

Particulars	Sale Amount	Date	Sale Proceeds	Balance
Plant & Machinery	120.000	April 03, 2012	237.000	Nil
Building (Factory)	30.000	July 17, 2014	40.000	Nil
Store, spares and loose tools	5.000	July 17, 2014	2.271	Nil
Land	170.000	September 25, 2012	220.000	66.666

Company management managed to sell the Land, Building and Plant and Machinery for Rs. 174 million more than the sale price approved by the shareholders. Company have paid/settled its borrowing and other liabilities as briefed to the shareholders while taking approval. The litigation with Bank of Punjab and Crescent Standard Modaraba are pending in courts and the Company is expecting positive results in this regard.

CHAIRMAN'S REVIEW REPORT

It gives me pleasure to present you the Annual Report of CRESCENT JUTE PRODUCTS LIMITED (the Company) for the year ended on 30 June 2018 pertaining to the overall performance of the Board and the effectiveness of its role in attaining the Company's aims and objectives. Our Board remained extensively on the plan to proceed ahead with the closure plan, as approved by the Board of Directors and its shareholders.

MEETINGS OF THE BOARD

Four meetings of the Board of Directors were held during the year to approve annual / quarterly / half yearly accounts and to discuss the salient matters.

CONSTITUTION OF BOARD OF DIRECTORS

Board of directors composed of 7 directors, comprising 4 male and 3 female. Moreover, there is no independent director in the Board of Directors of the Company. However, the Company shall include an independent director in its Board of Directors in due course.

INVESTOR AWARENESS

Efforts are being made to recover the dues from the buyer against the sale of land.

ACKNOWLEDGMENT

In the end I would like to express gratitude to the Board as well as the management of the Company for their dedication and efforts to carry out the agreed plan as approved by the shareholders.

Dated:- October 02, 2018

Chairperson of the Board



Mrs. Abida Mazhar

Chairperson

DIRECTORS' REPORT TO THE SHAREHOLDERS

Accounts for the year ended June 30, 2018 show a loss of Rupees 51.45 million, as compared to loss of Rupees 63.75 million in the corresponding period in 2017 loss per share was Rupees 2.17 as compared to last year's loss per share of Rupees 2.68. The increase in loss is primary attributed to the exchange loss due to the significant depreciation in rupee against the US dollar and its impact on our liabilities with financial institution, borrowing cost and the cost of minimum staff required for the managing the corporate affairs and safe guarding remaining assets of the Company.

The management is in the process of implementing the closure plan approved by the BOD and Shareholders. 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. majority of payments against disposal of fixed assets have been realized. However, the cheques amounting to Rs. 66.67 million relating to last installment of land disposal, due on Dec, 2017, were dishonored by the buyer's bank. We have already served legal notice for non-payment and also filed civil suit against the buyer.

With regards to the Future Business Plan 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 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.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

KEY OPERATING AND FINANCIAL DATA

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

DIVIDEND

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

STATUTORY PAYMENTS

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

SIGNIFICANT PLANS AND DECISIONS

Mills operation has been stopped since May 02, 2011 due to lack of liquidity as approved by shareholders in annual general meeting held on October 31, 2011 and decided to dispose off property, plant and equipment of the Company to pay off liabilities.

THE BOARD OF DIRECTORS

Company has seven Directors on its Board. whose names are given below :-

S.No.	Names of Directors	
1.	Mrs. Abida Mazhar	Non-Executive Director-Chairperson
2.	Mrs. Ayesha Khurram Mazhar	Non-Executive Director
3.	Mr. Humayun Mazhar	Chief Executive Officer-Executive Director
4.	Mr. Khurram Mazhar Karim	Non-Executive Director
5.	Mrs. Mehreen Humayun	Non-Executive Director
6.	Syed Raza Abbas Jaffery	Non-Executive Director
7.	Mr. Saif Ullah	Executive Director

The term of office of present Board will be expired on March 25, 2020.

BOARD MEETINGS AND ATTENDANCE BY DIRECTORS

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

	Names of Directors in alphabetic order	Meetings held in their tenure.	No. of Meetings attended
1.	Mrs. Abida Mazhar	4	1
2.	Mrs. Ayesha Khurram Mazhar	4	1
3.	Mr. Humayun Mazhar	4	4
4.	Mr. Khurram Mazhar Karim	4	4
5.	Mrs. Mehreen Humayun Mazhar	4	1
6.	Syed Raza Abbas Jaffery	4	3
7.	Mr. Saif Ullah	4	4

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

PATTERN OF SHAREHOLDING

Pattern of Shareholding is attached to the report.

TRADES IN THE SHARES OF THE COMPANY

The Directors, CFO, Company Secretary and their spouses and minor children did not carry out any transaction in the shares of the Company during the year.

DEFAULT IN DEBTS, IF ANY

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

RESPONSE TO THE QUALIFICATION IN THE AUDITOR'S REPORT

Regarding the qualification raised by the auditors related to non-confirmation of amount deposited by us with the Deputy Registrar (Judicial) of Lahore High Court, Lahore, we believe that the amount is kept in deposit with a commercial bank by the Court. Moreover, subsequent to the year end, we moved an application in Lahore High Court, Lahore regarding this subject and the Court has issued directions to MCB Bank Limited to provide detail of the amount deposited by us.

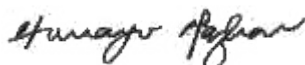
AUDITORS

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board



(Humayun Mazhar)
Chief Executive Officer

Lahore
Dated: October 02, 2018

KEY OPERATING AND FINANCIAL DATA OF SIX YEARS

YEAR ENDING 30TH JUNE

2018	2017	2016	2015	2014	2013
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PRODUCTION CAPACITY BASED ON SHIFT WORKING IN METRIC TONS

Jute Unit	Operation closed	Operation closed	Operation closed	Operation closed	Operation closed	Operation closed
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ACTUAL PRODUCTION IN METRIC TONS

Jute Unit	Operation closed	Operation closed	Operation closed	Operation closed	Operation closed	Operation closed
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OPERATING RESULTS - RUPEES IN 000

Net Sales	-	-	-	3,865	21,618	18,677
Cost of Sales	-	-	-	4,516	21,482	39,023
Operating Expenses	35,906	50,615	29,052	27,339	28,886	47,927
Other Income	(217)	(4,473)	(1,803)	(15,595)	(215,693)	(25,598)
Financial Charges	15,755	17,604	19,619	19,819	20,798	23,925
Taxation	9	3	3	(8,361)	1,110	(2,906)
Net Income / (Loss)	(51,453)	(63,749)	(46,871)	(23,853)	165,035	(63,693)
Earning per share - Rupees	(2.17)	(2.68)	(1.97)	(1.00)	6.94	(2.68)
Break up value of share	(10.67)	(8.50)	(5.82)	(3.34)	(2.49)	(6.23)

FINANCIAL POSITION - RUPEES IN 000

Shareholders Equity	(253,455)	(202,002)	(138,253)	(79,386)	(59,212)	(148,046)
Trade and other payables	161,010	160,515	93,932	28,625	8,974	52,717
Unclaimed dividend	337	337	337	337	337	337
Accrued mark-up	168,786	153,297	160,896	141,421	121,716	100,976
Borrowings	233,092	211,407	257,180	254,915	301,120	352,376
Provision for taxation	9	3	3	2	2,635	49
	309,779	323,557	374,095	345,915	375,570	358,409
Cash and bank balances	385	12,344	43,249	1,827	8,262	6,922
Short Term Investments	3,461	4,236	1,473	1,583	1,309	1,463
Other receivables	9	80	5,790	5,691	6,867	5,691
Prepayments	7	10	23	15	-	28
Loans and advances	419	956	17,132	17,140	19,410	16,378
Trade debts	-	-	-	-	506	618
Non current Assets held for sale	181,886	181,886	181,886	-	-	-
Stock-in-trade	-	-	-	-	3,612	14,822
Stores and spares parts	-	-	-	-	1,405	2,918
Long Term Security deposits	120,038	120,038	120,037	120,538	120,538	992
Property, plant and equipment	3,574	4,007	4,505	199,121	213,660	308,576
	309,779	323,557	374,095	345,915	375,570	358,409

Crescent Jute Products Limited

As On: June 30, 2018

Categories of Shareholders	Physical	CDC	Total	% age
Directors, Chief Executive Officer, Their Spouses and Minor Children				
Chief Executive				
Mr. Humayun Mazhar	3,848,013	-	3,848,013	16.19
Directors				
Mr. Khurram Mazhar Karim	3,860,500	-	3,860,500	16.25
Mr. Saifullah	2,500	-	2,500	0.01
Mrs. Abida Mazhar	373,925	-	373,925	1.57
Mrs. Ayesha Khurram Mazhar	2,475	-	2,475	0.01
Mrs. Mehreen Humayun Mazhar	47,474	-	47,474	0.20
	8,134,887	-	8,134,887	34.23
Associated Companies, Undertakings & Related Parties				
CRESCENT COTTON MILLS LTD	-	201,933	201,933	0.85
Crescent Group (Pvt) Limited	79	-	79	0.00
Crescent Powertec Limited	80,000	-	80,000	0.34
Premier Insurance Co. of Pak. Ltd.	7,000	-	7,000	0.03
SHAMS TEXTILE MILLS LIMITED (0222)	-	12,476	12,476	0.05
THE CRESENT TEXTILE MILLS LTD	8,671	2,738,487	2,747,158	11.56
	95,750	2,952,896	3,048,646	12.83
NIT & ICP (Name Wise Detail)				
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	-	1,386,218	1,386,218	5.83
National Bank of Pakistan - Trustee Wing	400	-	400	0.00
	400	1,386,218	1,386,618	5.84
Mutual Funds (Name Wise Detail)				
CDC - TRUSTEE AKD INDEX TRACKER FUND		500	500	0.00
Banks, NBFCs, DFIs, Takaful, Pension Funds				
	970,789	136,949	1,107,738	4.66
Modarabas				
	46,453	-	46,453	0.20
Insurance Companies				
	232,163	157,314	389,477	1.64
Other Companies, Corporate Bodies, Trust etc.				
	145,709	1,786,898	1,932,607	8.13
General Public				
	2,258,671	5,457,871	7,716,542	32.47
	11,884,822	11,878,646	23,763,468	100.00
Shareholders More Than 5.00%				
Khurram Mazhar Karim			3,860,500	16.25
Humayun Mazhar			3,848,013	16.19
THE CRESENT TEXTILE MILLS LTD			2,747,158	11.56
JUBILEE SPINNING & WEAVING MILLS LIMITED			1,616,683	6.80
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST			1,386,218	5.83

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017 FOR THE YEAR ENDED 30 JUNE, 2018

Crescent Jute Products Limited (“the Company”) has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations 2017 (“the Regulations”) in the following manner:

1. The total number of directors are seven as per following.
 - a. Male: Four
 - b. Female: Three
2. The composition of the Board of Directors (“the Board”) is as follows:

Category	Name
Executive Directors	Mr. Humayun Mazhar
	Mr. Saif Ullah
Non-Executive Directors	Mrs. Abida Mazhar
	Mrs. Ayesha Khurram Mazhar
	Mr. Khurram Mazhar
	Mrs. Mehreen Humayun Mazhar
	Mr. Syed Raza Abbas Jaffery

There is no independent director in the Board of Directors of the Company. However, the Company shall include an independent director in its Board of Directors in due course.

1. Directors have confirmed that none of them is serving as a Director on more than five listed companies, including this Company.
2. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
3. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
4. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 (“the Act”) and these Regulations.
5. The meetings of the Board were presided over by the Chairperson and, in her absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
6. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.
7. The Directors of the Company are adequately trained to perform their duties and are aware of their powers and responsibilities under the Companies Act, 2017 and the Regulations.

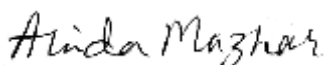
CRESCENT JUTE PRODUCTS LIMITED

8. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
9. CFO and CEO duly endorsed the financial statements before approval of the board.
10. The Board has formed committees comprising of members given below:
 - a) Audit Committee

Mr. Khurram Mazhar Karim	(Chairman)
Mr. Mehreen Humayun Mazhar	(Member)
Mr. Syed Raza Abbas Jaffery	(Member)
 - b) HR and Remuneration Committee

Mr. Khurram Mazhar Karim	(Chairman)
Mr. Syed Raza Abbas Jaffery	(Member)
Mr. Saif Ullah	(Member)
11. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
12. The frequency of meetings of the aforesaid committees were as per following:
 - a) Audit Committee: Five meetings during the financial year ended 30 June 2018.
 - b) HR and Remuneration Committee: One meeting during the financial year ended 30 June 2018.
13. The Board has set up an effective internal audit function that is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
14. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
15. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
16. The Company Secretary and Chief Financial Officer of the Company are the same person. However the Company shall appoint a different person as Company Secretary in the next financial year.
17. We confirm that all other requirements of the Regulations have been complied with.

By order of the Board



Mrs. Abida Mazhar

Chairperson

Date: October 02, 2018

**INDEPENDENT AUDITORS' REVIEW REPORT
 TO THE MEMBERS OF CRESCENT JUTE PRODUCTS LIMITED
 REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED
 IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE)
 REGULATIONS, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Regulations") prepared by the Board of Directors of Crescent Jute Products Limited ("the Company") for the year ended 30 June 2018 in accordance with the requirements of Regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

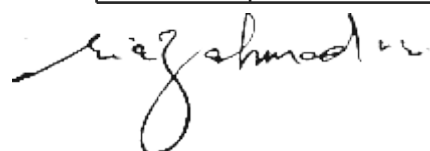
As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2018.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Paragraph Reference	Description
2	There is no independent director on the Board of Directors of the Company.
12	Independent director is not appointed either as Chairman or as a member of the Audit Committee.
12	Independent director is not appointed as a member of HR and Remuneration Committee.
18	Company secretary and Chief Financial Officer are the same person.



RIAZ AHMAD & COMPANY
 Chartered Accountants

Faisalabad: October 02, 2018

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CRESCENT JUTE PRODUCTS LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS
QUALIFIED OPINION**

We have audited the annexed financial statements of Crescent Jute Products Limited ('the Company'), which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

Except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of the loss, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

Security deposits as at 30 June 2018 include Rupees 120 million (2017: Rupees 120 million) deposited with Deputy Registrar (Judicial) of the Lahore High Court, Lahore as per its order dated 09 October 2013 regarding the issuance of No Objection Certificate by The Bank of Punjab (Note 10.1). We have not received confirmation of this deposit. In the absence of the confirmation, adjustments, if any, cannot be quantified and incorporated in these financial statements; and

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan ('the Code') and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter

We draw attention to the following matters:

- a) Note 1.1 to the financial statements, which states that the Company is no longer a going concern, therefore, these financial statements have been prepared on the basis of estimated realizable / settlement values of assets and liabilities respectively.
- b) 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 8.1 to these financial statements).

- c) Note 16 to the financial statements, which more fully explains the default made by the buyer in payment of remaining single installment, non-transfer of ownership of proportionate freehold land to the buyer by the Company and the fact that the Company has not de-recognized the carrying amount of proportionate freehold land in these financial statements.

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for Qualified Opinion* section we have determined the matters described below to be the key audit matters to be communicated in our report.

Following are the key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1.	<p>Non-going concern basis of accounting</p> <p>The Company is no longer a going concern, therefore, these financial statements have 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 also taking into account the advice of the legal counsel and asset sale agreement between the Company and third party. 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 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 these financial statements.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We checked compliance with "Guideline on the Basis of Preparation of Financial Statements for Companies that are Not Considered Going Concern" issued by The Institute of Chartered Accountants of Pakistan. • We tested how management made the estimate of realizable / settlement values of assets and liabilities respectively and the data on which it is based. • We tested the operating effectiveness of the controls over how the management made the estimate, together with appropriate substantive procedures.

Sr. No.	Key audit matters	How the matter was addressed in our audit
2.	<p>Therefore, we identified preparation of financial statements using the non-going concern basis of accounting as a key audit matter specially with reference to the estimates and judgments associated with the determination of estimated realizable / settlement values of assets and liabilities respectively.</p> <p>For further information, refer to summary of significant accounting policies, note 3.1(c) and 3.1(d) to the financial statements.</p> <p>2. Preparation of financial statements under the Companies Act, 2017</p> <p>The Companies Act 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018.</p> <p>The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.</p> <p>In case of the Company, specific additional disclosures and changes to the existing disclosures have been included in the financial statements.</p> <p>The above changes and enhancements in the financial statements are considered important and a key audit matter because of the volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Act.</p> <p>For further information, refer to note 3.1(b) to the financial statements.</p>	<ul style="list-style-type: none"> • We considered events occurring up to the date of our report to obtain audit evidence regarding the estimate. • We confirmed that any upsides in the carrying amounts of assets have been properly calculated and disclosed in the financial statements and not recognized in the statement of profit or loss. <p>We ensured that non-current asset held for sale is measured at the lower of its carrying amount and fair value less costs to sell.</p> <p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We assessed the procedures applied by the management for identification of the changes required in the financial statements due the application of the Act. • We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. <p>We verified on test basis the supporting evidences for the additional disclosures and ensured appropriateness of the disclosures made.</p>

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Company and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for Qualified Opinion* section above, we were unable to obtain sufficient appropriate evidence about the security deposit with Deputy Registrar (Judicial) of the Lahore High Court, Lahore as at 30 June 2018. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not

detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mubashar Mehmood.



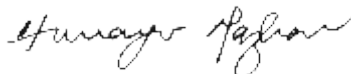
RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad : October 02, 2018

STATEMENT OF FINANCIAL POSITION

	NOTE	2018 RUPEES	2017 RUPEES Restated	2016 RUPEES Restated
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized share capital				
30 000 000 (2017: 30 000 000) ordinary shares of Rupees 10 each		<u>300,000,000</u>	<u>300,000,000</u>	<u>300,000,000</u>
Issued, subscribed and paid up share capital	4	237,634,680	237,634,680	237,634,680
Share premium	5	35,767,584	35,767,584	35,767,584
Surplus on revaluation of freehold land	6	181,783,274	181,783,274	181,783,274
Accumulated loss		(708,640,792)	(657,188,079)	(593,438,901)
Total equity		<u>(253,455,254)</u>	<u>(202,002,541)</u>	<u>(138,253,363)</u>
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	7	161,010,026	160,514,777	93,931,542
Accrued mark-up		168,786,191	153,297,481	160,896,099
Borrowings	8	233,091,820	211,406,745	257,180,226
Unclaimed dividend		337,312	337,312	337,312
Provision for taxation		8,705	2,702	3,743
TOTAL LIABILITIES		563,234,054	525,559,017	512,348,922
CONTINGENCIES AND COMMITMENTS	9			
TOTAL EQUITY AND LIABILITIES		<u>309,778,800</u>	<u>323,556,476</u>	<u>374,095,559</u>

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




Humayun Mazhar
 Chief Executive Officer

AS AT 30 JUNE, 2018

	NOTE	2018 RUPEES	2017 RUPEES	2016 RUPEES
ASSETS				
NON-CURRENT ASSETS				
Operating fixed assets	10	3,573,748	4,007,469	4,504,634
CURRENT ASSETS				
Loans and advances	11	419,553	956,160	17,132,048
Security deposits	12	120,037,500	120,037,500	120,037,500
Prepayments		7,500	9,850	23,112
Other receivables	13	8,696	79,966	5,790,451
Short term investments	14	3,460,995	4,235,596	1,472,907
Bank balances	15	384,808	12,343,935	43,248,907
		124,319,052	137,663,007	187,704,925
Non-current asset held for sale	16	181,886,000	181,886,000	181,886,000
		306,205,052	319,549,007	369,590,925
TOTAL ASSETS		309,778,800	323,556,476	374,095,559



Khurram Mazhar Karim
Director



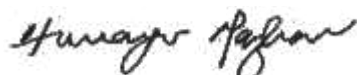
Saif Ullah
Chief Financial Officer

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2018

	NOTE	2018 RUPEES	2017 RUPEES
INCOME	17	216,739	4,473,498
ADMINISTRATIVE EXPENSES	18	(21,587,489)	(28,408,785)
OTHER EXPENSES	19	(14,318,332)	(22,207,388)
FINANCE COST	20	(15,754,926)	(17,603,801)
LOSS BEFORE TAXATION		<u>(51,444,008)</u>	<u>(63,746,476)</u>
TAXATION	21	(8,705)	(2,702)
LOSS AFTER TAXATION		<u><u>(51,452,713)</u></u>	<u><u>(63,749,178)</u></u>
LOSS PER SHARE - BASIC AND DILUTED	22	<u><u>(2.17)</u></u>	<u><u>(2.68)</u></u>

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



Humayun Mazhar
Chief Executive Officer



Khurram Mazhar Karim
Director



Saif Ullah
Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2018

	2018 RUPEES	2017 RUPEES
LOSS AFTER TAXATION	(51,452,713)	(63,749,178)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(51,452,713)</u>	<u>(63,749,178)</u>


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



Humayun Mazhar
Chief Executive Officer



Khurram Mazhar Karim
Director




Saif Ullah
Chief Financial Officer

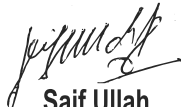
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

	SHARE CAPITAL	CAPITAL RESERVES		Sub total	Accumulated loss	TOTAL	TOTAL EQUITY
		Share premium	Surplus on revaluation of freehold land				
Balance as at 30 June 2016	237,634,680	35,767,584	-	35,767,584	(593,438,901)	(557,671,317)	(320,036,637)
Impact of restatement (Note 3.5)	-	-	181,783,274	181,783,274	-	181,783,274	181,783,274
Balance as at 30 June 2016-restated	237,634,680	35,767,584	181,783,274	217,550,858	(593,438,901)	(375,888,043)	(138,253,363)
Loss for the year	-	-	-	-	(63,749,178)	(63,749,178)	(63,749,178)
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	(63,749,178)	(63,749,178)	(63,749,178)
Balance as at 30 June 2017-restated	237,634,680	35,767,584	181,783,274	217,550,858	(657,188,079)	(439,637,221)	(202,002,541)
Loss for the year	-	-	-	-	(51,452,713)	(51,452,713)	(51,452,713)
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	(51,452,713)	(51,452,713)	(51,452,713)
Balance as at 30 June 2018	237,634,680	35,767,584	181,783,274	217,550,858	(708,640,792)	(491,089,934)	(253,455,254)

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


Humayun Mazhar
Chief Executive Officer


Khurram Mazhar Karim
Director


Saif Ullah
Chief Financial Officer

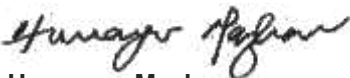
The annexed notes form an integral part of these financial statements.

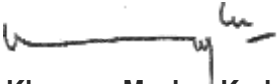
STATEMENT OF CASH FLOWS


FOR THE YEAR ENDED JUNE 30, 2018

	NOTE	2018 RUPEES	2017 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	23	(20,634,269)	38,762,942
Finance cost paid		(266,216)	(25,202,419)
Income tax paid		(48,561)	(195,907)
Net cash (used in) / generated from operating activities		(20,949,046)	13,364,616
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment made		(298,090)	-
Dividends received		58,036	21,679
Profit on deposits with banks received		229,973	1,708,733
Net cash (used in) / from investing activities		(10,081)	1,730,412
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		9,000,000	-
Repayment of borrowings		-	(46,000,000)
Net cash from / (used in) financing activities		9,000,000	(46,000,000)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(11,959,127)	(30,904,972)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		12,343,935	43,248,907
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 15)		384,808	12,343,935

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


 Humayun Mazhar
 Chief Executive Officer


 Khurram Mazhar Karim
 Director


 Saif Ullah
 Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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 listed on Pakistan Stock Exchange Limited (PSX). 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 afterwards the Company appealed against the aforesaid Order in Lahore High Court, Lahore. That appeal was later withdrawn on 29 March 2018 by the Company and a writ petition has been filed by the Company against the above mentioned Order which is pending in Lahore High Court, Lahore. Moreover, as per Notice no. PSX/N-3704 dated 13 June 2018 issued by PSX, the Company's shares were suspended for trading and placed in the Defaulter's Segment for another period of sixty days effective from 16 June 2018 due to the issuance of the Order by SECP as mentioned above. The first notice by PSX in this regard was issued on 18 December 2017.

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 uptill 30 June 2015. Freehold land is also under the process of disposal. During the year ended 30 June 2018, the Company has loss after taxation of Rupees 51.453 million. The Company has suffered accumulated loss of Rupees 708.641 million as on 30 June 2018 which has turned equity into negative balance of Rupees 253.455 million.

In view of the aforesaid reasons, the Company is not considered a going concern. These financial statements have 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. SIGNIFICANT TRANSACTIONS AND EVENTS THAT AFFECTED THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

- The exchange rate of United States Dollar to Pak Rupees has increased from Pak Rupees 104.80 as at 30 June 2017 to Pak Rupees 121.60 as at 30 June 2018.
- Due to applicability of the Companies Act, 2017 to the financial statements of the Company, some of the amounts reported for the previous period have been reclassified and restated. For detailed information please refer to Note 3.1(b) and Note 3.5.

- For a detailed discussion about the Company's performance, please refer to the Directors' report.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of preparation

a) Statement of compliance

- These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:
 - International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
 - Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

b) Preparation of financial statements under the Companies Act, 2017

The Fourth Schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its Fourth Schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Change in accounting policy of surplus on revaluation of freehold land (Note 2.5) and additional disclosures include but are not limited to, particulars of immovable assets of the Company (Note 16), management's assessment of sufficiency of tax provision in the financial statements (Note 21), change in threshold for identification of executives (Note 24), additional disclosure requirements for related parties (Note 25) etc.

c) Accounting convention

These financial statements have 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.

d) Critical accounting estimates and judgments

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

- i) Realizable / settlement values of assets and liabilities respectively.
- ii) Useful lives, patterns of economic benefits and impairments.
- iii) Taxation

The Company started preparing its financial statements using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively from the year ended 30 June 2012 and recorded adjustments to account for differences between the Company's recognized assets and the measurement of its assets and liabilities (including measurement changes resulting from changes in assumptions). Subsequently, at each reporting date the Company re-measures its assets and liabilities to reflect changes in value since the previous date. Hence, during the financial year ended 30 June 2018, the Company has recognized provision for doubtful loans and advances of Rupees 560,566 (Note 11) in these financial statements.

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

As stated in Note 16, 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 30 June 2018 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 10) of the Company shall be Rupees 0.266 million. Hence, there is an upside of Rupees 0.266 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 these financial statements.

e) Amendments to published approved accounting standards that are effective in current year and are relevant to the Company.

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2017:

IAS 7 (Amendments), 'Statement of Cash Flows' (effective for annual periods beginning on or after 01 January 2017). Amendments have been made to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The aforesaid amendments have resulted in certain additional disclosures in the Company's financial statements.

IAS 12 (Amendments), 'Income Taxes' (effective for annual periods beginning on or after 01 January 2017). The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments have no significant impact on Company's financial statements.

The application of the above amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

f) Amendments to published approved accounting standards that are effective in current year but not relevant to the Company.

There are other amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2017 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

g) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant to the Company.

Following standards, interpretations and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2018 or later periods:

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

Amendments to IFRS 9 (effective for annual periods beginning on or after 01 January 2019) clarify that for the purpose of assessing whether a prepayment feature meets the Solely Payments of Principal and Interest ('SPPI') condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendments are not likely to have significant impact on the Company's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 July 2018). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The aforesaid standard is not expected to have a material impact on the Company's financial statements.

IFRS 15 (Amendments), 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 July 2018). Amendments clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations and licensing) and to provide some transition relief for modified contracts and completed contracts. The aforesaid amendments are not expected to have a material impact on the Company's financial statements.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018). IFRIC 22 clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The interpretation is not expected to have a material impact on the Company's financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact on the Company's financial statements.

On 12 December 2017, IASB issued Annual Improvements to IFRSs: 2015 – 2017 Cycle, incorporating amendments to four IFRSs more specifically in IAS 12 'Income Taxes', relevant to the Company. The amendments are effective for annual periods beginning on or after 01 January 2019. The amendments have no significant impact on the Company's financial statements and have therefore not been analyzed in detail.

On 29 March 2018, the IASB has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader

than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits—this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, de-recognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRS. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 1 January 2020 for preparers that develop an accounting policy based on the Framework.

h) Standards and amendments to published approved accounting standards that are not yet effective and not considered relevant to the Company.

There are other standards and amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2018 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

3.2 Employees' retirement benefits

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

3.3 Taxation

Current

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

Deferred

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow deferred tax asset to be recovered.

Deferred tax relating to items recognized directly in the statement of comprehensive income or equity is recognized in other comprehensive income or equity and not in statement of profit or loss.

3.4 Foreign currencies

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

3.5 Operating fixed assets and depreciation

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of operating fixed assets consists of historical cost and other directly attributable costs of bringing the assets to working condition. Freehold land is stated at revalued amount less any recognized impairment loss.

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

Change in accounting policy

The specific provision in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of International Accounting Standard (IAS) 16, 'Property, Plant and Equipment', surplus on revaluation of fixed assets would now be presented under equity.

Following the application of IAS 16, the Company's accounting policy for surplus on revaluation on freehold land stands amended as follows:

Increase in the carrying amount arising on revaluation of freehold land is recognized in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss.

Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The effect of change in accounting policy is summarized below:

	As at 30 June 2017			As at 30 June 2016		
	As previously reported	As restated	Restatement	As previously reported	As restated	Restatement
	-----RUPEES-----			-----RUPEES-----		
Effect on statement of financial position						
Surplus on revaluation of freehold land	181,783,274	-	(181,783,274)	181,783,274	-	(181,783,274)
Total equity	(383,785,815)	(202,002,541)	181,783,274	(320,036,637)	(138,253,363)	181,783,274

	As at 30 June 2017			As at 30 June 2016		
	As previously reported	As restated	Restatement	As previously reported	As restated	Restatement
	-----RUPEES-----			-----RUPEES-----		
Effect on statement of changes in equity						
Surplus on revaluation of freehold land	-	181,783,274	181,783,274	-	181,783,274	181,783,274

There was no impact on statement of profit or loss, on statement of comprehensive income and on statement of cash flows as a result of the retrospective application of change in accounting policy.

Depreciation

Depreciation on operating fixed assets is charged to statement of profit or loss applying the reducing balance method at the rates given in Note 10 except for computers which are depreciated on the straight line method at the rate of 33.33 percent per annum to write off the cost / depreciable amount of the assets over their estimated useful lives. The Company charges the depreciation on additions from the month when the asset is available for use and no depreciation is charged in the month when the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

De-recognition

An item of operating fixed assets is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is charged to the statement of profit or loss in the year the asset is de-recognized.

3.6 Investments

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

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

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

a) Investment at fair value through profit or loss

Investments classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if these are acquired for the purpose of selling in the short term. Net gains and losses arising on changes in fair values of these investments are taken to the statement of profit or loss for the period in which these arise.

b) Held-to-maturity

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

c) Available for sale

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

Quoted

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

Unquoted

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

3.7 Revenue recognition

Revenue from different sources is recognized as under:

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

3.8 Financial instruments

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

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

3.9 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the cost and the redemption value is recognized in the statement of profit or loss over the period of the borrowings on an effective interest basis.

3.10 Non-current asset held for sale

Non-current asset is classified as held for sale when its carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. It is stated at the lower of carrying amount and fair value less costs to sell.

3.11 Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

3.12 Trade and other payables

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

3.13 Provisions

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

3.14 Impairment

The carrying amounts of assets are reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amounts. The resulting impairment loss is recognized in the statement of profit or loss.

3.15 Offsetting

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

3.16 Cash and cash equivalents

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

3.17 Dividend and other appropriations

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

4. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2018 (NUMBER OF SHARES)	2017 (NUMBER OF SHARES)		2018 RUPEES	2017 RUPEES
15 723 741	15 723 741	Ordinary shares of Rupees 10 each fully paid in cash	157,237,410	157,237,410
8 039 727	8 039 727	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	80,397,270	80,397,270
<u>23 763 468</u>	<u>23 763 468</u>		<u>237,634,680</u>	<u>237,634,680</u>

4.1 Ordinary shares of the Company held by the associated companies:

	2018 (NUMBER OF SHARES)	2017 (NUMBER OF SHARES)
Crescent Cotton Mills Limited	201 933	201 933
Crescent Group (Private) Limited	79	79
Crescent Powertec Limited	80 000	80 000
Premier Insurance Limited	7 000	7 000
Shams Textile Mills Limited	12 476	12 476
The Crescent Textile Mills Limited	2 747 158	2 747 158
	<u>3 048 646</u>	<u>3 048 646</u>

5. SHARE PREMIUM

This reserve can be utilized by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

6. SURPLUS ON REVALUATION OF FREEHOLD LAND

Freehold land of the Company was revalued by an independent valuer, Messrs Saleem Engineers on 28 September 2011 applying current assessed value. Previously the revaluations were carried out by independent valuers on 30 June 1996, 30 June 2005, 31 December 2007 and 28 June 2010.

	2018 RUPEES	2017 RUPEES
7. TRADE AND OTHER PAYABLES		
Accrued liabilities	824,450	324,719
Due to related party (Note 7.1)	6,846,777	6,851,364
Advance against sale of land (Note 7.2)	153,334,000	153,334,000
Income tax deducted at source	4,799	4,694
	<u>161,010,026</u>	<u>160,514,777</u>

- 7.1 This amount is payable to Premier Insurance Limited which is a related party due to common directorship.
- 7.2 This amount was received as advance against sale of land from Mrs. Saima Yousaf as mentioned in Note 16.

8. BORROWINGS

From banking companies and financial institutions - secured

The Bank of Punjab(Note 8.1)	112,598,144	99,913,069
Crescent Standard Modaraba(Note 8.2)	33,810,398	33,810,398

Unsecured

Related party

Crescent Ventures(Private) Limited (Note 8.3)	9,000,000	-
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Others

Innovative Investment Bank Limited(Note 8.4)	18,083,326	18,083,326
Loan from sponsor(Note 8.5)	4,461,237	4,461,237
Crescent Jute Mills Limited(Note 8.6)	55,138,715	55,138,715
	<u>233,091,820</u>	<u>211,406,745</u>

- 8.1 This includes cash finance, FIM-180 days and FE-25 obtained from The Bank of Punjab. Cash finance was provided under mark-up arrangement at the rate of average 3 months KIBOR plus 3 percent (2017: Average 3 months KIBOR plus 3 percent) per annum with no floor or cap. The rate of mark-up for cash finance ranges from 9.14 percent to 9.43 percent (2016: 9.05 percent to 9.11 percent) per annum. The rate of mark-up for FIM-180 days and FE-25 ranges from 6.45 percent to 16.52 percent (2017: 6.45 percent to 16.52 percent) per annum. These finances were secured against effective pledge of finished goods with 25% margin and first pari passu charge over present and future fixed assets (including land, building, plant and machinery) for Rupees 300 million through registered mortgage, first pari passu charge over present and future current assets for Rupees 293.340 million, pledge of shares owned by Company and sponsors / directors of various companies keeping 30 percent margin, effective pledge of raw jute at invoice value and personal guarantee of the directors of the Company. As per the terms of the respective sanction advice, these borrowing facilities were expired on 31 July 2011 and not renewed.

The Bank has filed a suit in Lahore High Court, Lahore against the Company for the recovery of principal amount and accrued mark-up of these facilities. However with reference to Note 10.1, the Bank has provided No Objection Certificate (NOC) for vacation of charge on assets. The Bank in its direct balance confirmation letter to the auditors as at 30 June 2018 have claimed principal balance outstanding of Rupees 117,272,196 against Rupees 112,598,144 appearing in books of account of the Company and claimed mark-up payable on borrowings of Rupees 79,690,130 against Rupees 63,745,095 appearing in books of account of the Company. Hence, the Bank has claimed Rupees 4,674,052 excess on

account of principal outstanding and Rupees 15,945,075 on account of mark-up payable from the Company. The Company has not recognized the excess claims of the Bank in these financial statements based on 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.

- 8.2** This facility was obtained from Crescent Standard Modaraba (CSM) which was repayable upto 30 June 2012, but the Company could not pay the balance uptill the expiry of the prescribed date. This facility was secured with demand promissory notes of Rupees 49.500 million, pledge of stocks of raw jute and hessian cloth and in case of default carried mark-up at the rate of 18 percent (2017: 18 percent) per annum on the outstanding balance. As per agreement, CSM agreed to waive off mark up on default amounting to Rupees 15.290 million subject to liquidation of entire murabaha facility by 30 June 2012. However as the Company failed to pay the entire facility uptill agreed date, the waiver of the above mentioned mark-up was withdrawn by CSM.

CSM 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. Moreover 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. The Company has filed an objection petition against this decree.

- 8.2.1** A scheme of arrangement for the amalgamation has been sanctioned by Sindh High Court, Karachi vide its Order dated 04 September 2018 passed in JCM No. 44 of 2017 in the matter of merger by way of amalgamation of Crescent Standard Modaraba with and into B. R. R. Guardian Modaraba with effect from 01 July 2017. As a consequence of the amalgamation, the business formerly carried on by Crescent Standard Modaraba will be continued by B. R. R. Guardian Modaraba.
- 8.3** This represents interest free loan obtained during the year from Crescent Ventures (Private) Limited, a related party by way of common directorship. The loan is obtained to meet day to day expenses of the Company. This loan is repayable uptill 30 June 2019.
- 8.4** This represents interest free loan obtained from Innovative Investment Bank Limited with sixty equal monthly installments commenced on 01 January 2009 uptill 01 December 2013. According to the loan agreement, in case the Company fails to pay any one of the installment, the entire outstanding amount on that date would be reinstated and immediately fell due carrying mark-up at the rate of 14 percent (2017: 14 percent) per annum. Due to non-payment of installments since more than five years, entire outstanding amount of the loan has become immediately due.
- 8.5** This represents interest free loan obtained from a sponsor of the Company repayable on demand.

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

9. CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) The Commissioner Inland Revenue raised demand for sales tax amounting to Rupees 34.022 million (2017: Rupees 34.022 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, Lahore which were decided against the Company. Afterwards, the Company has filed an appeal in Supreme Court of Pakistan in 2012 against the decision of Lahore High Court, Lahore. Moreover, the Company also approached Federal Board of Revenue (FBR) for a decision by Alternate Dispute Resolution Committee (ADRC). The Committee has given its recommendations to FBR. Pending decisions of the Supreme Court and FBR, no provision has been made in these financial statements. Based on the advice of legal counsel, the management is of the view that there are strong grounds about the decision of the case in favour of the Company.
- ii) Deputy Commissioner Inland Revenue, Lahore ordered on 19 June 2017 for recovery of sales tax amounting to Rupees 934,414 along with default surcharge and penalty under section 34 and 33 respectively of Sales Tax Act, 1990. The Company filed an appeal against this order to Commissioner Inland Revenue (Appeals), Lahore on 14 July 2017. However on 20 June 2018, the appeal was disposed of by Commissioner Inland Revenue (Appeals), Lahore and the case was remanded back to Deputy Commissioner Inland Revenue, Lahore. 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. Therefore, the related provision is not made in these financial statements.
- iii) As per press release of Supreme Court of Pakistan dated 17 May 2018, a two member bench, headed by Justice Mian Saqib Nisar, Chief Justice of Pakistan, and comprising Justice Mushir Alam heard Suo Moto Case No. 26 of 2007 with HR Cases and Constitution Petition No. 64 of 2009 regarding Deadbeats got loans of Rupees 54 billion written off. The case was heard on 13 May 2018 at Supreme Court of Pakistan and the Bench passed the following order:

As per Report of the Commission constituted by this Court, action against 222 individuals / companies (Page No. 107 of Vol-I of the Commission's Report) has been recommended on account of the fact that the loans were not written off in accordance with law. Let notice be issued to all 222 individuals / companies as per detail provided in Part-II of Volume-II of the Report of the " Commission on Written-

off Loan" against whom action recommended for further action; ensure their presence on the next date of hearing and to submit their replies before such date. Offices directed to issue a press release in this behalf. Re-list on 08 June 2018.

The name of the Company, under the heading of National Bank of Pakistan (NBP), is included in the list of 222 individuals / companies. Subsequent to the reporting date on 10 August 2018, NBP through a letter demanded Rupees 25.858 million (US Dollars 212,654.94) against the principal and mark-up balances of FE-25 loan along with mark-up on other adjusted loans. The Company denies any of the claims made by NBP and has filed a case in Lahore High Court, Lahore against the demand raised by NBP. No provision against the aforesaid has been made in these financial statements as the management believes that it has strong case.

b) Commitments

There was no capital or other commitment of the Company as at 30 June 2018 (2017: Rupees Nil).

10. OPERATING FIXED ASSETS

	Furniture and fittings	Computers	Vehicles	Total
	----- RUPEES -----			
At 30 June 2016				
Cost	19,203,298	6,284,191	2,218,070	27,705,559
Accumulated depreciation	(15,604,316)	(6,284,191)	(1,312,418)	(23,200,925)
Net book value	<u>3,598,982</u>	<u>-</u>	<u>905,652</u>	<u>4,504,634</u>
Year ended 30 June 2017				
Opening net book value	3,598,982	-	905,652	4,504,634
Depreciation charge	(359,898)	-	(137,267)	(497,165)
Closing net book value	<u>3,239,084</u>	<u>-</u>	<u>768,385</u>	<u>4,007,469</u>
At 30 June 2017				
Cost	19,203,298	6,284,191	2,218,070	27,705,559
Accumulated depreciation	(15,964,214)	(6,284,191)	(1,449,685)	(23,698,090)
Net book value	<u>3,239,084</u>	<u>-</u>	<u>768,385</u>	<u>4,007,469</u>
Year ended 30 June 2018				
Opening net book value	3,239,084	-	768,385	4,007,469
Depreciation charge	(323,908)	-	(109,813)	(433,721)
Closing net book value	<u>2,915,176</u>	<u>-</u>	<u>658,572</u>	<u>3,573,748</u>
At 30 June 2018				
Cost	19,203,298	6,284,191	2,218,070	27,705,559
Accumulated depreciation	(16,288,122)	(6,284,191)	(1,559,498)	(24,131,811)
Net book value	<u>2,915,176</u>	<u>-</u>	<u>658,572</u>	<u>3,573,748</u>
Annual rate of depreciation (%)	10	33.33	20	

10.1 The Bank of Punjab had previously first pari passu charge over freehold land, buildings thereon, 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 (Note 12).

10.2 Operating fixed assets having cost of Rupees 6.284 million (2017: Rupees 6.284 million) have been fully depreciated and are still in use of the Company.

	2018 RUPEES	2017 RUPEES
11. LOANS AND ADVANCES		
Considered good:		
Employees - interest free(Note 11.1)	59,000	80,900
Income tax	360,553	875,260
	<u>419,553</u>	<u>956,160</u>
Considered doubtful:		
Income tax	16,836,553	16,275,987
Less: Provision for doubtful loans and advances		
As at 01 July	(16,275,987)	-
Add: Provision made during the year (Note 19)	(560,566)	(16,275,987)
As at 30 June	(16,836,553)	(16,275,987)
	<u>-</u>	<u>-</u>

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

12. SECURITY DEPOSITS

These include Rupees 120 million (2017: Rupees 120 million) deposited with Deputy Registrar (Judicial) of the Lahore High Court, Lahore as per its order dated 09 October 2013 regarding the issuance of NOC by The Bank of Punjab (Note 10.1).

13. OTHER RECEIVABLES

Considered good:

Profit on deposits with banks receivable	<u>8,696</u>	<u>79,966</u>
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Considered doubtful:

Sales tax refundable	5,690,882	5,690,882
Less: Provision for doubtful other receivables	(5,690,882)	(5,690,882)

	<u>-</u>	<u>-</u>
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14. SHORT TERM INVESTMENTS	2018	2017
Available for sale	RUPEES	RUPEES
Associated company:		
Un-quoted		
Crescent Group (Private) Limited		
220 000 (2017: 220 000) fullypaid ordinary shares of Rupees 10 each (Note 14.1)		
Equity held:1.03% (2017: 1.03%)		
	-	-
Others:		
Un-quoted		
Crescent Modaraba Management Company Limited		
100 000 (2017: 100 000) fully paid ordinary shares of Rupees		
Equity held 5.45% (2017: 5.45%)		
	134,500	134,500

Investments at fair value through profit or loss

Quoted - others

Shakarganj Limited

38 026 (2017: 33 440) fullypaid ordinary shares of Rupees 10
Equity held:0.03% (2017: 0.03%)

3,607,312

522,333

Crescent Fibres Limited

17 499 (2017: 17 499) fullypaid ordinary shares of Rupees 10
Equity held:0.14% (2017: 0.14%)

540,719

698,210

Shahzad Textile Mills Limited

60 (2017: 60) fully paid ordinary shares of Rupees 10 each

1,470

1,260

Thal Limited

412 (2017: 412) fully paid ordinary shares of Rupees 10 each

249,685

116,604

Unrealized (loss) / gain on remeasurement of investments
(Note 19 and Note 17)

4,399,186

1,338,407

(1,072,691)

2,762,689

3,326,495

4,101,096

3,460,995

4,235,596

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

15. BANK BALANCES

On current accounts	3,728	51,216
On deposit accounts (Note 15.1)	381,080	12,292,719
	<u>384,808</u>	<u>12,343,935</u>

15.1 Rate of profit on deposit accounts ranges from 1.73 percent to 4.50 percent (2017: 3.75 percent to 5.50 percent) per annum.

16. NON-CURRENT ASSET HELD FOR SALE

The Company through an agreement dated 17 July 2014 agreed to sell complete freehold land of the Company located at Lahore Road, Jaranwala, District Faisalabad having area of 23 acres, 6 kanals and 4 marlas 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 7.2. Remaining Rupees 66.666 million were due to be received from the Buyer in single installment on 24 December 2017. However, 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 with the Buyer, if any of the given cheques by the Buyer are not encashed in time, the agreement shall be considered as rescinded and the whole amount already paid by the Buyer shall be forfeited. The Company through its legal counsel served a legal notice on the Buyer on 27 December 2017 that the amount already paid i.e. Rupees 153.334 million will be forfeited if the remaining installment is not paid. Moreover the Company has filed a suit for cancellation of agreement before Civil Court, Faisalabad which is pending for adjudication.

According to the agreement, the ownership of freehold land equivalent to the payment received shall be transferred in the name of the Buyer after the clearance of cheques received for this purpose. Although two installments amounting to Rupees 133.334 million along with Rupees 20 million of token money have been received from the Buyer, but ownership of proportionate freehold land has not been transferred till the date of authorization for issue of these financial statements. As stated in Note 8.2, Crescent Standard Modaraba has obtained a decree for the attachment of freehold land of the Company from the Banking Court, Lahore against the principal and mark-up payable by the Company. The management of the Company was always of the view that ownership of complete freehold land shall be transferred in the name of the Buyer on receipt of remaining, single installment of Rupees 66.666 million from the Buyer. As per management, this stance is essential for 100% recovery of remaining single installment of Rupees 66.666 million from the Buyer. Further, the legal counsel of the Company is of the view that there is no default on part of the Company in performance of its obligation to transfer ownership of proportionate freehold land to the Buyer as completion of necessary paperwork and payment of necessary duties and taxes is the responsibility of the Buyer. As the Buyer has defaulted in payment of remaining installment of the Company, therefore, the Company has not de-recognized the carrying amount of the proportionate freehold land in these financial statements as the criteria for the sale of goods in IAS 18 'Revenue' has not been met.

If freehold land was measured using the cost model, carrying amount would be Rupees 102,726 (2017: Rupees 102,726) as at the reporting date(s).

Non-recurring fair value measurements

Freehold land classified as held for sale was measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification. The fair value of the freehold land was determined using the sales comparison approach. This is a level 2 measurement as per the fair value hierarchy set out in Note 29.

	2018 RUPEES	2017 RUPEES
17. INCOME		
Income from financial assets		
Profit on deposits with banks	158,703	1,689,190
Dividend income on investments in other than associated companies	58,036	21,619
Un-realized gain on re-measurement of investments at fair value through profit or loss	-	2,762,689
	<u>216,739</u>	<u>4,473,498</u>
18. ADMINISTRATIVE EXPENSES		
Salaries, allowances and other benefits	14,950,200	19,983,876
Rent, rates and taxes	880,514	879,858
Legal and professional	2,269,789	3,055,850
Insurance	179,810	175,643
Travelling and conveyance	1,142,793	1,050,251
Vehicles' running	344,014	497,739
Entertainment	96,470	115,643
Auditors' remuneration (Note 18.1)	333,000	309,570
Advertisement	58,400	178,850
Postage and telephone	410,791	397,540
Electricity and water	261,195	250,283
Printing and stationery	110,464	138,836
Repair and maintenance	34,785	30,558
Depreciation (Note 10)	433,721	497,165
Miscellaneous	81,543	847,123
	<u>21,587,489</u>	<u>28,408,785</u>
18.1 Auditors' remuneration		
Audit fee	200,000	200,000
Half yearly review	75,000	75,000
Other certification	40,000	-
Reimbursable expenses	18,000	34,570
	<u>333,000</u>	<u>309,570</u>
19. OTHER EXPENSES		
Exchange loss	12,685,075	226,519
Loans and advances written off	-	14,000
Un-realized loss on re-measurement of investments at fair value through profit or loss (Note 14)	1,072,691	-
Provision for doubtful loans and advances (Note 11)	560,566	16,275,987
Provision for doubtful other receivables	-	5,690,882
	<u>14,318,332</u>	<u>22,207,388</u>

	2018 RUPEES	2017 RUPEES
20. FINANCE COST		
Mark-up on borrowings	15,488,713	17,401,380
Bank charges and commission	266,213	202,421
	<u>15,754,926</u>	<u>17,603,801</u>
21. TAXATION		
Current (Note 21.1)	<u>8,705</u>	<u>2,702</u>

21.1 Provision for current taxation represents tax on other income under the relevant provisions of the Income Tax Ordinance, 2001. The Company has accumulated tax losses of Rupees 544.529 million including unabsorbed depreciation as at 30 June 2018 (2017: Rupees 494.136 million). The related deferred income tax asset amounting to Rupees 164.050 million (2017: Rupees 154.410 million) has not been recognized in these financial statements as sufficient tax profits would not be probably available to set off these in the foreseeable future. Reconciliation of tax expenses and product of accounting profit multiplied by the applicable tax rate is not required in view of accumulated tax losses of the Company.

21.2 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that sufficient provision for the purpose of taxation is available which can be analyzed as follows:

	Tax Assessed RUPEES	Provision for taxation RUPEES
Tax year 2017	2,702	2,702
Tax year 2016	3,743	3,743
Tax year 2015	2,171	2,171

22. LOSS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic loss per share which is based on:

	2018 RUPEES	2017 RUPEES
Loss for the year (Rupees)	<u>(51,452,713)</u>	<u>(63,749,178)</u>
Weighted average number of ordinary shares (Numbers)	<u>23 763 468</u>	<u>23 763 468</u>
Loss per share (Rupees)	<u>(2.17)</u>	<u>(2.68)</u>

	2018 RUPEES	2017 RUPEES
23. CASH (USED IN) / GENERATED FROM OPERATIONS		
Loss before taxation	(51,444,008)	(63,746,476)
Adjustments for non-cash charges and other items:		
Depreciation	433,721	497,165
Loans and advances written off	-	14,000
Provision for doubtful loans and advances	560,566	16,275,987
Provision for doubtful other receivables	-	5,690,882
Profit on deposits with banks	(158,703)	(1,689,190)
Un-realized loss / (gain) on re-measurement of investments at fair value through profit or loss	1,072,691	(2,762,689)
Dividend income	(58,036)	(21,619)
Exchange loss	12,685,075	226,519
Finance cost	15,754,926	17,603,801
Working capital changes(Note 23.1)	519,499	66,674,562
	<u>(20,634,269)</u>	<u>38,762,942</u>

	2018 RUPEES	2017 RUPEES
23.1 Working capital changes		
Decrease in current assets:		
- Loans and advances	21,900	78,065
- Prepayments	2,350	13,262
	<u>24,250</u>	<u>91,327</u>
Increase in trade and other payables	495,249	66,583,235
	<u>519,499</u>	<u>66,674,562</u>
23.2 Reconciliation of liabilities arising from financing activities		

	As at 30 June 2017	Cash Flows	As at 30 June 2018
	-----RUPEES-----		
Loan from Crescent Ventures (Private) Limited	-	9,000,000	9,000,000

24. REMUNERATION OF CHIEF EXECUTIVE OFFICER AND DIRECTOR

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

	Chief Executive Officer		Director	
	2018	2017	2018	2017
	-----RUPEES-----			
Managerial remuneration	2,000,400	4,000,800	1,641,000	1,260,000
Allowances				
House rent	999,600	1,999,200	198,000	378,000
Medical	-	-	164,100	126,000
Utilities	-	-	66,000	126,000
	<u>3,000,000</u>	<u>6,000,000</u>	<u>2,069,100</u>	<u>1,890,000</u>
Number of persons	1	1	1	1

24.1 Due to change in the definition of executive as per Companies Act, 2017, the Company has no more executive during the years ended 30 June 2018 and 30 June 2017.

24.2 Aggregate amount charged in these financial statements for meeting fee to five directors (2017: five directors) was Rupees 45,000 (2017: Rupees 57,500).

24.3 The Company provided re-imbursment of fuel and maintenance cost to a director for his personal vehicle as per Company's policy.

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

25. TRANSACTIONS WITH RELATED PARTIES

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

	2018 RUPEES	2017 RUPEES
Associated companies		
Premier Insurance Limited		
Service charges accrued	272,377	94,524
Crescent Ventures (Private) Limited		
Loan received	9,000,000	-

25.1 Detail of compensation to key management personnel comprising of Chief Executive Officer and Director is disclosed in Note 24.

26. NUMBER OF EMPLOYEES	2018 (NUMBER OF PERSONS)	2017
Number of employees as on 30 June	16	45
Average number of employees during the year	30	43

All the employees are hired on contractual basis. Moreover there is no factory employee as the production activities of the Company have been ceased since May 2011.

27. PLANT CAPACITY AND ACTUAL PRODUCTION

The Company has ceased its production activities since May 2011 and disposed of all the plant and machinery.

28. FINANCIAL RISK MANAGEMENT

28.1 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

The Company is exposed to currency risk arising from United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to borrowings. The Company's exposure to currency risk was as follows:

	2018	2017
Borrowings - FE-25 - USD	755,064	755,064
Following exchange rate was applied during the year:		
Rupees per US Dollar		
Average rate	110.63	104.65
Reporting date rate	121.60	104.80

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, with all other variables held constant, the impact on loss after taxation for the year would have been Rupees 4.591 million (2017: Rupees 3.957 million) higher / lower, mainly as a result of exchange loss / gain on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(ii) Other price risk

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

Sensitivity analysis

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

Index	Impact on loss after taxation		Impact on other comprehensive loss	
	2018	2017	2018	2017
	----- RUPEES -----			
PSX 100 (5% increase)	166,325	205,055	-	-
PSX 100 (5% decrease)	(166,325)	(205,055)	-	-

(iii) Interest rate risk

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

The Company's interest rate risk arises from borrowings and bank balances in deposit accounts. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

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

	2018 RUPEES	2017 RUPEES
Fixed rate instruments:		
Financial liabilities		
Borrowings	148,067,830	135,382,758
Floating rate instruments:		
Financial assets		
Bank balances - deposit accounts	381,080	12,292,719
Financial liabilities		
Borrowings	16,424,035	16,424,035

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, loss after taxation for the year would have been Rupees 0.160 million (2017: Rupees 0.041 million) higher / lower, mainly as a result of higher / lower interest expense / income on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at balance sheet date were outstanding for the whole year.

(b) Credit risk

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

Investments	3,460,995	4,235,596
Loans and advances	59,000	80,900
Other receivables	8,696	79,966
Deposits	120,037,500	120,037,500
Bank balances	384,808	12,343,935
	123,950,999	136,777,897

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

	Rating			2018	2017
	Short Term	Long term	Agency	RUPEES	RUPEES
Banks					
MCB Bank Limited	A1+	AAA	PACRA	272,175	1,031,861
United Bank Limited	A-1+	AAA	JCR-VIS	-	10,513
National Bank of Pakistan	A-1+	AAA	JCR-VIS	-	697
Bank Alfalah Limited	A1+	AA+	PACRA	-	1,790
The Bank of Punjab	A1+	AA	PACRA	174	-
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	78,296	10,631,109
Faysal Bank Limited	A1+	AA	PACRA	-	5
Dubai Islamic Bank Pakistan Limited	A-1	AA-	JCR-VIS	34,163	667,960
				<u>384,808</u>	<u>12,343,935</u>

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

Liquidity risk

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

At 30 June 2018, the Company had not any unavailed borrowing limits from financial institutions and Rupees 0.385 million (2017: Rupees 12.344 million) bank balances. The management believes the liquidity risk to be high. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows.

Contractual maturities of financial liabilities as at 30 June 2018:

	Carrying Amount	Contractual Cash Flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
Non-derivative financial liabilities:						
Borrowings	233,091,820	240,822,158	240,822,158	-	-	-
Trade and other payables	7,333,915	7,333,915	7,333,915	-	-	-
Accrued mark-up	168,786,191	168,786,191	168,786,191	-	-	-
Unclaimed dividend	337,312	337,312	337,312	-	-	-
	<u>409,549,238</u>	<u>417,279,576</u>	<u>417,279,576</u>	<u>-</u>	<u>-</u>	<u>-</u>

Contractual maturities of financial liabilities as at 30 June 2017:

Non-derivative financial liabilities:						
Borrowings	211,406,745	219,376,581	219,376,581	-	-	-
Trade and other payables	7,176,083	7,176,083	7,176,083	-	-	-
Accrued mark-up	153,297,481	153,297,481	153,297,481	-	-	-
Unclaimed dividend	337,312	337,312	337,312	-	-	-
	<u>372,217,621</u>	<u>380,187,457</u>	<u>380,187,457</u>	<u>-</u>	<u>-</u>	<u>-</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June. The rates of interest / mark up have been disclosed in Note 8 to these financial statements.

28.2 Financial instruments by categories

	Loans and receivables	At fair value through profit or loss	Available for sale	Total
-----RUPEES-----				
As at 30 June 2018				
Assets as per statement of financial position				
Investments	-	3,326,495	134,500	3,460,995
Loans and advances	59,000	-	-	59,000
Other receivables	8,696	-	-	8,696
Deposits	120,037,500	-	-	120,037,500
Bank balances	384,808	-	-	384,808
	<u>120,490,004</u>	<u>3,326,495</u>	<u>134,500</u>	<u>123,950,999</u>

	Financial liabilities at amortized cost RUPEES
Liabilities as per statement of financial position	
Borrowings	233,091,820
Trade and other payables	7,333,915
Accrued mark-up	168,786,191
Unclaimed dividend	337,312
	<u>409,549,238</u>

	Loans and receivables	At fair value through profit or loss	Available for sale	Total
-----RUPEES-----				
As at 30 June 2017				
Assets as per statement of financial position				
Investments	-	4,101,096	134,500	4,235,596
Loans and advances	80,900	-	-	80,900
Other receivables	79,966	-	-	79,966
Deposits	120,037,500	-	-	120,037,500
Bank balances	12,343,935	-	-	12,343,935
	<u>132,542,301</u>	<u>4,101,096</u>	<u>134,500</u>	<u>136,777,897</u>

	Financial liabilities at amortized cost
	RUPEES
Liabilities as per statement of financial position	
Borrowings	211,406,745
Trade and other payables	7,176,083
Accrued mark-up	153,297,481
Unclaimed dividend	337,312
	372,217,621

28.3 Offsetting financial assets and liabilities

As on balance sheet date, recognized financial instruments are not subject to offsetting as there are no enforceable master netting arrangements and similar agreements.

28.4 Capital risk management

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

29. 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 recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
At 30 June 2018				

----- RUPEES -----

Financial assets				
At fair value through profit or loss	3,326,495	-	-	3,326,495
Total financial assets	3,326,495	-	-	3,326,495

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
At 30 June 2017				

----- RUPEES -----

Financial assets				
At fair value through profit or loss	4,101,096	-	-	4,101,096
Total financial assets	4,101,096	-	-	4,101,096

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 year. 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.

(ii) Valuation techniques used to determine fair values

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

30. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 02, 2018 by the Board of Directors of the Company.

31. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purpose of comparison. However no significant reclassifications have been made except for as mentioned below:

Reclassification from statement of financial position	Reclassification to statement of financial position	RUPEES
Trade and other payables	Unclaimed dividend	337,312

32. GENERAL


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



Humayun Mazhar
Chief Executive Officer



Khurram Mazhar Karim
Director



Saif Ullah
Chief Financial Officer

GOVERNMENT OF PAKISTAN
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

NOTIFICATION

Islamabad, the 9th September, 2015

S.R.O. 924 (I)/2015:- In exercise of the powers conferred by Section 506B of the Companies Ordinance, 1984 (XLVII of 1984), the Securities and Exchange Commission of Pakistan is pleased to direct that a company listed on a stock exchange in Pakistan shall, while issuing annual accounts and balance sheet, incorporate the following informational message on 'JamaPunji', with immediate effect:



www.jamapunji.pk

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- 📄 FAQs Answered
- 📈 Stock trading simulator (based on live feed from KSE)
- 📄 Knowledge center
- 📊 Risk profiler*
- 📊 Financial calculator
- 📄 Subscription to Alerts (event notifications, corporate and regulatory actions)
- 📱 Jamapunji application for mobile device
- 📄 Online Quizzes

 Jamapunji is an initiative of the Board of Securities and Exchange Commission of Pakistan.

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*In-PDF report also available for download for android and ios devices.

[No. EMD/website-regulation/74/2011]

Bushra
9/9/15
(Bushra Aslam)
Secretary to the Commission



FORM OF PROXY

I/We _____

of _____ a member/members of Crescent Jute

Products Limited and holder of _____ shares as per Registered Folio

#/CDC Participant ID # / Sub A/C # / Investor A/C # _____ do hereby appoint

_____ of _____ or failing

him / her _____ of _____

who is also member of the Company vide Registered Folio # / CDC Participant ID # / Sub A/C # / Investor A/C # _____ as my / our Proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of the shareholders of CRESCENT JUTE PRODUCTS LIMITED to be held on Friday the October 26, 2018 at 11:00 a.m. at 503 - E, Johar Town, Lahore and at any adjournment thereof.

As witness my hand this _____ day of _____ October 2018

Member's Signature

Please affix
here Revenue
Stamp

Witness Signature

Place _____

Date: _____

Note: A member eligible to attend and vote at this meeting may appoint another member as his / her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company at the Registered Office of the Company not later than 48 hours before the time for holding the meeting.

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

تشکیل نیابت داری (پراکسی فارم)

میں / ہم _____

ساکن _____

بحیثیت حصہ دار کرینڈنٹ چیوٹ پروڈکٹس لمیٹڈ _____

نام (فولیو/سی ڈی سی اکاؤنٹ نمبر اگر ممبر ہو)

ساکن _____ یا بصورت دیگر _____

نام (فولیو/سی ڈی سی اکاؤنٹ نمبر اگر ممبر ہو)

ساکن _____ کو اپنی جگہ بروز جمعہ 26 اکتوبر 2018

کو بوقت دن کے 11:00 بجے صبح 503-E جو ہرٹاؤن، لاہور۔ میں منعقد یا ملتوی ہونے والے سالانہ عام اجلاس میں شرکت کرنے، بولنے اور ووٹ دینے کے لیے اپنا نمائندہ مقرر کرتا / کرتی ہوں۔

بطور گواہ میرے / ہمارے دستخط سے مورخہ _____ اکتوبر 2018 کو دی گئی۔

۵ روپے کارسیدی ٹکٹ
چسپاں کر کے دستخط کریں

۱۔ گواہ

دستخط _____ :

نام _____ :

شناختی کارڈ نمبر _____ :

پتہ _____ :

دستخط _____
(ممبر اجازت فر)

۲۔ گواہ

دستخط _____ :

نام _____ :

شناختی کارڈ نمبر _____ :

پتہ _____ :

حاصل عام حصص

سی ڈی سی اکاؤنٹ نمبر		فولیو نمبر
اکاؤنٹ نمبر	شراکتی آئی ڈی	

کمپیوٹرائزڈ شناختی کارڈ نمبر _____ - _____ - _____ - _____ - _____ - _____ - _____ - _____ - _____ - _____

نوٹس:

- (۱) پراکسیز کے منوثر ہونے کیلئے لازم ہے کہ وہ اجلاس سے ۴۸ گھنٹے قبل بمعہ دستخط گواہان اور رسیدی ٹکٹ کمپنی کو موصول ہو جانی چاہئیں۔
- (۲) سی ڈی سی حصص داران اجلاس ہذا میں شرکت کرنے، بولنے اور ووٹ دینے کیلئے اہل ہیں اور اپنی شناخت ثابت کرنے کے لیے اپنے اصلی کمپیوٹرائزڈ قومی شناختی کارڈ / پاسپورٹ ساتھ لائیں اور پراکسی کی صورت میں اپنے کمپیوٹرائزڈ قومی شناختی کارڈ / پاسپورٹ کی تصدیق شدہ کاپی ساتھ لگائیں۔
- (۳) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز / پار آف انارنی بمعہ نمائندہ کے دستخط پراکسی فارم کے ساتھ لف کرنے ہونگے۔

کمپنی کے حصص میں تجارت

ڈائریکٹرز، CFO، کمپنی سیکریٹری اور ان کے اہلیان اور نابالغ بچے رواں برس کے دوران کمپنی کے حصص کی مد میں کسی بھی لین دین میں شامل نہ تھے۔

قرضوں کی نادرہنگی، اگر کوئی ہے

بینک کے واجبات کی ادائیگی کے لئے بات چیت جاری ہے اور ابھی تک ادائیگی کی کسی شرط پر حتمی فیصلہ نہ ہوسکا۔

آڈیٹرز رپورٹ میں صداقت پر جواب

آڈیٹرز کی جانب سے لاہور ہائی کورٹ، لاہور کے ڈپٹی رجسٹرار (جوڈیشل) کو جمع کرائی گئی رقم کی عدم تصدیق پر اٹھائی گئی سند کے لحاظ سے ہم یقین رکھتے ہیں کہ عدالت نے تجارتی بینک میں مذکورہ رقم جمع کرا دی ہے۔ مزید برآں، سال کے اختتام پر، ہم نے اس موضوع پر لاہور ہائی کورٹ، لاہور میں درخواست دائر کی ہے اور عدالت نے ہماری جانب سے جمع کرائی گئی رقم کی تفصیلات فراہم کرنے کے لئے ڈائریکٹرز کو MCB بینک لمیٹڈ سے رجوع کرایا ہے۔

آڈیٹرز

آڈیٹرز میسرز ریاض احمد اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائر ہو چکے ہیں اور اہل ہونے پر دوبارہ تقرری کی پیش کش کرتے ہیں۔ کارپوریٹ گورننس کے ضابطہ کے مطابق آڈٹ کمیٹی نے آئندہ برس کے لئے میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی سفارش کی۔

اعتراف

ڈائریکٹرز حصص داران، بینکرز اور صارفین کی مسلسل حمایت اور تعاون کے شکر گزار ہیں۔ ہم انہیں یقینی دہانی بھی کراتے ہیں کہ کریسٹل جیوٹ پر جس اعتماد کو انہوں نے اظہار کیا ہے اس کی ہم حوصلہ افزائی کرتے ہیں اور ہم ان کی توقعات پر پورا اتریں گے۔

بورڈ کی جانب سے اور بورڈ کے لئے

Humayun Farhan

(ہمایوں مظہر)

چیف ایگزیکٹو آفیسر

لاہور

مؤرخہ: 02 اکتوبر 2018ء

نمبر شمار	نام ڈائریکٹرز	عہدہ
3	محترم ہمایوں مظہر	چیف ایگزیکٹو ڈائریکٹر..... ایگزیکٹو ڈائریکٹر
4	محترم خرم مظہر کریم	نان ایگزیکٹو ڈائریکٹر
5	محترمہ مہرین ہمایوں	نان ایگزیکٹو ڈائریکٹر
6	سید رضا عباس جعفری	نان ایگزیکٹو ڈائریکٹر
7	محترم سیف اللہ	ایگزیکٹو ڈائریکٹر

حالیہ ڈائریکٹرز کے عہدہ کی مدت 25 مارچ، 2020ء کو ختم ہو جائے گی۔

بورڈ کے اجلاس اور ڈائریکٹرز کی حاضری

سال کے دوران، بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری حسب ذیل ہے۔

نمبر شمار	حروف تہجی کے لحاظ سے ڈائریکٹرز کے نام	ان کی مدت میں منعقدہ اجلاس	حاضری
1	محترمہ عابدہ مظہر	4	1
2	محترمہ عائشہ خرم مظہر	4	1
3	محترم ہمایوں مظہر	4	4
4	محترم خرم مظہر کریم	4	4
5	محترمہ مہرین ہمایوں	4	1
6	سید رضا عباس جعفری	4	3
7	محترم سیف اللہ	4	4

جوڈریکٹرز بورڈ کے اجلاس میں شرکت نہ کر سکے انہیں بورڈ کی جانب سے رخصت عنایت کی گئی۔

شیئر ہولڈنگ کی وضع

شیئر ہولڈنگ کی وضع رپورٹ ہذا کے ساتھ لف ہے۔

3. مالی اسٹیٹمنٹس کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں کا اطلاق کیا گیا ہے۔ اور اکاؤنٹنگ تخمینہ جات موزوں اور محتاط فیصلوں کی بنیاد پر لگائے جاتے ہیں۔
4. مالی بیانات کی تیاری میں بین الاقوامی مالی رپورٹنگ معیارات، جن کا اطلاق پاکستان میں ہوتا ہے، کی پیروی کی گئی ہے اور کسی بھی قسم کی تبدیلی کو مناسب انداز میں ظاہر کیا گیا ہے۔
5. انٹرنل کنٹرول سسٹم بہت اعلیٰ ہے اور اس کی موثر نگرانی اور اطلاق کیا جاتا ہے۔
6. لسٹنگ ریگولیشنز میں بیان کردہ کارپوریٹ گورننس کی بہترین عمل داری میں کوئی ابہام نہیں۔ ماسوائے آڈیٹرز کی جانب سے جائزہ رپورٹ میں بیان کردہ معاملات کے۔

بنیادی آپریٹنگ اور مالی ڈیٹا

گذشتہ چھ سال کے بنیادی آپریٹنگ اور مالی اعداد و شمار مختصراً ساتھ منسلک ہیں۔

منافع منقسمہ

مسلسل خسارہ کی وجہ سے کمپنی اپنے حصص داران کے لئے کسی بھی قسم کے منافع منقسمہ کے اعلان اور ادائیگی کے قابل نہ ہے۔

لازمی ادائیگیاں

محصولات، ڈیویڈنڈ، لیونز ماسوائے اپیلوں کی مد میں کوئی بھی لازمی ادائیگیاں واجب الادا نہیں ہیں۔

نمایاں منصوبے اور فیصلے

31 مئی 2011ء کے منعقدہ اجلاس میں حصص داران کی جانب سے منظور شدہ لیکویڈٹی میں کمی کی وجہ سے 02 مئی 2011ء سے ملز کے آپریشن بند ہیں اور واجبات کی ادائیگی کے لئے کمپنی کی پراپرٹی، پلانٹ اور ایکوپمنٹ کو فروخت کرنے کا فیصلہ کیا گیا۔

بورڈ آف ڈائریکٹرز

کمپنی کے بورڈ میں سات ڈائریکٹرز ہیں جن کے نام حسب ذیل ہیں:

نمبر شمار	نام ڈائریکٹرز	عہدہ
1	محترمہ عابدہ مظہر	نان ایگزیکٹو ڈائریکٹر..... چیئر پرسن
2	محترمہ عائشہ خرم مظہر	نان ایگزیکٹو ڈائریکٹر

حصص داران کو ڈائریکٹروں کی رپورٹ

سال 2017ء کی اسی مدت میں 63.75 ملین روپے خسارہ کے مقابلہ میں 30 جون 2018ء کو اختتام پذیر سال میں 51.45 ملین روپے خسارہ درج کیا۔ گذشتہ برس 2.68 روپے فی حصص کے مقابلہ میں رواں سال فی حصص قیمت 2.17 روپے رہی۔ یہ خسارہ ڈالر کے مقابلہ میں روپے کی قدر میں نمایاں کمی اور اس کے مالی اداروں کو واجب الادا رقم، قرضوں کی لاگت اور کاروباری امور چلانے اور کمپنی کے بقایا اثاثہ جات کے تحفظ کے لئے کم از کم مطلوب عملہ کی لاگت کی وجہ سے یہ خسارہ دیکھنے میں آیا۔

انتظامیہ بورڈ آف ڈائریکٹرز اور حصص داران کی جانب سے منظور شدہ بندش پلان کے اطلاق کے عمل میں ہے۔ اس پلان کے دو حصے تھے اولاً اثاثہ جات کی فروخت اور ثانیاً مستقبل کے کاروباری منصوبے۔ جہاں تک اثاثہ جات کی فروخت کا تعلق ہے اس پر نمایاں پیش رفت ہوئی ہے یعنی جامدا اثاثوں کی فروخت کی مد میں اکثر وصولیاں کر لی گئی ہیں تاہم، اراضی کی فروخت کی مد میں دسمبر 2017ء میں واجب الوصول آخری قسط کے سلسلہ میں خریدار کے بنک کی جانب سے 66.67 ملین روپے رقم کے چیک ڈس آنر ہو چکے ہیں۔ ہم نے عدم ادائیگی کا نوٹس بھیج دیا ہے اور خریدار کے خلاف دیوانی مقدمہ بھی دائر کر دیا ہے۔

جہاں تک مستقبل کے کاروباری منصوبہ کا تعلق ہے یہ مالی اداروں کے واجبات اور بقایا جات کی ادائیگی سے مشروط ہیں۔ اس سلسلہ میں پیش قدمی بہت سُست ہے کیونکہ ہم متعلقہ مالی اداروں کے ساتھ قانونی جنگ میں ہیں۔ بقایا جات کی ادائیگی میں یہ نامناسب تاخیر نہ صرف ہمارے کاروباری منصوبہ پر عمل درآمد میں رکاوٹ ہے بلکہ بغیر کسی بھی کاروباری سرگرمی کے اضافی آپریشنل لاگت کا بھی باعث بن رہی ہے۔ اگرچہ، ہمارے قانونی مشیر تمام زیر سماعت مقدمات میں مثبت نتائج کے لئے پر امید ہیں لیکن حتمی فیصلہ کے وقت کا تعین کرنا بہت مشکل ہے۔ مذکورہ بالا کی بنا پر مستقبل میں کسی بھی کاروباری منصوبہ پر عمل درآمد فنڈز کے بقایا جات کی وصولی اور مالی اداروں کے تمام واجبات کی مکمل ادائیگی کی صورت میں ہی ممکن ہے۔

دریں اثنا، ہم نے کاسٹ کنٹرول پر بھرپور توجہ مرکوز رکھی اور اخراجات کو نچلی سطح پر رکھنے کی ہر ممکن کوشش کی۔

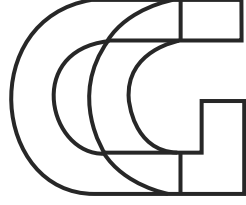
کاروباری اور مالی رپورٹنگ فریم ورک پر بیان

1. کمپنی کی انتظامیہ کی جانب سے مرتب کی گئی مالی اسٹیٹمنٹس اپنے کاروباری امور، کام کے نتائج، کیش فلوا اور ایکویٹی میں تبدیلی

کو منصفانہ انداز میں پیش کرتی ہیں۔

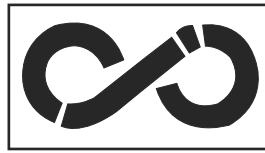
2. کمپنی کے کھاتوں کی باضابطہ بگس تیار کی گئی ہیں۔

CRESCENT GROUP



سالانہ رپورٹ

2018



کرپسینٹ جیوٹ پروڈکٹس لمیٹڈ

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